University of Zagreb

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STUDY CENTER OF SOCIAL WORK

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DOCTORAL DISSERTATION

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DOKTORSKI RAD

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ABOUT SUPERVISOR

Danijel Baturina, PhD, is an Associate Professor at the Department of Social Policy, Faculty of Law, University of Zagreb. He specializes in social policy, social economy, social enterprises, civil society, and social innovation. With over 15 years of academic and policy experience, he has made significant contributions through extensive research and practice. This includes more than 50 scientific publications, peer-reviewed articles, book chapters, and books as well as presentations at numerous domestic and international conferences. He currently serves as Managing Editor of the Croatian Journal of Social Policy. He has also participated in major EU- and nationally funded projects, such as Horizon Europe, Erasmus+, Interreg, FP7, ESF, and COST initiatives. In 2021, Baturina received the Croatian National Science Award for Young Scientists for advancing research on social entrepreneurship in Croatia. Baturina is an active member of leading professional networks, including the EMES International Research Network (where he serves in Board of Directors), CIRIEC International Scientific Network, ARNOVA (Association for Research on Non-profit Organizations and Voluntary Action), the European School of Social Innovation, and the European Sociological Society. He engages in social change initiatives through organisations like the Centre for Development of Non-profit Organisations and the Cooperative for Ethical Financing. As an independent policy consultant and evaluator, he has worked with prestigious clients, including the European Commission, World Bank, European Research Institute on Cooperative and Social Enterprises (Euricse), Government of the Republic of Croatia, and Croatian Chamber of Economy. He is also a member of GECES (Commission Expert Group on the Social Economy and Social Enterprises), representing EMES International Research Network.

SUMMARY

A lack of affordable and adequate housing has become one of the most pressing new social risks across Europe. City populations, especially in capital cities, continue to rise, while housing supply has not kept pace with this demand. Because of limited construction output, ineffective housing policy responses and rising construction and land costs, a widening affordability gap has made it increasingly difficult for below- and average-income households to meet basic human needs, and fulfil their basic human right to housing.

The thesis follows the main events in housing policy development in Slovenia, Croatia and Slovakia, exploring their divergent housing provision outcomes, despite a similar transition context. The aim of this thesis is to identify and compare the factors that have shaped housing provision in Slovenia, Croatia and Slovakia, focusing on how affordable housing policies recognise and address vulnerable groups. The method employed is a qualitative comparative case study design guided by the logic of Most Similar Systems Design. The main data sources are secondary statistical and policy data, including EU-SILC indicators and national statistical databases, with expert interviews and policy document analysis.

One of the main findings of the thesis is that mass privatisation was the common starting point and the critical juncture that set the tone for later policy development in these countries, but it does not alone explain why these countries diverged in their affordable housing provision. Slovenia preserved a stronger affordable housing infrastructure by keeping affordable rental housing as a tenure after the transition. After the transition, Croatia did not prioritise policies and institutions to provide affordable housing because political priorities shifted towards the post-independence war reconstruction. Slovakia did produce national housing policies and institutions, but had to focus investments on the renovation of the existing housing stock due to low housing quality.

Keywords: affordable rental housing, post-socialist countries, housing privatisation, housing allowance, vulnerable groups

SAŽETAK

Uvod

Nedostatak priuštivog i adekvatnog stanovanja jedan je od važnijih novih socijalnih rizika u Europi. Taj je problem osobito prisutan u većim gradovima, koji i dalje privlače velik broj stanovnika, što dovodi do intenzivnog rasta potražnje za stanovima. Ponuda stanova uglavnom ne prati takav porast potražnje, ponajprije zbog nedovoljne stambene izgradnje, rasta troškova izgradnje te neučinkovitih stambenih politika koje nedovoljno prate trendove na stambenom tržištu. To dovodi do rasta cijena stanova, što negativno utječe na kvalitetu života ponajprije kućanstava s niskim prihodima, najmoprimaca te osoba u nestabilnom radnom odnosu. Istodobno se problem nepriuštivosti stanovanja sve više prenosi i na kućanstva srednjeg dohotka.

Akademska literatura koja proučava stambenu politiku ponajviše se bavi komparativnom analizom razvijenih zemalja koje imaju višestruke modele odgovora na problem stambene priuštivosti, dok su postsocijalističke zemlje uglavnom zapostavljene. Te se države često povezuju s činjenicom da je privatizacija stanova u javnom vlasništvu dovela do velikog udjela vlasnika u strukturi stambenih statusa. Međutim, nedovoljno je akademskih napora posvećeno razlikovanju zemalja unutar skupine postsocijalističkih država te razumijevanju mehanizama koji su mogli utjecati na različite pristupe stambenoj opskrbi, osobito u odnosu na pojedine ranjive skupine koje nisu bile u mogućnosti riješiti svoje stambeno pitanje na tržištu. Slovenija, Hrvatska i Slovačka primjeri su nedovoljno istraženih postsocijalističkih zemalja. One dijele zajedničko povijesno razdoblje i iskustvo socijalističkog sustava te tranzicije prema tržišnom gospodarstvu, koja je bila obilježena masovnom privatizacijom stambenog fonda. Istodobno se znatno razlikuju u pogledu organizacije pristupa stambenoj politici, upravljanja stambenim sustavom i djelovanja institucija odgovornih za stambenu opskrbu.

Masovna privatizacija javnog stambenog fonda bila je prijelomni trenutak u modelu stambene opskrbe u sve tri zemlje. Rezultat privatizacije bile su visoke stope stambenog vlasništva, znatno manja uloga države u stambenoj opskrbi te dominacija tržišta u zadovoljavanju stambenih potreba. Iako je privatizacija uvelike utjecala na smjer razvoja stambenih politika nakon tranzicije, ona ne objašnjava različite stambene ishode i trenutačne izazove na stambenom tržištu u odabranim zemljama. Te se razlike ponajprije mogu objasniti postupcima i prioritetima država nakon tranzicije, odnosno načinom na koji su postavljeni temelji stambene opskrbe kroz oblikovanje institucija odgovornih za stambenu politiku, donošenje financijskih instrumenata za izgradnju stanova za priuštivi najam i financiranje drugih mjera koje su utjecale na stambene troškove. Glavni je cilj ovog rada identificirati i usporediti čimbenike koji su oblikovali stambenu opskrbu u Sloveniji, Hrvatskoj i Slovačkoj, s naglaskom na način na koji politike priuštivog stanovanja prepoznaju i obuhvaćaju ranjive skupine, objasniti razlike u razvoju priuštivog stanovanja među zemljama sa sličnim socijalističkim nasljeđem, te ponuditi praktične preporuke za unaprjeđenje stambene priuštivosti, uzimajući u obzir specifičan kontekst svake države.

Metodologija

Istraživanje se temelji na kvalitativnom komparativnom dizajnu studije slučajeva. Slovenija, Hrvatska i Slovačka odabrane su kao države koje čine slučajeve jer dijele povijesno iskustvo socijalističke stambene politike, tranzicije i masovne privatizacije stanova u javnom vlasništvu, a istodobno imaju vrlo različite ishode u području priuštivog stanovanja. Odabir navedenih zemalja omogućuje kvalitetnu komparativnu analizu unutar dovoljno sličnog povijesnog i institucionalnog okvira.

Istraživanje povezuje sekundarne statističke podatke, ponajprije EU-SILC pokazatelje i podatke iz nacionalnih statističkih baza, dostupne dokumente javnih politika, analizu nacionalnih i lokalnih strateških dokumenata te podatke dobivene intervjuima sa stručnjacima. Statistički pokazatelji koriste se za usporedbu ishoda stambenih politika među odabranim zemljama. Dokumenti javnih politika koriste se za uvid u načine na koje su odabrane države oblikovale isporuku priuštivog stanovanja kroz mjere i politike od tranzicije do 2025. godine. Intervjui sa stručnjacima dopuna su statističkim i ostalim izvorima, a osobito su korisni za razumijevanje institucionalnih i političkih čimbenika koji su utjecali na stambenu opskrbu i stambenu priuštivost u promatranom razdoblju, a koji nisu jasno razvidni iz dostupnih podataka. Teorijski okvir rada temelji se na konceptu ovisnosti o prijeđenom putu, kako bi se produbilo razumijevanje načina na koji ranije odluke, institucije i prioriteti ograničavaju ili omogućuju razvojni smjer stambene politike.

Rezultati

Masovna privatizacija bila je zajedničko polazište i prijelomni trenutak za kasniji razvoj stambenih politika i stambene opskrbe. Međutim, prilike i odluke donesene između 1991. i 1995. imale su znatan utjecaj na današnje stanje stambene priuštivosti. Slovenija je, u usporedbi s Hrvatskom i Slovačkom, donekle zadržala institut priuštivog najma. Tome je pridonijelo osnivanje nacionalnog i lokalnih stambenih fondova, koji su dio prihoda od privatizacije stanova u javnom vlasništvu ulagali u stanove za priuštivi najam. Iako slovenski sustav nije u mogućnosti odgovoriti na sve elemente krize stambene priuštivosti, ipak pokazuje da je nakon tranzicije bilo moguće donijeti važne odluke koje imaju učinak na stambenu priuštivost ranjivih skupina te povezati stambenu politiku s glavnom redistributivnom funkcijom socijalne politike. Hrvatska je najmanje uspješna u opskrbi priuštivim stanovanjem. Nakon tranzicije, stambena politika bila je snažno obilježena posljedicama rata. Hrvatska nije ulagala u fond stanova za priuštivi najam već u obnovu razorenog stambenog fonda, nije osnovala nacionalne institucije koje se sustavno bave priuštivim stanovanjem te nije donijela sustavne politike usmjerene na priuštivo stanovanje.

Slovačka nakon tranzicije donosi koherentne instrumente nacionalne stambene politike, koji su ipak ograničeni nedovoljnim interesom lokalnih samouprava za njihovu provedbu. Također, Slovačka je iz socijalizma naslijedila nekvalitetan stambeni fond koji zahtijeva znatna ulaganja u obnovu, čime se politika usmjerava prema obnovi i energetskoj učinkovitosti stambenog fonda, uglavnom zanemarujući povećanje fonda stanova za priuštivi najam.

Zaključak

Rad pokazuje da se razlike među Slovenijom, Hrvatskom i Slovačkom ne mogu objasniti samo učincima masovne privatizacije, nego i institucionalnim nasljeđem, političkim prioritetima, financijskim instrumentima, lokalnom provedbom te sposobnošću i kapacitetom dionika odgovornih za stambenu opskrbu. Slovenija je razvila donekle učinkovit model opskrbe stanovima za priuštivi najam te sustav subvencija troškova stanovanja koji mogu poslužiti kao primjer Hrvatskoj i Slovačkoj. Hrvatska je propustila razviti stabilan sustav priuštivog najamnog stanovanja, ponajprije zbog dugoročnog zanemarivanja najma kao stambenog statusa, uključujući tržišni i priuštivi najam. Slovačka je razvila nacionalne institucije i usvojila strateške dokumente, ali oni nisu imali znatan učinak na stambenu opskrbu.

Jedan od glavnih zaključaka rada jest da sve odabrane države i dalje imaju vrlo nisku opskrbu stanovima za priuštivi najam, koja se i dalje stigmatizira i smatra rezidualnom mjerom, često namijenjenom najsiromašnijim kućanstvima, a ne ključnim dijelom učinkovitog sustava stambene opskrbe u društvima s većinskim udjelom vlasnika stanova, nerazvijenim tržištem najma i snažnom ovisnošću o obiteljskoj pomoći. Jačanje priuštivog najamnog sektora, stabilno financiranje, jasnija odgovornost i uloga nacionalne i lokalne razine te bolje prepoznavanje ranjivih skupina u mjerama stambene politike preduvjeti su za učinkovitiju stambenu politiku u sve tri zemlje.

Ključne riječi: priuštivo stanovanje, stambena politika, postsocijalističke zemlje, privatizacija, ranjive skupine.

TABLE OF CONTENTS

1 INTRODUCTION

A lack of affordable[1] and adequate[2] housing has become one of the most pressing new social risks across Europe. Cities, and especially capital cities, continue to attract strong population inflow, while housing supply has not expanded at the same pace. Because of limited construction output, ineffective housing policy responses and rising construction and land costs, a widening affordability gap has made it increasingly difficult for average-income households to meet basic human needs. This gap is even wider for below-average-income households. Younger households and precarious workers increasingly struggle to access homeownership and are often compelled to remain in insecure and expensive rental housing, a pattern increasingly described through the term "generation rent". Financialisation[3], together with large-scale housing privatisation, has contributed to societies in which very high homeownership became socially normalised, especially in post-socialist countries. At the same time, the increasing use of housing for short-term[4] rental for tourism purposes has reduced the availability of long-term[5] rental housing, driving up market rents and deepening housing affordability problems, while increasing the inequality gap between homeowners and tenants (Crowe, 2021). In this, affordable rental housing is used as an umbrella term to include various forms of tenancy priced below market levels. Different housing systems apply different and often interchangeable terms, such as cost-based housing in the United Kingdom context, non-profit housing in Slovenia, or social rental housing in Croatia and Slovakia. This may cause some confusion in understanding the key housing policy measures when comparing the cases. For this reason, social rental housing is understood here as a rental housing service provided by a public or non-profit entity, at a below-market price, to households or social groups that meet specific eligibility criteria.

[1] Affordable housing is understood as a tenure-neutral concept, meaning that it considers both homeownership and tenancy, whether at below-market price, or at market price coupled with housing allowance.
[2] Adequate housing is understood as housing that is appropriate in cost, size and built quality, including special amenities if required, for the household that occupies it.
[3] Financialisation in housing terms characterises the role of finance (and financial institutions) in turning housing into a much more liquid asset, thereby erasing the difference between income and wealth distribution (Stephens & Hick, 2024). Financialisation also marks the increasing presence of institutional investors as the main investors in housing, turning housing into a new asset class.
[4] This thesis considers short-term rental housing as temporary, often platform-mediated use of residential dwellings for tourist accommodation, operating in a grey zone between housing and hospitality and frequently associated with the withdrawal of housing units from the long-term rental market.
[5] It refers to residential dwellings rented on the open market under standard tenancy arrangements, typically involving contracts of indefinite or extended duration and rents determined by market conditions. In this thesis, long-term rental housing is used as a synonym for *market-rate rental housing* and explicitly excludes social, public, or non-profit rental housing provided at regulated or below-market rents.

Slovenia, Croatia and Slovakia share a common historical background, having been under socialism until the beginning of the 1990s, when they gained independence and replaced one-party socialist governments with democratic pluralism and a market economy. Following this transition, all three countries underwent privatisation of the housing stock. Mass privatisation fundamentally transformed national housing systems and established different long-term policy trajectories. Homeownership became and remained the dominant tenure form across all three countries, and it continues to shape housing access through intergenerational transfers and family support mechanisms. Households who did not become homeowners were left with the option of renting on the private market or seeking social, public or affordable rental housing, which is in most cases subsidised by national or local governments.

This transition opened space to keep certain legacies from the socialist system regarding housing provision, or to change the institutions and governance more substantially. These countries chose very different paths which were in a way shaped by their historical experience and tradition, but also constrained by external factors which led to different priorities, and by the legacy of socialism in the quality of the inherited housing stock. This transition period and the events that followed is of most interest for this thesis. The thesis follows the main events in housing policy development in Slovenia, Croatia and Slovakia, asking why countries with comparable socialist legacies and broadly similar transition conditions produced different affordable housing outcomes, with special attention to housing governance and policy measures that impacted housing provision. One question formulated before the research commenced was whether there is a clear chain of events between the mass housing privatisation, institutional choices, governance arrangements and local implementation capacities that clearly shaped different affordable housing outcomes. Academic literature provides a solid body of research documenting how the process was organised and carried out. However, less attention has been given to explaining *why* countries with broadly similar institutional starting points developed different affordable housing policies and outcomes. This is addressed by comparing countries that have not been compared as cases in this way, and that share a common transition experience, but developed different housing institutions, policy instruments and affordability outcomes.

The aim of this thesis is to identify and compare the factors that have shaped housing provision in Slovenia, Croatia, and Slovakia, focusing on how affordable housing policies recognise and address vulnerable groups. It asks how post-socialist privatisation and institutional transformation shaped affordable housing systems, why the selected countries diverged despite comparable starting conditions, and how path dependence can be used as a theoretical framework for interpreting differences in housing policy development, institutional arrangements and selected housing outcomes in post-socialist contexts. The thesis uses a qualitative comparative case study design guided by the logic of Most Similar Systems Design. Slovenia, Croatia and Slovakia were selected because they share important historical similarities related to socialist housing provision, transition reforms, mass privatisation and high homeownership rates, while showing different affordable housing outcomes. The research combines secondary statistical and policy data, including EU-SILC indicators and national statistical databases, with expert interviews and policy document analysis. This links housing affordability outcomes with the institutional and policy processes through which these outcomes were produced, helping to explain how Slovenia, Croatia and Slovakia moved from a broadly similar socialist housing legacy towards different systems of affordable housing provision after the transition. A special focus is placed on both supply-side and demand-side housing policies, and on housing provision for vulnerable groups as they are identified and addressed in national policy plans. The analysis also considers whether particular reforms, events or policy choices improved or weakened the position of households excluded from homeownership.

This thesis is organised into three different analytical sections. First, it develops an overview of the historical development and practice of comparative housing research. This section shows how careful selection of methods, indicators and cases can provide valuable insights into current limitations of comparative housing research, especially for countries that are not often used in comparative housing research. In this section, the conceptual foundations are built for case construction, but also to question whether the "post-socialist" housing regime as a common term is useful for labelling these countries in terms of their housing policy and governance choices. This section introduces path dependence as a concept, which is applied as a theoretical framework in this thesis. It is used to contextualise policy choices and to explain the differences in the mechanisms that led to divergent outcomes. These are identified as "mechanisms of path dependence". The empirical section provides an overview of housing provision and institutional arrangements during the socialist period in each country, in order to understand the shared historical context prior to transition. It then presents the post-transition development of housing systems in Slovenia, Croatia and Slovakia, focusing on governance arrangements, housing policy instruments, affordability outcomes and the way vulnerable groups are defined in academic literature.

The main elements of this thesis are the cases, which are structurally very similar to increase comparability, and to make the identification of differences more visible. Each case provides a detailed deconstruction of main variables that may have an impact on the housing market and housing outcomes. While the cases are mostly based on secondary data, these are challenged and complemented with expert interviews, which provide invaluable insight into the institutional, political and policy developments shaping housing affordability in each country. The cases are then compared to show how different development trajectories, from socialism to the end of 2025, led to better or worse housing outcomes in each country, clearly outlining which country was more or less successful in affordable housing provision, and finally, providing policy recommendations that could improve their housing affordability outlook within the scope of the thesis.

This thesis produces four main and interrelated contributions. First, the thesis provides an empirical contribution through a structured comparative analysis of three housing systems that are underrepresented in the field of comparative housing research. Second, it makes a conceptual contribution by demonstrating that the commonly used category of the "post-socialist housing regime" in comparative housing studies holds important within-group differences in institutional arrangements, policy priorities and housing provision. Third, it makes an explanatory contribution by specifying how different forms of institutional absence, institutional continuity, and policy prioritisation shaped the subsequent housing policy trajectories. Finally, it makes a policy contribution by developing context-sensitive recommendations that reflect the institutional and political conditions of each country.

2 CONCEPTUALISATION OF COMPARATIVE HOUSING RESEARCH

This chapter reviews the development of comparative housing research and the main approaches used to classify and compare housing systems. The literature review begins with an analysis of the main housing systems classification and comparison approaches, in particular the welfare regime and the housing typology approach, which provide a theoretical foundation for comparative housing research. It then identifies housing theory and what falls under the concept of housing research. It analyses whether there is a stand-alone theory of housing or whether it is a mixture of other welfare and socio-economic theories that relate to housing. The final part of this section analyses the practices of comparative housing research in the literature, their application in the context of this research and useful recent examples that illustrate possible operational solutions for conducting this comparative analysis.

2.1 Introduction to housing research

The most common typologies used in housing research as a starting point are those of Gøsta Esping-Andersen's (1990) welfare regimes and Jim Kemeny's (1995) housing regime approaches (Stephens, 2016). Regime is a theoretical construct that is often applied in cross-country analysis, and it could be understood as a set of principles, practices or concepts within a society (Ball, 2020). The performance of housing systems depends on housing outcomes, which potentially brings difficulties for researchers. For example, it may not be appropriate to apply the same expectations to housing standards when comparing countries with greatly differing general levels of prosperity. This section continues with the most relevant theoretical approaches for this research, primarily the typologies of welfare regimes developed by Esping-Andersen and housing regimes developed by Kemeny. It begins by explaining the foundations of these approaches and how they can be employed in research comparing the modernisation of housing policies in selected post-socialist countries.

For the purpose of this thesis, the term housing policy is understood as any government's corrective measures to address shortcomings in the housing market. The primary mechanism for housing distribution is through market contracts, with state interventions serving as corrective measures that delineate the economic and institutional framework within which these contracts operate (Bengtsson, 2001). The key political institutions in the housing sector are those that establish the rules governing the market, particularly the forms of tenure and various regulations, which may encompass the presence of non-profit organisations.

2.2 Welfare regime approach

2.2.1 Main characteristics of welfare regime

In 1990, Esping-Andersen laid down the theoretical foundation to the welfare regime approach in his work "Three Worlds of Welfare Capitalism". Although his classification is not housing-oriented, it is still used in modern comparative housing research as the starting point for country selection. Stephens et al. (2015) state that the foundation of Esping-Andersen's classification is what makes it especially relevant in housing research, which is the fact that "power structures" and "ideologies" on a national level cause the housing system to evolve and differ, making his typology relevant in housing research. Furthermore, the general approach among housing researchers has been to assume that the broad welfare regime applies to the housing regime, or in other words, that the national housing regime reflects the broader welfare regime (Stephens, 2016). Stephens (2016) notes that "if power configurations in a country favour a social democratic welfare regime, then we might expect the same configurations to apply to housing." Esping-Andersen's approach is guided by the relationship and dynamics of power in the welfare mix, i.e., the relationship between market, state and family (or a household). In his words, the "qualitatively different arrangements between the state, market and the family" (Esping-Andersen, 1990, p. 26) in the welfare mix guide his typology of three distinct welfare regimes. The three regimes are corporatist, liberal and social democratic.

Liberal regime is characterised by a weak social insurance provision, and is dominated by means-tested benefits with overall low generosity level: "These cater mainly to a clientele of low-income, usually working-class, state dependents. It is a model in which, implicitly or explicitly, the progress of social reform has been severely circumscribed by traditional, liberal work-ethic norms; one where the limits of welfare equal the marginal propensity to demand welfare instead of work" (Esping-Andersen, 1990, p. 111). Corporatist regime mainly caters the post-industrial class structure. In this regime, the role of the market in the welfare mix is significant, with the role to preserve class and status differentials. However, the family is the primary source of welfare, promoting a single "bread winner" and excluding non-working wives from social insurance and benefits (Matznetter, 2002). The church also has a significant role: "the corporativist regimes are also typically shaped by the church, and therefore influenced by a strong commitment to the preservation of traditional family patterns. Social insurance typically excludes nonworking wives and family benefits encourage motherhood" (Esping-Andersen, 1990, p. 112). Social-democratic regime is the smallest regime, and the role of the state is dominant in the welfare mix. The state is the main promoter of welfare and equality: "the principles of universalism and decommodifying social rights were extended to the new middle classes" (Esping-Andersen, 1990, p. 112). The three regime types are illustrated in Figure 1 below, in relation to the decommodification and stratification[6]:

	Liberal	Conservative	Social-democratic
Decommodification	Low	Medium	High
Stratification	Dual: means-tested programs promoting market in social provision	High: insurance-based schemes to preserve social rights according to status	Low: universal entitlements for preserving equality
Examples	United States, UK, New Zealand, Ireland	Germany, Switzerland, France, Austria	Sweden, Finland, Norway

[6] Esping-Andersen refers to stratification of social classes, specifically the inter-generational transmission of social classes.

Figure 1. Welfare regimes in relation to decommodification and stratification. Source: Esping-Andersen (1990).

2.2.2 Housing typology approach

2.2.2.1 Main characteristics of housing regime

Jim Kemeny is one of the most influential researchers and theorists in housing studies, who laid the foundations for the housing regime classification, relevant for this and other modern housing research in his book "*From Public Housing to the Social Market"* in 1995 (Blackwell & Kohl, 2018; Stephens, 2020). Kemeny (1995) is driven by the lack of a consistent theoretical approach in housing research of that time, and suggested a "back to discipline" approach to enrich the housing research. His main concern was the lack of explanatory power of the uninformed housing theory at the time (Atkinson & Jacobs, 2016). Kemeny noticed a problem in the fact that there is no single theory *of* housing, rather theories applied *to* the housing phenomenon. In his earlier work, Kemeny (1981) stated that countries with high homeownership level usually have poor welfare system, and countries with a high non-profit rental housing system have a well-developed welfare system. Kemeny's (1995) starting point in classifying these two kinds of housing regimes is in the post-Second World War context of severe housing shortages and pressures across the world. In the post-war aftermath, there were many low-income households, and other types of vulnerable households, that could not meet their housing needs in the market. Most governments had to adopt some kind of housing subsidy programmes to aid these households, whose deployment and scope depended on the balance of power between capital and labour. Kemeny (1995) developed a "middle level" housing systems typology, which is qualitative in nature, and culturally and historically sensitive (Stephens, 2020). He suggested a theoretical approach that embedded housing as an integral part of society, not to be separated from the social structure. He draws his theoretical ideas from comparing housing systems and their fit into welfare state theory. Kemeny (1995, p. 39) recognised the importance of policy in classification of the housing systems "the importance of long-term policy in interaction with economic processes within rental housing stocks for the structuring of tenures", a notion that will be of special importance further in this research.

The focus of his theory is that the entire national housing system is a reflection of the approach towards the cost-rental[7] housing provision for low-income and marginalised households, and how the provision matured in different countries (Kemeny, 1995). In other

[7] Also referred to as subsidised, social rental (e.g. in Croatia and Slovakia) or non-profit (e.g. in Slovenia).

words, cost-rental housing provision defines the entire national housing system. Kemeny (1995) divided housing regimes into two regimes: unitary[8] and dualist. The concepts of unitary and dualist systems have been influential in comparative housing studies for more than two decades (e.g., Kemeny, 1995; Kemeny et al., 2005; Elsinga et al., 2008; Hoekstra, 2009; Czischke, 2009).

2.2.2.2 Unitary (integrated) housing regime

Unitary housing regime provides higher social inclusion and equality, with an existing competition between non-profit and for-profit housing providers. In unitary regime, households are able to choose freely between for- and non-profit, forcing for-profit landlords to lower their rent (Van Duijne & Ronald, 2018). In a unitary housing regime, the national policy framework of housing subsidies, together with rent controls on the market rent, is designed to decrease the gap between the two rental options, and to relieve the upward pressure on prices caused by housing scarcity. It must be stated that not only low-income households, but also middle-income households live in non-profit rental housing. When the governmental programme results in meeting housing shortages, rental surpluses are accrued, which present a new possibility for interventions in the housing market, such as removal of rent controls. The main driving force behind this system is to allow the competition in the market between cost and for-profit rental housing, by applying state interventions to level the playing field. Other conditions in achieving the unitary systems, along with competitive rents, are the security of tenancy and an adequate housing supply to maintain the price-calming effect in the housing market (Kemeny et al., 2005). This occurs due to the impact of the cost rental sector on the market rental sector, which results in development of a rental sector that is appealing enough to effectively compete with home-ownership (Stephens & Hick, 2024). This setting where the rental housing market is integrated into a housing system is called the “unitary” (or integrated) housing regime. Examples of countries with a unitary rental system are Sweden, the Netherlands, Germany, Switzerland, Austria and Denmark (Kemeny, 1995).

In his more recent work, Kemeny (2006) subdivides the unitary (integrated) housing regime into three sub-regimes, based on the influence of the non-profit housing providers in the housing market. The three sub-regimes are those where the non-profit providers either “dominate”, “lead” or “influence” the rental market. In the case where it dominates, such as the case of the Netherlands being the only example, non-profit housing sector comprises 80% of the total rental market. In the case where non-profit sector leads the market, such as Sweden

[8] In his later work, he changes the name in to “integrated” (Kemeny, 2006).

and Denmark, the non-profit sector is approximately equal in size to the for-profit rental providers but still strong enough to lead the direction of the rental market, as for-profit rent levels follow the non-profit rents. Finally, in the case where non-profit sector influences the rental market, such as in Germany, they have a dampening effect on the overall, mostly profit-driven, rental market.

2.2.2.3 Dualist housing regime

Dualist regime is characterised by a significant profit-driven housing market on one side, and a small public housing sector increasingly in demand, on the other. This is why it is referred to as "dualist" in its nature; two forms of rental housing provision that do not operate as one, in contrast to unitary. The dynamics of the dualist regime is as follows. The cost-rental (subsidised) prices fall with the system's maturation, compared to market rents. The governments then tighten control over cost-rental market, which results in rising rents, preventing investments in cost-rental segments and privatising it. In other words, the set of state interventions aims at extracting rental surplus from subsidised rental sector, forcing rent prices up, the number of newly built units slowly declines, and it is often accompanied by privatisation of subsidised rental units. This leads to residualisation of the cost-rental sector, i.e., it becomes the safety net and available only for the poorest and most vulnerable households. In this regime, the subsidised rental sector represents only a minor percentage of housing options and has no influence over market rental sector, and is not competing with homeownership. Stephens and Hick (2024) characterise the dualist regime as follows: "home-ownership becomes the tenure of choice, often encouraged by tax breaks. Again, the conjecture is that the whole housing system is defined by the nature of the cost rental system, creating 'dualist' housing regimes" (p. 150). In a dualist regime, the private (housing) market is unable to meet the housing needs for low- and middle-income households, and since this regime favours homeownership (also referred to as owner-occupation), there is a clear division between market and subsidised rental sector. The case of selected post-socialist countries in this research is that all three have a "dualist" housing regime.

The main difference between the dualist and unitary rental markets is the security of tenancy, high supply of subsidised housing stock and competitive rent, open to a wide population, not only for the poorest households in case of unitary (Stephens, 2020). As a result, unitary rental system becomes competitive with owner-occupation, and serves the housing needs for a large proportion of households (Kemeny, 1995). In a dualist, there is a dual approach to rental tenure, which means the existence of two distinct rental provisions: profit oriented and non-profit oriented. In unitary rental system, the non-profit rental sector has a major role in overall rental housing provision and it is present in the open rental market, effectively lowering market rent levels and preventing housing shortages. Thus, the main difference between the two is the role of the non-profit rental segment. The foundations laid down by Kemeny (1995) are still widely used in country selection for comparative housing studies. In some instances, Kemeny's classification is adopted as the independent variable in establishing housing outcomes (Stephens, 2020, p. 522). Thus, Kemeny's approach presents a complete and suitable theoretical approach to analyse housing systems, keeping in mind the drawbacks of this approach, which will be explained in the following subsection.

There are numerous attempts in the literature to provide general categorisation of housing regime types, to be applied in comparative housing research. Ball (2020) states that regime theory is the right path to recognise the type of housing provision, but the issue is that in reality, housing provision networks are nuanced and they cannot be easily grouped according to regimes.

Another application of housing regime theory in comparative analysis is conducted by Dewilde (2017). She found that higher state intervention increases good housing conditions and lowers housing burden, but to a different extent in different regimes. Dewilde (2017) states that power relations (between the state, market and family) which are ideologically driven, result in the housing composition, i.e., housing outcomes and tenure within a country. Regimes are, as she states, theoretical constructs and heuristic instruments, concluding that the regime-membership varies over time, as pointed later by Stephens (2020).

2.2.3 Main criticism of housing typology

Even though Kemeny's theory has become a traditional approach in housing studies, there is a possibility that it has become outdated (Stephens, 2020). Stephens (2020) states that the meso-level approach of Kemeny's theory underplays the macro-level pressures, such as globalisation, which takes a significant part of welfare system reforms in countries such as Germany and Sweden, and which can have a detrimental effect on the success or failure of unitary housing regime (Stephens, 2020).

Furthermore, Stephens (2020) highlights the change in housing systems by comparatively analysing German, Swedish and UK housing systems, questioning the temporal significance of this typology. He finds that each of the three countries has some kind of a critical moment where the relationship between labour market, social security and central state changed, irreversibly altering the housing system. He explained that levels of poverty and policy choices led to a much-decreased level of cost-rental market in these countries that were, by Kemeny (1995), originally described as unitary examples. Stephens (2020, p. 543) explains that these countries are pushing towards a dualist system, since they failed to keep the role of housing above the role of a consumption good. Thus, the housing systems in these countries are being defined by high levels of mortgage home ownership, even among the poorer population, with Germany being an exception that still maintains rental system as an attractive alternative to home ownership (Stephens, 2020). However, the unitary system in the example of Germany is not a product of a strong cost-rental sector, but rather of national and local sets of regulation of rent protection and security of tenure. Stephens (2020, p. 543) stated that it is evident that when welfare regime changes, the housing regime changes, at least according to empirical findings. He suggests that the concept of welfare and housing regimes needs to be expanded to include monetary and fiscal policy institutions to understand housing systems.

In addition to Stephens, Somerville (2005) criticises Kemeny's generalisation by stating that housing is a part of a larger network of social relations and thus it is pointless to relate characteristics of housing system and society, especially taking into consideration cultural, social and historical specificities of the features of housing systems.

Finally, housing outcomes of different housing regimes are not addressed by Kemeny's approach. According to Stephens (2016, p. 26), the success of a housing system is judged by its outcomes, which are manifested in the adequacy of housing in terms of its cost (affordability), physical size (risk of overcrowding), physical quality (amenities, insulation) and the quality of the neighbourhood. This approach will be the focus of the comparative section on Slovenian, Croatian and Slovak housing policy outcomes in the later section.

2.2.4 Criticism and limitations of welfare and housing regime

In comparative context, one of the main issues with Esping-Andersen's approach is how to include other countries that were not in the original study, such as Slovenia, Croatia and Slovakia (Hick et al., 2022). For example, southern European countries have a significant reliance on familialism in housing provision, which is not captured, at least not to that extent, in the original study. Some research has also tried to include post-socialist countries in welfare regime typologies. For example, Kuitto (2016) shows that there is no clear agreement on how Central and Eastern European countries should be classified, as different studies identified either a more uniform Eastern European model or different hybrid models combining characteristics of existing Western welfare regimes. Cox (2018) argues that post-socialist welfare states combine elements of different welfare regimes and therefore cannot easily be placed within one existing typology. This shows that the common socialist experience does not necessarily mean that post-socialist countries form one uniform welfare regime.

In contrast to Esping-Andersen's theoretical approach, Kemeny's approach is housing-specific (Stephens & Hick, 2024). Kemeny's (1995) approach is still a broader theoretical approach and is therefore associated with Esping-Andersen's work on welfare regimes, which is a broader welfare regime, that has been "translated" to housing studies (e.g., Aalbers, 2016; Stephens, 2016).

In contrast to Western European countries, the selected post-socialist countries entered this period from a different institutional starting point. During socialism, housing provision in Slovenia, Croatia and Slovakia included a substantial public housing sector, with housing provided through public, enterprise and cooperative arrangements and housing costs strongly regulated or subsidised. In Slovenia and Croatia, socially owned housing, referred to in the Yugoslav system as *društveno stanovanje*, was an important part of the housing system, while in socialist Czechoslovakia housing provision in Slovakia included state, enterprise and cooperative housing. Although these arrangements differed between the countries, the transition was followed in all three cases by large-scale housing privatisation and a substantial reduction of the publicly or socially provided rental stock. This different institutional starting point is important when applying Esping-Andersen's and Kemeny's approaches to the selected countries, since their housing systems developed outside the Western European context on which these typologies were primarily based.

Perhaps the best analysis of Esping-Andersen's and Kemeny's approach in housing research and their durability and wider geographical application is provided by Stephens (2016), as he questions the relevance of Esping-Andersen's and Kemeny's typologies in modern comparative housing research. Stephens (2016, p. 25) compared the impact and usefulness of both Kemeny's and Esping-Andersen's typologies across broader contexts, not only to those countries originally used by the authors. In case of Esping-Andersen's typology, he claims that the application of state-market-family dynamics may well be applied to a variety of countries, but the typologies itself lacks explanatory power, and are better used to describe the nature of a national system.

Compared to Esping-Andersen's typology, Stephens (2016) states that Kemeny's typology is even more limited and less applicable to other countries, mainly to the relevance in countries with dominating home ownership, such as central and eastern European countries, or in China and parts of Latin America, since its focus is on subsidised home-ownership rather than "cost" rental housing.

Overall, there is a certain risk of applying both of these typologies that the analysis becomes a “mindless classification”, without proper understanding of their terms (Stephens, 2016). Moreover, Aalbers (2016) and Ball (2020) warned about potentially significant within-regime differences that may not be captured in the analysis, if the countries are simply grouped into one typology. To an extent, this thesis will address and show how significant the differences within one group of countries, i.e., post-socialist countries could be, and why a “higher resolution” approach is necessary to understand the nuanced differences in housing policy approaches within the “post-socialist” regime. Ball (2020, p. 2) thus states that “housing regimes were based on a set of prior welfare-state focused criteria and countries are grouped on the basis of interpreting how well countries’ rental housing policies conformed to those criteria”.

The central idea behind the regimes is to understand how different policies influence housing outcomes, and the author states that they are somewhat overemphasised in the regime theory. In a way, to enable clustering according to regime theory, the policies need to be taken out of the country-specific context, and it is questionable if the policies alone can determine outcomes. Ball (2020) argues that the regime approach ignores differences related to “economies, finance, income levels, social and political structures, local institutions and a host of other factors that have significant influences on both policy formulation and housing outcomes.” Thus, relevant for this thesis, looking at the housing policy alone, without taking into consideration the aforementioned demographic and economic indicators, would not lead to meaningful comparison or meaningful results.

In summary, there are temporal limitations to both regime approaches in comparative housing research. Kemeny’s approach is less “mobile” across countries compared to Esping-Andersen’s, although it is more relevant to housing studies, than the generalist approach of the latter. Hick et al. (2022) state that while Esping-Andersen’s welfare regime clustering may still be used, Kemeny’s clustering may be less applicable since the differences of the rental systems do not reflect housing systems on a general level, especially in the post-socialist countries.

For this thesis, it is relevant to acknowledge that there are strong within-group[9] differences that question the usability of Kemeny’s typology, such as the difference between Croatia, Slovenia and Slovakia, that have been grouped as part of a post-socialist housing regime. Following this input, this research considers these three countries as a post-socialist group of countries to build separate cases and to provide evidence of the similarities between

[9] In this case, group of post-socialist countries.

them. However, the concept of post-socialist countries will only be used as a theoretical starting point to illustrate how mass housing privatisation created a point of divergence between cases.

2.2.5 Convergence and divergence approach

Next to Esping-Andersen's and Kemeny's regime approaches, there were also other classifications of housing systems that tried to explain why they sometimes move in similar, and sometimes in different, directions.

For example, Harloe argued that housing policy reflected broader phases of economic development (Stephens & Hick, 2024). The rise of mass production (known as Fordism, after the motor manufacturing giant) led to the abandonment of government indifference to housing problems, and to mimic industrial mass production with the mass production of public housing for workers. With the arrival of deindustrialisation, policy partly reverted to a stronger faith in the market, for example through the privatisation or residualisation of public housing.

The concepts of convergence and divergence are useful because they prevent the analysis from going too far in either direction. Convergence refers to the tendency of housing systems and housing market characteristics to become more similar over time. This may happen because countries are exposed to similar pressures, such as market liberalisation, financialisation, reduced direct state provision or the growing preference for homeownership (e.g., privatisation). Divergence, by contrast, points to persistent or emerging differences between housing systems. Similar pressures do not automatically produce the same housing outcomes, as will be discussed later in the thesis. National institutions, political choices, welfare arrangements, local housing markets and historical legacies still matter, sometimes significantly. In this sense, "Divergence theories attempt to strike a balance between generalization on the one hand, and attention to difference on the other. Divergence theories state that social systems and outcomes are context dependent, but that general factors within national contexts allow for a degree of generalization" (Hoekstra, 2019, p. 2). Hoekstra also summarises the difference between the two approaches by stating that "supporters of the divergence approach typically pay a lot of attention to national institutions and policies, as represented by welfare systems and regimes, assuming that differences in such regimes lead to different housing outcomes. Supporters of the convergence approach stress the universalist tendencies in the housing field" (Hoekstra, 2019, p. 13).

For this thesis, the convergence and divergence approach is useful mainly as a background perspective. Slovenia, Croatia and Slovakia were all exposed to similar broad pressures after the transition from socialism to capitalism, including housing privatisation, market liberalisation and the decline of the socialist housing model. In that sense, some convergence is clearly present. However, the three countries also developed different institutional arrangements, different policy instruments and different affordability outcomes. This points to divergence within a broadly similar post-socialist starting point. Still, convergence and divergence are not used here as the main theoretical framework. They are useful for framing the comparison, but path dependence remains the main approach for explaining how these differences developed over time.

2.3 Housing theory beyond welfare and regime typology

2.3.1 Introduction to housing theory

Previous sections identified the most relevant approaches in classifying countries into typologies in housing research. The lack of housing theory was a driving force of Kemeny's approach.

The question of what constitutes housing research is not an obvious one (Ruonavaara, 2018). He points out that housing is a "multi-faceted" topic, and that it is both a noun and a verb in English. Thus, "housing" could be an object, made of various materials, and thus a consumable good that can be traded with. Also, it means to be housed, or in other words, having access to housing. The "housing question" is a concept from the industrialisation period, and it addressed the problem of where to house the working-class population, especially in terms of affordability and housing quality. He attempts to frame the housing-related topic as: a topic of research is housing-related if its description entails a reference to housing (as an object), of housing (as a verb) as well as environments in which these are embedded.

The field of housing is a multidisciplinary research field (Ruonavaara, 2018). Housing research requires an interdisciplinary approach, involving economics, geography, sociology, architecture, and urban planning and design, according to Du Toit et al. (2022). Moreover, "housing is a site of many interlinked issues connected to wider technical, economic and social forces" (Ball, 2020, p. 40). Appropriate theories need to be included in the housing research, and one of the most enduring challenges in housing studies is to understand how the housing system functions and changes (Stephens, 2020).

2.3.2 The "grand" theory of housing

Defining a proper theoretical approach to housing theory has a long list of debates in the field of housing studies. Ruonavaara (2018) refers to a grand theory suggested by Mills

(1980), when discussing the construction of all-encompassing housing-related theory. King (2009) states that theoretical resources should not be geared towards construction of one housing theory, it should rather be divided in other disciplines in theorising housing-related topics. Ruonavaara (2018) refers to this as theory *about* housing.

King (2009) states there cannot be a theory *of* housing. It is guided by the view that housing is a non-academic field without concepts or methodologies on its own, and thus the theories from elsewhere must be applied to study the housing phenomenon. Secondly, King addressed the point of Somerville who stated that the embeddedness of housing into society prevents the formation of a housing theory, saying that there is no substantial justification for Kemeny's (1995) claim. According to King (2009), if the same logic is applied to another field rather than housing, no other topic that is of interest to social scientists would be able to theorise other than "social" theory.

Thus, King argues that housing can in fact be theorised, but not as a theory *of* housing, rather as theory *from* housing. The focus in this case is on residents and their experience as the users of housing, and the activities and experiences stemming from the consumption of housing. Ruonavaara (2018) refers to it as "phenomenology of housing experience", the way theory is derived from residents' experience of their activities of housing usage. However, King (2009) does not see this approach as a method, keeping a rather unscientific stand, interpreting his work as contemplating housing rather than analysing housing. The drawback of this approach is the lack of theorising possibility. Furthermore, he states that the aspects of theorising housing are the activities and experience of people using housing. Clapham (2009, p. 5) writes that "a theory requires an understanding of the way concepts relate together to help us to understand why something is as it is or why something happens". He further states that there is a need for "concepts grounded in the experience of the relationship between people and the housing in which they live".

There have been some attempts to construct a theory *of* housing to which all housing research can be related, mainly considering a social approach to entities, relations and processes. But the question is whether the entities, relations and processes (keeping in mind the double meaning of housing) could be theorised as one whole. Ruonavaara (2018) is asking "can there be theories of housing that speak of the same subject matter with different paradigmatic assumptions, like there are theories of, for example, social problems or social stratification". King (2009, p. 42) refers to housing policy as "the concern for the production, consumption, management and maintenance of a stock of dwellings", which could lack some important aspects. Clapham (2009) welcomes King's (2009) approach that the housing theory should rest on individuals experience of housing, but adds the uniqueness[10] of housing should be taken into consideration in theory formation. Moreover, people's economic and social behaviour must be taken into account when theorising housing. Thus, bottom-up approach to theory *from* housing can be contrasted with top-down approaches, and a general starting point is stated by Clapham (2009), the relationship between individuals, their housing and its environment.

In theorising housing policy, next to King's definition, certain authors coined the term "structures of housing provision" (e.g., Ball & Harloe, 1986). Focusing on "structures", they were mapping elements of housing provision chain, such as finance, promotion, construction, distribution, consumption, management etc. and the implications of them on social relations. This was built on the Marx-inspired theory of capitalism. After some criticism, Ball and Harloe (1986) stated that their approach was a meta-theoretical framework and that it is rather a thesis than a theory. Thus, a conclusion could be that the general level of analysis in housing research should start from mapping the structures and social relations of housing provision, but then the researcher should find the theoretical structure as seen fit. Harloe (1995) later on built on welfare state theory (rather than the theory of capitalism).

Housing itself, according to Ruonavaara (2018) is not a research topic but as he refers to it, "a common denominator of a number of research topics: housing policy, housing provision, housing organisations, housing choice, housing mobility, housing tenures, uses and meanings of housing, housing inequalities, and more."

The question Ruonavaara (2018) is asking is whether it is possible to come up with a "grand" theory of housing that can be applied to all housing research, or should the diverse topics of housing research be theoretically backed up by other theories from mother disciplines (such as geography or sociology) as well as from multidisciplinary research fields (such as welfare state). However, even if housing is not a discipline on its own, why should it not be theorised? Example could be found in Clapham (2009) who theorised social stratification and social problems, which are neither disciplines.

Ruonavaara (2018) summarises that there are two approaches to formulating a grand theory (if it would be possible at all). One approach is a theory *of* (everything in) housing, whose realisation through functional multidisciplinary collaboration is difficult because such an approach may lack coherence and substantive depth. Another approach is the theory of

[10] The uniqueness of housing is stemming from economic theory as economists point out that housing as commodity defies standard assumptions of mainstream economic theory, and this could be applied to other disciplines.

housing that is based on Kemeny's (1995) work and dwells on connections between features of a housing system and other social phenomena[11].

There is a middle way between theorising a universal theory and the empirical historical description (Ruonavaara, 2018). Instead of building a universal housing theory, researchers should instead focus on "causal mechanisms" that are less general than grand theories but more general than empirical descriptions. He states that the patterns of actions and interactions between entities that produce an outcome of interest should be the focus. Causal mechanisms are not universal, but they are portable and can be triggered across different situations. It is difficult for researchers to specify the context in advance to which mechanisms will be applied and are mostly discovered *ex post facto*.

Finally, the theory *of* housing is not a sensible way forward, but theories *about* and *from* housing are the way forward (Ruonavaara, 2018). In this context, meta-theoretical frameworks are needed to identify what "is" housing from a scientific perspective. He further states: "In researching various housing-related topics, we need also to employ theoretical resources developed elsewhere" and this is exactly the pathway of this research.

This thesis draws on multiple theories that affect processes of housing provision on the macro- and meso-levels. The approaches to housing provision, welfare states and housing regimes provide the broader theoretical context for understanding how housing systems differ and how housing provision is organised. The following section discusses comparative housing research, while Chapter 3 develops the path dependence framework used to interpret housing policy trajectories in the three selected countries.

2.4 Comparative housing research

2.4.1 Introduction to comparative housing research

Comparative analysis has gained considerable importance in recent years, especially in the social and political sciences (Esser & Vliegenthart, 2017), as the authors explain that in contrast to "non-comparative research", which explains the study of a single "case", comparative analysis seeks to reach conclusions by contrasting at least two cases, examining similarities and differences to their contextual conditions and within carefully elaborated boundaries of the cases. In the paper "Potentials and Limitations of the Comparative Method in the Social Sciences", Azarian (2011) defines comparative analysis as "the research approach in

[11] Example he provides is the theoretical hypothesis that increase in home ownership of working-class families result in decrease of political radicalism.

which two or more cases are explicitly contrasted in relation to a particular phenomenon or along a particular dimension in order to examine parallels and differences between the cases". Furthermore, comparative analysis should not only identify differences and similarities, but should also seek to understand the relationships between cases through the theoretical framework used to interpret them (May, 2011).

Comparative analysis helps us understand our own systems and contexts by comparing them to other systems (Esser & Vliegenthart, 2017). It enables the development of universally applicable theories while preventing overgeneralisation by assessing specific phenomena in different settings. When using comparative analysis, understanding a common theoretical framework is crucial for meaningful results. To ensure the highest possible quality of comparison, both spatial and longitudinal comparisons should be applied in tandem to capture the dynamics of ever-changing processes: "combining cross-sectional and longitudinal designs helps to understand these transformation processes and makes it clear that different contexts influence outcomes in different ways" (Esser & Vliegenthart, 2017).

In the 1960s, social scientists advanced on shaping comparative housing research. One example is Donnison's (1967) *The Government of Housing,* which was an early attempt to theoretically frame comparative housing research. He defined three housing regimes.

Examining in parallel a number of units may only go as far as highlighting the differences and similarities between them, and as such may not be considered as comparative analysis (Pickvance, 1986). He highlights that the exploratory model that brings the dimension of "why" the similarities or differences exist in the explanation of the differences between the countries gives the analysis a true comparative feature. In comparative housing research, three main areas can be defined: (1) how housing policy was developed, (2) analysis of housing policy, and (3) policy outcomes (Doling, 1999). Stephens (2011) highlights the importance of the dynamics between institutions, policies, and the market in comparative housing research. The explanation of comparative analysis in housing research that is guiding this work is captured by Stephens and Hick (2024, p. 141): "…comparative analysis involves examination of two or more units of analysis that are of substantive interest and are typically dissimilar in some way. This form of analysis includes an attempt, using a common analytic framework, to make comparisons between these units, with such comparisons varying in the degree to which they are systematic. In addition, a central purpose of comparative studies is typically not only to understand the variation in provision that exists across units of analysis, but also to examine what explains this variation."

The work of Stephens and Hick (2024) is relevant for operationalisation of the theoretical approach and methods towards housing research. They state that scholars interested in different aspects of housing studies are guided by different dependent variables. For instance, scholars of institutional frameworks will be guided by housing policies and their spatial and temporal variations, while scholars interested in political framework will look at political preferences associated with different housing systems and welfare state provision. Authors state that the welfarist approach is the dominant one in the housing research, which considers how housing policies and systems affect human needs. Thus, it is the welfarist approach this thesis adopts, and it will be further elaborated in the method section.

Stephens and Hick (2024, p. 141) stressed that "comparative housing research is often taken to mean the comparison of national housing policies or systems … but it could just as easily be cities, or estates, or tenures, or time periods". This sentence captures the scope of the comparative approach in housing research, and possible levels of comparison. Moreover, this approach is applied in this thesis at two spatial levels. The national level is the main level of comparison, while Ljubljana, Zagreb and Bratislava are included to complement the national analysis.

2.4.2 Comparative housing research in recent literature

Hills (2007) reviewed social housing provision in England by stating that the aim of the social housing policy should be to provide a "decent home for all at a price within their means" (Hills, 2007, p. 1), which is considered a useful example of welfarist approach to housing research. The welfarist approach thus tries to understand what welfare state and housing regime arrangements enable the best possible configuration that provides a decent home to those who need it. Stephens and Hick (2024, p. 152) offer important guidance on the comparison of housing policies, by stating that "It is of fundamental importance to the comparative enterprise that the conceptualisation and measurement of housing outcomes are taken seriously - critical if we are to be able to draw comparisons at all, or to successfully identify 'best performing' nations". Malpass (2008, p. 15) conducted a comparative analysis of social housing systems in Europe. For him, the dependent variable was social housing provision, and the independent variables were as follows: the size of the social rental housing sector, change over time (growth and decline of social rental sector), methods of financing, organisational roles and role in the housing system. His research questions are on how history can help us understand the differences and what can history tell us about the future of this sector[12].

Elsinga (2011) applies comparative analysis of the role of housing equity in the economic life cycle. The main assumption behind this paper is that people accumulate wealth during their working years in order to "consume" it in old age. However, people treat wealth accumulated in housing differently from other assets, e.g., cars, shares, etc. Elsinga (2011) notes that qualitative comparative analysis is a well-suited method in this case, as she wants to find out the motivations of people in different countries. The basic assumption for comparative analysis (i.e., the common variable) in this case is the rationality of people in the different countries. It assumes that all people in all countries included in that study would borrow at a young age, save in middle age and spend in old age. This paper applies a universalistic model of a life-cycle, i.e., the assumption that people in different countries behave in the same way, and makes a clear distinction between different theoretical approaches, i.e., institutionalism and the particularistic approach. Elsinga (2011) selects eight countries[13] for the comparison, which differ in terms of welfare systems and housing policies. The result of this study is that attitudes towards consumption of income do not follow attitudes towards consumption of housing wealth. This paper presents a valuable example of using a qualitative versus a quantitative method in certain cases, as it would be difficult to gain insights into household behaviour and compare relationships with a quantitative analysis.

Omelchuk (2018, p. 385), on the other hand, points to a lack of quantitative academic work in the field of housing policy research. She aims to produce a numerical estimate of the effectiveness of housing policy, taking into account all other measures used by governments and identifying a gap in the impact of housing policy at the national level, and applying dynamical normative approach. The paper states that the effectiveness of housing policies needs to be compared between different countries, but then singles out Ukraine and the United Kingdom (UK) without providing any justification. Why these countries and not some others? The values for the indicators in this paper are so different that there seems to be no reason for comparison. For example, mortgage credit per capita in 2015 was 0.04 in Ukraine versus 19.83 in the UK (in £1,000), while median equivalised disposable household income is £1,883 in Ukraine versus £30,716 in the UK. Thus, this paper is considered a useful contribution to housing policy research, particularly from a quantitative perspective. However, for the purposes

[12] Important notion of this particular research is that Malpass (2008) does not conduct comparative study between national systems, as he only considers UK case over time.
[13] Belgium, Finland, Germany, Hungary, Netherlands, Portugal, Slovenia and United Kingdom

of this thesis, it highlights the importance of providing a clear and explicit justification for case selection. The paper does not explain why these two countries were selected, nor why other cases were excluded.

Coldburn (2019) analyses the experiences of recipients of demand-side subsidies in the UK, the US and the Netherlands, focusing on the local context and policy design. Although the selection of these countries seems arbitrary, some reasons for the selection have been provided. The main reason for selecting these three cases seems to be the availability of previous research and comparisons on a similar topic by other authors. The author builds his theory on Esping-Andersen's (1990) decommodification of housing and contrasts it with the fact that the welfare system in the Netherlands provides higher social support than in the UK and the US. Furthermore, the theory draws on Kemeny's (1995) dualistic (in the case of the UK and the US) and unitary rent system (in the case of the Netherlands), while pointing out some limitations of Kemeny's theoretical concept. The results of this study show that governance systems, institutional context and programme design are the common variables that influence the success of housing policies, i.e., subsidised households. At first glance, the differences in these countries can be seen in population size, housing stock (private and public) and tenure type. At the broader level, differences are even greater in variables such as rent control and tenants' rights. It is the heterogeneity of housing policies that provides the basis for comparison in this case. How Coldburn's (2019) work contributes to this thesis is the approach of comparing three national housing systems and their development in housing policy. Even though Slovenia, Croatia and Slovakia have more in common in terms of tenancy type, home ownership rate, etc., Coldburn's (2019) work offers a solid understanding of the method of analysis applied in this thesis. One useful lesson is that a narrow focus, such as a focus on supply- or demand-side subsidies, a clear research hypothesis and a clear description of the data used (e.g., national housing surveys) create a solid ground for comparative housing research.

There are a few comparative housing studies on Southern European countries, that analysed the role of familialism in welfare provision. The specific case of post-socialist countries has been analysed by Stephens et al. (2015) who describe that the massive privatisation of the state-owned housing may be the only common distinction between these countries, and that the subsequent developments took different turns. Moreover, Hemerijck (2013) included post-socialist countries in the comparative welfare study and discovered that nothing distinguishes these countries from other regimes, except the fact that they have had a common experience of market shift from capitalism to socialism in the 1940s, and then again from socialism to capitalism in 1989.

The reviewed literature confirms that comparison is useful here precisely because Slovenia, Croatia and Slovakia are similar enough to be compared, yet different enough to make their policy divergence analytically meaningful. A comparative approach situates housing policy outcomes within their national and institutional contexts in a way that cannot be achieved through single-country analysis. Comparative analysis in housing research is particularly useful for examining variations in existing policies, institutions, and outcomes (Stephens & Hick, 2024). The authors argue that the existence of a particular housing policy *refutes claims of its impossibility*, thereby indicating feasible policy choices and reform options. According to Stephens and Hick (2024), identifying variations between policies constitutes the first task of comparative analysis. Stephens and Hick (2024) state that comparative analysis broadens the horizons and brings new experiences against which a unit can be compared descriptively and normatively. In other words, the analysis does not only examine how and why outcomes differ, but also allows an assessment of whether certain approaches perform better or worse than others. If one of the countries is successful in housing policy implementation or a certain policy measure, it then refutes the claim that it is impossible, and it is important to look at other factors that enabled this success, such as political will, institutions, or governance. This is why comparative analysis is not only appropriate but necessary for examining housing policy outcomes in post-socialist contexts, where similar historical legacies coexist with divergent contemporary policy trajectories and where policy learning across comparable systems can inform more effective housing interventions.

2.4.3 Vulnerable groups in housing research

The special focus of this research is on housing policies for vulnerable groups. Kemeny’s (1995) concept of state involvement in social housing identifies vulnerable groups primarily as low-income households. While Kemeny distinguishes between low-income households and marginalised groups at risk of homelessness, his approach broadly categorises households into those who can or cannot afford housing in the market, whether to own or rent. Those who cannot afford market housing are therefore the main targets and beneficiaries of affordable housing policy measures.

A brief literature review shows that different approaches emerge in defining vulnerable groups related to housing affordability, and these vary according to the national context. One of the basic definitions of vulnerability is “the potential for loss” (Cutter, 1996, p. 531). In the housing context, the most commonly used definition in the literature combines the approaches proposed by Meert et al. (2004) and Edgar and Meert (2005). According to these authors, housing vulnerability and exclusion can be understood through three key dimensions: legal, physical, and social. Individuals experiencing housing exclusion may be affected in one or more of these dimensions. For instance, the legal dimension includes situations such as illegal occupancy or renting without a formal contract. The physical dimension refers to housing that is unsuitable for habitation or falls below acceptable standards. The social dimension relates to housing conditions that hinder normal social interaction, such as overcrowded living environments.

According to Lévy-Vroelant (2010), contemporary housing policies increasingly identify “vulnerable groups” through the lens of social risk, targeting populations that face structural barriers to accessing stable housing. Within this framework, homelessness constitutes a particularly severe manifestation of vulnerability, as individuals experiencing homelessness are not simply disadvantaged within the housing market but are often entirely excluded from it. Therefore, homelessness can be conceptualised as a distinct and acute form of housing vulnerability that requires targeted policy responses beyond general housing assistance (Lévy-Vroelant, 2010).

Lévy-Vroelant (2010) further addresses the growing trivialisation of the term “vulnerable groups” in the European housing context and warns of the increasing competition between such groups in the social policy sphere. She states that even though certain groups were historically in a weak position in the housing context, such as the working class and poor households, they were rarely the subject of dedicated social security rights, except through poor assistance measures. Furthermore, she notes that even during the post-WW2 era of mass social housing construction, vulnerable groups were not always explicitly defined.

Lévy-Vroelant (2010) critically refers to the CoE’s (2008) definition of vulnerable groups in the context of housing policy: “immigrants, disabled people, the frail and elderly, Roma/Gypsy people, one-head households, the unemployed, victims of disasters and wars, and so on” (p. 15)14, arguing that such categorisation remains rather vague. She further suggests that the public policy use of the term vulnerable groups may shift responsibility toward personal accountability and individual resourcefulness rather than a systemic protection response (Lévy-Vroelant, 2010). Lévy-Vroelant (2010, p. 449) also states that “the impossibility of having a general and operational definition of vulnerable groups is due to the link with the concept of risk which, by definition, proceeds by estimation and is largely dependent on context. The lack

[14] …while also including those at risk of homelessness and the homeless.

of efficiency in classification, no matter how sophisticated it might be, also results from the placing of persons and groups into competition for access to rare housing resources."

Lidén et al. (2025) identify immigrants as a particular vulnerable group in housing policy in the context of social vulnerability and discrimination when accessing the right to housing. Similarly, their starting definition of vulnerability remains rather broad: "We specify the broad term of vulnerable groups further in our review by utilising a set of more detailed keywords with the aim to capture people in a state of poverty and homelessness" (Lidén et al., 2025, p. 159).

Lee and Van Zandt (2018) explore vulnerability from a tenure perspective, focusing on tenants and their vulnerability in the case of disastrous natural events. The authors state that owners, in contrast to tenants, do have a mitigating strategy in ownership rather than exacerbating vulnerability in tenancy.

In other cases, vulnerable groups are defined through additional elements such as environmental risks or demographic characteristics. One example is Rasnaca and Rezgale-Straidoma (2019), who analyse the housing position of seniors (65+) in Latvia, stating that "seniors are individuals who belong to vulnerable groups" (p. 225). Their analysis considers housing quality, security15, overall expenses and maintenance costs in the context of a post-socialist housing system. The authors highlight the need to understand whether vulnerability is imposed by the lack of public housing policy rather than by the needs or characteristics of individuals or groups themselves.

Other examples in the literature use a relatively unspecified approach to housing vulnerability but identify groups that are specific to the local context. For example, Batanda Mobiru et al. (2022) examine the position of vulnerable groups in selected sub-Saharan African countries, identifying affordability constraints related to high poverty levels and specifying groups such as "child-headed households; female-headed households, PWD-headed households and HIV affected families among others" (p. 278).

The CoE (2008, p. 15) also emphasise that vulnerable groups cannot be defined without considering the specific socio-economic and country context, by noting that "housing regimes are a major factor behind the difficult housing situation for vulnerable groups, but their effects should be interpreted in the context of the existing economic and welfare regimes."

Arnerić et al. (2024) argue that low-income households serve as an important benchmark for evaluating housing affordability within a given housing system. Furthermore,

[15] "Housing security means protecting against unexpected loss of home (eviction, relocation)" (Rasnaca & Rezgale-Straidoma, 2019, p. 226).

the Revised European Social Charter (the Charter), signed by all three selected countries, recognises the right to housing and places particular emphasis on housing provision for vulnerable social groups (Council of Europe, 1996). Part I, Article 31 of the Charter states (CoE, 1996, p. 3) that "Everyone has the right to housing", without explicitly defining which groups are considered vulnerable.

The enforcement of this principle is also confirmed in practice. In a recent decision, the European Committee of Social Rights (ECSR)16 found that the Czech Republic violated the Charter by failing to ensure adequate housing protection for the Roma population (CoE, ECSR, 2025). This decision illustrates that a single universal definition of vulnerable groups is not applied in practice when determining the right to housing. Rather, the right to housing should be guaranteed to everyone, while particular groups may face structural barriers in accessing it.

While the Charter establishes a universal right to housing, the concept of vulnerability can therefore be interpreted in a more contextual way. Not every violation of the right to housing necessarily represents structural vulnerability; however, repeated or systematic denial of housing rights may indicate a structurally vulnerable position within a given housing provision system.

This perspective is relevant for this thesis since it acknowledges that there is no fixed or universally accepted definition of vulnerable groups in the housing context. Instead, the identification of vulnerable groups must take into account the specific institutional and socio-economic context of each country. Thus, this thesis follows a more pragmatic approach. First, a brief literature review of vulnerable groups in each country provides the context of pre-and post-transition period. Second, the case study and comparison section focus on the vulnerable groups as identified in the national and local housing policies in Slovenia, Croatia, and Slovakia.

This approach highlights policy inequalities between cases, allowing identification of what groups are identified in one country in contrast to the others.

In summary, the contextual approach to defining vulnerable groups in the housing context constitutes an important aspect of comparative housing analysis. Understanding how these groups are recognised and addressed in housing policies allows the assessment of the impact of affordable housing policies across different national housing systems and institutional contexts. The two main policy instruments through which housing systems address the needs

[16] Which is the monitoring body of the Charter (CoE, 2025).

of these groups, and which form the basis of the comparative analysis in this thesis, are social rental housing and housing allowances.

2.4.4 Main affordable housing policy measures

Housing policy is one of the main areas of social policy (Špirkova, 2018). Housing policy is instrumental for national development as it enables or hampers labour mobility. Alongside labour market and employment policies, it has a profound relationship with other policies such as social protection and transport. There are two broad types of policies, based on the level of government interventions in the housing market. The first is the additional assistance relying on market mechanisms, focusing on personalised benefits for low-income and other vulnerable households. The second is more complex and state intervenes across all layers of society (e.g., the Netherlands, Germany).

Welfare economics has become the standard approach for evaluating new social housing policies in post-socialist states. Efficiency, rooted in neoclassical economics, is assessed through the Pareto lens[17], focusing on alternative allocations that increase utility for at least one market actor without decreasing it for others. This approach identifies inefficient allocations, signalling room for market performance improvement (Lux & Sunega, 2013).

Effectiveness measures the extent to which state interventions meet redistributive goals. It aims to ensure that public funds are allocated as intended and genuinely benefit the targeted recipients, reducing social inequality. Vertical effectiveness assesses the distribution of income, consumption, and wealth between the rich and the poor. In housing policy, it evaluates the allocation of subsidies to those in need. Horizontal effectiveness ensures a minimum consumption standard for the entire population, verifying that all eligible households can access the subsidy in housing policy.

[17] In economic terms, Pareto efficiency occurs when resource allocation is such that no individual or group can be made better off without making someone else worse off. For Pareto analysis in housing studies can be found in (Shyng, 2023)

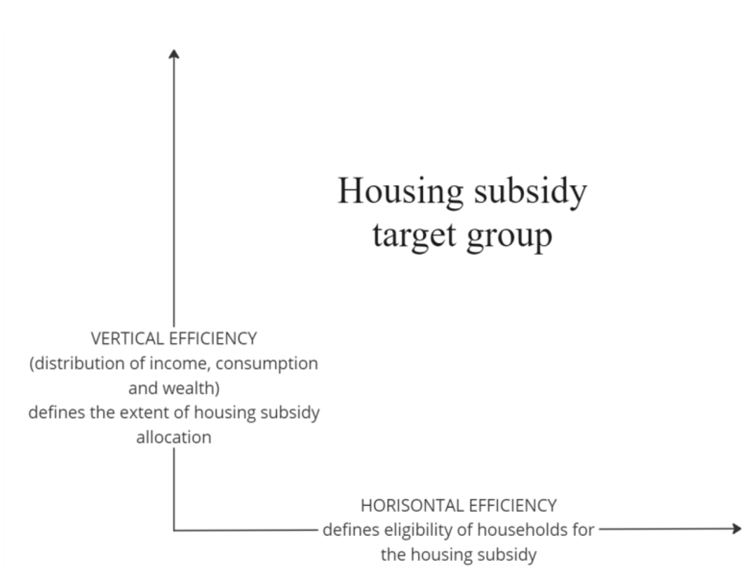

Figure 2. Plot representation of a housing measure effectiveness. Source: Author, based on Lux and Sunega (2013).

The concepts of policy effectiveness, vertical distribution and horizontal coverage, as represented in Figure 2 above, are used as interpretive criteria in the qualitative analysis of selected social housing measures and strategies. It is important to note that they are not used to calculate policy efficiency, conduct a cost-effectiveness evaluation or estimate the causal effects of individual measures.

To use these concepts as interpretive criteria in the comparative case study, some assumptions on what is considered effective (or ineffective) housing policy must be made (Lux and Sunega, 2013). One assumption is that an effective social (or public) housing policy aids vulnerable households more than high-income households. This assumption thus addresses vertical effectiveness. The second assumption addresses horizontal effectiveness, specifically whether any low-income or other vulnerable groups are excluded from the policy. Thus, social housing policies are efficient if there is no alternative policy or strategy that meets the same goal, while requiring fewer public funds and if it is financially sustainable in the long term.

The efficiency of social housing measures could be interpreted as follows: “Assessing effectiveness basically involves the measurement of the distribution of a particular subsidy in a society: in the case of social housing, this means whether it serves really vulnerable/needy households and whether all needy household are eligible for it. Measuring and evaluating the efficiency of subsidies is far more difficult” (Lux & Sunega, 2013, p. 322). Authors argue that measuring the efficiency of subsidies is more difficult because the long-term effects are rarely clear, and may take decades to reveal. Thus, systematic evaluation of each subsidy is beyond the scope of this thesis. However, this approach serves as a guide in understanding the generosity of housing measures, especially those affecting vulnerable groups.

Social housing policy is generally considered to have three main aspects: providing housing allowances to families struggling with housing costs, strengthening the social rented sector and supporting low-income households in the owner-occupied sector (Bežovan, 2013; Hegedüs, 2007).

The following sections introduce the two most widely implemented housing policy measures, social rental housing which is a supply-side policy, and housing allowances which is a demand-side housing policy. While there are other relevant policy measures, as will be shown in cases later on, it is important to explain these two more comprehensively, as they represent two major policies that impact housing affordability. Their impact and scope within cases will be analysed in the comparative section of the thesis. According to Blake (2018) supply-side housing subsidies are mainly investments in "brick-and-mortar", meaning that they finance housing construction and in general, aim to increase housing supply in the market. Demand-side subsidies mainly aim to increase the housing consumption power of households (both for purchasing and renting), and usually target specific population groups. For homeowners, it is mostly in a form of a loan interest rate subsidy, while for tenants it is mostly a housing allowance. Exceptionally, it is possible to consider loan interest rate subsidies as a supply-side policy measure if it is provided to an institutional investor or public authority to increase housing production (Blake, 2018).

2.4.4.1 Social rental housing

Social rental housing in Europe became a determining factor in post-World War I housing systems, influenced heavily by the rent control regulations. Social housing development and implementation was different in each European country, influenced by historical and political traditions (Hegedüs, 2013).

In general, social rental housing refers to a housing service provided at a below-market price, by a non-profit legal entity, state or local authority, and allocated on a need-based priority (Bežovan, 2013; Hegedüs, 2013; Czischke & Van Bortel, 2018). Certain issues arise when broadly comparing the effectiveness of social rental housing programmes between housing systems, especially in less-developed countries. For example, subsidy programmes for renting in the private rental market (such as income benefit programmes) could achieve the same result as social rental housing, but do not often show up in the analyses of the social housing sectors (Hegedüs, 2013).

Social rental housing policy faces two major financial challenges. Firstly, it must address the general financial disadvantages of the rental sector. Secondly, it must address the financial barriers faced by vulnerable groups on low incomes. Without extensive government support, the sustainability of the social rented sector is jeopardised.

2.4.4.2 Housing allowances

The main difference between the supply-side and demand-side subsidies is that demand-side subsidies, such as housing allowances, allow recipients to procure or rent a residential unit in the housing market, while supply-side subsidies, such as public or social housing do not, or do provide very limited choice (Coldburn, 2019). In other words, housing allowances in their nature follow the beneficiaries and they are allowed to select housing units according to their needs. Subsidised rental housing (including housing allowance) is the most commonly recommended solution for housing young individuals and families who have difficulty becoming homeowners (Kerbler & Kolar, 2018).

Housing allowance is both an income subsidy and a housing subsidy. While it is in most cases tenure neutral, more often it is allocated to tenants. Since housing allowance serve both to increase disposable income after housing costs are paid, it is part of social policy, but since it also increases housing consumption, it is part of housing policy (Bežovan, 2010). Thus, housing allowances are a hybrid instrument, and in practice the responsible authority is often either the Ministry of Social Security and Welfare or the Ministry of Housing.

Theoretically, income subsidies can be “tied” or “untied” to a consumption item. Housing allowance is in this case “tied” and must be spent on housing. The formula for calculating housing allowances is called the “housing benefit gap” and is the difference between housing costs and household income spent on housing (Haffner & Boelhouwer, 2006). The impact of housing allowances on households’ disposable incomes is significant and fulfils an important function in income support. It distinguishes between the affordability of adequate housing and a sufficient budget available for expenses other than housing. The growing need for income support through housing allowances arises from new social risks, including single parenthood, precarious employment, long-term unemployment, mental health problems and working poverty. Housing allowance provides income support in times of temporary and long-term poverty (Griggs & Kemp, 2012).

Housing allowances were in Western countries introduced in the mid-1960s, and were widely distributed in the 1970s and 1980s. The main principle of housing allowance is to provide benefits to the eligible households as the difference between the real prices and normatively set price level of housing cost burden. It is the share of housing cost in the total household income, and three main factors for calculating housing allowances are household income, household expenditures and household composition/size (Lux & Puzanov, 2013).

2.4.4.3 Impact of housing allowances on housing affordability

Housing allowances have a very important role in both welfare and housing policy, having the aim to both improve housing affordability, and provide income support to households. Still, the impact of allowances remain debated in the literature and practice because their effectiveness is challenged across different countries, whether they in fact improve housing affordability or worsen it.

The relationship between housing allowances and the impact on rising rent levels is a central debate in the literature (Eerola & Lyytikäinen, 2021; Eriksen & Ross, 2015; Hyslop & Rea, 2019; Susin, 2002). If the increase actually takes place, the effect of the allowance on household budgets is reduced. Some of these studies suggest that the introduction of housing allowances can lead to an increase in rents in the private rental market, while other studies do not provide conclusive results. However, the impact of housing allowances on house prices seems to vary across countries and time periods, making it a complex and multi-faceted issue (Eerola & Lyytikäinen, 2021; Hyslop & Rea, 2019). Housing allowances can be means-tested, income-related, and quota-based, with payments made directly to tenants or landlords (Hyslop & Rea, 2019). The same authors note that there was a slight increase in rents when housing allowance was introduced. However, it is not clear whether this was due to increased demand for rental housing, to which landlords responded by raising prices, or whether recipients spent more on better quality (or quantity) housing. The bottom line is that two-thirds of recipients benefited from higher disposable income after housing costs. Moreover, the introduction of housing allowances could be a viable tool for decommodifying housing and weakening the link between housing income and housing consumption (Hick et al., 2022).

As a theoretical approach to the debate, the neoclassical market model is a useful framework for predicting a possible increase in rental prices through the introduction of housing allowances. The introduction of housing allowances makes recipients less sensitive to rent increases, and if supply is not perfectly inelastic (i.e., the quantity supplied of the good offered remains the same regardless of the change in price), the increased demand will push the demand curve up (D > D0 > D1) and the new price equilibrium will rise (P* > P0 > P1), with only a small increase in the supply quantity of housing (Q* > Q0 > Q1). This change is shown in Figure 3.

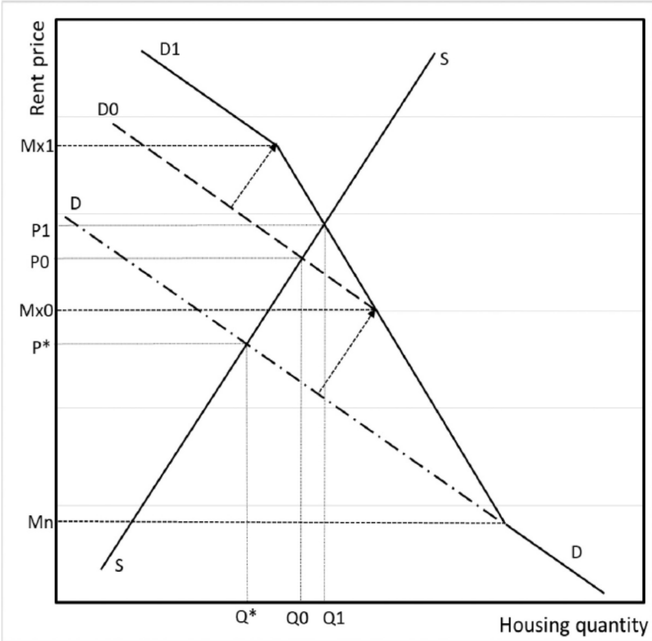

Figure 3. Theoretical representation of the rent price increase due to housing allowance introduction. Source: Hyslop and Rea (2019)

According to Hyslop and Rea (2019, p. 6) “a major concern with an increase in housing subsidy is that the intended welfare gains for recipients will be eroded by an increase in rents, with landlords capturing a substantial fraction of the benefits of the subsidy.” Even though this concern exists, housing allowances for the lowest income households could enable them to exit substandard housing and conditions and potentially alleviate homelessness and overcrowding (Hyslop & Rea, 2019).

As already mentioned, there are a variety of approaches to demand-side subsidies in different countries, and this part of the thesis reflects certain cases comparatively. Some countries, such as the Netherlands, apply housing subsidies to the entire rental sector, not just to the lowest income households. Norway pays particular attention to elderly people in need of good quality housing, with housing allowances playing a special role. Norway has recognised that home-based services play an important role in the well-being of elderly people, and allowances enable them to have a better quality of life (Ytrehus, 2015). Finland, for example, applies a means-tested housing allowance system, capped by a rent per m^2 and based on dwelling size, year of construction and location (Eerola & Lyytikäinen, 2021). Their housing allowance program is funded by the central government through a special body that calculates and distributes the allowances. In the case of France, about 1.9% of annual GDP is spent on housing and about 0.83% on individual housing allowances (Bozio et al., 2017). The allowances aim is to directly subsidise the lowest income households. Evidence from France shows that they contribute to higher rents and thus higher profits for landlords and even lead to longer unemployment, as they discourage a return to work when combined with other social benefits and transfers that are poorly coordinated. This poor coordination of social transfers in France leads to a number of new problems, as mentioned above, and a revision of the social transfer package, including housing allowance is recommended in such a case.

2.4.5 Limitations in comparative housing research

One argument against grouping countries according to regimes is that it closes the comparative process before it has even begun, especially due to the variety in countries' institutional frameworks, since there are no two of the same (Ball, 2020). Author argues that clustering according to regimes may be a powerful but empirically weak approach. The author suggests the "structures of provision" approach, that is addressed later.

The aim of all comparative housing studies may be reduced to a process, or a search to "identify the housing systems that best enable a decent home for all at a price within their means" (Hick & Stephens, 2023). In this sense, comparative analysis would allow a better understanding of the processes that form a particular arrangement between the welfare state and housing provision.

There are three main challenges in comparative housing research (Stephens & Hick, 2024), which are all addressed in this thesis. The first challenge refers to the unit of analysis. Most often, the unit of analysis is the national housing system, but there is a growing number of authors who state that the levels below the national state, i.e., meso-level, such as local authorities or municipalities, are becoming more appropriate units for comparative analysis (e.g., Matznetter, 2020; Hoekstra, 2020). The unit or level of analysis depends on the research question and the aim of the research. This thesis addresses the first challenge by using the national housing system as the primary level of comparison, while the capital cities are included to identify differences in implementation, housing needs and governance practices in affordable housing provision.

The second challenge addresses the changing welfare states and ideological underpinning, as the classifications most commonly used are evolving and changing. The authors use common typologies such as social democracy or neoliberalism as examples, arguing that they are no longer clearly reflected in European countries. They state that this could frustrate those research approaches that are based on the welfare regimes and housing systems. Authors made a compelling statement: "… it is possible that Esping-Andersen's state-market-family triangle of the sources of welfare remains capable of categorising welfare/ housing systems, but is no longer able to explain them" (Stephens & Hick, 2024, p. 153). This thesis addresses this by taking into consideration both approaches of welfare by Esping-Andersen and housing regimes by Kemeny to strengthen the theoretical framework for comparing the selected countries. However, the statements by these authors highlight the need for a careful approach. Even though the selected countries are classified as post-socialist, the analysis needs to carefully elaborate to what degree is that relevant for this housing study. In fact, many things changed since these countries broke from the socialist regime and became labelled post-socialist, and their housing governance since the 1990s changed dramatically in each country. Thus, classifying these countries as post-socialist may not be relevant today, and perhaps was relevant only until a certain point in time.

Finally, the third challenge lies in the fact that housing regime research mostly analyses and compares countries (and cities) of the Global North, and as authors state "…with a tendency to apply or adapt northern typologies to vastly different cultural, social and economic contexts. Broadening the reach of comparative housing research to include a wider range of countries and contexts is a task that is ripe for scholarly endeavour." The design of this thesis welcomes this challenge by expanding the focus of the selected cases away from the Global North, incorporating countries that are less represented in comparative housing studies, with respect to, e.g., Western European countries. Extending comparative research to these countries is valuable for examining how comparisons between national housing systems can be operationalised in relation to affordable and sustainable housing.

3 PATH DEPENDENCE IN HOUSING POLICY

This chapter develops the theoretical framework that is applied to interpret how earlier institutional choices shaped later housing policy trajectories in each selected country. The chapter begins with an introduction to path dependence in the light of its historical, institutional and ideological relevance for policy-making, focussing on alternatives and different typologies of path dependence and then on the differences in their applications. With a better understanding of how historical events influence future policies and their inertia, the analysis explores operationalisation in the field of housing studies and policy, i.e., how to apply path dependence when comparing housing policies in Slovenia, Croatia and Slovakia over time. Finally, this chapter outlines the challenges and limitations of applying the concept of path dependence in housing research.

3.1 Introduction to path dependence (historical institutionalist approach)

Path dependence explains why and how history influences social change in the comparative analysis (Schreyögg & Sydow, 2010). It is commonly referred to as a "historical institutionalist" approach[18] and it refers to the idea that the outcomes of a particular situation or process depend on the historical path taken to reach that point. In other words, the current state or future developments of situations are influenced by past decisions, events, or processes, even if those may no longer be the most efficient or rational choices. As a concept, it provides a valuable framework for analysing historical events, which is primarily concerned with elucidating responses and outcomes in the area of policy change and institutional persistence (Bengtsson & Jensen, 2020). One of the widely used arguments of path dependence states that "previous and currently existing institutional settings constrain and orient the course of action taken in the process of transformation and influence the results of those actions" (Hegedüs et al., 2014). In other words, the old structures can survive transformations and impact future developments. Another interpretation of the concept of path dependence states that developments at a specific juncture create inertia in economic, institutional, social and technological progress. Bengtsson and Jensen (2020, p. 15) interpret this concept as the "fundamental causal mechanism in historical versions of institutional theory." In other words, a development at a certain point in time sets a direction that either blocks alternative paths or makes them more difficult to achieve at a later point in time.

There is growing attention in academic circles to applying a path dependence perspective to historically oriented social studies (Bengtsson & Jensen, 2020; Bengtsson & Ruonavaara, 2011). Mahoney (2000) had a significant impact on the theorisation of path dependence in social science. He states that in many cases, the notion of "path dependency" in academia merely reflects the notion of "history matters" or "the past influences the future" which leads to a misconception of path dependence as a potential tool of analysis. In this case, researchers generally apply some sort of "path analysis" in which they consider temporally sequenced variables, but do not consider the process of change caused by the path-dependence (Mahoney, 2000). Thus, to conduct a "proper" path-dependence analysis, tracing of a particular outcome to a distinct set of historical events must be conducted, and this relationship needs to be mutually contingent, and cannot be explained by other historical events. Thus, contingency is one of the main elements in this relationship, which is determined by a set of criteria, allowing researchers to make objective claims if there is a case of path dependence. For the path

[18] Also institutional continuity by Bengtsson & Jensen (2020).

dependence to occur, a contingent historical event must trigger a subsequent sequence that follows a deterministic pattern (Mahoney, 2000).

3.2 Defining path dependence

Path dependence originated in the natural sciences. There are three main ideas behind the concept of path dependence. First, path dependence follows the idea that a single event which is not a product of social forces might be influential for societal outcomes. Secondly, contingent events might be distant in time from the outcomes. Thirdly, as mentioned already, history matters, and as such a chronological order must be respected in the analysis and observed as a sequence leading to the outcome (Bengtsson & Ruonavaara, 2011).

A practical understanding of this approach is that at a certain point in time, a development takes a direction that either closes other alternative directions, or makes it more difficult to reach other directions, at a later point in time. Bengtsson and Jensen (2020) refer to it as “inertia”[19] and that inertia is the main subject of interest of a path dependence analysis. Authors state that the analysis of path dependence lies somewhere between structural determinism and loose claim of “history matters”. According to Bengtsson and Jensen (2020), but based on the work of Mahoney (2000) there are two versions of path dependence: weak and strong. Authors state that in a weak version of path dependence, actors “have perceptions, norms and strategies, mobilise power and make decisive policy choices but do so in a context where already existing paths frame their incentives and opportunities and sometimes overrule them” implying a soft lock-in system between efficiency, legitimacy and power (Bengtsson & Ruonavaara, 2011). If strong actors develop efficient and legitimate problem-solving mechanisms, they create robust paths over time. In this “actor” based analysis, typical path dependency arises, historical development can be interpreted as self-reinforcing chain of institutional and actor change.

The weak version introduces the possibility of endogenous institutional change and permits variations in the degree of path dependence. Another advantage of the weak version is its facilitation of a form of counterfactual analysis, enabling us to speculate on what could have happened, based on empirical observations of other similar cases (Bengtsson & Ruonavaara, 2017).

Another definition comes from Sewell (1996), stating that “what happened at an earlier point in time will affect the outcomes of a sequence of events occurring at a later point in time”.

[19] Authors state that there are four types of inertia: institutional, social, economic and technological.

However, Sewell's definition is relatively broad and was subjected to some criticism from other authors who offer narrower definition, such as Mahoney (2000), Pierson (2004) or David (2007).

Stark (1992) states that the strength of path dependence is in its analytical power to explain outcomes where actors are searching for points of departure from a "long-established" tradition in order to restructure these routines. When these actors decide to take a turn in different directions, they will be constrained by the existing institutions.

Next is perhaps one of the most influential definitions of path dependence. Mahoney (2000) defined strong and weak versions of path dependence. The strong version of path dependence assumes that historical events and contingent choices have a profound and lasting influence on the development of a particular path and constrain future possibilities. In contrast, the weak version assumes that while historical events can influence the development path, they do not necessarily foreclose alternative paths, so that contingent events can redirect the course of development.

Certain authors criticise Mahoney's definitions. For example, Bengtsson and Ruonavaara (2011) criticise Mahoney's strong definition for falling into the trap of not being applicable to social science analysis based on social action, as deterministic causation cannot often be claimed in social science. This makes the weaker definition more applicable in analysis, although it blurs the lines between contingency and determinacy. Furthermore, Bengtsson (2004) suggests that the weak version of Mahoney's definition should be preferred due to its "fruitfulness" and applicability in actor-based analyses, which is particularly relevant in housing research. Bengtsson (2008, p. 5) defines path dependence as "…a historical pattern where a certain outcome can be traced back to a particular set of events on the basis of empirical observation guided by some social theory."

Lux and Sunega (2020, p. 26) define path dependence as "any action or policy decision is limited by past decisions and experience and is thus embedded into a unique normative, value, traditional, and institutional context." In other words, they highlight the importance of the context created by the different approaches and that the same policy can have different outcomes in different countries due to the path dependence limitations.

As indicated by the listed definitions, path dependence is a form of analysis focusing on concrete historical events, and forms a theory of elements that build up the path between the two events. The challenge is not to prove the path, but to analyse the mechanisms and the extent to which the historical event had an effect.

"At every step along the way there are choices - political and economic - that provide … real alternatives. Path dependence is a way to narrow conceptually the choice set and [to] link decision making through time. It is not a story of inevitability in which the past neatly predicts the future" (North, 1990).

According to Bengtsson and Ruonavaara (2011), path dependence analysis has three core elements:

1. Historically, the event (A) that was chosen over another alternative (also referred to as "critical juncture"),
2. The decision at a later point in time (B) which makes the connection to point A visible (also referred to as "focus point") and,
3. Mechanism(s) explaining the effect of the event from point A on the decisions of the point B. The main process to identify these mechanisms is to trace back the events to a point where a plausible alternative was not chosen.

3.3 Typology of path dependence

3.3.1 Self-reinforcing sequence

Operationally, the two types of path dependence in social science applications are self-reinforcing sequences and reactive sequences (Mahoney, 2000).

The institutions in the self-reinforcing sequences are "born" out of formation of critical junctures. Generally, critical junctures can be interpreted as adoption of one set of institutional arrangement over alternatives. It is labelled "critical" because once an option is selected, it progresses to be less viable to change back to the original point. The difference is in fact that the so-called true viable alternative, i.e., "counterfactual antecedent" did exist at a point in time and could have been selected according to the theoretical options in the researcher's attempt to "rerun" history. Mahoney (2000) explains that the choice between alternatives must not be predictable, in order for a sequence to be path dependent: "With a self-reinforcing sequence, I would suggest that the period immediately preceding a critical juncture marks a reasonable point in time for specifying the beginning of the sequence. During this pre-critical juncture period, different options become available for selection and potential processes affecting the choice made at the critical juncture become active. If the conditions present at this time can predict or explain the outcome of the critical juncture, the given sequence should not be considered path-dependent" (p. 511).

Contingency, as stated before, is one element that marks the path dependency analysis. According to Mahoney (2000, p. 513), contingency "refers to inability of theory to predict or explain, either deterministically or probabilistically, the occurrence of a specific outcome". Put simply, a contingent event was not expected to happen, according to what was predicted by the theoretical process of understanding of a particular process. It must be pointed that contingent event is not equal to a truly random event without causes. Figure 4 shows the relationship of the events in the self-reinforcing sequencing.

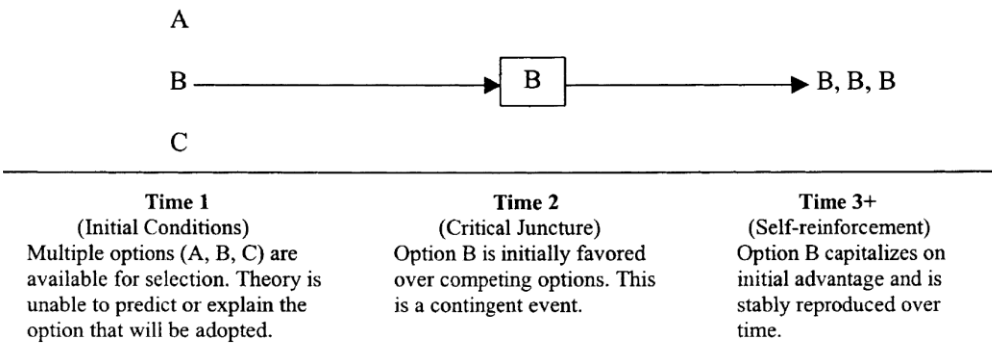

Figure 4. Contingency illustration in self-reinforcing sequence. Source: Mahoney (2000).

Out of three viable options, the contingent event of choosing B (in the example above) created a critical juncture, which led to reinforcing the option B as time progressed.

3.3.2 Reactive sequencing

Reactive sequence is the second type of path dependence, and it accounts for the events in a chain that are temporally ordered and causally connected. As such, early events are important for later outcomes since a small change can accumulate over time, leading to a great difference towards the end of the sequence.

Reactive sequencing, as a contrast to a self-reinforcing sequence, follows a different logic: while self-reinforcing sequence highlights the production of reinforcing events that took place early on in the sequence, in a reactive sequence, early events are being transformed and reversed by counteracting processes.

In other words, early events trigger subsequent events not by reproducing a pattern, rather by setting in motion a chain of linked reactions and counterreactions (Mahoney, 2000, p. 527). Moreover, in a reactive sequence, it is not self-evident when the starting point of the sequence take place. Since the starting point is not clear in this sequence, the researcher is prone to keep going back in time to find the fundamental causes. The search in this sequence is for an initial rupture or "surprising break" with theoretical expectations.

Figures 5 and 6 illustrate two examples of reactive sequences. In Figure 5, two sequences with individual paths intersect in the event "Z". Since this event is not a conjunctural event for either sequences, the trajectories may be only temporarily disrupted and continue along their individual trajectories with no consequences. In Figure 6, however, the conjuncture in this reactive path-dependent case does have an alternative trajectory, distinct from both of the individual trajectories. Thus, the intersection of these sequences creates a subsequent chain of events following a new trajectory.

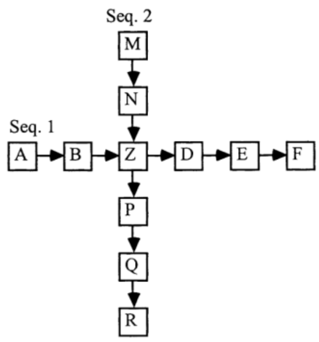

Figure 5. Conjuncture with no enduring consequence. Source: Mahoney (2000, p. 529).

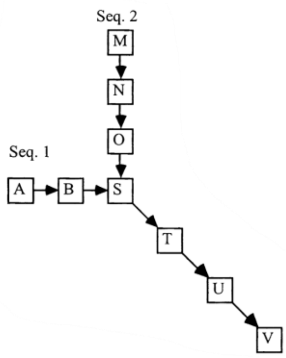

Figure 6. Conjuncture with enduring consequences. Source: Mahoney (2000, p. 529).

If this sequence is adopted in the context of post-socialist countries, reference can be made to the work of Petrescu (2014). Petrescu analyses the 1989 sequence of the collapse of communism[20] in CEE countries in the following order: Poland, Hungary, East Germany,

[20] The sequence of the fall of communism in CEE is perhaps irrelevant for this paper, but the occurrence of the fall of communism is relevant.

Czechoslovakia, Bulgaria, Romania (Yugoslavia is not listed in this sequence). Petrescu (2014) quotes Mahoney's (2000) path dependency types of sequences which go as follows: "self-reinforcing sequences refer to "the formation and long-term reproduction of a given institutional pattern," while reactive sequences refer to "chains of temporally ordered and causally connected events." Based on this distinction, Petrescu identifies the collapse of communism as a reactive sequence by stating: "the 1989 sequence of collapse of communist dictatorships in ECE can be regarded as a reactive sequence, in which each event in the sequence represented a reaction to previous events and a cause of subsequent events."

Although Yugoslavia is not explicitly included in this sequence, the same logic applies to its case. The collapse of communism constitutes a reactive type of path dependence, in which the fall of communism represents a rupture or the "breaking point" (or perhaps "a" breaking point), upon which the following policy developments are contingent. However, this explains only the event of the fall of communism. It is not clear whether Petrescu (2014) treats the fall of communism as the end of the (reactive) sequence, or as the conjuncture point, and if the object of his analysis are policies, institutions or the political events that took place at that time. In any case, this is a real-life example that may be of relevance for analysing the impacts of social housing policies in Slovenia, Croatia and Slovakia, which in fact, are heavily contingent on the policies that pre-date the conjuncture points of the fall of communism.

Indeed, history does matter, especially in a reactive sequence, but it is unclear to what extent (Ackrill, 2018). Time does not stand still, but policies can. He states: "Reactive sequencing can help us to understand why policies do not change, change in a new direction, and even go into reverse, retreating to an earlier state."

For the purposes of this thesis, self-reinforcing sequences are of particular importance. While the fall of communism constitutes a reactive sequence in all three cases, the analysis is less concerned with the effects of this collapse itself and more focused on the institutional arrangements that emerged thereafter. These include, most notably, exceptionally high levels of homeownership, which have become self-reinforcing through various policy measures, as explained in later stages of the analysis.

3.4 Applying path dependence to housing research

Path dependence-oriented housing research is somewhat rare, which is surprising considering that housing provision displays many of the conditions associated with path dependence (Bengtsson & Ruonavaara, 2011). As a concept, it is stronger in housing provision than in other sectors of welfare provision due to the following four arguments (Bengtsson & Jensen, 2020).

First, housing features elements of both a consumption and an investment good; it lasts for a long period of time, is slowly produced and cannot be easily substituted with another good. Second, social and emotional attachment to a dwelling creates a high cost of moving[21] and thus has a stabilising effect on the housing market. According to Bengtsson and Ruonavaara (2011), obstacles to housing policy change can be found in residents' social, emotional and cultural attachments to their buildings and housing units, which have a stabilising effect on the housing market and may slow down change. Third, housing is distributed through contracts, while state interventions correct prices and thus define the economic and institutional framework within which these contracts operate. According to Bengtsson and Jensen (2020), tenure forms are the main political institutions in housing, along with other types of regulations defining relations of possessions and exchange, and this leads to potential political constraints in capitalist society. Fourth, political change may be constrained by the fact that housing is almost entirely distributed through the market, especially in the case of post-socialist countries. If a new tenure type were to be introduced, there would need to be substantial political support, substantial willingness to pay and adequate market supply. An example of housing policy intervention is provided below.

Housing policies can be understood as state interventions to correct shortcomings in the housing market, and contracts serve as the main distribution mechanism of housing. If housing distribution is based on market transfers, the main institutions are those that set the rules in the market, such as tenure forms and other types of regulations, including non-profit organisations (Bengtsson & Ruonavaara, 2011). Finally, since housing is ultimately distributed in the market, the market itself needs to be ready to accept possible changes, such as a new tenure type.

Bengtsson and Jensen (2020) compared the historical development of housing policy in Denmark and Sweden, both of which have unitary and universal housing regimes. The authors trace the policy approach path dependency of these countries to institutions that emerged after the First World War and that were consolidated after the Second World War. Even though the two housing systems are both universalistic and unitary, they have a different institutional setup. Both Denmark and Sweden have corporatist features, according to authors, but with differences in public housing provision. Denmark facilitates associations of tenants that are institutionalised and controlled bottom-up, whereas Sweden facilitates municipally owned companies that

[21] This is referred to as an "attachment cost" in literature and in practice.

provide public housing. The comparison in this work is close to the attempt to analyse Slovenia, Croatia and Slovakia, since they have similar grounds for comparison, such as Denmark and Sweden, but still have differences in housing institutions and provision, which are the subject of comparative analysis.

Policies are less embedded in the society than institutions and thus are easier to change. Kay (2005) states that because of that, strong form of path dependence is not a rewarding way to research policy change. The majority of policies fail over time for various reasons, and the longer the policy is in operation, the more obvious the deficiencies will become (Malpass, 2011).

Finally, Jensen (2013) provides validity of applying path dependency in research such as this one: "The historical institutional argument is, that these differences frame the way in which actors operating on the respective policy arenas can and do respond to challenges." Here, Jensen (2013) provides one of the arguments for the fitness of path dependency as a theoretical framework (even though here it may be as well a tool for comparison) on how reactions to a change in Slovenia, Croatia and Slovakia may be observed. What is especially useful is that some of the main events, such as mass privatisation or market liberalisation were the common events that were marked by the underlying policy change, and the focus is then on how Slovenia, Croatia and Slovakia reacted and why, in terms of regulations, new policy formations etc.

That history matters in housing provision should not be a surprise; what requires closer examination is in what respect and through which types of mechanisms history matters across different housing contexts. Progress in the analysis of social, institutional, and discursive change in housing lies neither in the mere accumulation of socio-historical data on processes of change nor in the direct application of the relatively few available general social theories. Rather, it lies in combining historical and contextual sensitivity with an analytical focus on social mechanisms (Elster, 2007).

Moreover, application of path dependence to understand how one path could be replaced by the other in matters of incremental change is an attractive way to analyse the process and enrich the theoretical application of path dependence. However, path dependence must be taken as a guiding framework that is not perfect and absolute. Bengtsson and Ruonavaara (2011) state that "just as you can see both convergence and divergence in one process depending on what aspect you are looking at … path dependence should not be seen as absolute. Although path dependence may be more frequent than social scientists often think, there is also structural similarity in societies that are in relevant senses similar."

The concept of path dependence is of great importance for housing research, especially in the context of housing policy development of post-socialist countries that radically transformed the institutional framework and changed the tenure composition from dominantly public to private homeownership, affecting the future pathways of social housing policy efficiency and wealth distribution (Lux & Sunega, 2020). Despite its potential, path dependence is still underused in housing studies (Bengtsson & Ruonavaara, 2011; Malpass, 2011). It is often applied at the national level, but can also be extended to the municipal and local levels where housing policies are implemented, as in this thesis, where developments in the capital cities complement the national housing policy analysis.

3.5 Path dependence in post-socialist country context

Path dependence is used in this context to explain the relationship between past institutions, processes and housing policies and current patterns of housing provision in these countries. This is especially relevant because the selected countries share a similar background; however their different responses to housing challenges were partially contingent on existing path-dependent legacies. Thus, path dependence is not used as a deterministic causal model, but as a theoretical framework to guide the interpretation and comparison of policy outcomes across the three cases.

Stark (1992) provides a useful application of path dependency theory in the context of the post-socialist era. His simplified version of path dependence states that "old structures survive the transformation and determine its results". Path dependence thus explains the outcome of privatisation as privileged social groups who transformed their privileged status in the public sector to obtain high capital gains in the owner-occupied sector. However, there is a limitation to this approach in explaining the institutional behaviour. One relevant argument is provided by Hegedüs et al. (2014, p. 36) who state that "the framework of the path dependence theory cannot adequately explain the long process of housing privatisation in the region, because this process was determined by new institutions and social groups looking to their short-term interests". Indeed, path dependency does not explain privatisation itself, but rather explains how privatisation, together in a bundle of other developments, was in fact a key moment, a rupture, or a radical change or, technically, a contingent event[22], that set the path, at least partially, of housing provision in the selected countries.

[22] This is illustrated in Figure 4 on self-reinforcing sequence.

The legacy of the "giveaway" privatisation in post-socialist countries is the tension in the housing market, particularly between "insiders" and "outsiders" (i.e., homeowners and tenants). While growing familialism and intergenerational support within families help to mitigate this tension to a certain extent, they may do so at the cost of unfavourable demographic outcomes (Lux & Sunega, 2020).

There is a debate in the literature about whether the process of radical political, social and economic change is characterised as a transformation or transition, as commonly referred to in the literature (Lux & Sunega, 2020). In this context, transformation as a term captures the innovation process of the existing institutions but in a new economic context, highlighting the relevance of path dependence in the process. Contrary to the common view that path dependence tends to explain the divergent processes, the authors show that it can explain both convergence and divergence (Lux & Sunega, 2020). Furthermore, the authors claim that the path dependence approach can also be applied to both "gradual institutional development and radical institutional change". The authors further state that "… if path dependence theory is appropriately conceptualised and applied, it can retain its broad scope and be very useful in uncovering the different traps and limits during the development of housing regimes in post-socialist countries after 1990."

Pichler-Milanović (2001) refers to Stark's (1992) conceptualisation of path dependence in Eastern European countries and highlights the institutional and initial costs of the economic transition. She states that "continuity is the underlying theme in the "path dependent" process". Moreover, she makes a significant statement on privatisation in light of path dependence: "In the context of housing (privatization) reforms the 'path dependency' represents prolonged informality from the last period of socialism (1980s) as simulation of the private property relations in the absence of the legislative framework, market relations and dense personal networks in the socialist economy" (p. 181). This informality simulates private property relations without a legal framework, relying on strong personal networks within the socialist economy. This dynamic explains variations in the housing privatisation process and broader transition across Central and Eastern European countries.

Earlier, the two general types of path-dependence were distinguished: self-reinforcing and reactive. There is another division, but seldomly applied in the literature. However, it is found to be applied in the context of regime changes, which is especially useful for post-socialist country context, thus is briefly explained in this section. According to this dichotomy, path dependence is distinguished according to gradual or radical (sudden) regime change, explained with the existing institutions that limit the change and in the second (radical) change, the obstacle are the people and their “past way of thinking” and problem solving limiting the change, respectively. Both can be either strong of weak forms of path dependence (Lux & Sunega, 2020).

The gradual development of the regime is more characterised for the Western countries. In the weak type, institutional development cannot easily change paths due to its firm existence, labelling it as “lock-in by the system” or “path dependence in evolution”. Second type is the strong type, and it stand for that if a path is chosen, only a few other possibilities are open in the future, labelling it as “lock-in by the progress” or “path dependence by progress” (Lux & Sunega, 2020).

There are two variants of the radical regime change: the weak and strong variant. This radical regime change is characteristic for the CEE countries and as the Lux and Sunega (2020) refer to it as “inertia in the way of thinking”, since the institutions, unlike in the gradual development, no longer exist. Weak path dependence in this context explains that people still rely on their way of thinking and problem-solving patterns, therefore keeping their conservative sentiments, labelling it as “locked-in by experience” or “path dependence in reforms”. Strong path dependence in this context implies selfish interests of the social classes, referring to as “locked-in by economic interest” or “path dependence in revolution”. However, some authors disregard the strong types in application for housing studies (Lux & Sunega, 2020), much like Malpass (2011) as already mentioned in the previous section, by stating that it lost its relevance due to existence of extreme ideologies. It is the weak variant of both path dependence cases that are relevant and used in the housing studies (Lux & Sunega, 2020).

Weak cases of the two path dependence cases were applied by Lux and Sunega (2020) in light of CEE countries, right after the 1990. First the radical system (i.e., the way of thinking) change took place (authors label it as “conceptual form”) while later it was the gradual form (institutions) (what authors call institutional form) of path dependence took place and became more important. This is the theoretical contribution that Lux and Sunega (2020) made to the framework, different types of path dependence being applied at different times of the course of housing regime change.

The “giveaway” privatisation in all post-socialist countries was intended deliberately as a “shock absorber”, as elaborated in the next section. A quick and mass sale of public housing took place to sitting tenants at a very favourable prices and payment terms (Lux & Sunega, 2020). The mass sale of public housing was a hidden economic subsidy and it still is the largest housing subsidy that took place in the CEE countries, and as such is an indicator of regimes convergence. As a result, in all CEE countries, the public rental stock dramatically decreased, home ownership levels increased to a dominant tenure form, also signalling the convergence of the regimes (Lux & Sunega, 2020).

There are various theories why these countries carried out the transition in the way as they did, instead of perhaps selling off at market prices to tenants or third parties. But most likely is that it is due to theory of conceptual path dependence and to absorb the shock caused by other economic changes and promoting security in a very uncertain time period of the system transformation (Lux & Sunega, 2020).

The common ground that this theoretical approach is defining is that the "tradition" of the privileged status of residing in state owned public housing from the socialist era is kept in the new system via mechanism of give-away privatisation to the sitting tenants. A loose analogy could state that the home ownership in the new system was, at the time, equivalent to what was considered renting public housing (quasi ownership) at a low rent, characterised by secure occupancy rights and unlimited tenancy at an attractive price (Lux & Sunega, 2020).

For housing policies to change, at least one of the mechanisms of soft-lock in (efficiency, power or legitimacy) must be changed; either confronted or undermined.

The causes of change are either external or internal. External influences come as shock[23] to economy, such as war, revolution, economic change or national disaster, and they lead to sudden need to address housing shortages.

Internal challenges come when the institutional conditions no longer serve purpose, or as the authors state, are "worn out", and when they cannot provide answers to the housing shortages. Mechanisms of incremental change are laid down by Streeck and Thelen (2005) and they can, over time, have a significant impact on change in a path dependent context[24].

Those without the "privilege" to live in the public rental housing in socialism could not be a part of the give-away privatisation, thus were left out of the opportunity to purchase their apartments at very low prices, thus becoming "outsiders" as a contrast to "insiders", who bought the apartments. In many instances, the insiders sold the apartments bought cheaply during the privatisation at considerably higher "market" price. This set the trend of further social stratification based on initial real estate preferential merits and led to a gradual increase of housing prices that still exists today. Thus, the conceptual path dependence, the way of thinking, is evident in this instance.

[23] Recent examples may be the water wave and flooding in Slovenia or earthquake in Zagreb.
[24] These mechanisms are: layering, conversion, drift, displacement, elimination and exhaustion (LCDDEE) (also Mahoney & Thelen 2010, p. 15).

Institutional path dependence came later in the transformation path, but did not replace the ideology dimension, rather, the institutional aspect started to gain relevance. In this case the main housing institution is the (super) home ownership that dominated the entire housing system which, according to Lux and Sunega (2020) created "important traps and barriers to alternative developments".

One of the traps[25] highlighted by the authors is the ineffective and unsustainable social housing policy. Even though housing privatisation was intended to be a short-term intervention, it has a long-term impact on the post-socialist countries' housing policies. As such, privatisation became a barrier to introduce new social housing policy[26]. The trap is that all newly built social rental housing units are sooner or later privatised. Thus, home ownership suffers from inertia and hampers new social housing policies, which in turn causes rising homelessness and social inequalities.

Another important point in this debate is the need to distinguish clearly between the critical juncture, the mechanisms of path dependence and the outcomes. In this thesis, the critical juncture is mainly understood as the post-socialist transition and mass housing privatisation. The challenge is to identify a mechanism of path dependence, in contrast to other developments that only demonstrate a chronological sequence. In the analysis, a process was considered a mechanism when a development could be linked to the critical juncture, when its influence could be followed through later institutional or policy developments, and when it helped to explain how the initial housing trajectory was maintained, strengthened or changed. The identification of mechanisms was based on the sequence of policy developments, institutional changes and interview findings presented in each case, with particular attention to the process through which these developments supported continuity or limited the development of alternative housing arrangements. The outcomes are visible in housing systems marked by high homeownership, different levels of affordable rental housing and reliance on family-supported housing. These mechanisms are revisited at the end of each case study.

3.6 Summary of the theoretical framework section

Path dependence is employed in this thesis as a theoretical framework to better understand how past events and processes have influenced current housing policy arrangements in Slovenia, Croatia and Slovakia, and to explain the divergent approaches between the cases.

[25] Next to wealth inequality, within-family financial transfers and market volatility traps.
[26] However, Lux & Sunega (2020) state that Slovakia is an exception.

Housing policy development in the three selected countries has not previously been compared in the literature through the lens of path dependence. In this thesis, path dependence is not used as a deterministic model, but as an explanatory framework for examining how and why certain housing policies are in place, while others are missing. It also guides the interpretation of the findings in the comparative section. As such, it supports the examination of interactions between the socialist and post-socialist periods and helps explain changes in institutions, actors, power relations and policies. A weaker formulation of path dependence is used because it allows greater sensitivity to institutional change and variation across cases. This makes it suitable for comparing housing governance, especially institutions, actors and policy choices relevant to housing provision. Thus, path dependence supports the explanatory contribution by specifying how institutional absence, institutional continuity and policy prioritisation shaped the subsequent policy trajectories.

The following chapter provides further insight into the three countries and indicates that certain forms of path dependence may be linked to patterns of housing investment established during the socialist period[27], whose effects persist today.

4 RESEARCH CONTEXT AND GAP IN SELECTED POST-SOCIALIST COUNTRIES

In general terms, post-socialist countries share common historical trajectories, transitioning[28] from socialism and one-party control to an open market economy and political pluralism. Yet beneath this shared baseline, the legacy of the socialist housing system remains complex. Single-party control in fact eliminated market competition and instead distributed housing units according to political "merit" and kept prices artificially low. Housing allocation created social inequality because better units were assigned to more prominent members of society with higher incomes. As Lux and Sunega (2013, p. 308) note, "In Hungary … despite the declared intentions of communists, the allocation of public dwellings did not reduce but, on the contrary, increased inequality within the Hungarian society." Official egalitarianism, which incorporated the ideology of housing for all, led to artificial scarcity and inefficient consumption, ultimately resulting in politically based distribution of housing privileges. These

[27] It should be noted that socialist housing is not the same as social housing.

[28] The terms transition and transformation have nuanced differences, and some scholars argue that post-socialist countries have undergone, or are still undergoing, transformation rather than transition. Despite this, the term transition is used here, as it is more widely employed in the literature (Hegedüs, 2013).

privileges were kept by the sitting tenants after the transition, through the give-away privatisation (Hegedüs, 2013).

What Slovenia, Croatia and Slovakia had in common after the transition was a systemic unreadiness to organise housing policies for a fairer housing provision. Differing in size and economic development, the three countries experienced post-transition housing provision by varying policies and macroeconomic disruptions, most notably the Croatian War of Independence, which had a stronger impact on its economic development compared to Slovenia[29]. Stark (1992) therefore argues that these countries represent a plurality of transitions (not a single transition), both in terms of regional differences and the intensity of political, economic, and social change, and in terms of the timing and speed of the transition(s). Hegedüs (2013, p. 4) reinforces this view: "We do not support ready-made typologies of the transitional countries; we believe that the differences are the result of conflicts between different interest groups and organisations that reach a consensus and stabilise the institutions from time to time, which then again leads to new conflicts and a new consensus. Social housing policy is a result of these conflicts and their solutions or, as we will show, the lack of a solution." Similarly, Kasza (2002) highlights that differences in transitional countries arise from: 1) changes in welfare policies over time, 2) historical policy legacies, 3) the inclusion of various actors in policymaking, 4) diverse policymaking processes influencing policy substance, and 5) differential impacts from borrowing foreign policies. These factors produced divergent welfare scenarios, particularly in housing provision. Tsenkova (2010) describes this process as "scrambling through" and "trial-and-error" policymaking, which defined early Croatian housing policymaking.

The structural shift from socialism to capitalism was introduced through mass privatisation of previously state-owned housing in Slovenia, Croatia, and Slovakia, as in other post-socialist countries. This transformation significantly affected housing affordability, which became a central problem. With the State withdrawing from housing provision, housing allocation became primarily market-driven, as it is explicitly stated in the Croatian National Housing Policy Plan.

As a result of privatisation and neglect of affordable housing policies, the selected countries face pressing housing affordability challenges, although to different degrees and within different institutional contexts. Slovenia carried out housing privatisation by establishing a central national institution that reinvested proceeds into new housing units. This institution

[29] In Slovenia, the conflict was known as the "Ten-Day War" and had a substantially smaller on Slovenian economy than the war in Croatia.

(the National Housing Fund) still invests in affordable housing projects. Croatia, in contrast, did not establish a central oversight institution, and reinvestment in housing has been minimal, apart from the reconstruction of units destroyed in the Croatian War of Independence. The first Croatian housing policy plan was adopted only in 2025, leaving housing policy largely neglected until then. Slovakia privatised housing to sitting tenants but faced challenges due to poor socialist-era building quality. This incentivised the establishment of a national housing fund and policy programmes to support structural and energy renovations at a national scale.

Despite these divergent policy trajectories, all three countries continue to face significant challenges related to housing affordability. For instance, the European Systemic Risk Board (ESRB) issued separate warnings to Croatia and Slovakia[30] regarding overheating of their housing markets. These warnings highlight the risks associated with borrower-based subsidies which contributed to the heightened market pressures and emphasise the need to expand housing supply (ESRB, 2021, 2022). Such policies illustrate a self-reinforcing sequence that prioritises homeownership instead of affordable rental alternatives. Persistent demand in large cities, particularly capital cities, has further exacerbated housing affordability issues across the EU. This concern led to the establishment of an EU-level Housing Commissioner and a dedicated Housing Taskforce to coordinate efforts and improve housing affordability throughout the Union (European Commission, 2024).

While regional housing unaffordability is increasing, comparative policy research remains rather scarce. Only a handful of studies have addressed housing affordability through policy, and few have undertaken comparative analyses (e.g., Pandžić, 2021). Croatia, in particular, has been poorly represented in housing-related research. This thesis provides a detailed overview of the housing market and policies in each country, including the context of their capital cities, and develops practical policy recommendations to support vulnerable groups unable to meet housing needs through the market.

These countries have not previously been compared in the literature in terms of housing policy. This thesis demonstrates a similar starting point for the three cases and explains the evolution of their housing policies, governance, and institutions after the transition. The selection of these countries addresses three key challenges in comparative housing research: 1) focusing on countries outside the Global North, 2) analysing multiple policy levels including local contexts, and 3) demonstrating that there is no single post-socialist housing regime by highlighting differences across three similar cases. In the literature, the shared experience of

[30] Slovenia did not receive such note.

mass privatisation has been well documented as previously stated, but the specific institutional mechanisms through which countries with a common historical starting point have diverged in their affordable housing outcomes are still largely unexplored.

4.1 Aim and research questions

The aim of this thesis is to identify and compare the factors that have shaped housing provision in Slovenia, Croatia, and Slovakia, focusing on how affordable housing policies recognise and address vulnerable groups. The research is guided by three questions:

1. What were the differences in affordable housing provision between Slovenia, Croatia and Slovakia after market liberalisation?

2. What was the impact of policy measures to provide affordable rental housing and how did they compare across countries?

3. What are the possible policy interventions to improve affordable housing provision in each selected country?

5 METHOD

Given the complexity of housing systems and the centrality of historical processes, this research employs a comparative case study design. The case study method enables in-depth investigation of context-dependent phenomena and is well suited for examining the interaction between path-dependent institutional arrangements and contemporary policy outputs. Analysing the cases as parallel yet historically connected trajectories makes it possible to identify critical junctures, policy shifts, and long-term consequences for housing affordability. The comparative method is qualitative and is guided by a Most Similar System Design combined with a comparative case study approach. Data collection methods include a literature review, policy and database analysis, followed by interviews with national- and local-level experts and researchers.

A comparative case study design was selected as the most appropriate research design for this study, as the research questions require an understanding of how and why differences in housing policy outcomes occurred across similar national contexts, rather than measuring the frequency or distribution of a phenomenon. As Du Toit et al. (2022) outline, a comparative case study is particularly well suited to context-dependent social phenomena where multiple variables interact within bounded historical and institutional settings, which is precisely the condition that characterises the post-socialist housing systems examined in this research.

5.1 Case study design

A case is the basic unit in comparative analysis. One of the most important aspects of conducting comparative research is defining the boundaries of the cases, and this is what separates comparative research from simple international/transnational research designs. Case selection should be driven by clear theoretical objectives rather than data availability, and with a small number of cases, a convincing justification is required (Goodrick, 2014; Esser & Vliegenthart, 2017). The three-country comparison in this research is deliberately designed to allow for considerable depth of analysis.

A case study is a methodological tool often used in qualitative social research (Priya, 2020). Rather than applying a generalised definition of qualitative methodology found in the literature (Yin, 2009; Creswell, 2018; Priya, 2020), this thesis adopts the definition by Knight (2001, p. 7040), as it offers greater granularity and describes case boundaries in an operational way: “a case study is a rigorous, detailed, spatially bounded, temporally limited description and analysis of an event, process, place, or community intended by the researcher to exemplify a more general insight, principle, or theory”.

Priya (2020) underlines that a case study is not only a method, but a research strategy involving a detailed analysis of a unit under study, with an emphasis on the context of the study. In other words, a case study without a context has no relevance. In this thesis, the context comprises the three post-socialist countries and the development of affordable housing provision since market liberalisation, examined thorough the path dependence theoretical approach. The case study design “sits” precisely between the descriptive and the explanatory (Yin, 2014), as it details the specific phenomena within these countries, but critically questions why specific housing governance models and provisions emerged, following their historical sequences without strictly proving causality. Punch (2005) states that the significance of case studies lies not in theory formation, but rather exemplifying a particular phenomenon in depth which can then be compared to other cases in a similar situation or context. According to Parreira do Amaral (2022) a comparative case study as a method could be conducted through either a “context-sensitive” lens, or a “culture-sensitive” lens. The “context-sensitive” lens focuses “on how social practices and interactions constitute and produce social contexts”. From the perspective of a socio-cultural practice, “context is not a container for activity, it is the activity” (Parreira do Amaral, 2022, p. 47). This research leans more towards the context sensitive lens, even though socio-cultural practices inevitably influence housing policies across cases.

There are different research strategies depending on the size of the cases and perspectives. According to Knight's (2001) typology of strategies, this thesis follows most closely a theory-based comparative case study, as cases are compared using the path dependence lens. In comparative case study analysis, the cases are embedded in a comparative context, with the selection of cases being justified on the basis of their representativeness, prototypical character, exemplary status, deviation or critical importance. In methodological terms, this thesis follows an embedded comparative case study design. In contrast to a holistic case study, which treats each case as a single, undifferentiated unit of analysis, an embedded case study explicitly incorporates multiple analytical sub-units within each case (Yin, 2009). Slovenia, Croatia and Slovakia constitute the primary national cases. Housing institutions and governance arrangements, policy instruments and measures, and housing outcomes are examined within each national case. Ljubljana, Zagreb and Bratislava are included as embedded contextual units used to examine the implementation of housing policies and housing conditions in high-pressure urban markets. They do not constitute separate comparative cases. As Knight (2001) emphasises, comparative case studies benefit from such embedded analysis by extending the depth of inquiry across institutional layers while remaining spatially and temporally bounded.

This thesis employs the Most Similar Systems Design (MSSD), in line with the small-N comparative analysis approach based on the methods of Mill (1874) and Przeworski and Teune (1970), which compares cases that share a number of relevant characteristics while differing in the dimensions of interest. The selection of Slovenia, Croatia and Slovakia, as countries sharing similar historical, institutional and socio-economic backgrounds, ensures the assumption of construct equivalence, while acknowledging the presence of other variables and the related challenges in causal attribution.

Priya (2020) states that in case of comparative approach of case studies, researchers will want to select cases that have common attributes and that are "similar in terms of relevant characteristics" (p. 10). In this thesis, each country, Slovenia, Croatia and Slovakia, constitutes an individual case, while developments in Ljubljana, Zagreb and Bratislava provide additional insight into the implementation of national and local housing policies. Thus, in the empirical analysis, references to capital cities are used to support interpretation of national housing policy trajectories and outcomes, without constituting a separate level of case comparison.

5.2 Selection of cases

The cases compared in the thesis were selected following the main goal of this thesis and the research questions. In the literature, the national level is the most common level for comparing housing policy systems and it is the most commonly used approach (Kemeny, 1995; Stephens et al., 2015). There is a rather compelling body of literature arguing for shifting comparison to the local level (Aalbers, 2016; Hoekstra, 2019; Taraba et al., 2021), but the primary unit of analysis in this thesis remains the national housing system.

Slovenia, Croatia, and Slovakia are selected as cases since they share numerous similarities in terms of institutional and regime history, which are instrumental in shaping housing policy and provision. They are located in the same wider region and they exhibit moderately similar socio-economic frameworks. They also have comparable historical trajectories in terms of national independence, policy decentralisation, and European integration. Historically, all three were part of the Austro-Hungarian Monarchy, whose administrative and legal traditions continue to influence contemporary governance structures. Over the past century, however, additional developments have shaped divergent housing policy paths. Following the end of World War II, these countries underwent a parallel process of socialist transition, which was marked by centrally planned housing construction and standardised housing design (Hegedüs, 2013; Hojsik, 2013). They remained under socialist regimes for more than forty years. Following the collapse of socialism in the late 1980s, all three transitioned to market-based economies, and eventually joined the European Union and the Eurozone, although at different times, which then influenced their housing policy priorities.

These countries remain significantly underrepresented in comparative research, compared to Western European countries. Stephens et al. (2015) compared post-socialist countries on a general level and stated that they have in common mass privatisation, a super-homeownership society, a diminished role of the state, and a lack of institutions or cultures fostering fully financialised housing markets, while Ball (2020) adds a generally low level of income and weak job security and protection to that list. Instead, these countries exhibit a "state legacy welfare" system where housing gaps are partly addressed through intergenerational assistance and self-build housing. Stephens et al. (2015) further state that the homeowners in these countries are aged or older individuals, and that intergenerational finance and support in terms of housing is of major importance. According to Ball (2006), "empirical study suggests that major change is uncommon. A rupture might occur because of some major political event, as in Central and Eastern Europe in the late 1980s/early 1990s." One aspect that is a part of this study is how, and under what condition, gradual and progressive change in affordable housing provision can take place. Finally, the structured case study comparison of these three under-researched housing systems makes an empirical contribution to comparative housing research.

Beyond the national cases, the capital-city context is included because housing pressures, institutional capacity and policy implementation are particularly visible in Ljubljana, Zagreb and Bratislava. As Stephens and Hick (2023) note, the unit of analysis in comparative housing research is increasingly shifting below the national state level, with authors such as Matznetter (2020) and Hoekstra (2020), as noted earlier, arguing that the meso-level, such as local authorities and municipalities, is becoming a more appropriate unit for comparison. Given that housing affordability pressures are most acute in high-demand urban markets, the capital cities offer an important contextual lens through which the operation and effects of national housing policies can be further illustrated. This is further supported by evidence that, despite their individual characteristics, capital cities' quality of life outcomes, including housing insecurity, tend to be closer to their national averages than to those of capital cities in other countries, suggesting that national policy frameworks remain the primary determinants of urban housing outcomes (Eurofound, 2020). The capital-city analysis supports the interpretation of national policy outcomes, particularly in high-demand housing markets, and highlights implementation dynamics without forming a separate city-level comparison. This is especially relevant due to local specific context of the capital cities, and the certain degree of autonomy that local authorities have in policy making, which could provide a contrast in success or failure of national versus local housing policy.

Furthermore, Ljubljana, Zagreb and Bratislava went through a massive transition after centralisation ceased, and came under ruling of private ownership and competition. These cities transitioned from industrial to service sector as the main source of employment, often leaving behind massive brownfield locations across urban space (Taraba et al., 2021).

Including the capital city context to complement the findings of the national housing policy analysis is supported by previous studies such as WILCO[31], which show that local conditions strongly shape how policies work in practice (Evers et al., 2024). Local authorities often adjust national policy direction according to their own demographic needs, their housing markets, and institutional capacities. This reveals local initiatives and adjustments that remain invisible at the national scale. In post-socialist countries, capital cities are especially distinctive

[31] The WILCO Project ("Welfare Innovations at the Local Level in Favour of Cohesion") was financed by the European Commission under its 7th Framework Programme for Social Sciences & Humanities (Grant Agreement 266929).

due to rapid growth and specific governance arrangements, which influence how national policies are implemented. Examining the national and capital-city levels therefore provides a better understanding of policy outcomes and highlights where national strategies may diverge from local realities, particularly in the field of affordable housing.

5.2.1 Case boundaries

In line with the definition by Knight (2001), each case in this thesis is a spatially and temporally bounded unit of analysis. In terms of spatial boundaries, the cases are defined primarily at the national-state level. Each case therefore encompasses national housing institutions, policy frameworks, and housing outcomes as articulated in national legislation, strategic and policy documents, and official statistics. Developments at the local level are included to illustrate the operation and effects of national housing policies and to provide further insight into additional efforts by local authorities. At the local level, the analysis is bounded by the administrative territories of Ljubljana, Zagreb and Bratislava. Where the analysis refers to a broader functional urban area, defined through labour-market integration and commuting patterns (OECD, 2015), this is stated clearly.

The historical context of each case is loosely bounded, covering key developments from the socialist period through the transition and up to approximately the global financial crisis of 2008, which marks a point of relative institutional stabilisation in all three countries. An exception applies to the analysis of vulnerable groups, which is not temporally bounded, as its purpose is to identify how each country defines and approaches housing vulnerability in the academic literature, regardless of the specific time period in which those definitions emerged.

The temporal boundaries are not strictly harmonised between the cases, since each country had significantly different development trajectories in terms of internal and external factors of change that impacted housing policies in different ways. Rather, the most relevant time period for the comparison is from 2001 until the end of 2025. In 2001, most of the institutions that are currently in place had been established, and most of the privatisation of public housing had been completed. Moreover, in 2001 each country conducted a census survey that was repeated again in 2011 and 2021. This time period provides solid insights into demographic and economic trends that affect housing demand and provides sufficient time to understand the effect of newly established post-transition housing governance. The period of analysis extends to the end of 2025, based on the availability of policy documents, legislative frameworks, official statistics, and relevant academic and grey literature. In most cases, indicators are compared according to the latest comparable year for all three countries, which was mostly 2024 or 2025. This temporal boundary allows the study to capture both long-term path-dependent developments and more recent policy adjustments, while maintaining a clearly defined analytical scope and avoiding the extension of analysis beyond the period in which current housing policy trajectories have been formed.

5.3 Data collection

The main source of evidence in this thesis is secondary data analysis, combined with expert interviews as explained below.

5.3.1 Secondary data sources

One of the main data sources in constructing all three case studies is Eurostat, specifically the European Union Statistics on Living Conditions (EU-SILC). EU-SILC is one of the most comprehensive tools to be used in comparative housing research in Europe, and it contains important data that allow researchers to assess the effectiveness of different housing policies. According to Stephens (2016), the emergence of easily accessible Europe-wide household surveys, such as the EU-SILC, has enabled scholars to assess the outcomes of various housing regimes. EU-SILC is designed to align with housing indicators endorsed by the European Commission. Despite this progress, there is a risk of using outcome indicators without due consideration of their reliability and suitability, particularly in comparative contexts (Stephens, 2016). This aspect is taken into consideration and the national definition of each indicator is checked to ensure compatibility across the selected countries.

Other limitations stemming from variable harmonisation and different definitions across Member States also exist (Angel, 2023). Notably, EU-SILC lacks a distinction between social/public renting and private renting. Instead, it categorises renting as either “at market rate” or “at reduced rate”. This classification encompasses households renting social housing, those with reduced-rate arrangements from employers, and those in accommodations where rent is legally fixed (Angel, 2023). Furthermore, EU-SILC combines tenures “living for free” and those renting “at reduced rate”. This makes comparison of social housing levels in the selected countries difficult when relying only on EU-SILC data, and further investigation into national databases is required. Another key example is the variable that determines the tenure, which is “market rent” and “below market rent”. For example, EU-SILC shows that the majority of rental housing in the Netherlands, Germany and Sweden is classified as “market rent”, however, there is a complex scheme of housing allowances, networks of providers and regulations that in fact, in these countries, are considered as below-market rent.

In addition to EU-SILC, additional data sources include national statistical offices and the statistical offices of Ljubljana, Zagreb and Bratislava, which provide additional locally specific indicators on demographics, income, housing stock, construction trends and population movements. In exceptional cases, certain data were obtained through written request to national and local services. These data were provided directly to the author. Where possible, datasets from national and local housing funds are used to capture detailed information on social and public rental stock, subsidy schemes and eligibility frameworks. Where available, data from national population censuses are prioritised over EU-SILC, as census data draws on the entire population rather than a sample, providing more complete and nationally representative results.

Next to statistical datasets, this thesis relies on other secondary sources, including academic literature on housing systems, policy analyses, legislative documents, national housing strategies and municipal housing programmes. Such sources are used to reconstruct the institutional development of housing policies in the selected countries and to understand the broader policy context in which housing affordability outcomes emerge. Complementary sources also include publications from the OECD, the World Bank, Eurostat, the European Construction Sector Observatory and Deloitte housing market reviews. Together, these materials provide insight into policy design, regulatory frameworks and housing system characteristics that cannot be captured through statistical indicators alone.

Policy and legislative documents were selected according to their relevance to the research questions and their role in defining housing institutions, policy measures, housing provision and the position of vulnerable groups. The same main types of documents were examined in each case, including legislation, national housing policies and programmes, local strategies and programmes, and documents issued by the main housing institutions. Some comparative sources, such as the Deloitte Property Index, Eurostat and OECD publications, were used for all three countries. National legislation, housing programmes, local strategies and institutional documents were selected separately for Slovenia, Croatia and Slovakia, depending on the organisation of housing policy and the documents available in each country. The review included documents available up to the end of 2025, while earlier documents were used where necessary to follow the development of housing policy over time.

5.3.2 Operationalisation of the variables

Selecting the appropriate dependent and independent variables for the comparative analysis was conducted by examining available literature on comparative housing research, regardless of the specific design. Some authors questioned the right way of operationalisation methods in comparative housing research. In other words, the question is how to measure the processes in housing systems, for example, financialisation and commodification as one of the influential agents of change in housing. Hick et al. (2022, p. 87) question the right way of selecting the dependent variable in the housing studies. They argue that the issue of selecting the right dependent variable should be of the main concerns: “Our aim here is to consider what the dependent variable problems might be for housing studies - a question which, we believe, has not yet been seriously considered”. The authors highlight the importance of understanding how a selected dependent variable influences the change in housing affordability in a specific country, and if it influences affordability at all. Authors state that independent variables such as institutional characteristics and processes may be a good fit for these questions.

Starting point to understand what variables are compared on the EU level comparison is the Eurostat database. Eurostat considers the following main indicators to assess living conditions in Europe: housing overcrowding rate, housing deprivation rate, housing cost overburden rate and satisfaction of household with their dwelling (Eurostat, 2026m).

There are other variables found in the literature. For example, Ezennia and Hoskara (2019) conducted an extensive literature review investigating all possible indicators to measure housing affordability. They found a plethora of possible indicators, each having advantages and limitations. They also understood that there is no single way to measure housing affordability and it is best to use combination of indicators, depending on the research interest. The complete list of indicators is shown in Figure 7 below.

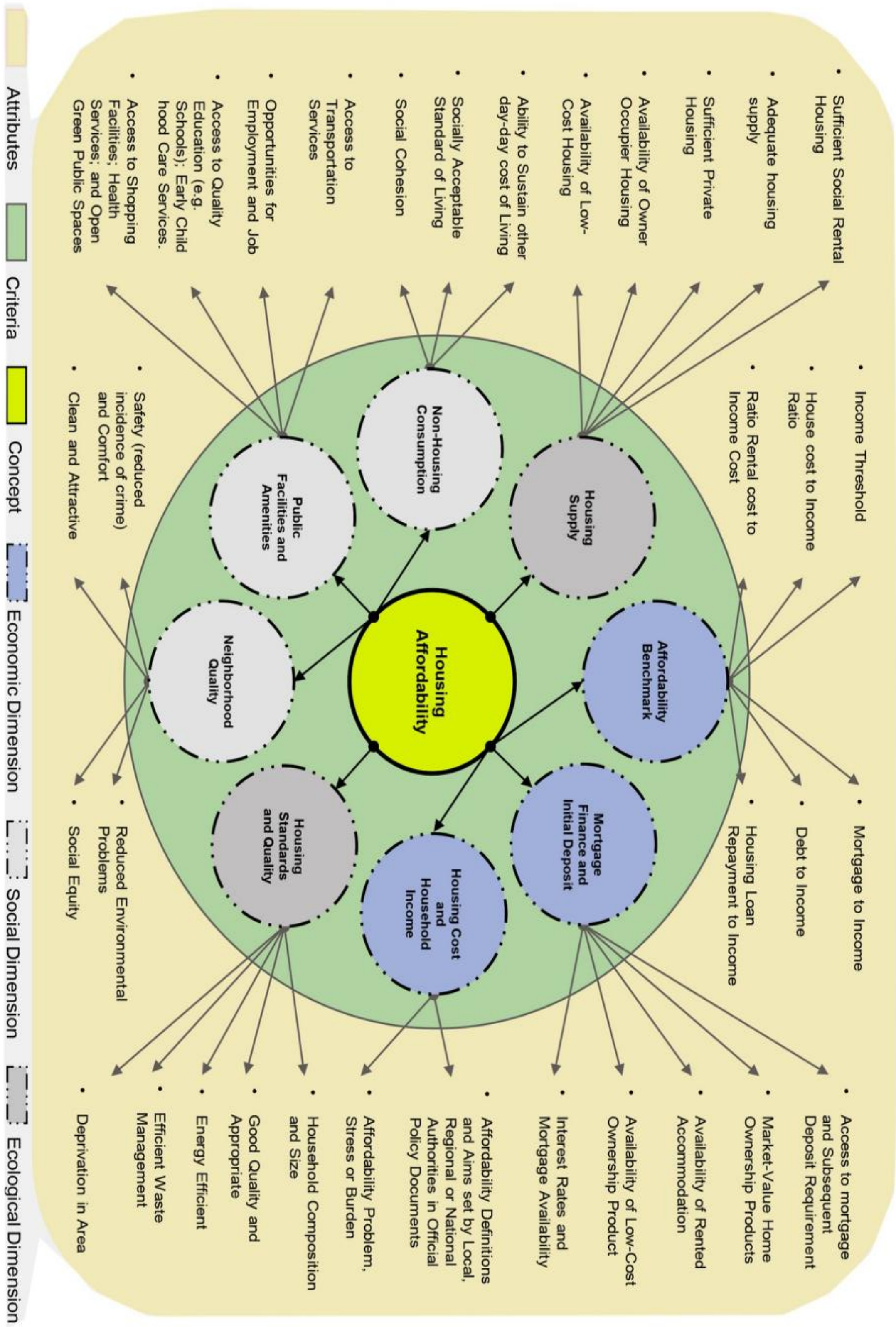

Figure 7. Housing affordability indicators. Source: Ezennia and Hoskara (2019).

Thesis further explores literature to identify what are the most useful indicators for the European context. This comparative housing literature in European context is mostly on Western European countries, specifically the Netherlands. Accordingly, search queries with a focus on the Netherlands were used to identify possible indicators for comparison. Relevant literature was identified through searches in Web of Science, Google Scholar and ResearchGate. The search strategy, queries and selected literature are presented in Annex 1.

Assessing housing outcomes is central to evaluating housing policy performance, yet there is limited consensus in the literature on how such outcomes should be measured in a comparative context. While some indicators are relatively straightforward, others are composed of multiple elements that capture different dimensions of housing outcomes, such as housing quality and deprivation. Recent literature highlights that housing outcomes, including housing deprivation, overcrowding, and inadequate housing conditions, are multidimensional phenomena with distinct underlying determinants (Hick et al., 2022). This has important implications for comparative housing research, as reliance on a single indicator risks not capturing important variation across countries.

Studies that use EU-SILC data demonstrate that different components of housing deprivation, such as overcrowding and poor housing conditions, are shaped by different institutional and socio-economic factors (Hick et al., 2022). This thesis leans on the findings from these sources to inform the selection of outcome indicators, which cumulatively allow a more nuanced approach to the assessment of housing policy outcomes.

As seen from the literature review, the literature uses different terms, such as variables, indicators and outcomes in the analytical approach, depending on the methodology. In some cases, these terms refer to broader dimensions of housing conditions, while in others they refer to specific indicators used to assess these conditions. However, the use of dependent and independent variables would suggest a more clearly defined causal relationship between the selected elements, which is not the main purpose of the qualitative comparative approach applied in this thesis. The purpose is rather to examine how different institutional arrangements, policy measures and broader contextual conditions are related to housing provision and housing outcomes in the selected countries. Accordingly, the term “impact” in this thesis refers to how housing policies and institutional arrangements contributed to the observed differences in housing provision and selected housing outcomes, rather than to the measurement of the separate causal effect of individual policy measures. Therefore, the elements identified through the literature review are further organised as analytical dimensions and indicators, according to their role in the comparative analysis. These are presented in detail in the following subsection.

5.3.3 Analytical dimensions and indicators

The process described in the previous section provided the basis for developing an analytical model for the comparative analysis, based on different dimensions. The analytical categories and indicators used in the comparison are summarised in Table 1. The analytical model is comprised of the three main analytical levels: explanatory dimensions, policy outputs and housing outcomes. This model enables a common basis for comparing institutions, policy measures, policy outputs and housing outcomes across the three cases. It also allows the relationship between these elements to be examined systematically and how different levels influence housing outcomes. The first level consists of the explanatory dimensions, which include housing institutions, policy institutions, policy instruments and housing governance arrangements. The second level consists of policy outputs, including the affordable housing stock, housing construction and renovation, and the reach of housing programmes. The third analytical level consists of housing outcomes, including indicators such as housing affordability, overcrowding, housing quality and familialism. The recognition and prioritisation of groups identified as vulnerable form a separate cross-cutting dimension that is included across all three levels of the analytical framework. Finally, demographic and economic indicators are treated as contextual conditions rather than as levels within the analytical model. They provide information about the broader environment in which housing needs, housing markets and policy responses developed. The analytical model is presented in Figure 8 below.

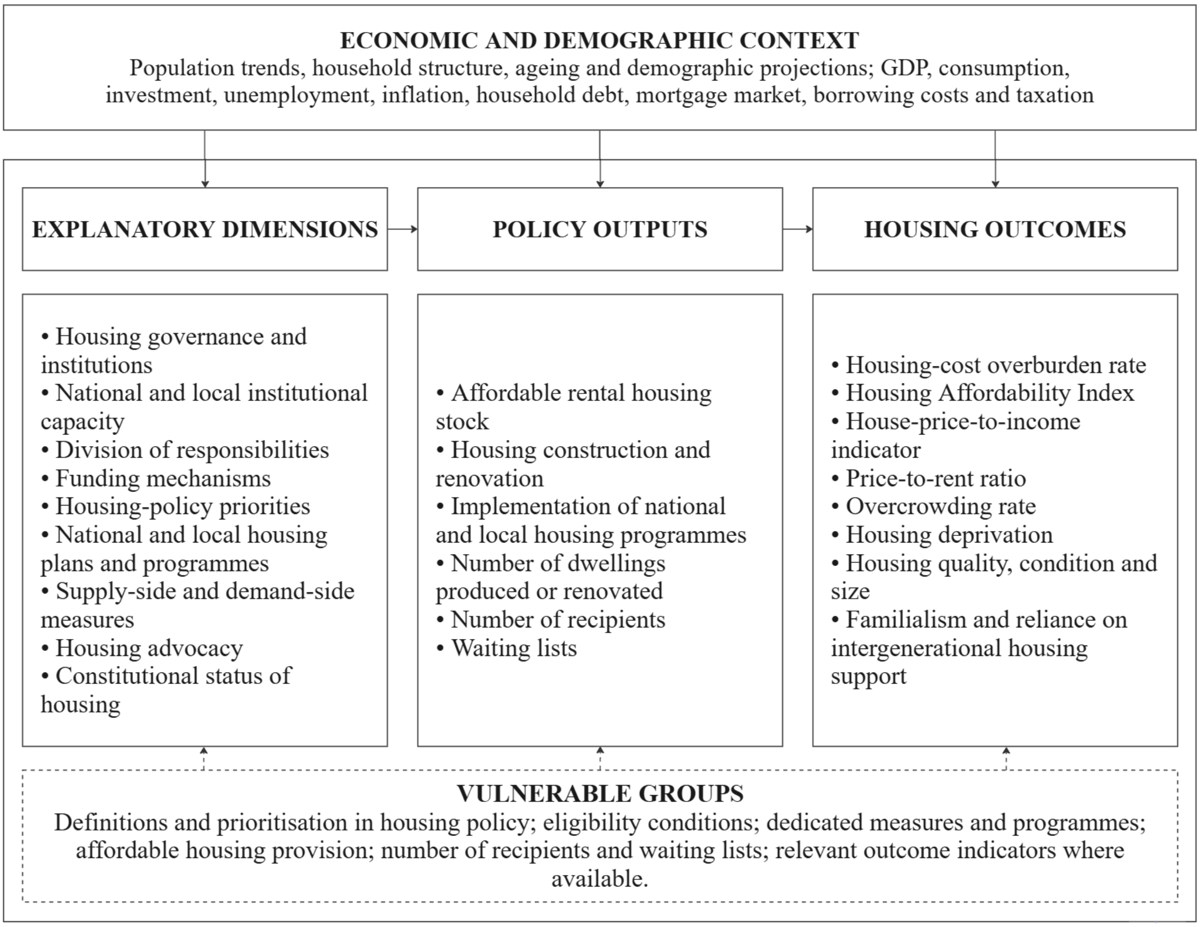

Figure 8. Analytical model for the comparative analysis. Source: Author.

Demographic and economic context

Demographic indicators play a crucial role in shaping housing demand and defining long-term housing-policy needs. For each case, the analysis provides a brief overview of demographic conditions in Slovenia, Croatia and Slovakia, highlighting population size, household structure, ageing patterns and demographic projections. Capital-city trends are also considered where comparable data are available. These factors are linked to the future direction of housing development and potential policy interventions, ensuring consistency with the broader focus of this thesis. Overall, these indicators help to contextualise the broader conditions affecting housing demand and policy challenges.

A broad economic context is also necessary for interpreting housing demand and affordability. The macroeconomic context is examined through trends in GDP, consumption, investment, household debt, borrowing costs, including interest rates, and taxation. Particular attention is given to how these factors interact to shape and influence the housing market, using recent data and projections to identify key risks and opportunities for housing policy. Attention is also given to mortgage markets and borrowing costs, which are significant drivers of housing demand, as high interest rates increase the cost of borrowing and particularly affect new buyers. Similarly, housing taxation can influence construction activity and real-estate market trends and, according to Ziemann (2024), can serve as a tool for reducing market speculation and encouraging more efficient land use.

Explanatory dimension

The explanatory dimensions constitute the first level of the analytical model. As noted above, they comprise housing institutions, governance arrangements, policy priorities, policy instruments and policy measures. The analysis focuses on national and local institutional capacity and the responsibilities of these institutions for implementing housing policies. It also examines the relationship between different levels of government, funding mechanisms and the role of other actors responsible for housing provision.

To support the interpretation of these explanatory dimensions, the analysis of each case also provides an overview of the size, age and quality of the housing stock, tenure structure, relevant definitions of affordable housing, housing supply and prices over time, the housing construction sector and urbanisation. These indicators are drawn from the literature and from the review of policy and statistical sources for each country and capital city. Together, they provide an understanding of the main characteristics of housing provision and housing-market trends in each case.

Housing advocacy is included within the wider housing-governance context. In this thesis, housing advocacy refers to the presence and activity of non-state actors, including civil society organisations, professional associations and expert groups, that participate in public debate and policy processes related to housing affordability. Their activities may contribute to maintaining housing provision as a visible and legitimate policy issue. The constitutional or legal status of housing as a right is also considered as an element of the broader housing-governance context.

Housing policy is analysed through policies and measures that are currently in effect, those implemented in the past and those planned for the future, and which may influence housing affordability. For each case, the analysis provides an overview of relevant national, local and European policy documents, with particular attention to supply-side and demand-side policy measures and to measures for vulnerable groups identified in national and local housing-policy documents.

Housing-policy instruments are therefore analysed through national and local housing plans and programmes and through the supply-side and demand-side measures implemented in each country. Supply-side measures support the construction, acquisition or renovation of affordable housing and are primarily directed towards housing outputs. Demand-side measures include housing allowances, different types of subsidies and other forms of financial support, mainly to increase housing consumption by the household. Measures directed towards vulnerable groups are examined in relation to their policy definitions, priorities, eligibility conditions and institutional arrangements.

Policy output

Policy outputs comprise the tangible products and practical reach of housing institutions, policy instruments, policy documents and programmes. They mainly include the size and development of the affordable rental housing stock, housing construction and renovation activity and trends, and the implementation of national and local housing programmes. Where comparable information is available, the analysis also considers programme and measure expenditure, the number of dwellings produced, acquired or renovated, the number of recipients, affordable housing waiting lists and other indicators of programme reach.

It is important to note that broader housing outputs are produced not only as a result of housing policy, but also through wider housing-market activity and institutional conditions. Indicators such as the total housing stock, the age and quality of the housing stock, tenure structure, housing supply and prices, urbanisation and overall construction trends therefore provide important information about the housing system within which policy outputs are generated. These broader indicators are not treated as direct outputs of individual housing policies.

Housing outcomes

Housing affordability and quality constitute the principal outcome dimensions of the analysis. The selected documents and statistical indicators provide information about the conditions in which households live and about differences across the three housing systems. They are interpreted in relation to the contextual conditions, explanatory dimensions and policy outputs identified in the analytical model, but they are not treated as outcomes produced exclusively by housing policy.

Arnerić et al. (2024) state that there is no single universal metric for determining whether housing is affordable. They suggest three indicators that are particularly relevant for explaining housing affordability: the housing-cost overburden rate for low-income households, the housing-cost overburden rate for all households and the share of housing costs in the income of low-income households. In this thesis, low-income households are understood as households in the first income quintile (Eurostat, 2026g, 2026j). These three indicators are used together with the additional indicators described below.

The housing overcrowding rate provides information about household composition, household size and housing quality. It is defined as “the percentage of persons living in dwellings with not enough rooms in view of the number of household members” (Eurostat, 2026l).

The Housing Affordability Index (HAI) is another useful indicator. According to Biljanovska et al. (2023), housing affordability should be examined through a broad set of indicators in order to provide a realistic picture. The authors developed the HAI using data on house-price levels, house-price growth, median household income, mortgage rates, average loan-to-value ratios, average dwelling size and average household size for each country during the period from 1970 to 2021. The index is interpreted as follows: “a value of HAI of 100 indicates that a median-income household has exactly enough income to qualify for a mortgage loan on an average-priced home; an index level of above (below) 100 indicates that a household has more (less) than the qualifying income to apply for a mortgage for a house with an average price” (Biljanovska et al., 2023, p. 12). Although this index has limitations, it provides highly comparable data.

The house-price-to-income indicator provides an aggregate-level overview of temporal and spatial variations in housing prices and incomes. However, it shows only average affordability and has several limitations from a policy perspective. It does not show the distribution of housing costs and does not take household borrowing costs into account (OECD, 2023). The house-price-to-income ratio divides an indicator of housing prices by an indicator of household income. A higher ratio generally indicates lower housing affordability. To make this ratio comparable across time and countries, differences in housing prices, income levels, currencies and other relevant factors must be considered.

The OECD (2024, p. 1) defines this ratio as “the nominal house price index divided by the nominal disposable income per head” and considers it a measure of affordability. When comparing house-price-to-income ratios across countries, it is important to recognise that the ratio does not account for borrowing costs, which significantly affect overall housing affordability (OECD, 2024a). Eurostat also states that “the HPI has been used in conjunction with other macroeconomic statistics to build derived indicators for the analysis of the housing market dynamics” (Eurostat, 2026i, p. 1).

The price-to-rent ratio assesses the relationship between house prices and their value as an asset by measuring their deviation from the present value of rental income. This metric, which may be used to identify property-market imbalances or bubbles, must be interpreted in the context of country-specific market conditions. In countries with a limited rental sector, increases in housing prices can significantly increase the price-to-rent ratio because of the limited adjustment of rental prices. The relationship between rental prices and local market conditions is particularly important in underdeveloped rental markets characterised by weak regulation and limited alternatives to homeownership. This makes the ratio a relevant indicator for comparing the potential fragility of housing markets (Harvan et al., 2015).

Housing quality and size are examined in relation to the housing standards of each country and through indicators of housing deprivation. Housing standards are presented differently by national statistical offices, but commonly include dwelling floor space, the average number of rooms, the condition and age of housing units and the availability of basic utilities. These indicators are described separately for each case.

Finally, familialism is considered as a housing outcome, particularly where limited access to independent housing increases reliance on family support and intergenerational housing transfers. In this thesis, this dimension is reflected primarily through the share of young adults living with their parents and the age at which they leave the parental home, while evidence on housing inheritance and intergenerational transfers is used where available. These indicators do not measure familialism directly, but they provide insight into the extent to which access to housing depends on family resources.

Subjective indicators can potentially provide insights into how household members perceive and experience their housing situations and may therefore complement objective indicators. However, this thesis does not include subjective indicators in the case analysis or comparative assessment because of concerns regarding cross-country comparability. Perceptions of housing affordability and adequacy are shaped by socioeconomic characteristics, cultural contexts and individual expectations, which may vary considerably across countries and population groups (OECD, 2022).

Because no single indicator provides a complete measure of housing affordability or adequacy, the indicators are interpreted together to provide a multidimensional account of housing outcomes.

Vulnerable groups

The position of vulnerable groups is examined as a cross-cutting distributional dimension. At the explanatory level, the analysis considers how vulnerable groups are recognised, defined and prioritised in housing policies and institutional arrangements. At the output level, it considers whether dedicated programmes or measures of affordable housing provision exist and, where evidence is available, their practical reach. At the outcome level, the analysis considers relevant housing affordability and quality indicators, including disaggregated indicators where these are available.

Because the thesis does not include interviews with vulnerable households, it does not assess their lived experiences or estimate direct household-level policy effects. Where disaggregated outcome data are unavailable, the analysis is limited to policy recognition, eligibility conditions, institutional provision and programme reach.

Table 1. Analytical category and main indicators. Source: Author.

Analytical category	Main indicators of analysis
Demographic and economic context	Demographic indicators: Population trends, household structure, ageing and demographic projections. Economic indicators: GDP, consumption, investment, unemployment, inflation, household debt, mortgage market, borrowing costs and taxation.
Explanatory dimensions	Size, age and quality of housing stock, tenure structure, definitions of affordable housing, housing supply and prices, housing construction, urbanisation, housing governance and institutions, national and local institutional capacity, division of responsibilities, funding mechanisms, housing-policy priorities, national and local housing plans and programmes, supply-side and demand-side measures, housing advocacy, constitutional status of housing, policy recognition of vulnerable groups.
Policy outputs	Affordable rental housing stock, housing construction and renovation, implementation of national and local housing programmes, number of dwellings produced or renovated, number of recipients, waiting lists.

Housing outcomes	Housing-cost overburden rate, Housing Affordability Index, house-price-to-income indicator, price-to-rent ratio, overcrowding rate, housing deprivation, housing quality, condition and size, familialism and reliance on intergenerational housing support
Vulnerable groups	Definitions and prioritisation in housing policy, eligibility conditions, dedicated measures and programmes, affordable housing provision, number of recipients and waiting lists, relevant outcome indicators where available.

5.3.4 Expert interview

Expert interviews in this thesis fulfil a dual role. First, they are primarily systematising knowledge as they provide technical and procedural knowledge about housing governance arrangements, policy implementation, and the institutional dynamics behind them (Bogner & Menz, 2009). This complex interaction cannot be fully reconstructed from secondary sources and data alone. Second, their input contains theory-generating elements. Through the interviews, it becomes possible to reconstruct the interpretive knowledge and action orientations of key actors, which in turn helps shed light on the normative and institutional logics shaping the policy trajectories identified through the path-dependence analysis. The purpose of including experts is to bridge the gap between academic literature and policy documents and to provide insight into practical differences between the countries and into how experts understand changes in housing provision. In this thesis, three experts were selected for each case.

“Experts” are individual professionals that have a proven track record, knowledge or reputation in relevant academic literature, or who exhibit active participation in relevant institutions or organisations and who hold influential positions in their field. Their main contribution is technical and procedural knowledge of housing policy (Bogner & Menz, 2009). In this thesis, selected individuals are identified as “experts” because they hold positions that give them privileged access to institutional decision-making, implementation practice, research insights, and policy outcomes in housing governance.

Drawing on the interaction typology developed by Bogner and Menz (2009), the interviews were generally conducted in a co-expert setting, where the researcher approached participants with prior knowledge of housing policy and the institutional contexts of the selected countries.

5.3.4.1 Participants

Participants were selected using purposive sample. Purposive sampling is a non-probability sampling method that allows the selection of participants based on their specific relevance to the research question (Tajik et al., 2024). Selection of participants was based on certain criteria for each case. These criteria were the specific professional occupation within the case context, i.e., appropriate national or capital city institutions, such as relevant ministries or housing funds. Table 2 below lists all selected participants according to the country and organisation which they represent.

Table 2. Selected interview participants by country and organisation (N=9). Source: Author.

	Slovenia (SI) (N=3)	Croatia (HR) (N=3)	Slovakia (SK) (N=3)
Expert 1 - national level	National Housing Fund	Ministry of Physical Planning, Construction and State Property	Ministry of Transport of the Slovak Republic
Expert 2 - research, national level	University of Ljubljana	University of Zagreb	National Housing Fund
Expert 3 - capital city level	The Public Housing Fund of Ljubljana	The City of Zagreb	The City of Bratislava

For each case study, three expert profiles were identified and selected on the basis of their relevance to the research questions and position on different layers of housing governance. Participants representing national-level policy makers and national housing funds were included as key informants due to their responsibility for designing and implementing national housing programmes, regulatory frameworks and financial instruments. Their institutional position provides privileged access to the knowledge on policy implementation, affordable housing provision and potential policy recommendations from a national level perspective. Housing researchers with an established publication record were selected for their unique analytical and independent perspective, which reinforces contextualisation of structural trends, path dependence in terms of housing policies and overall affordable housing provision. Capital-city-level representatives with direct responsibilities for affordable rental housing provision were included to capture the implementation dimension of housing policy. They provided insight into how national housing policy frameworks are translated into local practice and what context-specific challenges arise at the urban level that may not be visible from the national perspective. Together these three profiles represent complementary and mutually reinforcing sources of expertise, essential for a comprehensive understanding of affordable housing provision in these countries.

In the case of Slovakia, a university-based housing policy researcher with a documented publication record was not available during the data-collection period. To maintain the planned triangulation across governance levels, an alternative national-level expert was selected, specifically a representative of the national housing fund, whose expertise complements the insights obtained from the Ministry of Transport representative. This reduced the direct comparability between the experts, as the Slovak interviews included a stronger institutional and less research-oriented perspective than the Slovenian and Croatian participants.

5.3.4.2 Procedure

Participants were contacted via their institutional email address, in which they received an invitation which outlined the research aim, why they had been selected, and the voluntary nature of participation.

The interview guide was organised around the main research questions and covered the development of housing policy after the transition, the role of national and local housing institutions, affordable rental housing provision, policy measures, implementation barriers and possible policy improvements. The guide was used flexibly, with follow-up questions adapted to the position and expertise of each participant and to issues raised during the interview.

Semi-structured interviews were carried out individually, either in person or online, depending on participant preference. One online interview was conducted via secure video communication with the Slovenian national expert. Each interviewee was asked a predefined set of questions, while follow-up questions were permitted where clarification was required. Interviews were conducted in Croatia, Slovenia, and Slovakia, specifically in the capital cities of Zagreb, Ljubljana, and Bratislava, over a period of three years. In-person interviews with Slovenian experts were conducted in November 2023, while the online interview with a Slovenian expert was conducted in July 2025. Interviews in Slovakia were conducted in person in October 2024. Interviews in Croatia were conducted between September and November 2025. The average length of the interviews was approximately 43 minutes. Since the interviews were conducted at different stages of the writing period, the interpretation of the interview findings also took account of policy developments that occurred after the earlier interviews.

This was particularly relevant for Croatia, where the new national housing policy was available during the interviews conducted in 2025, while the earlier Slovenian and Slovak interview findings were checked against policy documents available up to the end of 2025.

The interviews were conducted either in Croatian or English. All interviews with Croatian experts and the interview with the Slovenian national-level expert were conducted in Croatian. The interviews with the remaining Slovenian and Slovak experts were conducted in English, while the interview with Expert 2 (SK) was conducted with the assistance of an official interpreter.

Interview data were audio-recorded and stored in electronic form during the analysis phase, with recordings deleted within two weeks of each interview. Recordings that were not in English were translated into English during transcription by the author. The English transcripts were checked against the original recordings to ensure accuracy. Transcripts remain accessible only to the researcher and the supervisor for a period of two years after publication of the study.

5.3.4.3 Research ethics

In terms of participant protection, all interviewees are anonymised and represented in gender-neutral terms. Labels indicate governance level and professional role in order to preserve analytical clarity while ensuring confidentiality. Interviewees are labelled in the text with the expert number, i.e. Expert 1, 2 or 3, followed by the country code, i.e. SI, HR or SK.

Participation in the interview was voluntary and based on individual informed consent provided via institutional email prior to each interview. Verbal confirmation was additionally obtained immediately before the interview began. Participants were informed of the purpose of the study, the voluntary nature of their involvement, and their right to withdraw at any time without consequences. Interview recordings were deleted within two weeks of transcription. Ethical approval for the research was granted by the Ethics Committee of the Faculty of Law, University of Zagreb, on 14 October 2025.

5.3.5 Data analysis

The expert interviews were analysed following the method of expert interview analysis described by Meuser and Nagel (2009, pp. 35-36), moving from transcription and paraphrase through thematic coding, with terminology kept close to the interviewees’ own language, to thematic comparison across interviews. According to Meuser and Nagel (2009, p. 36), coding is the “next step in condensing the material is to order the paraphrased passages thematically”.

Thematic coding was guided by the research questions of this thesis, with coding categories influenced by the interviewees’ own language and structure. The interview material was subsequently organised and presented according to each of the three research questions, including interview evidence where it directly contributes to the comparative analysis across the three cases.

The main thematic categories included housing provision after market liberalisation, housing policy measures and affordable rental housing provision, and possible improvements in housing policy. Other themes were included where they appeared repeatedly in the interviews. For example, the role of national and local housing funds was discussed repeatedly in the Slovenian interviews. These findings were compared with policy documents and available data and were used in the analysis of Slovenia’s institutional continuity in affordable rental housing provision.

Triangulation was carried out by comparing statistical data, policy and legislative documents and expert interviews. Statistical data were used to identify trends and differences in housing provision and housing outcomes. Policy documents and legislation were used to describe the institutions, policy measures and priorities connected to these developments. The interviews provided further insight into the implementation of these policies in practice. The conclusions were based on the combined assessment of these sources rather than on one source alone.

5.4 Comparative analysis method

The key element of comparative housing analysis is whether the researcher focuses on differences or similarities between observations: the more detailed the analysis, the more likely that the differences will be the dominant feature (Malpass, 2008).

According to Caramani (2020), the two research designs either aim to select similar cases and explain different outcomes, which is called the “Method of Difference” by John Stuart Mill (1874) and “Most Similar Systems Design” (MSSD) by Przeworski and Teune (1970), or they aim at selecting different cases to explain similar results, which is called “Method of Agreement” by John Stuart Mill and “Most Different Systems Design” (MDSD) by Przeworski and Teune. The main elements of comparative analysis in both designs are the cases. The “cases” are the “what” of the comparison and can be interpreted as carriers of relevant information. They are the units of observation to be compared and can be understood as building blocks for the theoretical argument (Pennings & Keman, 2020).

In the field of housing research, scientists often favour system designs that are more similar than different, as this allows a more straightforward assumption of construct equivalence (Esser & Vliegenthart, 2017). By examining similar cases with divergent outcomes, researchers attempt to reduce the influence of external factors and identify the variable that may explain the presence or absence of an outcome. This strategy seeks to reduce the relevance of confounding factors by identifying cases that are initially similar, without eliminating alternative explanations. In this thesis, however, the MSSD is used as a qualitative comparative framework and not to isolate a single independent variable. It is used to examine how differences in institutional arrangements, policy measures and implementation are related to variation in housing provision and housing outcomes across broadly comparable cases. However, a challenge arises when applying the MSSD across countries, as the search for similar cases can be difficult due to the limited number of suitable cases[32]. The degree of similarity in the MSSD model can vary depending on the characteristics involved, ranging from fairly exact to approximately the same, which has a corresponding impact on the research project (Esser & Vliegenthart, 2017).

Lawson et al. (2009) provide a useful framework for this comparative analysis. Where countries show similar outcomes, causes may differ, and where outcomes differ, similar causes may nonetheless produce divergent results. The latter applies here. Slovenia, Croatia, and Slovakia all exhibit super-homeownership levels, but this thesis focuses on the nuances in social and public rental housing provision and asks what caused differences in outcomes across the three countries sharing a similar historical context. Lawson et al. (2009) further note that these analytical concepts underlie competing schools of thought such as convergence, divergence, path dependency, and regime theory. This research therefore situates itself within a path dependence framework and applies a most-similar systems design to explain variation in rental housing provision across the three countries, including at the level of housing provision for vulnerable groups.

This MSSD is operationalised by selecting Slovenia, Croatia and Slovakia as cases that share key background conditions relevant to post-socialist housing development, while differing in the institutional and policy configurations that structure access to affordable rental housing. In this thesis, the shared background conditions are treated as the common context for

[32] Since cases are usually national systems, i.e., countries, there are only so many countries to choose from.

comparison, namely the post-socialist transition, mass housing privatisation, and the resulting "super-homeownership" tenure structure.

The analysis then focuses on cross-case variation in affordable rental housing provision and related policy outcomes, with particular attention to social and public rental housing instruments, housing allowances, and the governance arrangements responsible for their design and implementation. Outcomes are assessed through a defined set of comparable indicators of housing affordability and housing conditions, complemented by national and local sources where harmonised data do not capture tenure-specific arrangements.

The following are the steps of the comparative analysis in this thesis. First, all quantitative indicators derived from EU-SILC and national datasets are harmonised to ensure conceptual and operational comparability across Slovenia, Croatia, and Slovakia. This required detailed examination of national definitions where needed and the assessment of indicators for the cross-country comparison. Second, outlines of each country's housing systems are presented, combining economic, demographic and legislative trends with existing institutions and their historical context. Third, expert interview data are thematically coded and synthesised into country-specific analytical summaries. Fourth, a systematic cross-case comparison are conducted by identifying points of convergence and divergence in housing provision, affordability outcomes, governance arrangements, and policy instruments. Only housing related indicators are compared, while economic and demographic indicators are not. The comparative analysis compares the three cases across the same dimensions used in the case studies: housing governance, supply-side housing policies, demand-side housing policies, policies for vulnerable groups, and housing affordability outcomes. Finally, the insights obtained from the comparative analysis serve as the basis for developing context-sensitive policy recommendations, aligned with the overarching research aim and the three guiding research questions concerning the evolution of housing provision, the effectiveness of affordable housing measures, and the identification of key actions to strengthen national housing regimes.

The following chapter presents the first part of the empirical findings, by presenting an overview of the housing provision before the transition from socialism to capitalism. It opens with presenting the shared features of the socialist housing system and the mass privatisation that followed its collapse, which despite a broadly similar starting point set the three countries on different post-transition trajectories. The chapter then introduces the two main policy instruments, namely the social rental housing and housing allowances in light of the specific regional context. Together, these elements show how the three countries entered the post-socialist period with similar tenure transformations but with different institutional capacities for affordable housing provision. For each country, the chapter identifies the specific historical legacies and early institutional choices that shaped their respective post-transition housing trajectories. Together, they provide empirical grounding and coupled with case studies, form building blocks to compare the divergence of housing outcomes in three countries. The chapter concludes with a review on how vulnerable groups are define and conceptualised in the national literature.

6 HOUSING IN POST-SOCIALIST COUNTRIES

As previously stated, understanding what these three countries had in common before the transition is of great importance to understand how they later diverged. This chapter begins with the structural conditions of the socialist housing system and the mass privatisation that followed, before turning to the specific development of housing provision in Slovenia, Croatia and Slovakia during and after the transition period.

Post-socialist countries, such as Slovenia, Croatia and Slovakia, went through a process of systemic policy modernisation as part of their transition from socialism to capitalism. The main determinants of the socialist housing system were a single-party-controlled housing sector (control over resources, investments, loans and architecture), no market competition in the field of housing provision, housing allocation according to "merits" and artificially low housing prices. The restrictions of this system gave rise to an informal housing system, which was mainly marked by self-build housing and various private transactions in the rental or sub-rental market. The literature refers to this system as the Eastern European Housing Model (EEHM). The EEHM was not identical to public rental housing of today as it provided different tenure types, including rental, owner-occupied and cooperative housing, and there was no social housing tenure type that would fit the definition. In the socialist system, the prevailing assessment at the national level was that there was no further need for the housing allowances or housing assistance, since the main housing service was already heavily subsidised (Hegedüs, 2013). In the socialist housing system, housing allocation was in fact a source of social inequality, since better housing was allocated to "more prominent" members of society, with higher incomes. The official egalitarianism (incorporating the ideology of 'housing for all') led to artificial housing scarcity and ineffective consumption, and this in turn led to the politically based distribution of housing privileges.

The transition period was rather sudden, and Stark (1992) critically reflects on the problems of "capitalism" by design that was introduced in the post-socialist countries, stating two main fallacies. The first fallacy is the illusion that Western institutions can be implemented and replicated in the newly transitioned countries according to a blueprint[33]. Since capitalism in the Western countries was a result of evolutionary economics and organisational development, it cannot be forced into a different surrounding by design. The second is that many so-called experts and "advisory commissions" went to these countries (such as Slovenia, Croatia and Slovakia) without proper knowledge of the local context: "the system designers and international advisory commissions who fly into the region with little knowledge of its history tend to approach the problem of the "transition" exclusively through the lenses of their own general models." Stark (1992, p. 18) states that all the countries affected experienced broadly similar conditions during the collapse, with the main differences in timing of the collapse and its rapidity, political commitment and strength to conduct reforms and the speed of new policy introduction.

Stark (1992) recommends that Central and Eastern European countries should be regarded as undergoing a plurality of transitions in two respects: first because of regional differences in the intensity of political, economic and social transitions (this is why Stark writes about not one transition but multiple transitions in these countries), and because of differences in the timing and speed of these transitions. Stark (1992, p. 19) states that "capitalism cannot be introduced by design in a region where the lessons of forty years of experimentation by a rational hand have made the citizenry cautious about big experiments". This statement captures well the path-dependence framework of the "locked-in by experience" or "inertia in the way of thinking" as mentioned in the previous chapter (Lux & Sunega, 2020).

The mainstream approach after the fall of communism was to free the housing market from state control, based on a 1993 World Bank policy recommendation, which stated: "It aimed to identify and describe well-defined legal institutions (property rights, building regulations, flexible planning structure, etc.) and market institutions (housing finance systems, property management, etc.) and to introduce targeted social programs" (Hegedüs, 2013).

The transformation of the housing market was not such a linear process, and three main factors for the understanding of the developments during the transition were, according to Hegedüs (2013) "(a) market creation strategies, which help establish new market mechanisms; (b) market correction strategies, which actively alleviate the negative social effects of the new market mechanisms; and (c) the "political stasis factor", which makes it difficult to alter popular elements of the existing system, such as across-the-board subsidies or even regressive tax

[33] He refers to it as a "cookbook".

policy." The expectation was that freeing the housing market would lead to new housing investment, which proved to be false, as investments declined during the recession of the 1990s.

Transitional countries differ greatly from each other in terms of their size and the level of economic development, in addition to the Croatian War of Independence, which had a substantial economic impact on Croatia.

The transition from socialism to capitalism created a new housing system marked by a mass privatisation of previously state-owned housing in Slovenia, Croatia and Slovakia (but also in other formerly socialist countries). It impacted housing affordability which became a central problem of the new housing system. In the context of this work, housing affordability refers to the ability to pay housing costs, and as such, it is tenure-neutral, i.e., housing can be unaffordable in every tenure type, from rental to ownership.

6.1 Housing privatisation

This thesis does not analyse privatisation in itself, but rather its influence on welfare and subsequent housing policies, understanding its underlying logic remains paramount for interpreting the sequence of events in post-socialist countries. In European post-socialist countries in the early 1990s, a common denominator was the decentralisation of housing provision responsibilities and privatisation, i.e., the sell-off of the social housing stock. Simultaneously, housing demand and new construction both declined. The beginning of the new millennium brought reforms in housing governance with more state presence. After the major political shift at the end of 1989, the governments in Eastern European countries were under a sever fiscal and political pressure, caused by the bankrupted socialist government legacy, along with the state's withdrawal from the housing sector.

All three of the selected countries went through a process of privatisation of public housing stock, yet the execution differed significantly, with consequences still resonating today. This chapter presents the different approaches of privatisation in Slovenia, Croatia and Slovakia, together with their respective consequences, which will be further elaborated in the case study section of this thesis.

Privatisation, as described by Stark (1992), considers the transformation of ownership rights of productive assets held by the state, to private hands. As such, privatisation does not necessarily resemble traditional private sector in the market economy as it does not always encourage the competition and efficiency that a traditional private sector facilitates. He distinguishes three dimensions of economic privatisation: the evaluation method of the state's assets, the beneficiary of the assets and the means of acquisition of the assets by the beneficiaries. Although Stark (1992) considers economic privatisation, i.e., privatisation of state-owned companies, this gives us an image of different pathways of privatisation execution in countries sharing the similar immediate transformation.

Privatisation could not have been avoided at that time since all social forces were in favour of that direction (Hegedüs, 2013). However, it did have a regressive social effect as it left lower income households, who did not have the means to purchase their homes (even if the price was much lower than the real market price), in the risk of homelessness. Since the privatisation, the social rental sector thus became a residual sector, reserved for the most vulnerable groups, and as such it remains, especially in the case of Croatia.

There are two types of privatisations that took place in the transition: slow and fast privatisation, observed in Slovenia, Croatia and Slovakia, but the theoretical development and comparison based on the speed of privatisation was not successful, since the privatisation in a way is still taking place in some countries (Lux, 2003).

Along with privatisation of public housing, decentralisation took place and impacting housing regimes differently in these countries. Establishing causality, however, between the influence of local administrations on housing policy is difficult. Municipalities were in charge of securing social housing for those in need, and the subsequent developments were very different in the cases of Slovenia, Croatia and Slovakia, as will be shown.

Lux and Sunega (2020) describe the theoretical foundation of privatisation as a "shock absorber" and as an "agency of change". As a shock absorber, the main task for privatisation was to create a politically acceptable coping strategy for the households due to the transformation crisis, as mentioned in the previous section. It was an attempt by the decision makers to manage the social tensions caused by the recession, and the efficiency of this measure in decreasing the tensions had different effects in different countries[34].

Agent of change approach explains privatisation as a fundamental part of the economic and social transformation process, implying that state ownership of housing was a barrier for the development of the housing sector. In this way, households should change their behaviour and "consume" housing according to market conditions, which would be more efficient to deal with housing shortages and would secure better maintenance. The World Bank, the International Monetary Fund and United States Agency for International Development were

[34] For example, since Russia had a low correlation between income levels and housing value, the redistribution effect vas greater, since lower income groups managed to purchase their homes and lived through the hard times easier that would have otherwise.

active in the technical process and influenced the transition countries to privatise public housing stock (Lux, 2009).

Privatisation of public housing was originally intended to be a short-term measure at the beginning of the transition period, but it turned out to be remarkably resilient with a lasting impact on post-socialist housing systems (Lux & Sunega, 2013). This transformation not only transformed nations from "countries of tenants" to "countries of homeowners", but also perpetuated the socialist legacy in housing policy well beyond 1990, locking the housing policy in a path dependent trajectory and hindering the implementation of a new, sustainable social housing policy. Authors referred to it as the "privatisation trap" and unfolds in the following steps:

- Initiating the privatisation of public housing, which had originally been allocated without a genuine needs assessment (and which was occupied by wealthy and politically influential people), at give-away prices was a political challenge. Politicians encountered considerable difficulties if they intended to limit privatisation to a fraction of the total stock or to stop it at a certain point.
- Given the political complexity of stopping or limiting the scope of public housing privatisation, one unintended outcome was the establishment of a social norm. This norm states that all public tenants have the right to purchase their occupied housing at a giveaway price.
- The norm, rooted in institutional arrangements from the socialist era (quasi-ownership), gains legitimacy in the new democratic and market-orientated environment. Consequently, any new social housing programme faces challenges that often result in even new social housing being given away to tenants.
- As the housing system is predominantly centred on home ownership and the state rarely intervenes to change this, rental housing plays only a marginal and temporary role. This deepens housing inequality and contributes to an irreversible residualisation of social/public housing.

Despite initial differences in transformation policies regarding the right to buy and new forms of affordable rental housing support, post-socialist housing systems are converging due to the "privatisation trap". This convergence is characterised by the residualisation of social/public housing and general rental housing, accompanied by growing social and spatial segregation.

Following the "privatisation trap", public investment in the construction of new social housing faced a dilemma: should public funds be allocated to the construction of a limited number of social rental housing units specifically targeted at the most vulnerable population, or should more homes be built with less affordable rents or prices not targeted at the most vulnerable. Faced with this dilemma, the majority of governments have opted for the latter option (Lux & Sunega, 2013). There are two main explanations for this decision. One was associated with political and financial risks, and choosing it would have led to a low number of new homes being built, which would not have met the expectations of people who were used to the scale of mass housing construction in the past. The other option would have primarily benefited the middle class, which is crucial to the sustainability of economic transformation, as it was closely related to the socialist legacy embedded in the collective mentality and behavioural patterns of the population, such as the tradition of universal allocation of housing to all.

6.2 Social rental housing in post-socialist countries

Housing privatisation was conducted differently across post-socialist countries, but the right-to-buy was introduced in most of them (Hegedüs, 2013). The mechanism of privatisation usually commenced by transferring the state-owned properties to municipalities. Then, the local governments became the new landlords and carried out their task of housing provision differently across countries. For instance, in Czechoslovakia, cooperative housing, which is a tenure form somewhere[35] in between public housing and ownership, accounted for 17% of the national tenure structure before 1990. In the early 1990s, Slovenian and Slovak cooperatives were transformed into owner-cooperatives, a form of owner occupation (Donner, 2006).

The typical price[36] of housing in the give-away privatisation was less than 15% of the market value (Hegedüs, 2013). Table 3 represents the percentage of privatised public housing in post-socialist countries, including Slovenia with 90.3%, Croatia with 87.9% and Slovakia with 76.5%.

Table 3. Public rental housing stock in post-socialist countries, 1990-2000.

Country	Public Rental (%) in 1990	Public Rental (%) in 2000	% Privatised
Albania	35.5	1	97.2
Lithuania	60.8	2.4	96.1
Romania	32.7	2.7	91.7

[35] Poland even had 24%.
[36] In some cases, dwellings were transferred free of charge.

Serbia and Montenegro	22.2	2.8	87.4
Croatia	24	2.9	87.9
Bulgaria	6.6	3	54.5
Slovenia	31	3	90.3
Hungary	23	4	82.6
Armenia	52.5	4	92.4
Estonia	61	5.2	91.5
Republic of Moldova	21	5.5	73.8
Slovakia	27.7	6.5	76.5
Kazakhstan	66.1	6.8	72.9
Latvia	59	16	72.9
Poland	31.6	16.1	49.1
Czech Republic	39.1	17	56.7
Ukraine	47.3	20	57.7
Russian Federation	67	29	56.7

Source: Author, based on Hegedüs (2013)

Professional social landlords are hard to find in the post-socialist countries and they seldom undertake capital investments to enable this type of tenure. Due to a lack of interest from private financial institutions to invest in such projects, the social rental sector became a very small part of the tenure mix and became dependent on central government support. Some countries did have solutions in distribution of social and public rental apartments. Slovenia created the national and municipal housing funds, while Slovakia introduced non-profit housing cooperatives. Post-socialist countries could be divided into two groups according to privatisation models (Hegedüs, 2013). The first group are the countries with extensive privatisation and a small and residual public rental sector. Slovenia, Croatia and Slovakia all belong to the first group. The second group comprises countries that kept a significant public rental sector (Czechia, Poland, Russia and Latvia) (Tsenkova & Turner, 2004).

Breaking path dependence and creating a social rental housing sector from the previously state-owned rental sector would have required fundamental changes, including the introduction of allocation based on social need, income-related (means-tested) housing allowances, cost-based user charges, and the reduction of tenants’ property rights. The political costs associated with implementing these changes were high, and the incentive structure was not in place for them to be realised. Thus, while privatisation resulted in various negative consequences, the current state of the social housing sector in post-socialist countries cannot be attributed solely to privatisation (Hegedüs, 2013).

Privatisation did set a path-dependent housing policy framework for the selected countries, although they did have the capacity and conditions to respond to the challenges of housing affordability differently, as it will be shown later through comparison of the three cases.

Contrary to a perceived choice between the "unitary" or "dualist" model, as proposed by Kemeny (1995), adopting the unitary model was practically not feasible. Transforming the socialist rental sector into a unitary model would have necessitated challenging policy measures that were unrealistic within structural constraints such as fiscal pressure, a new political system, privatised economy, and public sector reform, among others. The conclusion drawn is that mass privatisation, as a market creation strategy, was deemed unavoidable due to the state/public sector's retrenchment against structural changes.

The assessment of new output was conducted by comparing the proportion of estimated new social/public dwellings constructed between 1995 and 2010 to the total number of permanently occupied dwellings in each respective country. As of 2011, the highest percentage of public/not-for-profit/social housing in the overall housing inventory was observed in Russia (16%), Poland (12%), and the Czech Republic (10%). In Ukraine, this percentage constituted 5% of the total, while in Estonia, Hungary, and Slovenia, it accounted for 4%. Slovakia recorded 3%, while Croatia, Bosnia and Herzegovina, and Romania each had 2%. Serbia exhibited the lowest proportion at 0.5%.

Lux and Sunega (2013) categorise three strategies of social/public housing between 1995 and 2010 for post-socialist countries. Croatia thus falls under the group of countries with "emergency strategy", heavily guided by the emergency needs of the war victims (including forced migrations), while Slovenia and Slovakia under the "market complement strategy".

The authors further classify countries according to characteristics of social/public housing in light of general economic conditions. According to this classification, Croatia falls under the "decentralised strategy" group of countries, which is mainly characterised by a small share of social/public housing in a total housing stock but with a new and stable output, while Slovakia and Slovenia fall under the "central advanced strategy" which means that countries have above-average economic performance and high income equality, lower at-risk-of poverty rate and a significant share of social/public housing, while maintaining high new output.

What Lux and Sunega (2013) state is that logically it would be expected that countries with higher risk of poverty build more social/public housing but the opposite is true. They argue that privatisation itself had already functioned as a form of housing support in these countries, stating that for those older households (that benefited from the give-away privatisation) no further economic subsidy is needed. Moreover, they state that younger families in post-socialist countries, to a great extent rely on family inheritance (intergenerational transfer), which is a common practice in these countries. However, both of these claims address only homeowners, and mostly those homeowners that were in position to purchase their housing unit during privatisation. Others, or “outsiders”, meaning households outside homeownership, may benefit from some housing allowance schemes to increase their housing affordability.

Factors that hamper sustainable, effective and efficient provision of affordable housing in post-socialist region are:

- Privatisation trap - it is a matter of time when newly built social or public housing will be privatised due to public pressure
- Paradox of decentralisation - small and politically weak municipalities and local authorities do not have sufficient funds for sustainable social housing provision and policy, while often refusing to make costly and politically unpopular decisions
- Informal economy - creates a distorted and unrealistic image of real social and housing needs, making it hard to implement targeted programmes
- Global economy and high construction costs - if this was true at the time of writing the book in 2013, it is more emphasised now in 2023. High costs create an investment dilemma, and option which is more popular is to build more housing with less affordable units
- Socialist legacy in allocation schemes - allocation according to universal housing needs, allocating housing to key workers
- Low public trust for not-for-profit housing allocations - legacy of the socialist system where much of the allocation was done in non-transparent ways.
- General lack of public finance - many programmes are halted after only a couple of years due to lack of secured funding
- Limited information about the efficiency and effectiveness of different programmes - makes programme evaluation difficult (Lux & Sunega, 2013).

It could also be stated that low investment in social housing and insufficient maintenance of the housing stock were also inherited from the socialist period. Consequently, in both socialist and post-socialist contexts, social rental housing has remained limited in availability and largely residual, serving primarily as a safety net for those in need. The thesis does not fully agree with all points raised by the authors. For instance, the authors claim that the socialist legacy of allocating housing to key workers hampers sustainable and affordable housing provision. However, the allocation of housing to key workers is in fact largely absent from post-socialist countries today, and rather than treating it as a problematic socialist legacy, there is a reasonable case for reconsidering it as a relevant policy tool.

6.3 Housing allowances in post-socialist countries

Private rental housing emerged as a new institution following regime change and was often considered a temporary, insecure, residual and expensive form of tenure that was best avoided and eventually became stigmatised (Lux & Puzanov, 2013). In the post-socialist countries housing allowances gained importance after the regime change and the transition from rent regulation regimes. However, their role was relatively minor compared to other policies, such as the right to buy (Bežovan, 2010; Lux & Puzanov, 2013). The distribution of housing allowances varied widely across these countries, with Russia and Hungary having a higher proportion of households receiving allowances (Lux & Puzanov, 2013). One issue with housing allowance programmes in these countries is that they do not take into account national differences in the cost of living, resulting in unequal support for households in less expensive areas compared to those in more expensive regions. In the context of post-socialist countries, Lowe & Tsenkova (2003) state that housing allowances should be the primary policy response. They note that they could help address the four main challenges in these countries, namely the polarisation of tenure between owners and tenants, the low investment in social rental housing, the ineffective subsidies and the overall increasing problem of housing affordability.

Housing allowance programmes vary considerably across the post-socialist countries. What all post-socialist countries have in common is the marginal role of the allowances, and the fact that they do not provide significant help to mitigate high housing costs for tenants in the private sector (Lux & Puzanov, 2013).

In the context of post-socialist countries, a housing allowance, compared to the right-to-buy policy, was not an equally desirable alternative. This was confirmed by Špirkova (2018, p. 34): “Within the internationally comparable survey on income and living conditions (EU-SILC) in European countries, it is proven that not only in Slovakia but also in most countries the ownership of the house or apartment is preferred more than rent.” However, initially, the rent regulation in the beginning of 1990s was a policy direction to maintain the quasi-homeownership status rather than to target low-income households to increase their housing affordability.

Also, Lux & Puzanov (2013) state that the low support for tenants (in any segment) leads to citizens' preference to become homeowners, since renting has become insecure, residual and stigmatised, and mostly reserved for citizens with low or unstable incomes, or as a temporary housing option for students and young people.

Housing allowances play an important role in both welfare and housing policy, as it aims to make housing more affordable and support the incomes of individuals and households. However, its impact on rent levels remains controversial and its effectiveness varies from country to country and context to context.

6.4 Context of housing policy transition in selected post-socialist countries

This section provides an overview of the selected countries in light of their historical, institutional, and socio-economic context. It demonstrates the key developments that preceded the transition from socialism as well as the immediate post-transition transformations that shaped the initial configuration of national housing systems. It also mentions the main traits of the housing distribution system, and separately, how path-dependent events are reflected and vulnerable groups are defined in each case.

6.4.1 Context of Slovenia in housing policy transition

6.4.1.1 Social housing strategies before and during the transition

Before the Second World War, housing was strongly protected within the social policy realm. There were instances of empty apartments that were requisitioned and rented to employees and socially underprivileged households. This practice was abolished in 1921 and privately owned housing units were not being requisitioned (Petrović & Mežnar, 2015). After the Second World War, the state became increasingly involved in housing provision. The housing stock became nationalised, and housing provision in Yugoslavia was transferred from the central to national government, and then to municipalities. During socialist period, the Slovenian rental market had no importance, since housing during socialism was based upon housing rights. In the 1960s, housing provision in Yugoslavia was similar to pre-Second World War period and was dominated by state-owned or employer-owned renting and support for self-help construction, and the interest rates on loans were below market rates. It was self-help construction that was the most common way of securing homeownership in Yugoslavia. Housing quality, architecture, and neighbourhood characteristics varied considerably, reflecting differences in household resources. Nonetheless, this “mode” of provision in fact enabled a broad segment of the population to secure housing, as limited financial capacity could be partially offset by the contribution of their own labour. Self-help construction[37] was also understood as a convenient response to evolving household needs, as it allowed dwellings to be expanded or modified incrementally over time, reducing the necessity for residential mobility (Mandič & Clapham, 1996).

However, it was social rental housing provided to employees by their employers, municipalities or the state that marked the social function of housing in the socialist period (Cirman & Mandič, 2013): "In 1990 social rental housing made up 33% of the total housing stock; its composition according to the type of owner was as follows: 68% enterprises; 30% municipalities; and 2% state agencies". Employer-owned social housing in Slovenia before the transition was similar to the state renting arrangement, providing safe tenure. The right to employer-owned social housing was transferable and marketable, although such transfers had to be conducted illegally. Compared with the state renting housing system, employer-owned social housing was much cheaper. There was a distinction within this tenure model between mass social rental housing and elite social rental housing. Mass social rental housing units were mostly very modest in size but located in newly built buildings with modern amenities in the neighbourhood. According to Mandič and Clapham (1996), the higher the social status of a household, the more tenure choices they had. The elite thus had options for detached housing with houses built according to their preferences (Mandič & Clapham, 1996).

Slovenia experienced a severe housing shortage in the 1970s and 1980s (Mandič & Clapham, 1996). Many publicly owned companies offered tenure options with home loans, and this became a preferred housing choice for many households. This was a significant period in Slovenian housing policy, mainly due to the disintegration of the housing self-implementation model that was present in Yugoslavia (Mandič & Clapham, 1996). The key feature was that responsibility of housing distribution rested largely with employers, who allocated part of the earnings towards the "housing fund" used to provide housing for their employees. This housing fund also provided low-interest loans to employees to purchase or renovate dwellings (Mandič & Clapham, 1996).

According to the 1981 census, 51% of the housing stock in urban areas was social (socialist)[38] rental, and 49% was privately owned. The market rental share was mostly unofficial and illegal (Mandič & Clapham, 1996).

[37] It must be noted that, during this time, many instances of illegal self-help construction also occurred.
[38] A rented dwelling owned by the state or an employer.

Changing preferences from social rental housing towards homeownership in Slovenia was also influenced by the higher chance of receiving a loan for housing construction than for getting a social rental housing placement. While in 1976 around 20% of applications for social rental housing placement, for homeownership it was 70%, and by 1986 it was 80%. Thus, a change in preference was induced with a housing system and a general economic condition. It became increasingly more expensive for employers to acquire social housing rental units for rent and providing loans was less burdensome (Mandič & Clapham, 1996). Waiting lists for rental housing were always long and often allocated by some form of merit, such as members of the elite. Period between 1982 and 1986 was marked by a heavy inflation in Yugoslavia, and in parallel, political and public support of current model of housing provision (self-management by the employees) weakened. Main critiques of the social rental housing provision were the inefficiency in management of the stock and the problem of "dead capital" for the owners, i.e., employees, who wanted to get more out of that capital. Another point was the problem of social justice due to the access to better rental housing by the elite and the privileged.

A key lesson drawn from Mandič and Clapham (1996) is that tenure outcomes in Slovenia during the late socialist and early transition period cannot be interpreted as evidence of an inherent or universally desired preference for homeownership. Rather, tenure choice was largely shaped by the availability of housing options under conditions of chronic shortage, with households opting for those arrangements that offered the most feasible solution to the housing question. Consequently, it was homeownership that was perceived as a main alternative and a response to economic uncertainty of that time, and low availability of public housing, rather than as a normative or cultural aspiration: "…the attitudes towards tenure were influenced in large part by the availability of housing…. To be properly housed seemed to be the major concern of that period, thus making the other components of housing less important" (Mandič & Clapham, 1996, p. 92).

There were three initial measures in Slovenia that relate to transition of housing, at the beginning of transition. First, the measure initially established in the 1989 eliminated self-management model and the housing provision responsibility transferred to municipalities, that were not particularly capacitated to provide provision. Second measure was in 1991, abolishing the responsibilities for enterprises to invest in housing, which was one of the main national sources of financing housing. Third measure was the privatisation of housing stock to sitting tenants at below-market prices.

6.4.1.2 Social housing development after the transition

In post-transition Slovenia, dominating political culture was driven by individualism with a strong belief in market economy, affecting the desire and preference to own housing among population, and homeownership was promoted with housing privatisation. In a 1991 survey, 90% of the households in Slovenia preferred home ownership (Mandič & Clapham, 1996).

The collapse of socialism in housing policy formally began in 1991 with the adoption of two key instruments: the policy document “Starting Points for the National Housing Programme” and the “Housing Act” (Cirman & Mandič, 2013). The Housing Act introduced a new housing model and defined the responsible actors, institutions, programmes, and rules for housing provision. Within this framework, the Housing Fund of the Republic of Slovenia (Stanovanjski sklad Republike Slovenije, HFRS) was established as a central institution, under the Housing Act, with the Republic of Slovenia as its founding body (European Commission, 2017; HFRS, 2021). This also considered a large shift of the state’s role, that was previously a sole provider of housing, to a much lesser role and involvement. In terms of main tenure types, social rental housing targeted mainly low-income population, while non-profit rental housing was mainly intended for middle-income households in order to manage the housing stock that remained in state ownership. Municipalities were ordered to transfer 20% of the privatisation proceeds to the HFRS, which provided it with the initial capital to begin its activities. The HFRS was also responsible for overseeing the privatisation (Cirman & Mandič, 2013). Through this arrangement, the HFRS became the most important institution for housing finance and an important institutional pillar of the emerging housing system (Cirman, 2007).

The expected development of the tenure structure was set out in the first National Housing Programme, as illustrated in Table 4. Table 4 compares the starting point in 1991, with the projected structure for 2000, and the resulting tenure distribution.

Table 4. Housing stock in Slovenia, 1991 and 2002.

Tenure type	Initial structure prior to privatisation according to Housing Census 1991 (%)	Expected structure for 2000 (%)	Resulting structure according to Housing Census 2002 (%)
Owner-occupied	67	75	90
Privately rented housing	0	5	2

Social housing	33	20	7
Other	-	-	1
Total	100	100	100

Source: Cirman and Mandič (2013).

The Housing Act entered into force in October 1991, provided the legal basis for housing reform and marked the beginning of a mass privatisation of the housing stock, which was carried out between 1991 and 1993 (Mandič & Clapham, 1996). During this period, Slovenia's tenure structure changed rapidly, with social rental housing declining from approximately 33% to around 15% and homeownership increasing in parallel from about 67% to between 85% and 87% (Mandič & Clapham, 1996). There were two mechanisms through which privatisation was carried out, namely restitution and the right-to-buy scheme. Restitution was in fact the process of returning housing to owners whose property had been expropriated during socialism. The right-to-buy scheme enabled sitting tenants to purchase housing at highly discounted prices, in some cases as low as 10% of estimated market value.

By the time privatisation was completed, 60.7% of the former rental housing stock was turned into private property through the right-to-buy mechanism, 5.65% had been restituted, and 33.6% remained in state ownership, resulting in an overall homeownership share of 87% of the total housing stock (Mandič & Clapham, 1996). Housing privatisation also had a strong political and symbolic dimension, which was to "break" all ties with the former socialist system, and to implement the transition towards a market-oriented housing regime. In parallel, there was an expectation that privatisation would shift responsibility for housing maintenance from the state to new homeowners, and reduce public expenditure and administrative involvement (Mandič & Clapham, 1996).

The initial phase of the HFRS was focused on providing low-interest housing loans, typically at interest rates of around 3%, primarily to non-profit housing organisations engaged in the construction of new housing units (Sendi, 1995). Priority was given to young families, single-income households, people with disabilities, and multi-generational families. This approach reflected the broader redefinition of the state's role from direct provision towards enabling access to housing through financial instruments.

Homelessness services began to be provided in the 1980s and 1990s as part of the public social service. However, in the following years, these services did not develop further. The state gradually withdrew from service provision, and NGOs and the civil society sector became the main service providers. The state, however, remained the main financing source, with around

50% of all the funding for homelessness services. Temporary and emergency housing services are available only in certain municipalities. However, due to the lack of designated housing units, these temporary solutions often become long-term and may be inadequate (Government of Slovenia, 2024).

In the first decade of the transition, social rental housing development was very small, with only the Municipality of Ljubljana establishing a social housing programme in 1995. The National Housing Programme was introduced in 2000 and remained in force until 2009, during which progress was made in the provision of social housing. A great number of novel instruments and actions were introduced, such as housing loan subsidies, favourable loans for non-profit housing and rent subsidies in the private rental market, programmes for vulnerable groups and high standards for energy efficiency and environmental sustainability. Housing allowances were introduced in Slovenia in 2000, by amending the Housing Act of 1991. At first, they were mostly reserved for the non-profit rental housing tenants, but due to positive results, they were expanded to include market-rent tenants. Housing allowances were allocated by the local authority, and they were means-tested. The test was the same for both non-profit rental housing and the subsidy. The amount of subsidy can be set from 0.1% to 85% of the non-profit rent (Mežnar & Petrović, 2013; Government of Slovenia, 2023).

However, the new reform of housing was a slow process with unsupportive institutional settings. The national support was lacking and housing was a low priority. Between 2009 and 2015, there was no NHP in place (ECSO, 2019a).

Over time, the role of the HFRS expanded beyond its original mandate. While initially focused on managing privatisation outcomes and providing housing finance, HFRS gradually became involved in investment, housing management, and construction activities. Over a period of more than three decades, nearly 3,000 housing units were sold at favourable prices (HFRS, 2021). According to its current strategic framework for the period 2015-2025, HFRS places increasing emphasis on expanding the housing supply, supporting disadvantaged groups, promoting new construction, managing existing housing stock, and developing pilot projects. A recent example of this shift is a €50 million loan from the Council of Europe Development Bank in 2021 for the construction of 500 rental dwellings in Ljubljana, representing a significant milestone in the Fund's construction activities (HFRS, 2021).

Despite its central role, HFRS has faced a number of challenges. For example, it had early operational difficulties, such as underfunding and administrative constraints, which limited its capacity to appropriately compensate for the abrupt loss of available public and non-profit rental housing following privatisation (HFRS, 2021). As a result, the overall rental sector remained underdeveloped, and non-profit rental housing did not expand as planned in the first national plan. A small share of non-profit rental housing was ultimately developed, mainly by municipal investments (Cirman & Mandič, 2013).

Subsequent changes, mainly the Housing Act of 2003, focused on regulating ownership relations within multi-apartment buildings and clarifying responsibilities for collective management (Petrović & Mežnar, 2015). While these measures improved legal clarity, they did not fundamentally alter the ownership-oriented trajectory established during the early transition period. As a result, Slovenia emerged as a country characterised by very high levels of homeownership and a marginalised rental sector. As Petrović and Mežnar (2015, p. 102) observe, “Slovenia has become the country of home-owners with the neglected rental sector.”

Overall, the establishment of the Housing Fund of the Republic of Slovenia (HFRS) represents one of the most distinctive institutional responses to housing privatisation in the post-socialist transition context. Despite its operational and financial limitations, the HFRS constitutes a comparatively innovative model among post-socialist countries, particularly when contrasted with peer cases such as Croatia, as will be discussed later. This shows that the Slovenian experience of the right early-reform choices, coupled with a broader political and economic transformation, set a path-dependent course that continues to shape the structure and performance of the housing system.

6.4.1.3 Vulnerable groups in the housing context

Research on vulnerable groups in the housing context in Slovenia remains relatively limited, and existing studies often approach vulnerability indirectly through broader concepts such as housing exclusion, poverty, or social exclusion. Mandič and Filipovič Hrast (2015) conceptualise housing vulnerability through the framework of housing exclusion as previously developed by Edgar and Meert (2005) as explained earlier, and the three main dimensions of exclusion: legal, physical and social. In the Slovenian context, the authors link these forms of housing vulnerability closely to low income and poverty, noting that applicants for social housing often experience several of these conditions simultaneously (Mandič & Filipovič Hrast, 2015). They further emphasise structural causes of vulnerability, particularly the transformation of the housing sector during the post-socialist transition, including the large-scale privatisation of the housing stock and the slow development of alternative housing options for vulnerable groups. Within this context, certain population groups are identified as particularly exposed to housing vulnerability, including the unemployed, the homeless and single-parent households, whose risk of poverty and housing deprivation increased significantly following the economic crisis after 2008 (Mandič & Filipovič Hrast, 2015). Hrast et al. (2012) approaches vulnerable groups from a different perspective, focusing on the elderly population in Slovenia, analysing their connection with social exclusion. Their work highlights that the elderly are often considered among the most vulnerable population groups, although vulnerability is not uniform across the entire elderly population. Instead, particular subgroups face higher risks of exclusion, including elderly women (especially widows), those living alone, individuals with lower levels of education, the oldest old, and elderly persons living in rural areas (Hrast et al., 2012). The authors also emphasise that vulnerability among the elderly is often linked to broader factors such as poor health, weak social networks, poor neighbourhood conditions and limited access to services. Although their analysis focuses primarily on social exclusion rather than housing policy specifically, these factors are closely related to housing vulnerability and living conditions in later life.

Empirical evidence from other sources defines households not as "vulnerable", but to "exposed" to affordability issues (Hafner Fink et al., 2024). Hafner Fink et al. (2024) thus identify single-parent households, families with children, and individuals living in private or public rental housing as the most exposed households in the Slovenian housing market (Hafner Fink et al., 2024). This points to a partial mismatch between the population groups prioritised in national policy design and those experiencing the most acute housing insecurity in practice, as will be shown in the case study.

The persons experiencing homelessness are also recognised as a vulnerable group in the housing context in Slovenia, although it has long remained insufficiently addressed at the national level. Until the end of 2024, Slovenia lacked both an official definition of homelessness and a comprehensive national strategy to prevent and reduce it (Filipovič Hrast, 2019; OECD, 2024b; Ahčin, 2022). As a result, homelessness was not systematically monitored, and available knowledge remained fragmented. Other research does exist, however offer limited insights into policy effectiveness (Dekleva & Razpotnik, 2007; Razpotnik & Dekleva, 2009, 2010; Košan & Dekleva, 2015; Filipovič Hrast, 2019).

Homelessness-related services in Slovenia have mainly targeted extreme cases and focused on alleviating immediate consequences, rather than preventing housing loss. Although funding for homelessness services has doubled over the past decade and now exceeds four million euros annually, provision remains largely oriented towards emergency measures such as overnight shelters (Ahčin, 2022). This reflects a continued reliance on reactive policy instruments at the national level.

6.4.2 Context of Croatia in housing policy transition

6.4.2.1 Social housing strategies before and during the transition

The first social housing programmes in Croatia took place in Zagreb during the 1920s, driven by the lack of affordable and good-quality housing (Bežovan, 2019). The programme also included rent control, along with small detached houses for middle-income households, built on publicly owned land. While this approach showed good results in terms of housing target groups such as key workers and low-income households, it did not last. After the Second World War, housing policy came under the responsibility of the centrally planned government. Private homeownership was mainly reserved for family houses while apartments were mostly allocated under the tenure of so-called quasi-homeownership. A strong institution of rent control was present in this setting, followed by strong tenant security.

A radical policy change took place in the 1960s when housing policy was decentralised first to local authorities, and then to state-owned companies that became responsible for housing provision. In this model, employees contributed a part of the monthly salary to the "collective consumption fund" in exchange for a housing service, i.e., a housing right. The main decision-making body in housing distribution was the "housing commission" that was responsible for maintaining a waiting list of employees, who applied for (a) the allocation of a rental flat; (b) loans to buy a flat; (c) loans to build a detached house; or (d) loans to improve the condition of an existing housing unit (Pandžić, 2021).

A summary of housing policy programmes in Croatia in the 1980s is as follows. Housing construction carried out by state-owned companies was primarily planned locally and financed through collective consumption funds[39]. In addition, limited forms of social housing targeted at lower-income households were provided through so-called "solidarity flats," which were also locally planned and funded from municipal budgets, and by the companies and organisations. These housing units were designated for socially marginalised and predominantly low- income households and represented the main social rental housing initiative in the later stages of socialism, although the supply of new units remained low. Local authorities were responsible for the planning and implementation of housing allowances, while access to housing was further supported through loans offered at favourable conditions, either from collective consumption funds or through banks. The housing system also included various subsidies, such as value-added tax exemptions on building materials, as well as preferential access to land and credit for cooperative housing construction. Cooperative housing represented

[39] Also referred to as "self-management interest communities for housing and infrastructure".

an alternative form of tenure within this context in the 1980s, and it was mainly used for enabling homeownership at favourable conditions, involving future tenants in the construction process. This tenure model ceased to exist in the early 1990s (Bežovan, 2008).

6.4.2.2 Social housing development after the transition

Although Croatia became independent in 1991, the irreversible transformation process had already begun in 1988 with the dismantling the socialist economy (Bičanić & Franičević, 2003). The process encompassed liberalisation and privatisation on the economic side, and party pluralism and democratisation on the political side. One of the major changes after Croatia's independence was the withdrawal of government responsibility for housing policy in the new democratic regime by the newly formed government, and housing governance was mostly market-driven.

Croatia was a solid performer in economic terms during Yugoslavia (Bežovan, 2013). What distinguished Croatia from Slovenia and Slovakia was the Croatian War of Independence that lasted from 1991 to 1995, which had a detrimental effect on the country's economic and social development, damaged the housing stock and delayed the development of housing policy.

As a result, the GDP level was 41.5% in 1993[40]. Many displaced individuals and families from different parts of Croatia required emergency accommodation, and approximately 8% of the total housing stock was damaged or destroyed as a result of the war. The general quality of life deteriorated, accompanied by high levels of inflation and unemployment. The population decreased by 7.25% in 10 years (from 1991 to 2001), accompanied by the worsening fertility and birth rates. The war left Croatia with unresolved political tensions and delayed the Europeanisation process, thereby postponing access to EU funds that could speed up the recovery process (Caratan, 2009). The economy recovered from 2000 onwards, with major slowdowns during the Global financial crisis of 2008 and the COVID-19 pandemic.

After the transition, the housing system went through a comprehensive reform. The state withdrew from housing provision and the (give-away) privatisation took place. Privatisation in Croatia started in 1992 and it took place over the next two years. Before privatisation, 45% of the total housing stock in Zagreb, and around 25% of the national housing fund were publicly owned. According to Bežovan (2013, p. 132), "By the end of 2004, 317,831 flats had been sold; 38% were purchased in a single payment and 62% in instalments."

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[40] Of the 1989 level.

After privatisation, only a fraction of previously state-owned housing units remained under local-authority management. These units were generally older and poorly maintained and accounted for 2.5% of the total housing stock (Bežovan, 2013, p. 135). The housing privatisation happened quickly and efficiently, but not effectively, accompanied by policy decentralisation (Bežovan, 2003). However, there were no instructions or recommendations from the national level on how to proceed in helping local populations meet their housing needs, unlike in Slovenia (Bežovan, 2013). Consequently, the privatisations proceeds were not reinvested in new construction of social rental housing.

The general outcome at the household level in Croatia, and other post-socialist countries was that certain social groups, who were not sitting tenants at the time of privatisation, were excluded from becoming homeowners, while the members of the political elite benefited considerably. This is an element of path dependence that was present under socialism, and contributed to low public trust in public institutions, especially in housing provision (Stubbs & Zrinščak, 2015). In effect, the privileges established during socialism through public housing occupation were carried over into the post-socialist era via privatisation.

Since privatisation, Croatia has become society characterised by homeownership rates around 90%. The literature[41] suggests that Croatia lacked a sound national housing policy (Bežovan & Fröhlich, 2002), and the newly established constitution did not provide for social housing provision or any form of state housing assistance (Bežovan, 2003). Simply put, the responsibility for providing housing was shifted to the newly established liberalised housing market.

Employee housing contributions also ceased to exist, as did any organised forms of rent on the national level. Organising social rental housing was left to local authorities, and it was aimed mainly at low-income households. The Croatian model of below-market rent differentiates between social rental housing and public rental housing. Those who are not eligible for social rental apartments may be eligible for public rental apartments, with rents set above social rents but below market rates. These definitions are discussed further in the case study.

In parallel with privatisation, the housing policy was decentralised from the national to the local level, but the local governments did not have sufficient funds to carry out local housing policy. Additional factors contributing to the limited development of social rental housing were

[41] Croatia is also largely absent from some international literature on housing in post-socialist (see Tsenkova & Polanska, 2014)

the lack of political will at the local level, and low capacity and knowledge to implement effective policies and measures.

Housing allowances were typically reserved for the lowest income groups, and their calculation was a function of beneficiaries' monthly income and dwelling size, along with other limitations, and they targeted only tenants. Overall, only a small number of beneficiaries were eligible for the housing allowance and it remained a residual form of help (Bežovan, 2003). The housing allowance was abolished in 1993 and a new scheme was introduced under the responsibility of the Social Welfare Authority, based on income and means testing and the size of the housing unit.

The Act on Housing Rent from 1996 converted non-privatised public rental apartments into a form of social rental apartments, labelled as apartments with protected rent (*stanovi sa zaštićenom najamninom),* which only had a marginal role in the housing mix (Bežovan, 2010). The Act on Social Care of 1998 established the Croatian housing allowance system, making local authorities responsible for allocating the funds.

The initial goal behind the privatisation was to channel a part of the privatisation proceeds towards building new social rental housing, but this was achieved only by a handful of local authorities. Privatisation thus changed Croatian housing provision and tenure composition irreversibly. Due to wartime destruction, the housing policy priorities focused on reconstruction and emergency housing. The subsidy programme for war victims and veterans supported the construction of 6,364 housing units between 1997 and 2010 in cooperation with local authorities, and it represented a form of social housing substitution at that time.

Construction materials and services were exempt from VAT until 1996, when VAT was introduced, increasing the cost of newly built housing units (Bežovan, 2013). Housing savings schemes were introduced in 1998 and included state savings premiums amounting to 25% of the investment. This was a government measure intended to promote homeownership either through construction or the purchase of a dwelling. Since the introduction, the premium was gradually reduced. The main subsidy was manifested as a direct premium of maximum 1,250 HRK (€165) per annum (Croatian Ministry of Finance, 2021), but the scheme was not well received among the population, due to high inflation, lack of trust in government and other similar reasons. Moreover, the same subsidy[42] decreased significantly over the years, and in 2024 it was €11.94 (Ministry of Finance of the Republic of Croatia, 2024).

[42] The maximum subsidy per annum in 2015 was 245 HRK (€33), in 2016 it was 205 HRK (€27), in 2017 it was 165 HRK (€22), in 2018 it was 90 HRK (€12), in 2019 it was 60 HRK (€8), in 2020 it was 35 HRK (€5) and in

The housing savings scheme was mostly for well-off households and it was perceived as a general savings scheme, not necessarily as a savings scheme towards purchasing a housing unit. It also provided only limited effective benefits for households intending to purchase a dwelling. In 2001, the state-subsidised housing construction programme (POS) was introduced, followed later by other housing subsidies, including subsidised housing loans. These measures were mainly oriented towards homeownership rather than the development of affordable rental housing.

Another demand-side subsidy on the national level was an exemption from the 5% real-estate transfer tax of the housing unit value for first-time buyers, was introduced in 2003. However, the greatest tax incentive for the first-time buyers was the deductibility of expenditures related to purchasing the housing unit, including loan interest and rent payments in case of rental contracts in the private market, and the exemptions were capped at 12,000 HRK, or around 1,560 € (Bežovan, 2013). While tax exemption was abolished in 2010 as an anti-recession response, the exemption from paying the transaction tax when buying a first home is still in place.

The housing market was flourishing between 1995 and 2008, fuelled by low interest rates and the perception of real estate as a safe investment. This trend started to reverse after 2008 when the Global Financial Crisis (GFC) was in full swing and the real-estate prices started to decrease. Another crisis in the Croatian housing market involved mortgage loans denominated in Swiss francs. These mortgage loans became popular in CEE countries in the period before the GFC and they dominated the mortgage market because they carried lower interest rates than comparable loans denominated in domestic currency. After the GFC, the Swiss franc was losing value, and the banks increased the interest rates illegally and were compelled on the EU level in 2015 to compensate the borrowers for the additional amounts they had paid. Lesson from the Swiss-franc loan crisis reduced the risk of borrowing in foreign currency, due to measures from the central banks of the affected countries, including Croatia.

Only a few studies on social housing conditions in Croatia exist. One major survey from 2008 states that the following cities have the largest numbers of public and social rental units: Zagreb (7,657 units), Rijeka (476 units), Varaždin (390 units), Osijek (369 units), Velika Gorica (284 units) and Split (249 units) (Bežovan, 2013). The study also showed that households living in social rental units were still given the option to buy that housing unit, and that the interest in reselling it at a higher price is often the main motivation. The main reason why cities decided

2021 it is 15 HRK (€2), which represents insignificant subsidy and almost no incentive for initiating a savings account.

to sell the apartments is the lack of resources to properly maintain and renovate these apartments. The cities stated that the rent levels paid by the tenants in social rental apartments are not sufficient to maintain the buildings; thus, the social rental model was financially unsustainable. The mayors of the four cities in the case study (Zagreb, Velika Gorica, Varaždin and Karlovac) perceive public rental housing as an important institution to retain key workers and attract new workers, especially in public services. The study states that without a national housing policy that would incentivise the development of social housing, cities will not be able on their own to improve housing affordability for their citizens (Bežovan, 2013). Bežovan (2013, p. 138) further states that the central government indeed has a pivotal role in securing affordable and sustainable housing: "Public rental housing is understood as an investment in real development, whereas social renting housing is seen more as a 'necessary evil'."

6.4.2.3 Vulnerable groups in the housing context

While Croatian literature does not explicitly define who vulnerable groups are in the Croatian housing context, there are several social groups that are identified in different contexts. Svirčić Gotovac (2020) refers to young people, individuals with precarious or temporary employment, and low-income households who struggle to access mortgages or affordable housing options as groups exhibiting as vulnerable groups in the housing context. She highlights that the marketisation of housing in Croatia contributes to the exclusion of socially and economically vulnerable citizens from secure housing opportunities.

Rodik et al. (2019) provide insight into how housing careers unfold in Croatia, concluding that stable housing often depends heavily on family resources, namely inheritance. They also highlight housing vulnerability in terms of financial shocks and weak tenant protection that could lead to housing insecurity. The authors state that tenants are in a more vulnerable position compared to homeowners in terms of housing security. Bežovan (2019) argues that, until 1998, an important group experiencing housing vulnerability consisted of people affected by the Croatian War of Independence. They were mainly refugees, internally displaced persons, and returnees who had lost homes or occupancy rights. Bežovan (2019) also identified other structurally vulnerable groups in the Croatian housing system, listing persons experiencing homelessness, young households and students who face unstable rental markets, elderly people with low incomes, persons with disabilities, individuals leaving institutional care, protected tenants in privately owned dwellings, and marginalised ethnic minorities, particularly Roma. While some information on Roma in the context of housing vulnerability exists, mainly stating their poor housing conditions, poverty, inadequate infrastructure, and spatial segregation, the Croatian housing literature does not provide much information on their housing vulnerability. Bežovan and Jakovčević (2023) identify young people and emphasise that rising housing prices and rents, especially on the largely uncontrolled private rental market, make adequate housing difficult for many young households. Authors identify younger migrants who come to Zagreb and have lower levels of education and precarious employment as a particularly vulnerable group. Authors also state that such housing insecurity has wider social consequences, such as lower fertility and higher likelihood of young people emigrating.

Homelessness as a specific category of vulnerable groups is addressed in the Croatian context (Bežovan et al., 2023; Horvat & Bežovan, 2024[43]). It is defined as a structural issue rather than an individual problem (Horvat & Bežovan, 2024). According to the 2021 Census, only 31 homeless individuals were officially recorded (CBS, 2021), although estimates suggest the actual number is closer to 2,000.

One of the main national programmes addressing vulnerable groups is the National Plan for Combating Poverty 2021-2027, which identifies housing as a priority area, aiming to improve living conditions for young families and provide housing for war veterans (MLPSFSP, 2021). It contains certain measures to invest in social housing and organised housing for homeless individuals. Under the Social Welfare Act (71/23), local authorities are required to provide organised housing, public kitchens and shelters (Act on Amendments to the Social Welfare Act, 2023).

There are 19 homeless service providers in Croatia, organised through the Croatian Homeless Network, with four located in Zagreb (Horvat & Bežovan, 2024). Recent research indicates that most providers are civil society organisations and lack sufficient funding to meet minimum regulated standards. Services primarily provide short-term relief rather than long-term housing solutions and are insufficient for addressing homelessness systematically (Horvat & Bežovan, 2024). The city of Pula is the first in Croatia to implement the Housing First model, providing permanent housing to 13 beneficiaries (AjA, 2025).

6.4.3 Context of Slovakia in housing policy transition

6.4.3.1 Social housing strategies before and during the transition

Slovakia began urbanisation under communist-era modernisation policies and started a programme of large-scale construction of new dwellings and replacement of dwellings damaged in the Second World War. For this reason, Slovakia did not face the same restitution[44]

[43] Homelessness is more extensively represented in the Croatian academic literature than other forms of housing vulnerability.
[44] Restituted apartments amounted to around 0.5% of the Slovak housing stock.

burden as other countries in the CEE region. The right to housing was guaranteed in Slovakia's communist regime. Most private land and buildings had been nationalised with the aim to abolish private ownership. However, mainly multi-apartment buildings were affected by nationalisation, whereas family houses, mostly in rural area, continued to be privately owned and constructed. Public housing in socialism was formally intended to be allocated according to household need; however, in practice, allocation was influenced by the political merits of the households' members. Households that were allocated an apartment had a right of use that was both inheritable and transferable. This was a non-transparent way of allocating housing units, prone to nepotism, clientelism and corruption, and it enabled the creation of a black market for housing while also influencing the spatial distribution of the labour force (Hojsik, 2013).

After 1959, a new concept of housing construction was introduced and it mainly targeted state companies, encouraging them to build housing for their employees. The government introduced rent regulations, which determined the level of rent paid as a function of dwelling size, quality, amenities and the household structure. Substantial rebates of up to 50% of the rent were possible in certain cases, based on social criteria (Hojsik, 2013).

Rent levels remained constant from 1961 until 1991, except in the cooperative housing model, where rents increased in proportion to rising cost. Rent levels across all tenure types did not cover the maintenance costs and the condition of the rental housing stock deteriorated (Hojsik, 2013).

Housing construction peaked by the end of 1969 and, during the 1970s, was concentrated mainly in urban areas along with providing necessary amenities such as schools and hospitals. However, the construction quality was poor, which resulted in subsequent high maintenance costs (Hojsik, 2013).

Despite the high level of output, Slovakia faced a persistent housing deficit, whereby new construction was undermined by maintenance of old, poor-quality housing stock. Housing output once again slowed down in the 1980s due to state budget shortages, and financial participation of users in construction was promoted as an option (Hojsik, 2013). According to Hojsik (2013), 1,352,843 new dwellings were built between 1948 and 1990 in Slovakia, and in 1991, public housing accounted for almost 50% of the housing stock in 1991. Communist housing planning produced a relatively balanced social mix, with little social stratification, full employment and an egalitarian income distribution. The tenure composition in the 1980s was 50% private homeownership (mainly in rural areas), 26.7% state-owned and 22.1% co-operatives (Faltan & Dodder, 1995). The literature does not indicate whether the state planned for reinvesting the proceeds from the privatisation in new housing stock. Table 5 below presents changes in tenure structure in Slovakia between 1991 and 2000.

Table 5. Changes in tenure structure in Slovakia, 1991 and 2000.

	[%]	
	1991	2000
Homeownership	0.24	0.32
Dwellings owned by housing cooperatives	0.23	0.34
Dwellings owned by municipalities	0.28	0.33
State-owned (state-owned companies) dwellings	0.23	0.30
	[Number]	
	1991	2000
Total number of permanently occupied apartments	1,617,828	1,884,846
Total number of vacant apartments	151,000	209,316
Population of Slovakia	5,274,335	5,379,455

Source: Hojsik (2013)

6.4.3.2 Social housing development after the transition

The fall of communism brought conflicting challenges, in terms of establishing a market economy, establishing democracy and repairing injustices stemming from the past regime. In the new economic setting, housing policy was the responsibility of the two republics in Czechoslovakia, with the federal authority retaining oversight of rent control (Hojsik, 2013). The central housing programme was completely abolished in 1991, and subsidies were drastically reduced. Between 1991 and 2000, only 78,139 housing units were built with only a small share constructed by the state, with cooperatives accounting for 31% and private investors for 50% of construction. Slovakia became an independent republic in 1993. After the fall of communism, construction activities declined in Slovakia, whereby authorities used social housing as a targeted policy tool to stimulate and restore construction activities, focusing on rental housing units.

Because the Slovak national government lacked sufficient funds to maintain public housing stock, the government transferred ownership to local authorities, whereby sitting tenants received open ended rental contracts with substantive protection rights. Overall, around

340,000 municipally owned housing and 270,000 were privatised between 1992 and 2006 (Špirkova, 2018).

The right of sitting tenants to buy their apartments was introduced after the split of Czechoslovakia in 1992 and prohibited its transfer. The purchase price was determined by the size and age of the apartment and was reduced by 2% for each year of the building's age, and up to 80%, making apartments in older buildings much more affordable than in newer buildings. There were other incentives introduced such as interest-free payments plans. The purchase prices were approximately 15 to 20 times lower than the market price, but the housing units were in poor condition, with new owners assuming responsibility for refurbishment (Hojsik, 2013). The result of the privatisation in Slovakia was a reduction of the publicly owned housing stock to 2.8% by the end of 2008.

Since 2000, local authorities have been responsible for housing policies, independently of the national government. At the national level, the Ministry of Transport and Construction (MoTC) is responsible for housing policy and strategies[45]. Since 2005, national policies have focused on marginalised groups such as people with disabilities, young people leaving institutional care, older people, single parents and large families, with particular attention to people experiencing homelessness, the long-term unemployed, people recovering from addiction and Roma communities. Slovak housing strategies highlight the need and responsibility for housing the population, and the need to build public housing. According to Hojsik (2013, p. 268), "Their housing needs are to be addressed by providing them with affordable rental flats, developed and managed by the municipalities or not-for profit organisations established by the local authorities with the financial support of the state, or by providing social care facilities, operated by municipalities, regional authorities, and private entities (profit or non-profit) as part of the state's overall social policy (for example, pensioners' homes, charity shelters, emergency accommodation for victims of domestic violence, halfway housing for children leaving institutional care)."

At the national level, Slovakia uses both direct and indirect policy instruments to support housing provision. Direct state support includes various measures such as subsidies for rental flats, technical facilities, and addressing systemic defects in blocks of flats, housing contributions, insulation contributions for family houses, premium loans for procurement of rental housing and housing stock renewal, and subsidies for alternative rental flats, technical

[45] They had housing strategies in place for 1995, 2000, 2005 and 2010.

facilities, and building plots. Thus, it is evident that still, some elements of privatisation exist on the state level policy.

Local governments in Slovakia must have a local housing strategy in place to apply for state grants. However, these strategies are not evaluated by the municipality and research showed that only a quarter of local authorities conduct ex-ante evaluations (Suchalová & Staroňová, 2010, p. 50).

Both vertical effectiveness (the extent to which subsidies reach those in actual need) and horizontal effectiveness (the allocation of the units) are suboptimal on the national level and leave considerable room for improvement. Implementation effectiveness rests upon the competence and governance of each local government (Hojsik, 2013). Hojsik (2013) elaborates that "the vertical effectiveness of social housing is limited due to the wide eligibility criteria; social housing is not reserved for the neediest groups of inhabitants, but is also open to the middle class (more than 70% of households satisfy the income criterion for access to social housing). Moreover, the allocation of social housing by the municipalities is not always transparent" (p. 274).

The indirect state support encompasses a bank guarantee for blocks of flats, linked to loans from the State Housing Development Fund (Štátny fond rozvoja bývania, SHDF). Other forms of support include a state subsidy for young individuals, with the amount specified annually in the State Budget Act by the Ministry of Finance of the Slovak Republic (MF SR). Additionally, there is a state premium for building savings, the amount of which is determined by MF SR through an automated process based on a formula defined in the Act on Building Savings. Figure 9 illustrates the institutions in Slovakia responsible for private and public finances.

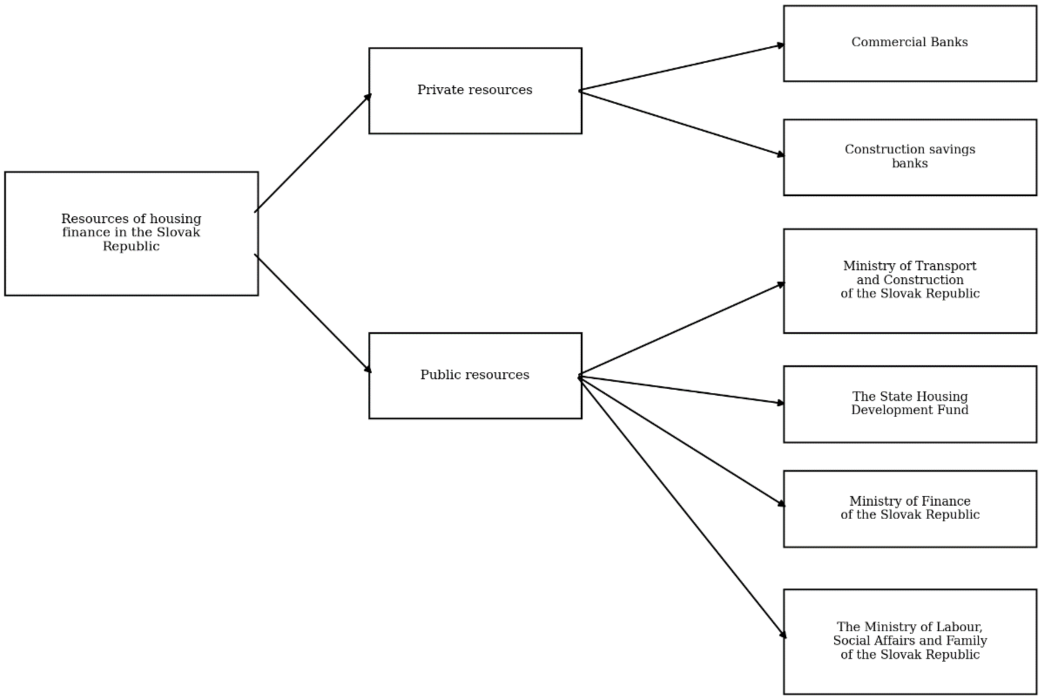


Figure 9. Institutions in Slovakia responsible for private and public finances. Source: Author, based on Špirkova (2018).

Even though Slovakia had an extensive history of public housing provision, there was no formal social housing concept. In 2010, the Slovak Parliament adopted the Act on Social Housing, listing principles, tools and practices for social housing provision (Hojsik, 2013). According to this Act, social housing is defined as "any housing procured with participation of public finances for adequate and dignified housing of natural persons who are not able to ensure housing by their own endeavour" (Hojsik, 2013, p. 279).

The Slovak housing market is dominated by owner-occupied housing and a very small rental sector (Špirkova, 2018). Figure 10 shows the evolution of the share of rental apartments in Slovakia from 2003 to 2016.

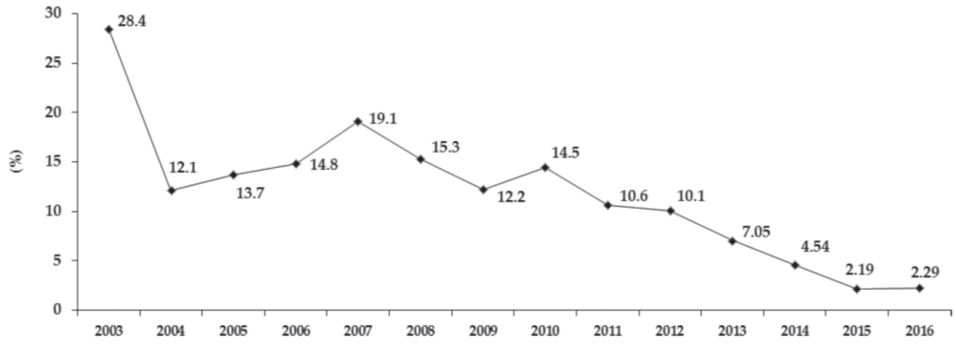


Figure 10. Evolution of the share of rental apartments in Slovakia from 2003 to 2016. Source: Špirkova (2018).

Social housing is provided by municipalities, regional governments or non-profit organisations which may apply for state support from MoTC and the State Housing Development Fund (SHDF). Social housing is allocated to households with incomes below three times the subsistence minimum amount. According to Hojsik (2013), approximately 71% of the population met this income criterion. Next to the supply-side housing measures, there are also housing allowances available. As will be elaborated in the case study section, the allowances are rather limited and residual, failing to account for regional variations in housing expenses, limiting the spatial and social mobility of beneficiaries. This often results in recipients choosing or staying in regions with lower housing costs, albeit with fewer employment prospects.

Between 2015 and 2018, Slovakia led the Housing Partnership of the Urban Agenda for the EU, which brought together Member States, cities, and European institutions to address housing affordability and governance challenges. This partnership aimed to improve housing affordability by improving regulatory frameworks, access to public financing, and the development of affordable rental housing. Slovakia had the main role and this reflected their interest in the issue of housing affordability (European Commission, 2018).

6.4.3.3 Vulnerable groups in the housing context

Kudolániová (2022) provides insights into vulnerable groups in Slovakia through the concept of energy vulnerability. This is defined as households' inability to pay for necessary energy services due to interacting social, economic, and infrastructural factors. The study identifies pensioner households, especially elderly living alone, as the most vulnerable group, due to their low incomes, high energy costs, poor energy efficiency of housing, and increased need for heating. Author moreover highlights how ageing, health problems, social isolation, and limited financial capacity to renovate homes reinforce this vulnerability, which forces pensioners either to reduce heating, or reduce other spending on basic needs, such as food or medicine.

Hlinčíková (2024) identified families with children, particularly single-parent households and larger families, as the most vulnerable groups. She demonstrates that low-income families face significant structural barriers when trying to access affordable rental housing, such as strict eligibility criteria, income thresholds, and long waiting lists. This leaves many families rely on temporary accommodation such as shelters or crisis housing services, which are intended only as short-term solutions, but they often become long-term arrangements. Hlinčíková (2024) shows that access to public rental housing can depend on local ideas about who is considered deserving of support. She writes "This is also true in the context of housing, specifically public rental housing, where local policies, on the one hand, declare that they protect and help even the most vulnerable families. On the other hand, the established rules clearly define who deserves to live there and who does not, thereby producing vulnerable groups of the population without access to adequate housing" (Hlinčíková, 2024, p. 289). This means that some households may remain outside public rental housing even when they are formally among the groups most in need. The result is repeated movement between temporary forms of accommodation and a continued risk of homelessness.

Compared to Slovenia and Croatia, Roma community is highly emphasised in Slovakia as a vulnerable group, as it comprises around 9% of total population. Roma community is highly discriminated in Slovakia and in severe risk of poverty (AI, 2024). Most of Roma community live in overcrowded conditions, lacking basic facilities. They live in settlements without land ownership, which excludes them from receiving certain social benefits, such as housing allowance. The design of housing allowances and social rental housing eligibility criteria requires formal tenancy contracts and proof of regular payments. These conditions structurally exclude households living in informal or semi-formal housing arrangements, a situation that disproportionately affects Roma households, particularly in segregated settlements (De Pace, 2024; AI, 2024).

In terms of approach to homelessness, Slovakia does employ ETHOS typology and categorises homelessness in the national strategy. Slovak Government (2022) estimates between 3,652 and 29,221 homeless people nationwide, according to the population census in 2021, mostly aged between 25 and 64. In Bratislava, almost half of the homeless is older than

50 years this requiring special attention of complementary services (Slovak Government, 2022). The national strategy estimates that 7,609 people experience homelessness under ETHOS 2 category and 3,007 homeless under ETHOS 3 and 4.

The Slovak government's commitment to addressing homelessness is grounded in adopted and ratified international declarations. The most relevant international instrument ratified by Slovakia is the Revised European Social Charter of 1996, article 30, which defines obligations to prevent poverty and social exclusion (Slovak Government, 2022). In total, Slovakia has capacity to accommodate 1,248 users of homelessness services in 2022, while Bratislava has the capacity for 660 (Slovak Government, 2022). The city of Košice has the most capacity among Slovak cities and can provide service for 865 beneficiaries. A major barrier when combating homelessness is the lack of accurate data on homelessness. To better understand the dynamics of homelessness, the national strategy identifies housing cost overburden rate, overcrowding rate and severe housing deprivation as the most important indicators to estimate homelessness (Slovak Government, 2022).

An increasing number of EU Member States are using EU funds to establish Housing First programmes, and Slovakia funded two projects through the Operational Programme Human Resources (Eurofound, 2023). The first Housing First project in Slovakia was established in 2016 in Bratislava and had an evidence-based policy making approach (De Pace, 2024). Bratislava has been implementing Housing First programme since 2021 and it is now housing nine families and, as of 2024, it had 10 apartments (AI, 2024). In 2023, the Ministry of Labour, Social Affairs and Family approved 18 projects with a total of €4.6 million to house homeless people and to integrate them into society. While a Housing First initiative is being tested in nine city apartments in collaboration with NGOs, there are no systematic mechanisms to address the housing needs of vulnerable groups. Key gaps include affordable housing, homelessness prevention, crisis accommodation, and up-to-date data on housing needs (City of Bratislava, 2021).

6.4.4 Housing in post-socialist countries chapter summary

The literature on post-socialist housing describes different forms of housing privatisation. In many countries, tenants were given the right to buy their dwellings, state-owned housing was transferred to municipalities, and cooperative housing was gradually converted into owner-occupied housing. These changes reduced the role of the public rental sector. In many cases, social rental housing became a small and residual part of the housing system. Housing subsidies followed the same general direction. Even where support was significant, as in some post-socialist countries such as Russia and Hungary, it often depended on state or municipal budgets and was more favourable to homeownership than renting. Slovenia, Croatia and Slovakia had a similar policy and institutional starting point before the transition. Their later housing outcomes differed because political priorities, administrative capacity and policy choices developed differently after that point. Slovenia, Croatia and Slovakia experienced far-reaching political and economic change after the transition from socialism to capitalism. The main differentiating characteristics are represented in Table 6 below. Housing was one of the areas in which this change was most visible, since a heavily regulated socialist housing system was transformed into a predominantly market-based system after the transition. Under socialism, housing provision was marked by single-party control, artificial scarcity and unequal access to dwellings. These conditions contributed to informal housing practices and left the sector with limited resources at the beginning of the transition. In Slovenia, Croatia and Slovakia, the public housing stock was privatised, although the process differed across the three countries and produced different consequences, making the three cases useful for comparative analysis.

Table 6. Main housing provision differences in Slovenia, Croatia and Slovakia before and after the transition. Source: Author

Characteristic	Slovenia	Croatia	Slovakia
Housing provision before the transition	Decentralised provision through municipalities and state-owned enterprises, employee contributions to housing funds, social rental housing provided mainly by enterprises and municipalities	Decentralised provision through municipalities and state-owned enterprises, collective consumption funds, limited solidarity housing	More centralised state-led provision, large-scale prefabricated construction, state-company housing and a significant cooperative housing sector
Form of privatisation	Regulated by the Housing Act of 1991, sale to sitting tenants at below-market prices, restitution, part of the former rental stock remained in public ownership	Rapid give-away privatisation from 1992, sale of publicly owned dwellings to sitting tenants, only a small residual stock remained under local	Public housing transferred to local authorities, right-to-buy introduced in 1992, purchase prices reduced according to building age,

Characteristic	Slovenia	Croatia	Slovakia
		authority management	favourable interest-free payment plans
Institutional characteristics after the transition	Housing Fund of the Republic of Slovenia established under the Housing Act of 1991, non-profit rental housing retained, first National Housing Programme introduced in 2000	No comparable national housing fund, housing policy decentralised, local authorities lacked funds and national guidance, war reconstruction shaped housing priorities	National ministry, State Housing Development Fund established in 1996, state subsidies supported housing provision and stock renewal, local authorities responsible for housing policy since 2000
Housing provision after privatisation	Homeownership and market provision became dominant, affordable rental housing continued through national and municipal housing funds, the non-profit rental sector remained limited	Housing provision largely shifted to the market and households, residual social and public rental housing remained under local authority responsibility	Homeownership and market provision became dominant, municipal rental housing was supported through state subsidies and State Housing Development Fund financing, cooperative housing was transformed largely into owner occupation
Investment in social and public rental housing, 1995 to 2010	Substantial, relative to population	Marginal, mainly emergency housing linked to war-related needs and limited local provision, slight increase in output	Substantial, relative to population

7 CASE: SLOVENIA

7.1 Demographic situation and population trends

Total population of Slovenia in 2025 is 2,130,850, with 859,782 households in 2021 (SiStat, 2021). The population of Slovenia increased by 59,000, while the number of households increased by 46,000 and families by 20,000 between 2011 and 2021 (SiStat, 2021). This increase in the number of households is mainly due to positive net migration during the same period. The composition of households also changed in this period. There was an increase in single- and two-member households, as well as large households with 6 or more members. Consequently, number of households with three, four and five members decreased. The average size of households in 2021 was 2.41 members. The average family size was 2.9 members, and the total number of families was 587,448, where 70% of the families were with children and 30% without. Thus, the most common family type in 2021 was a married couple with children (35%), followed by a married couple without children (25%). A single-parent family was the third most common type (23%), of which 80% consisted of mothers with children. The fourth most common type was an unmarried couple with children (13% of all families), a share that increased by 50% between 2011 and 2021. The family type that increased the most was that of unmarried couples without children, which accounted for 5% of all families (SiStat, 2021).

Single-person households accounted for 292,301 households, representing 34% of the total. In other words, approximately every seventh resident in Slovenia lived alone. Around 5% of households included at least one person who was not a family member, while in approximately 4% of households two or more families shared the same dwelling (SiStat, 2021). The population of Ljubljana in 2021 was 294,464 (SiStat, 2025b).

There were 406 dwellings per 1,000 inhabitants, a figure that has not changed significantly in recent years (Ziemann, 2024). The country has been experiencing a gradual ageing of its population since 1996, which is reflected in a high median age and a growing proportion of elderly residents (Ministry of the Environment and Spatial Planning [MoESP], 2016). The main demographic trends that partially drive national housing needs are thus lower fertility rates, lower mortality rates, and modest net migration. These trends lead to population ageing and particularly affect the housing needs particularly of the working-age population and youth. Housing accessibility is a significant issue, as reflected in the fact that 85% of young people aged 18 to 29 continue to live with their parents.

7.2 Economic indicators

7.2.1 Macroeconomic context of Slovenia

In 2023, Slovenia’s GDP amounted to €59 billion, while investment in the construction sector reached €4 billion, marking an increase compared to 2022, when construction investment totalled €3.7 billion. In 2024, GDP growth slowed to 1.7%, down from 2.4% in 2023 (SiStat, 2025c). The European Commission forecasts a renewed acceleration of economic growth, projecting GDP growth of 2.5% in 2025 and 2.6% in 2026 (European Commission, 2025). Overall, these macroeconomic indicators do not suggest a near-term reduction in mortgage-related expenditure pressures in Slovenia.

Construction activity since 2022 has been characterised by increases in input and output prices. Rising costs of raw and other materials and energy, together with material supply-chain disruptions, contributed most to the increase in input prices (European Construction Industry Federation [FIEC], 2025). Slovenia is among the lowest EU MS in terms of gross construction investment as a share of GDP, at 11.6%. Investments in the residential sector was particularly low, at 2.7% of GDP in 2023, compared with 5.9% in the EU-27 (FIEC, 2025).

Unemployment is at low levels and stable at 3.6%, while the average wages are increasing and are expected to increase further (European Commission, 2025). The increase in wages is also expected to contribute to inflation (European Commission, 2025). Inflation at the end of 2024, compared with December 2023, was 1.9% (PHFCL, 2025). The inflation rate between 2015 and 2019 in Slovenia was 5.1%, while in January 2025 it fell to 2.3% (SiStat, 2025a).

The main drivers of Slovenian GDP growth are increased household consumption, and domestic demand and investment in housing construction (European Construction Sector Observatory [ECSO], 2019a). The number of registered construction companies increased by more than 18% from 28,771 in 2010 to 33,972 in 2019, while the construction production increased by nearly 58% between 2015 and 2019.

Growth in public investments was projected for 2023, supported by €2.1 billion in EU grants received under the National Recovery and Resilience Plan, as well as from Cohesion Funds and Recovery Plan and the Resilience Mechanisms, among other EU sources for the period 2021-2027 (FIEC, 2025).

Key economic drivers of the construction sector in Slovenia are business confidence, domestic sales, export of construction-related products and services, access to finance in the construction sector, access to housing and infrastructure. When it comes to financing projects, construction companies are increasingly averse towards loans due to a high volume of bankruptcies of SMEs in the sector. Around 43% of the Slovenian construction SMEs see availability of finance as a long-term barrier (ECSO, 2019a).

Overall, Slovenia spent 17.1% of its GDP on social protection in 2024 (SiStat, 2025d). In terms of its structure, the main portion is spent on pensions, followed by sickness and disability expenditure. According to the Slovenian statistical office, 0.4% of GDP is spent on housing and community amenities (SiStat, 2025d), while according to ESSPROS[46] methodology, 3.2% of the total social protection expenditures is spent on housing (Eurostat, 2024b).

7.2.2 Mortgage market and loans

The mortgage market plays an important role in shaping housing affordability in Slovenia, although its overall size remains relatively limited. Only 13.8% of Slovenian households hold a mortgage, compared to an OECD average of 24.7%. Despite this relatively low share, the proportion of households with mortgage debt has increased steadily since 2006, as shown in Figure 11 (Eurostat, 2026c). Due to the high level of homeownership, the mortgage market is underdeveloped, which reduces overall demand for housing finance.

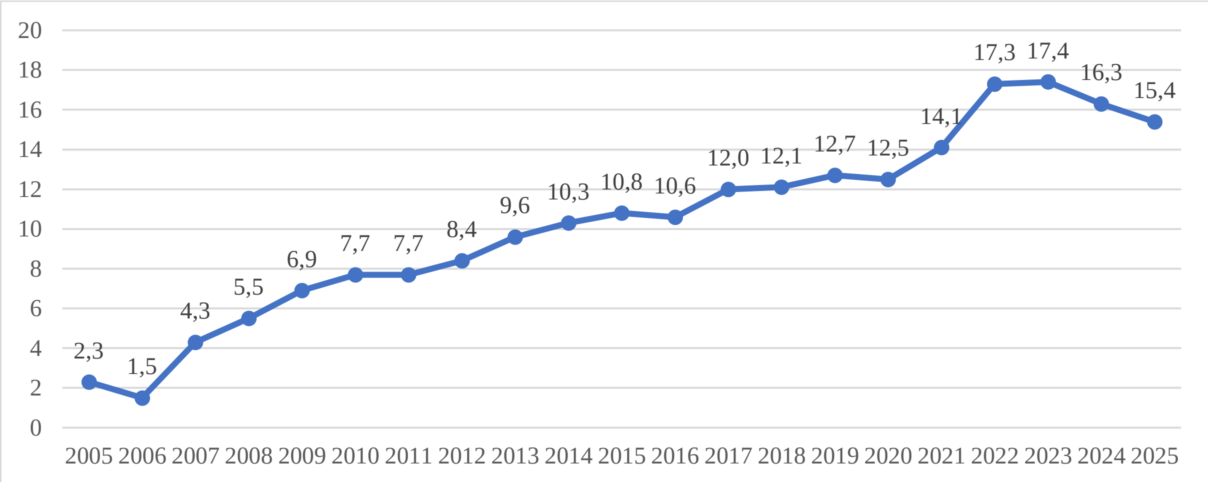


Figure 11. Share of population living in owner-occupied housing with a mortgage in Slovenia in 2005 and 2025. Source: Eurostat (2026c).

Slovenia is classified as a borrower-friendly country, according to the OECD Foreclosure Regulation Index, which indicates a balanced distribution of rights and obligations between lenders and borrowers in foreclosure procedures (Ziemann, 2024). Mortgage lending practices remain conservative, and this reflects a risk-averse approach by lenders, shaped in part by the (negative) experience from the global financial crisis. Lending standards are relatively strict in Slovenia, with a loan rejection rate of 18%. Although this represents a

[46] ESPROSS - the European System of Integrated Social Protection Statistics - provides both quantitative and qualitative data on social benefits to households, enabling international comparison.

significant decline from 31.6% in 2017, it remains above the OECD average of 10.5% (Ziemann, 2024).

Interest rates have affected Slovenian mortgage market dynamics in recent years. In 2024, the average mortgage interest rate in Slovenia was 3.5% (Deloitte, 2025). Mortgage lending has nevertheless grown significantly since 2010. The total amount of mortgage loans increased from €4.8 billion in 2010 to €8.85 billion in 2024, an increase of almost 85%. This growth was partly connected to the long period of low interest rates. Household wealth also increased during this period. Median net assets rose from €98,000 to €118,800 between 2017 and 2021, mainly due to rising real estate prices (Bank of Slovenia, 2021). The composition of household debt also changed over this period: the share of households with a mortgage increased from 9.1% to 10.4%.

Access to mortgage finance also appears to have improved. The share of households with rejected mortgage applications declined from 31.6% in 2017 to 18% in 2021. Income trends provide some context for this. Median gross household income increased from €16,400 to €25,000 between 2017 and 2021, but remained below the EU average of €34,000 (Bank of Slovenia, 2021). This income gap helps explain why, despite favourable interest rate conditions and growing mortgage volumes, overall mortgage holders are modest in numbers.

In macroeconomic terms, mortgage lending amounted to 14% of GDP in February 2023, slightly below its historical peak of 15.9% recorded in December 2021 (Helgi Library, 2025). Demand for new mortgages has weakened in recent years, with the volume of newly issued loans declining by €1.1 billion. According to the European Mortgage Federation (2025), the decline in mortgage demand reflects weaker housing market conditions and reduced consumer confidence, while the impact of higher interest rates has gradually diminished.

7.3 Housing provision

7.3.1 Housing stock

According to SiStat (2021) census data, the country had 864,300 dwellings, of which 698,700 were occupied and 165,600 were vacant, of which 87,000 had the basic infrastructure. More recent data indicate a continued expansion of the housing stock. By 2023, the total number of dwellings had increased to 897,354. Despite this growth in absolute numbers, the overall availability of housing has remained broadly unchanged over time, with approximately 410 dwellings per 1,000 inhabitants recorded consistently since 2011 (Ziemann, 2024).

The composition of Slovenia's housing stock is divided between detached family houses and multi-apartment buildings. Census data show that 66% of the population resides in buildings with one or two dwellings, which mostly represent houses, while around 31% live in multi-apartment buildings. Around 3% reside in collaborative housing or other accommodation types (SiStat, 2021). Family houses account for around 30% of the total property stock, with an estimated value of nearly €78 billion, while apartments represent approximately 20%, valued at around €50 billion (Surveying and Mapping Authority of the Republic of Slovenia [SMARS], 2023). Data from 2015 show that around 40% of dwellings were located in buildings with three or more apartments (MoESP, 2016). This points to a mixed housing stock. Some households experience overcrowding, while others live in dwellings with more space than they need, which suggests an uneven distribution of housing space (MoESP, 2016). Compared with other OECD countries, Slovenia also has a relatively high share of vacant housing units and secondary residences. This trend has been further strengthened by the growth of short-term rentals (Ziemann, 2024).

The age structure of the housing stock also presents a significant challenge, as close to 70% of dwellings are more than 30 years old, which indicates substantial renovation and energy-efficiency needs, according to the National Housing Programme 2015-2025 (*Nacionalni stanovanjski program 2015-2025*) (Government of the Republic of Slovenia, 2016; hereafter NHP). These characteristics are summarised in Table 7.

Table 7. Dwellings by construction period and occupancy status.

	Before 1946	1946-1970	1971-1990	1991-2010	2011 and later	Total
Total	171,843	201,945	314,054	140,263	24,076	852,181
Occupied	121,230	167,762	263,556	111,374	16,083	680,005
Non-occupied	50,613	34,183	50,498	28,889	7,993	172,176

Source: Author, based on Ziemann (2024).

Public rental housing is only a small part of the overall housing system. According to the survey represented in the Resolution on the National Housing Programme 2026-2035 (Government of the Republic of Slovenia, 2025; hereafter NHP 26-35), there are 30,650 public rental apartments, which is 3.65% of the total housing stock, significantly lower than the EU average of 8% (NHP 26-35, 2025).

Housing stock and market activity are particularly active in the capital region. Table 8 demonstrates the distribution of dwellings across Slovenia and its five largest market areas in 2023. Ljubljana clearly dominates in terms of housing stock, with 130,311 residential units, representing 14.5% of the national total. The second largest city, Maribor, accounts for 49,459 housing units, which shows a significant difference in market activity. Housing market activity is also most dynamic in Ljubljana, where 2,039 apartments were sold in 2023 (SMARS, 2023), underscoring its central role in national housing dynamics.

Table 8. Apartments in multi-family residential buildings and houses by market analysis area in Slovenia, 2023.

ANALYSIS AREA	**Apartments**	**Houses**	**Total**
SLOVENIA	346,674	550,680	897,354
LJUBLJANA	99,535	30,776	130,311
MARIBOR	36,741	12,718	49,459
COAST	23,273	18,000	41,273
GORENJSKA REGION	16,989	26,470	43,459
NORTHERN SURROUNDINGS OF LJUBLJANA	14,362	29,592	43,954

Source: Author, based on SMARS (2023).

The number of vacant dwellings in Ljubljana increased from 22,300 in 2011 to 24,400 in 2018, or around 19% of the city’s total housing stock. At the same time, there are no recent official estimates of the housing shortages in the capital. The assessment based on the 2002 census, estimated a shortage of approximately 40,000 dwellings. As of 2024, the City of Ljubljana owns 4,645 non-profit rental apartments, highlighting the limited scale of public provision relative to estimated housing needs (PHFCL, 2025).

7.3.2 Tenure structure in Slovenia and the city of Ljubljana

Slovenia is predominantly a homeownership-oriented housing system. According to the census data from 2021, 92.1% of all dwellings in Slovenia were owned by natural persons, while 5.2% were publicly owned. However, the national tenure structure in 2021 was comprised of 79% of households living in their own dwelling, while about 9% lived as tenants, and the remaining 12% lived in other arrangements, such as rent-free accommodation[47] (SiStat, 2021). Despite the relatively high share of households classified as tenants at reduced cost, the scale of publicly provided affordable rental housing remains limited. Based on an estimated stock of approximately 30,000 publicly owned rental dwellings and an average household size of 2.4 persons, around 72,000 individuals, equivalent to approximately 3.4% of the population, are estimated to live in affordable public rental housing (SiStat, 2021).

Rental housing in Slovenia is predominantly apartment-based. Around 90% of rental dwellings are apartments, while only 10% consist of family houses (SiStat, 2021). Privately owned housing is not evenly distributed across socio-economic groups. Employed persons own 48% of dwellings, pensioners 43%, public entities 5.4%, while the remaining share is owned by private companies. This points to the strong link between homeownership and the life course in Slovenia, especially among older cohorts.

Among households living in rental accommodation, 26.3% live in market rental housing, 21.9% in public rental housing with non-profit rents, and 18.1% in public rental housing. The average monthly rent across all tenants is €419.69. Housing allowances play a limited compensatory role. They are received by 11.7% of tenants, with an average benefit of €186.04.

Preferences and tenure trajectories in Slovenia favour owner-occupied housing, particularly family houses. In 2005, 55.4% of respondents expressed a preference for living in a family house, increasing to 66.6% by 2024. Over the same period, the share of households living in rental accommodation rose from 9.3% to 11.2%, largely in response to rising housing prices rather than a shift in tenure preferences (Hafner Fink et al., 2024). However, the number of market rental dwellings declined from 16,800 units in 2011 to 12,800 in 2018, while the stock of affordable rental dwellings decreased from 45,400 to 39,800 over the same period (SiStat, 2021). In Ljubljana alone, 10,630 rental dwellings were rented out in 2018, of which 3,564 were owned and rented by private landlords (Obrč & Kerbler, 2021).

The private rental sector is relatively small in Slovenia and characterised by an increasing number of short-term touristic contracts and informal arrangements. Low legal enforcement reduces incentives for landlords to formalise rental contracts. Additionally, the absence of effective rent regulation mechanisms and lengthy tenancy disputes prevent homeowners from engaging in long-term rental offer. Disputes last on average 13 months,

[47] Eurostat (2026c) reports somewhat different data. In 2024, 74.8% of households were homeowners, with or without a mortgage, while 6.8% were tenants paying market rents and 18.4% resided in dwellings rented at reduced cost or free of charge (Eurostat, 2026c).

followed by an appeal period averaging an additional 4.6 months (Ziemann, 2024). Together, these factors constrain the expansion of a stable and affordable long-term rental sector and reinforce Slovenia's continued reliance on homeownership as the dominant tenure form.

The preference for residential mobility within Slovenia is low with 84.7% of respondents in 2024 indicating that they are unwilling to relocate. Notably, the proportion of respondents expecting to remain in rental accommodation increased significantly, from 9.5% in 2005 to 30% in 2024, a trend that reflects the growing challenges in the housing market. The study further revealed that the prevalence of formal tenancy contracts rose from 86.1% in 2005 to 97.4% in 2024 (Hafner Fink et al., 2024).

Slovenians rank the preferred tenure choice as follows: homeownership, non-profit public rental, public rental, and least acceptable public rental without subsidy[48]. Public rental was found to be more acceptable among respondents with higher education and higher incomes (Hafner Fink et al., 2024).

A notable shift was also observed in investment preferences. In 2005, 50.3% of households considered housing the preferred form of investment, whereas by 2024 this figure had declined to 22.5%. This change is likely attributable to the increased availability of alternative investment opportunities beyond real estate compared to 2005 (Hafner Fink et al., 2024).

There were approximately 3,000 people experiencing homelessness with legal residence in Slovenia in 2021, but if people living in non-residential buildings that are not residential are included, then the number is 8,439 (MLFSA, 2024). More than 20,000 people have experienced a form of homelessness in their lives. The expert opinion is that the number of homeless will continue to increase and change structure, with more children and families being represented (Ministry of Labour, Family, Social Affairs and Equal Opportunities [MLFSA], 2024).

7.3.3 Definition of affordable rental housing

The most relevant legal framework governing housing provision in Slovenia is the Housing Act (Stanovanjski zakon; Republic of Slovenia, 2003). The Housing Act was originally adopted in 1991 and substantially revised and consolidated in 2003. The Housing Act has been amended several times since then, but the 2003 consolidated version is still the main reference point for Slovenia's current housing system. Moreover, in 2023, a new Housing Act

[48] As a part of the survey, respondents gave scores from 1 being lowest to 5 being highest to mark their preferred tenure, resulting in homeownership scoring 4.28, non-profit public rental scoring 3.88, public rental scoring 3.67, and public rental without subsidy 2.46.

was introduced in Slovenia, however it was mainly to regulate ownership relationships within multi-apartment buildings.

The implementing authority of the Housing Act is the Ministry responsible for housing policy, currently the Ministry of the Environment, Spatial Planning and Energy. In general, the Housing Act regulates "the types of residential buildings, the conditions for the maintenance of residential buildings, the conditions for the planning of apartments, property relations and management in multi-apartment buildings, residential leases, the construction and sale of new apartments, assistance in the acquisition and use of apartments, the powers and tasks of the state in the field of housing, the powers and tasks of municipalities in the field of housing, the powers of bodies and organisations operating in the field of housing, registers and inspection supervision over the implementation of the provisions of this Act" (Housing Act, 2003).

Within the legal framework established by the Housing Act, non-profit rental housing is the main category of publicly supported housing provision. A non-profit rental dwelling is defined as "a dwelling built or rented out in the manner referred to in the second paragraph of Article 93 of this Act" (Housing Act, 2003). In addition, a "dwelling allocated for rent to a social beneficiary" is referred to as a social rental dwelling in earlier housing legislation and implementing regulations (Republic of Slovenia, 1991a). Certain provisions of the Housing Act specifically regulate non-profit housing; for example, Article 11a governs the operational procedures of municipal housing funds, public housing funds, and non-profit housing organisations with regard to the collection and administration of personal data for the allocation of non-profit rental dwellings.

The NHP (2016) uses the term "public rental dwellings/housing" for rental dwellings owned by municipalities or by municipal housing funds and housing organisations, and rental dwellings owned by the SSRS, which are rented out for non-profit rent to persons eligible to rent a non-profit dwelling, special purpose rental dwellings and market rental dwellings (NHP, 2016, p. 66).

In practice, social housing in Slovenia is provided primarily in the form of non-profit rental housing and is administered by municipal housing funds or specialised non-profit housing organisations. The main objective is to ensure housing access for low- and middle-income households, giving priority to groups at higher risk of vulnerability, including families with children, unemployed persons, young people, and persons with disabilities (Ziemann, 2024).

The current national fiscal policy document is for the period 2025-2028, and it introduces an explicit definition of affordable rental housing, describing it as housing "rented out in perpetuity to legally defined beneficiaries at a rent that covers the costs of providing, financing, managing and maintaining the housing units” (Republic of Slovenia, 2024a, p. 34). This follows the idea that non-profit and public rental housing in Slovenia should recover cost instead of generating profit, linking this with a long-term financial sustainability concept. Non-profit rental housing fulfils an explicitly social function; it is allocated through public calls on the basis of a priority list, and tenancy agreements are generally concluded for an indefinite period, although landlords are entitled to reassess tenants’ eligibility at regular intervals, typically every five years. The Housing Act and related regulations also provide for special-purpose rental housing, mainly for elderly tenants who are largely independent but need occasional assistance. These units are adapted for easier access, with features such as no-step entry, larger bathrooms and ground-floor layouts. They may also include services such as laundry, cleaning, healthcare support and emergency assistance.

7.4 Housing supply and prices

7.4.1 Historical trends and key drivers

Due to housing privatisation and high homeownership rates, effective housing costs are relatively low in Slovenia. The private rental market is underdeveloped and, in many occasions, informal. The spatial planning and permitting system hampers higher levels of construction. After the GFC, mortgage lending became more restricted, but still the housing prices continued to increase and reached their peak in 2022. Since 2022, interest rate has increased which led to a gradual decrease of housing prices (Ziemann, 2024).

One of the main drivers of housing demand is the high level of tourism. In 2019, Slovenian tourism reached record highs for the sixth year in a row, with more than one million international visitors in 2019, with 2.2 million overnight stays. For comparison, there were 400,000 visitors in Ljubljana in 2010.

Ljubljana has the largest rental housing market, with 38% of all rental housing units in Slovenia. Since 2015, the number of dwellings in long-term rental has decreased, and this is mostly due to a more profitable short-term rental option through online platforms such as Airbnb. This led to a decrease in long-term rental in Ljubljana of 1% over the period between 2011 and 2018.

There were 1,614 active Airbnb listings in June 2019 in Ljubljana (Obrč & Kerbler, 2021), but only 134 were registered as official accommodation providers. Thus, 92% of the Airbnb listings were unregistered. As confirmed by 65% of the property owners, main reason for offering short-term rather than long-term rentals is the higher earnings. Around 50% of the owners would rent their properties long-term if the earnings were the same as the short-term, however, 33% state they would require some form of government support to ensure that the tenants pay the rent on time. On the other hand, around 50% of the property owners that rent their apartments on a long-term base, state that they would not be willing to rent their properties short-term.

Data on rental prices show that the average market rent in Ljubljana was €10 per m^2 (Obrč & Kerbler, 2021). Although Obrč and Kerbler (2021) do not establish that Airbnb was solely responsible for the increase in rental prices, their findings suggest that it may have contributed by reducing the number of long-term rental units available in the market.

7.4.2 Housing construction and limitations

Rising construction and financing costs have further worsened the challenge of housing affordability. One of the main factors behind this issue is the rapid increase in housing prices, which have grown at a rate more than five % higher than income growth (Ziemann, 2024).

In 2019, the annual construction turnover reached €10.8 billion, a 22.4% increase compared to 2017. Most of this growth came from the architecture and manufacturing subsectors, followed by construction activities (ECSO, 2019a). During the same period, the construction cost index rose by nearly 10%, mainly due to higher labour costs and material prices (ECSO, 2019a). Construction costs continued to rise in 2022, increasing by 14.4% compared to 2021, largely due to a 21.8% increase in material costs and a 7.3% rise in labour costs (FIEC, 2025).

The construction industry employed 73,045 workers in December 2022, a 7.8% increase compared to 2021. Due to a shortage of labour, foreign workers made up a significant part of the workforce, reaching 46.3% in 2022. The Slovenian construction sector has faced strong demand for labour in recent years, while the shortage of skilled workers has remained a concern. This has contributed to higher labour costs (FIEC, 2025).

Housing construction is also affected by the slow and costly process of obtaining construction permits. Although the number of building permits increased in 2023 compared with previous years, this was still not enough to meet demand for new residential units. Rising construction costs and high occupational entry barriers create additional pressure on housing supply (Ziemann, 2024). The permitting process is one of the clearer bottlenecks. According to the World Bank's 2020 Doing Business index, Slovenia ranked low in the category of "Dealing with construction permits", with the average process taking 247.5 days (World Bank, 2020). Delays were also worsened by a national strike of public administration workers, which lasted several months and included offices responsible for construction permits (Božičko, 2024; European Federation of Public Service Unions, 2024). This affected the development of new projects and may have caused financial losses for construction companies (Slovenia Times, 2024). The full effect of these delays should become clearer in the 2024 annual building permit statistics, which will be available in 2025.

It is interesting that between 2010 and 2019, the construction of housing increased from 10,002 to 15,554 units, and the construction permits increased from 3,902 to 6,154. However, most of these were non-residential building permits which increased by a staggering 250%, while residential buildings actually decreased by 10%, from 2,870 to 2,572. This led to a decrease in housing output of 46.3%, from 6,355 to 3,415 (ECSO, 2019a). The largest overall increase of housing units was recorded in municipalities on the outskirts of large cities (SiStat, 2021).

In 2022, the total number of construction permits issued decreased by 6% compared with 2021. Permits for non-residential buildings dropped by 15%, while permits for residential buildings increased by 5%. The construction sector was projected to grow by 10% in 2023 and in the following years, mainly due to public investment (FIEC, 2025). Investment in new housing units in 2023 accounted for 3.2% of GDP, below the EU average of 5.9%. At the same time, the number of building permits for multi-apartment buildings increased by 6.7% from 2022, which may point to higher housing investment in the coming years.

7.4.3 Housing prices

The Slovenian housing market has recently shown a strong demand followed by low supply of housing at the same time. According to the national housing market survey, real estate prices continued to rise, despite a fall in transaction volumes. This reflects long-term weaknesses in construction and planning policy over the past three decades (SMARS, 2023). Residential property prices increased sharply in 2022, rising by 14.7% compared to 2021, with newly built houses growing by 7.2% and existing units by 15.5% (FIEC, 2025). Price growth slowed in 2023, with an overall increase of 7.1%, down from 14.7% the previous year (FIEC, 2025; PHFCL, 2025). Ljubljana experienced the smallest growth at 2.2%, while family houses recorded the highest national increase at 10.1%. Between 2015 and 2025, the housing prices increased by 109% (NHP 26-35, 2025).

Despite rising prices, transaction volumes have declined, as seen in Table 9 below. Nationally, the number of transactions fell by 24% in 2023, with Ljubljana experiencing a 20.6% decrease. Newly built apartments were most affected, with sales declining by 43.1%. Approximately 8,000 apartments and 5,500 houses were sold nationally in 2023, while parking spaces and garages were the only property types to record an increase. Rising interest rates have contributed significantly to the reduction in housing demand, particularly for construction land, which fell by up to 40% between 2021 and 2023 (SMARS, 2023). Apartment sales in multi-family buildings declined by 10% compared to 2022 and 28% compared to 2021, while house sales dropped by 30% last year compared to 2022.

Table 9. Number and value of property sales contracts in Slovenia between 2019-2023

	2019	2020	2021	2022	2023
Number of contracts (in thousands)	36.8	32.7	37.9	35.4	28.2
Value of contracts (in billion EUR)	2.9	2.4	3.1	3.0	3.0

Source: SMARS (2023).

Ljubljana remains the most dynamic housing market in Slovenia, both in prices and construction. In 2022, the city recorded 2,200 newly completed residential units, the vast majority being apartments, while houses accounted for only 6% of the total. As of 2023, approximately 1,600 housing units are under construction, with plans for more than 6,500 additional units. As shown in Table 10 below, apartment prices in the capital averaged €3,990 per m^2, while houses averaged €380,000, marking a €20,000 increase from the previous year (Deloitte, 2024; SMARS, 2023). The SMARS notes that “the capital city is the economic, administrative and university centre of the country and is the largest and most developed residential property market in the country. As such, it dictates the trends on the Slovenian property market, which other major cities follow more or less with a delay” (SMARS, 2023, p. 36). In 2023, apartment prices in Ljubljana grew by just 2%, while the city of Koper recorded the highest apartment price growth at 8%.

Table 10. Sample size and median prices for apartments and houses on the secondary market by market analysis area.

ANALYSIS AREA	Apartments - sample size	Apartments - Price in EUR/m² (median)	Houses - Sample size	Houses - Price in € (median)
SLOVENIA	5,243	2,610	2,710	141,000
LJUBLJANA	1,323	3,990	171	380,000
MARIBOR	684	2,130	116	175,000
COAST	302	3,890	90	300,000
NORTHERN SURROUNDINGS OF LJUBLJANA	263	3,270	131	293,000

GORENJSKA REGION	253	2,490	95	219,000
CELJE	238	2,180	62	162,000
KRANJ WITH ITS SURROUNDINGS	224	3,100	62	280,000
KOROŠKA, POHORJE, KOZJAK	156	1,460	78	133,000
SOUTHERN SURROUNDINGS OF LJUBLJANA	149	3,090	126	261,000
SOUTHERN OUTSKIRTS OF MARIBOR	140	1,850	198	140,000
NOVO MESTO WITH ITS SURROUNDINGS	137	2,530	128	99,000
ZASAVJE	136	1,380	54	80,000

Source: Author, based on SMARS (2023).

The availability of construction land in Slovenia remains limited, which is mainly linked to weak spatial planning regulation, underdeveloped utility infrastructure, and taxes connected to construction and property (SMARS, 2023, p. 30). This leads to an increase in land prices and makes housing development more difficult, both nationally and in specific regional markets.

The Slovenian rental market is weakly regulated and rent increases by the landlords are possible at any time. In Ljubljana, the average long-term rent for a 60 m² apartment was around €990 per month, or €16.50 per m², while suburban rents averaged €10.80 per m² (BAZA Realestate, 2023). Information from 2025 indicates that rents in Ljubljana increased to around €18 per m² (NHP 26-35, 2025). As will be further discussed in the interview section, the interview evidence suggests lower rents for some parts of the market, around €15 per m² for market rents in Ljubljana, around €9 per m² for housing under the HFRS, and around €5 per m² for municipal housing provided by MOL. This shows a market in which demand remains high, while supply is still constrained. Prices continue to rise, although at a slower pace, and transaction volumes have declined, especially for newly built apartments and construction land. Ljubljana remains the main centre of both price growth and construction activity. This strengthens regional differences and keeps affordability pressures concentrated in the capital.

7.4.4 Urbanisation

Since the 1980s, the share of Slovenia’s population living in cities has not exceeded 50%, reflecting the country’s relatively low level of urbanisation and strong suburbanisation (MoESP, 2016). At the same time, more than 90% of employed persons worked in urban areas. According to the UN projection cited by MoESP (2016), the share of the urban population was expected to reach around 61% by 2050.

Slovenia's urban development was slower than in the rest of Europe, due to a lack of a strong industrialisation movement in the 19th century. At that time, Slovenia was part of the Austro-Hungarian Empire, with low levels of urbanisation, reaching 13.6% in 1869, around 15% in 1880, and only 17.5% in 1890. Uršić (2012) links this to the earlier settlement structure, which was marked by a small number of dispersed towns and a low level of urban development. Slovenia therefore did not experience a major wave of urbanisation and its peripheral position within the Austro-Hungarian Empire also limited economic development. Foreign capital was directed mainly to selected industrial branches in different regions, which supported a more decentralised pattern of development (Uršić, 2012).

After the Second World War, Slovenia underwent rapid industrialisation under the socialist regime, which gradually contributed to increased urbanisation. Nevertheless, the level of urbanisation remained lower than in most Western European countries, despite Slovenia being the most economically developed republic within Yugoslavia and having the highest standard of living. Urban growth during this period was characterised primarily by dispersed suburbanisation rather than compact city development. Population growth was concentrated in areas surrounding larger cities, with 63% of the population living within a two-kilometre radius of a local urban centre and an additional 15% within a five-kilometre radius. Detached houses became the dominant housing form in these areas, while multi-apartment buildings declined in relative importance, resulting in lower population densities within cities. This development pattern reduced the capacity of cities to pursue sustainable housing development, as public investment priorities focused largely on improving road accessibility between urban and suburban areas (Uršić, 2012). Dispersed suburbanisation therefore represents a major constraint on the future development of Slovenian cities.

Slovenia is characterised by a distinctive polycentric settlement structure that reflects long-standing political and planning decisions (Uršić, 2012). Although suburbanisation was a defining feature of the socialist period and has continued into the post-socialist era through path-dependent processes, towns have remained the primary centres of economic activity, education, administration, and public services.

Slovenia has 6,035 settlements, and around 90% have fewer than 500 inhabitants, with Ljubljana and Maribor being the only cities with more than 50,000 inhabitants. There are also 59 settlements without permanent residents (MoESP, 2016). Slovenia has 11 urban municipalities. The population is strongly concentrated in and around Ljubljana and Maribor, although most settlements remain small.

Current national policy places increasing emphasis on urban renewal in order to improve the sustainability, attractiveness, and liveability of towns. This approach is based on the principle that "sustainable urban development is thus based on the principle of internal urban development (exploiting degraded, vacant and poorly used sites for development within urban areas) and good functional collaboration and networking with other cities and the surrounding areas" (Republic of Slovenia, 2024b, p. 1).

Overall, Slovenia's low historical levels of urbanisation, combined with long-term suburbanisation and a polycentric settlement pattern, have shaped housing development in ways that continue to influence contemporary challenges. These urbanisation dynamics provide important context for understanding pressures on land use, infrastructure, and the provision of affordable and sustainable housing in Slovenian cities (MoESP, 2016).

7.5 Housing governance and institutions

7.5.1 Overview and governance structure

Slovenia is a unitary state operating with two levels of governance: national governance and 212 municipalities (Ziemann, 2024). The legislative framework and national spatial plans are the responsibility of the national government, primarily the Ministry of the Environment and Spatial Planning, while other relevant ministries may provide input for the framework and plans. Slovenian municipalities are responsible for implementing municipal housing programmes and securing funds to build and maintain social housing programmes (United Nations Economic Commission for Europe [UNECE], 2000). The 2003 Spatial Planning Act introduced a mid-level of planning, the regional level, to ease the coordination between national and local levels, while the amendment of the Act in 2007 removed the regional level planning, hoping for a faster issuance of building permits. The 2017 amendment to the Act reinstated regional level planning, establishing centralised service for spatial information gathering, improving the administration and construction activities (Ziemann, 2024).

In addition, municipalities must also prepare and implement local housing programmes, secure funds for the construction and provision of social housing, and guarantee different types of housing construction and renewal (UNECE, 2000). The municipal assembly must endorse the housing policy in order for it to become municipal policy.

Another important law for municipalities is the Law on Building land, which grants municipalities pre-emption rights to purchase or expropriate land to build social housing (UNECE, 2000).

One of the main recent changes in non-profit housing policy was the adoption of the Act on Amendments to the Housing Act (Zakon o spremembah in dopolnitvah Stanovanjskega zakona) (SZ-1E1) in 2021. Among other changes, the amendment grants the National Housing Fund pre-emption rights to purchase municipal land already designated for non-profit housing construction. The same amendment allows non-profit housing funds to increase rents and borrow larger amounts.

7.5.2 National housing fund

The central institution responsible for implementing national housing policy is the Housing Fund of the Republic of Slovenia (HFRS), which operates under government oversight. The Fund is governed by a supervisory board comprising representatives of the Ministry of Spatial Planning (two members), as well as one representative each from the Ministry of Finance, beneficiaries, and the legal sector. In addition to the national fund, 13 municipal public housing funds operate across Slovenia, implementing housing initiatives at the local level (HFRS, 2021).

The HFRS finances new housing construction and manages part of the existing public housing stock. It also develops pilot projects and offers housing savings schemes. One important rule that ensures sustainability of the service is that each public housing unit sold should be replaced with a new rental dwelling, so that the public rental stock is not reduced (Cirman, 2017). The HFRS works with municipalities and housing cooperatives. The target for 2025 was to build and distribute 500 public rental units, 150 assisted-living units, 50 places in retirement homes, and up to 3,280 public rental dwellings for young families.

Operationally, the HFRS employed 40 staff members as of 31 December 2020 and managed total assets exceeding €400 million (HFRS, 2021). Its funding sources are diversified and include revenues from housing sales, transfers from the state budget, domestic and international grants, issuance of securities, sales of non-operating assets, rental income, and long-term borrowing. By the end of 2020, the Fund managed 3,825 public rental housing units and was in the process of modernising its application and management platforms to improve the efficiency of rental housing administration (HFRS, 2021).

Recent policy documents suggest that the role of the HFRS may be further expanded, particularly in financing housing construction through favourable repayable funding provided via open call for proposals, in addition to its own construction activities (Ministry of Solidarity-Based Future, 2024).

7.5.3 City of Ljubljana

The City of Ljubljana operates within the Slovenian system of local self-government, in which municipalities are responsible for preparing and implementing local housing programmes, securing funds for the construction and maintenance of social housing, and using land-policy instruments such as pre-emption and expropriation rights for social housing development (UNECE, 2000). As an urban municipality[49], Ljubljana also has broader competences than ordinary municipalities in matters of urban development, planning, public utilities, transport, and the coordination of city functions, which are all, in one way or another, relevant to housing provision (Kukovič et al., 2016). At the same time, this autonomy is relative rather than absolute, since municipalities operate within a state-regulated legal and financial framework, and municipal revenues in Slovenia remain strongly dependent on national grants and transfers (OECD, 2026; Kukovič et al., 2016).

Kukovič et al. (2016) also show that municipal responsibilities in housing need to be read carefully across different policy fields. In the field of social-security services, Slovenian municipalities have powers mainly in support and assistance services related to social inclusion and independent living in the community, while housing and care services fall under state responsibility (Kukovič et al., 2016). This may suggest that Ljubljana's local autonomy is stronger in the areas of housing policy, land policy, and urban development, but more limited in the narrower domain of housing-and-care services within the social-security system (UNECE, 2000; Kukovič et al., 2016).

The Public Housing Fund of the City of Ljubljana (Javni stanovanjski sklad Mestne občine Ljubljana, PHFCL) was established in 2002 and has since served as the central institution responsible for implementing the city's housing programme and housing policy (PHFCL, 2023). The PHFCL employs 58 staff members and carries out administrative tasks connected to the allocation of non-profit rental apartments (PHFCL, 2023, 2025). The City Council is the highest decision-making body, while the Urban Municipality of Ljubljana remains the main local authority responsible for housing policy. Most operational housing tasks have been delegated to the PHFCL (PHFCL, 2025).

[49] In the Slovenian context, there are differences between urban municipalities, in which the State does not interfere, and ordinary municipalities (Kukovič et al., 2016).

The PHFCL is responsible for maintaining, renovating and upgrading housing units and apartment buildings, and also promotes energy efficiency in new construction and in the modernisation of the existing housing stock (PHFCL, 2025). Its work is mainly focused on improving access to housing through investment in the construction, renovation and maintenance of non-profit dwellings, as well as selected privately owned dwellings (PHFCL, 2025). Ljubljana's role in housing provision therefore depends on the PHFCL, but also on the municipality's wider responsibilities in local housing programming, social housing provision, land policy and urban development (UNECE, 2000; Kukovič et al., 2016).

7.5.4 Housing as a right in the constitution

In a recent public address, the Minister of Solidarity-Based Future, Simon Maljevac, stated that "housing is a right, not just a commodity" (Ministry of Solidarity-Based Future, 2023c). This statement presents housing as an area in which the state and municipalities should have an active role, rather than leaving provision entirely to the market. It also fits with the broader Slovenian approach to affordable housing provision (Ministry of Solidarity-Based Future, 2023c).

The constitutional framework points in a similar direction. Although the Constitution does not establish an explicit subjective right to housing, it does assign responsibility to the state in this area. Article 78 of the Constitution stipulates that "the state creates opportunities for citizens to acquire suitable housing" (Constitution of the Republic of Slovenia, 1991, Art. 78). As Mežnar and Petrović (2013, p. 103) emphasise, "the Constitution of Slovenia does not contain a right to housing or any other similar right. The only provision concerning housing is enshrined in Article 78, specifying that it is the state's responsibility to create possibilities for the citizens to obtain an appropriate housing." Taken together, the statement from the Minister and the constitutional provision illustrates a governance approach in which housing is framed as a public responsibility, even in the absence of an enforceable individual right.

7.5.5 Housing advocacy

Housing advocacy in Slovenia is present in many forms. The most vocal are the civil society organisations that represent certain population groups that advocate for more equal or stronger rights, as listed below.

In 2019, a public protest took place in Ljubljana against government decisions on certain housing development. The protest, titled "Where will we sleep tomorrow" was led by young people and claimed that the national Housing Fund overpaid for privately owned apartments at market price, which does not work in the interest of reducing Slovenia's housing crisis (Delo, 2019).

Another protest was organised in 2024 by a self-organised citizens' group called Housing Block [Stanovanjski blok], which demanded changes to national housing policy. Their main concerns were the lack of housing options and the need for a more inclusive housing policy, especially towards vulnerable groups such as migrants and families with children, who are the most discriminated population group in the rental market.

There are other examples of housing advocacy transcending Slovenian borders. Three Slovenian organisations are involved in an Interreg project "GEtCoheSive" which aims to test new participatory practices with vulnerable groups. This project ran from April 2023 to March 2026, and aimed to help individuals from different vulnerable groups to build their capacity to participate in decision-making process (Interreg Central Europe, 2024).

The Institute for Housing and Spatial Studies (IŠSP) in Ljubljana was founded by members of Zadrugator which is another organisation that conducts research and advocacy for alternative housing options, such as cooperatives, with the overall goal of improve housing conditions in Slovenia. They are highly active in policy advocacy and the development of policy recommendation. For example, in 2023 they published a comprehensive "Cooperatives housing act proposal" specifying the viability and need for such housing option (IŠSP, 2023).

Another organisation advocating housing as a larger part of urban space is Institute for Spatial Policies, which promoted inclusive housing policies for the most vulnerable and extremely poor households through "Housing for All" project that finished in 2022. This project advocated increased public investments in housing supply and organised advocacy and awareness-raising campaigns (Institute for Spatial Policies, 2022).

Housing advocacy is also present in culture. In 2023, a live theatre play with a title "Living conditions" explored the current housing situation in Slovenia and portrayed various elements of what it means to have or not to have a home. The play shows how the housing market affects various citizens through a vignette-like story-telling, and what is the impact of housing market on individuals. In the second part of the play, the stage follows individuals who compete for a non-profit housing unit. The aim of this play was to raise awareness of how market failure impacts individuals, particularly the young adults in this context, looking beyond statistics and news articles, and trying to convey emotions (Awde, 2024).

7.6 Housing policy plans

7.6.1 National housing programme 2015-2025

The National Housing Programme (NHP) for the period between 2015-2025 was the central national housing policy document, setting out policies for affordable housing provision, housing-market regulation and improvements in citizens' long-term quality of life. It was issued by the Ministry of the Natural Resources and Spatial Planning[50]. The success of the national housing programme's implementation is monitored through indicators, linked to specific measures and activities, as well as to the main objectives.

NHP is a public intervention in the housing sector that is not separated from economic development or development of the society (NHP, 2016). This programme is implemented by all arms of the national government, especially the departments responsible for finance, social affairs, economic development and spatial planning.

The main organisation responsible for its implementation is the HFRS, and local authorities must contribute towards meeting the goals of the programme by adapting their land policies and providing municipal land for public housing construction. Non-governmental and civil society organisations also play an important role in identifying good practice examples in improving housing supply, dealing with migration pressure and life habits (NHP, 2016).

The document states the following: "The state's activities in the field of housing policy in the past period were focused primarily on the area of social transfers to ensure housing security for citizens, while the economic and spatial impact of housing policy was neglected" (NHP, 2016, p. 5). This signals that future Slovenian housing policies will focus more on the supply-side subsidies to increase the affordable housing fund.

One of the NHP's aims is to contribute to fulfilling the responsibility set out in the Article 78 of the Slovenian Constitution, under which the state creates opportunities for citizens to obtain suitable housing. The document also focuses on the need to aid vulnerable groups, mainly addressing the housing need of young people and the elderly (NHP, 2016).

The NHP recognises that the rental accommodation is often the first step towards independent housing for young people, and increasing the supply of rental housing is the focus for that target group. This will be addressed both by activating existing housing stock and constructing new housing stock. Measures for the elderly aim to offer a higher quality of health (and other) care along with social integration, considering their respective financial resources.

[50] In 2016 when the NHP 2015-2025 was published, the Ministry was titled as "Ministry for Environment and Spatial Planning"

Main challenges and objectives

The main challenges identified in the NHP are shortages of housing in areas where demand is highest; shortages of rental housing for vulnerable groups; a high share of privately owned housing in poor physical condition; an ageing housing stock with poor energy performance; limited private-sector interest in investing in housing construction in the public interest; a tax and regulatory framework that does not support an efficient housing supply system; and low population mobility.

There are four main policy objectives of the housing programme 2015-2025:

1. a balanced supply of suitable housing,
2. easier access to housing,
3. high-quality and functional housing and
4. greater housing mobility of the population.

With respect to housing supply, NHP identifies the activation of vacant apartments as a top priority for expanding the available housing stock. It also emphasises the importance of appropriate land and tax policy frameworks to stimulate private investment in affordable housing. Finally, the NHP sets a long-term objective to increase the construction of both privately owned and affordable rental housing units. Additionally, it highlights the need for greater development and regulation of the private rental sector, particularly through enhanced oversight of illegal tenancy arrangements, which not only undermine tenant security but also reduce potential tax revenues for local authorities (NHP, 2016).

A specific objective of the NHP is aiding vulnerable groups in providing housing, including people experiencing homelessness. The NHP estimates a need for 800 temporary housing units in Slovenia for this purpose, highlighting the necessity to provide them in cities where the demand is highest. The funds for these temporary units should be secured from initiatives such as European Social Fund (NHP, 2016).

Alongside supply-side measures, the NHP also outlines demand-side interventions, such as housing allowances. It describes housing allowances as financial instruments designed to increase the capacity of low-income households to afford adequate housing (NHP, 2016).

As previously noted, about 70% of Slovenia's housing stock is over 30 years old and in need of renovation. Renovation, compared to new construction, generally requires less spatial intervention. Similar to measures for vulnerable groups, the NHP proposes the use of European funding to support these renovation efforts (NHP, 2016).

7.6.2 National Housing Programme 2026-2035

The NHP 26-35 continues on the work from the previous NHP, with a focus on specific supply-side measures to increase housing supply. One of the novelties of the NHP 26-35 is the introduction of a new term "affordable" housing, which will be priced above the current non-profit housing and below the market rental price. Moreover, the plan introduces an umbrella term "non-market" housing, which includes "public rental housing and other rental housing owned by public housing actors and units owned by the Real Estate Fund for Pension and Disability Insurance" (NHP 26-35, 2025, p. 22).

The NHP 2026-2035 contains five main goals:

1. Improve access to housing by providing different housing solutions,
2. increase the supply of public rental apartments in key demand locations,
3. ensure that new and existing housing stock is used for housing,
4. improve the quality of housing for all generations, and
5. implement housing policy as one of the fundamental national policies.

The NHP 26-35 also aims to dedicate a national level task force to monitor the realisation of the goals. The key implementing bodies for the NHP are the HFRS and SID bank. While HFRS had this role before, the SID bank is a new institution, mandated to ensure financing of the public rental housing programmes.

The main activities foreseen in the NHP 26-35 include measures that improve the financing system for construction of public rental housing, provision of public rental housing in regions with the highest need, provision of land in suitable locations, improving the competence of the public housing providers, improving efficiency of construction, improving tenants' position in the public rental sector, and designing and implementing "affordable" housing system as a new sector. Additional activities listed in the NHP 2026-2035 include measures to activate empty dwellings, better understanding of the housing market, better regulation of the rental market, renovation of private and public rental fund, establishment of a centre for housing policy and strengthening of the housing policy research.

Since the NHP is still in the public consultation phase, at the time of writing of this thesis, and the implementation action plan is foreseen in the second half of 2026, the measures listed in the NHP 26-35 will not be used in the comparative analysis.

7.6.3 National Strategy for Preventing and Ending Homelessness

The "Strategy for Preventing and Ending Homelessness in Slovenia 2025-2035"[51] represents the first Slovenian national-level document dedicated to addressing homelessness (MLFSA, 2024). Its central premise is that ending and preventing homelessness is best achieved through the adequate provision of affordable housing. The strategy aligns with the NHP 2015-2025 and the Strategy for Deinstitutionalization in Social Care 2024-2034, as well as other national frameworks, including the National Programme for Illicit Drugs 2023-2030, which promotes the Housing First approach. This is also the first strategy to define homelessness in Slovenia, guided by the ETHOS typology, encompassing roofless, houseless, people in insecure accommodation, and people in inadequate accommodation. Measuring and monitoring homelessness is highlighted as crucial for assessing the success of interventions. Civil society organisations are identified as the key service providers, while the state remains the main source of funding. The overarching aim is to end homelessness by securing unconditional access to housing for all, regardless of material or legal capacity. All Slovenian ministries have declared their commitment to the strategy, including MLFSA, the Ministry of Health, the Ministry of Education, the Ministry of the Interior, the Ministry of Justice, the Ministry of Cohesion and Regional Development, and the Ministry of Public Administration (MLFSA, 2024).

The strategy proposes three main approaches, following the Declaration of the European Platform for Combatting Homelessness: housing-oriented support, integrated support, and personalised support (MLFSA, 2024). Housing-oriented support treats housing as the main long-term solution, as reflected in the Housing First model, and emphasises simpler access, less bureaucracy, user participation in designing solutions, and a shift from institutional responses towards community-based support (MLFSA, 2024). Integrated support combines housing with social, health, and employment services, while personalised support aims to adapt assistance to individual needs and circumstances (MLFSA, 2024).

Implementation is organised around nine priority areas: securing sufficient affordable housing, preventing homelessness, facilitating transitions from institutional settings, implementing Housing First, reducing time spent in temporary accommodation, ensuring continuous person-oriented support, improving service quality, addressing excluded and

[51] The strategy was released for public consultation, though its current adoption status remains unclear at the end of 2025

vulnerable groups, and strengthening monitoring and research (MLFSA, 2024). Progress is measured through a set of indicators and targets presented in Table 11 (MLFSA, 2024). These include reserving 30% of all newly built non-profit rental housing for tenants who are not required to pay a down payment, allocating 30 apartments per year to Housing First, increasing professional staff in homelessness programmes, and expanding the number of programmes addressing homelessness (MLFSA, 2024).

Table 11. Indicators and targets for homelessness policy at the national level in Slovenia.

Indicator	**Target by 2035**
Increase in non-profit rental housing	30% of all new built non-profit rental housing will be for tenants who are not required to pay the down payment
Housing First apartments	30 apartments per year will be intended for Housing First
Increase in professional staff in homelessness programmes	100 additional employees per year
Increase in programmes addressing homelessness	16 additional programmes

Source: MLFSA (2024).

7.6.4 Ljubljana housing policy (PHFCL)

The current housing policy programme of the City of Ljubljana covers the period from 2023 to 2026. It is administered by the Public Housing Fund of the City of Ljubljana (PHFCL) and is structured around two primary objectives. The first is to increase the supply of non-profit rental housing through the construction of new housing units. The second is to ensure that these dwellings are allocated to households in housing need. The policy document highlights that housing policy must be integral component of a broader policy reform to improve quality of life in Ljubljana (PHFCL, 2023b).

Along with constructing new housing units, the PHFCL (2023b) aims to secure alternative investment mechanisms, such as the purchase of older or newly built housing, including those that need extensive renovation. Beyond the direct provision of non-profit housing, the Municipality of Ljubljana also aims to create favourable conditions for all forms of housing development. To this end, the 2023-2026 housing programme emphasises active land policy measures designed to support efficient and coordinated land development. The programme further envisages the establishment of a housing cooperative as an alternative housing model. In terms of financing, PHFCL intends to combine national funding sources with European funds to support the implementation of these measures (PHFCL, 2023b). As a general principle, PHFCL does not sell municipal housing units. Sales are permitted only in exceptional cases where continued maintenance of a dwelling is deemed financially unsustainable (PHFCL, 2023b).

7.7 Main housing measures

7.7.1 Supply-side measures

Main measures implemented by the HFRS

This section follows the priority areas defined in the NHP 2015-2025 and focuses on measures implemented by the HFRS.

Activating existing housing stock

There are two main objectives of this policy initiative. The first is to reform existing legislation in order to strengthen security of tenure in the private rental sector. These measures focus on eviction procedures, including faster procedures, the use of commercial insurance to cover eviction-related risks and costs, and sufficient time for tenants to find alternative accommodation if eviction takes place. The second objective is to create a public rental agency within the HFRS. This agency would stand between private owners and tenants and would help improve access to affordable rental housing, especially for young people, families and vulnerable groups. It would manage and maintain dwellings for private owners. In return, owners would receive rental income, tax relief and fewer administrative obligations. The HFRS would offer these dwellings at affordable rents and remove the existing requirement for tenants to have permanent residence in the municipality. Taken together, these measures were designed to expand the supply of rental housing and address unmet housing needs.

Increase of public rental housing construction

This measure focuses on increasing investment in public rental housing through direct construction and other forms of housing production. It aims to reduce the housing deficit by delivering 480 new public rental housing units through a combination of new construction, renovation and repurposing of existing dwellings, and the purchase of apartments for conversion into public rental housing (Ministry of Solidarity-Based Future, 2023a). As stated by the Republic of Slovenia (2025, p. 3), “one of the key conditions is the creation of an adequate, stable and predictable model of financing public housing construction, which enables long-term planning and development of new housing projects.” The Housing Act amendment further enables the free transfer of state or municipal land and the establishment of free building rights for public or non-profit housing providers, provided the land is used for public rental housing projects. This provision removes a significant cost barrier and contributes to shorter project timelines.

This policy package primarily targets young families and socially vulnerable groups, including families with multiple children, households with limited employment opportunities, persons with disabilities and their families, as well as long-term workers who are homeless or living in substandard rental arrangements. It also includes victims of domestic violence, individuals recognised as victims of war violence, and applicants considered important to the local community due to their profession or activities (Ministry of Solidarity-Based Future, 2023a).

Public rental housing reform

The purpose of this measure is to change the public rental housing system in Slovenia by giving housing funds stronger financial capacity and by adjusting the rules for public rental housing. The reform would then allow housing funds to borrow more and would revise rent levels so that the system can become more financially sustainable. It plans to build 5,000 additional public rental housing units and to activate 2,000 vacant apartments that are currently not in use (Ministry of Solidarity-Based Future, 2023a).

Its main purpose is to provide housing funds with more stable funding conditions, because current limited financing and existing regulatory constraints have restricted their ability to provide more public rental housing. According to the implementation index, the reform is expected to be completed by June 2026. Measures related to investment conditions are scheduled for completion by the end of 2025 (Ministry of Solidarity-Based Future, 2023a).

Improving rent calculation methodology

This measure aims at a reform in the way the public rents are calculated. Before 2021, public rents were set administratively and did not include the location of the apartment, although location can strongly affect the value of a dwelling (NHP, 2016). This created a problem for the financial sustainability of the public rental housing system, especially when rents were set too low because maintenance costs were higher than the income from rent. In 2021, Slovenia introduced a new rent calculation method which sets the maximum allowable non-profit rent and includes the value and characteristics of the dwelling, its location, tenant income and relevant subsidies. Non-profit rent is calculated by multiplying the value of the apartment by the annual non-profit rental rate and dividing the result by twelve months (Republic of Slovenia, 2021).

Housing renovation

As indicated earlier, more than 70% of Slovenia's buildings are older than 30 years, making renovation an important policy issue and a potential housing affordability constraint. The problem is especially visible in multi-apartment buildings, where ownership is divided among many owners. Policy measures therefore focus on loans for building owners, but in a way that should not expose individual owners to insolvency. The measures also include support for households affected by energy poverty, including a €5 million grant financed through EU cohesion policy (NHP, 2016, pp. 58-59). Funding for this measure comes from the energy efficiency contribution, cohesion funds, the Rural Development Programme, the Climate Fund, Integrated Territorial Investments, and financial instruments provided by the European Investment Bank and other investors (NHP, 2016, p. 59).

Construction of new housing in high-demand areas

This measure focuses on the construction of new public rental housing in areas with the greatest demonstrated housing need. This is to be done through priority development areas for housing supply, known as "Priority Development Areas for Housing Supply" (PROSO). These areas are intended to guide where new public housing should be built and to concentrate development in locations with the highest need (NHP, 2016, p. 60). At least 60% of all new public housing developments must be located within PROSO areas.

Public rental management service

This measure aims to establish a rental management service as part of the HFRS's services, intended to activate privately owned vacant dwellings. Owners would keep ownership of the dwelling, but the service would manage it for a medium- or long-term period. The service would choose tenants, collect rent, organise maintenance and enforce contracts. The dwellings would then be sublet at below-market rents. The aim is to bring more vacant dwellings into affordable rental use, reduce informal renting and make participation less risky for private landlords.

Rental housing for young people by HFRS

The NHP 2015-2025 focuses particularly on young people and young families, who are recognised as facing persistent difficulties in accessing both rental housing and homeownership. Thus, the rental housing is understood as a stepping stone and an initial tenure. This measure group is comprised of new affordable rental supply, financial support and smaller pilot projects. The HFRS supports the construction of smaller rental units, housing communities and co-living arrangements, and these tenure forms are especially sensitive to changes in the specific needs of this group, such as providing more flexible tenure arrangements in the early stages of independent living. This set of measures also has demand-side potential, since it provides mortgage guarantee schemes to facilitate access to mortgage finance on more favourable terms than those available on the market. It also contains options to allow tenants to progress from renting to ownership. One example is renting with the option of later purchasing he dwelling at a price reduced by the amount already amortised. If a public rental apartment is sold under this model, the HFRS must replace it with a newly constructed or acquired public rental unit, so that the net effect on public rental stock is not changed. A working group for youth housing was established in 2016 within the National Housing Programme, comprised of representatives of the Youth Office, the Youth Council of Slovenia, the Student Organisation of Slovenia, the Community of Municipalities of Slovenia, the Association of Municipalities of Slovenia and the Association of Urban Municipalities of Slovenia. Its task was to prepare and test pilot projects that could later inform youth housing policy (NHP, 2016).

One of these pilots was the programme Najem za mlade (Rental for Youth). It included three rental apartments, two owned by the Housing Fund of the Republic of Slovenia and one owned by the Municipality of Idrija. The programme was small, but it was used to test cooperation between institutions, allocation rules and rent-setting principles for youth-oriented public rental housing.

There was also a larger pilot in the Youth Community Gerbičeva. It was developed by the HFRS, and it was aimed at young people aged 18 to 29, combining individual rental units with shared facilities. The project includes 109 rental apartments and 171 beds. Rent depends on household size. A single-person apartment rent is around €250 per month, while the maintenance cost is around €70. In two-person apartments, the rent is around €160 per person, with additional costs of €50 per person. In three-person apartments, the rent is around €150 per person, also with additional costs of €50 per person. Tenants also have access to shared spaces and common amenities. The project is located in a relatively central part of Ljubljana, with car and bicycle parking and good access to public transport. For this reason, it can be seen as one of the more important youth housing projects within the national housing policy framework (HFRS, 2024, 2025).

Housing for the elderly by the HFRS

In addressing the housing needs of Slovenia's growing elderly population, the NHP includes several measures. It supports cohabitation and living communities for seniors, as well as accessible housing located close to day centres and care facilities. When new housing for the elderly is built, it must also meet architectural and energy-efficiency standards. The NHP also supports public-private partnerships for the development of affordable rental units adapted for elderly people. It also allows seniors to exchange their homes for secure public tenancies through life annuity agreements managed by public housing funds.

Dedicated apartments for individuals with special needs

This measure provides dedicated apartments for individuals with special housing needs, and is implemented jointly by national and local housing funds. An investment of €18 million is allocated to the measure, with the aim of constructing around 800 housing units. These dwellings are intended to be a temporary housing solution for households experiencing severe hardship. Their design is sensitive to specific architectural and functional requirements, to make them easily accessible and suitable for a diverse group of residents.

7.7.2 Taxation of housing and real estate

Taxation of housing and real estate is treated as a cross-cutting housing policy instrument, rather than a supply or demand-side measure. Exceptionally high homeownership rates make property taxation politically sensitive, and attempts to modernise housing taxation have so far produced limited results. As Ziemann (2024) notes, "recurrent residential property taxes are considered among the most efficient taxes, and they can stabilise housing markets, address inequality, and fund local governance, thereby fostering urban development and infrastructure" (p. 19). Nevertheless, in countries with very high homeownership rates, such as Slovenia, property taxation remains politically unpopular.

In Slovenia, the "property tax" applies to housing units as well as to garages and holiday homes. The tax base is determined according to a set of characteristics, including the size and use of the property, while tax rates vary according to the property's value and type. However, owner-occupied housing units with a floor area of less than 160 m^2 are exempt from taxation. Business premises are also exempt, as are cultural and historical monuments and agricultural buildings.

Given these extensive exemptions, particularly for owner-occupied housing, revenues from property taxation remain limited, amounting to approximately 0.5% of GDP, reflecting the marginal fiscal role of property taxation at the national level. This is represented in Figure 12 below.

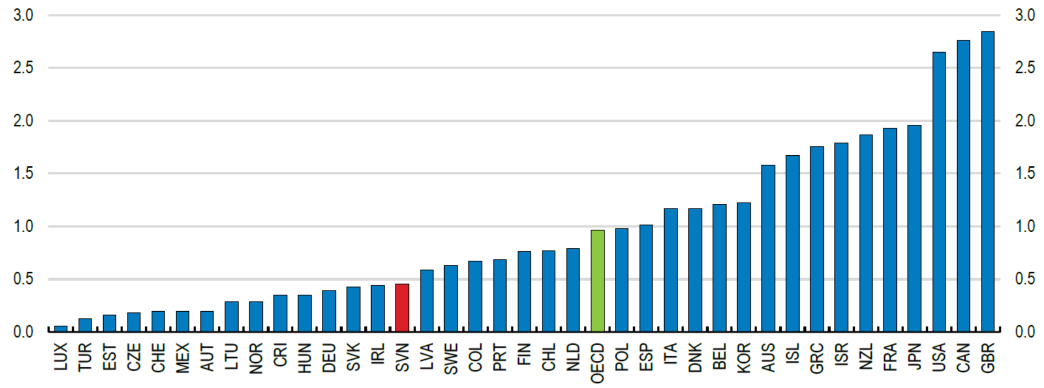


Figure 12. Revenues from recurrent taxes on immovable property across OECD countries as a percentage of GDP, 2022. Source: Ziemann (2024)

In addition to recurrent property taxation, Slovenia applies a capital gains tax on the sale of secondary homes: "the sale of secondary homes is taxed at 25% if held less than five years, with a reduced rate of 20% after five years, 15% after a holding period of ten years and a total exemption after 15 years" (Ziemann, 2024, p. 22).

Rental income is subject to different taxation regimes depending on the type and duration of rental. Property owners renting dwellings on a short-term basis, defined as no longer than five months per year, may choose between two taxation options. Under the first option, rental income is taxed as part of personal income. Under the second option, rental income is taxed at a flat rate of 20%, with taxable revenue capped at €40,000. In this second model, the tax base is calculated as the difference between rental income and costs, with deductible costs capped at 80% of income. Different models are described in parallel in Table 12 below. The calculation in Table 12 assumes gross rental income of €10,000 and personal income (excluding rental income) of €30,000. Under Option 2, deductible costs are capped at 80% of rental income. Moreover, under Option 1, deductible costs are insurance (€500), electricity and maintenance cost (€600) and social security (€400).

Table 12. Illustrative calculation of rental income taxation options in Slovenia. Example: For gross rental income of €10,000 with actual expenses for house insurance (€500), electricity and maintenance (€600) and social security (€400). The tax computation under the two options is as follows:

	Option 1	Option 2
Rental income	€10,000	€10,000
Deductible costs	€1,500	€8,000
Taxable rental income	€8,500	€2,000

Tax rate*	25%	20%
Tax liability	€2,125	€400
Effective tax rate*	21.25%	4%
**assuming personal income other than rental of €30,000.*		

Source: Author, adapted from Ziemann (2024)

Slovenia also applies a municipal-level tax known as the "charge for the use of building land", which applies to building land regardless of whether it is developed or vacant. This charge is calculated on the basis of several factors, including land use, urban characteristics, and spatial planning provisions, and it constitutes an important source of municipal revenue.

At the end of 2024, the Slovenian Government approved the concept of a residential property tax with a proposed tax rate of 1.45%. The objective of this measure is to "encourage landlords to adopt more rational ownership and use of property, rent out properties based on formal tenancy agreements and declare the actual rental income received to the tax authorities" (Republic of Slovenia, 2024c, p. 1). The proposed tax would not apply to the first property used for permanent residence. In addition, property owners renting dwellings on a long-term basis would benefit from a 25% reduction in taxable rental income. The projected annual revenue from this tax is estimated at €600 million, with one of the intended uses being a reduction in labour taxation.

7.7.3 Main measures implemented by the city of Ljubljana

Public rental housing provision

The construction of new non-profit rental housing represents a central priority of the Ljubljana Housing Programme 2023-2026. The PHFCL aims to expand available public rental housing with new construction. Housing units are planned as energy-efficient, high-quality, and universally accessible, reflecting sustainability and social inclusion objectives.

By retaining ownership of newly constructed units rather than selling them, the municipality ensures long-term affordability and prevents the erosion of the public rental stock. This approach contrasts with time-limited affordability models and reinforces the stabilising role of public housing within the local housing market.

Public rental housing allocation

Documentation concerning the allocation of public housing units, specifically the most recent public call issued in September 2023, was made available to the researcher by PHFCL in 2025 through email correspondence. In September 2023, PHFCL offered 200 apartments in a tender, which were rented out based on a priority list. Of the 200 housing units in the tender, 135 units were intended for tenants exempt from both down payment and participation fees, while 65 units were allocated to tenants required to provide a down payment and participation fee. The down payment is a refundable financial contribution, earning 2% interest, and amounts to 10% of the non-profit apartment's value (e.g., approximately €7,500 for a 55 m² apartment in Ljubljana).

Among these 200 apartments, 20 were adapted for wheelchair users, 10 were designated for persons with sensory impairments, and 30 are intended for single occupants due to apartment size. For a standard 55 m² apartment, the non-profit rent is €290. Table 13 presents the apartment area allocated per household size.

Table 13. Eligible heated floor area of apartments by household size and subsidy conditions.

Number of household members	**Heated area of the apartment without payment, own participations and guarantees - List A**	**Heated area of the apartment with payment, own participations and guarantees - List B**
1-member	from 20 m2 to 30 m2	from 20 m2 to 45 m2
2-member	over 30 m2 to 45 m2	over 30 m2 to 55 m2
3-member	over 45 m2 to 55 m2	over 45 m2 to 70 m2
4-member	over 55 m2 to 65 m2	over 55 m2 to 82 m2
5-member	over 65 m2 to 75 m2	over 65 m2 to 95 m2
6-member	over 75 m2 to 85 m2	over 75 m2 to 105 m2

Source: Author, based on PHFCL (2023a)

General eligibility requires applicants to be citizens of the Republic of Slovenia or another EU country (subject to reciprocity) and to hold permanent residence in the City of Ljubljana at the time of the call. Priority is given to victims of domestic violence temporarily accommodated in shelters, persons who use wheelchairs or require permanent assistance, and tenants of PHFCL-owned units in the Vrhnika area who maintain permanent residence in Ljubljana. The income condition states that eligible applicants' income must not exceed €1,318.64, the average net monthly salary in 2022.

Depending on the income test, applicants are categorised according to List A (those not required to pay a down payment) and List B (those requested to pay down payment). The income levels are shown in Table 14.

Table 14. Income limits for housing allocation by household size.

	LIST A		LIST B	
Household size	%	net income threshold	%	net income threshold
1-member	90	up to €1,186.78	from 90 to 200	from €1,186.79 to €2,637.28
2-member	135	up to €1,780.16	from 135 to 250	from €1,780.17 to €3,296.60 €
3-member	165	up to €2,175.76	from 165 to 315	from €2,175.77 to €4,153.72 €
4-member	195	up to €2,571.35	from 195 to 370	from €2,571.36 to €4,878.97 €
5-member	225	up to €2,966.94	from 225 to 425	from €2,966.95 to €5,604.22
6-member	255	up to €3,362.53	from 255 to 470	from €3,362.54 to €6,197.61

Source: Author, based on PHFCL (2023a).

Additionally, if the applicant or a close member of the household is already a tenant of a non-profit apartment, they are not eligible to apply to the tender.

The call prioritises young households, families with a large number of children, disabled people and families with a disabled member, and victims of domestic violence. Additional priority is given to holders of university degrees, disabled and physically impaired and living in unsuitable area, applicants with longer work experience (13 years for men, 12 for women), applicants who are on the priority list and have applied twice (and have satisfied the tender conditions) in the past and did not receive a placement, etc.

Public rental housing renovation

Renovation of the existing non-profit housing stock represents a key measure to improve affordability of existing stock. As stated earlier, a significant share of PHFCL-owned housing was constructed several decades ago and no longer meets current standards in terms of functionality, energy performance, and long-term suitability for use. For this reason, the programme places particular emphasis on renovation, especially energy renovation, as a means of maintaining the usability of these dwellings within the public rental sector.

Public-Private Partnership

One measure for increasing housing provision is the shared-ownership purchase model. This model was already in place before the 2023-2026 programme and continues under the current programme. Within this partnership, PHFCL participates by co-purchasing up to 40% of a suitable housing unit, for a partnership term of up to 15 years. During this period, the possession lies with the private partner, who pays a fee for the partnership, which is comparable to non-profit rents. After the contracts end, the household may purchase the public share of the apartment. The public tender for participation in the shared ownership model is open until the allocated financial resources are exhausted, ensuring ongoing opportunities for households to benefit from this innovative approach to affordable housing.

Cooperative housing

The city of Ljubljana also supports cooperative housing as a housing alternative. MOL has a leading role in a project called Za stanovanjske zadruge (For housing cooperatives), aimed at advancing innovative housing solutions in Slovenia through its active promotion and implementation of the pilot housing cooperative project, which is a part of the Active Citizens Fund. This pilot project aims to establish cooperative housing as a viable alternative within the Slovenian housing sector (PHFCL, 2023b). PHFCL also works with civil society organisations and housing cooperatives, including Zadrugator. The aim is to test new community-based housing models and increase the supply of affordable rental housing. These models also give residents a stronger role in ownership and management. Although the project has been recognised as good practice, its development has been slowed by limited public funding and by the need for a clearer legislative and policy framework (PHFCL, 2023b).

Short-term rental restriction

The main aim of regulating short-term rental is to reduce its use for tourist accommodation. The current Slovenian legislation does not clearly separate short-term from long-term rental. This makes housing policy less effective in high-demand areas such as Ljubljana. The COVID-19 pandemic highlighted this issue: although short-term tourist rental activity declined significantly, this did not lead to a noticeable increase in the supply of long-term rental housing. This suggests that owners were not willing to shift from short-term to long-term rent. PHFCL therefore argues that stronger regulation is required to reduce this shift towards short-term rental. Currently, short-term rentals are regulated under the Hospitality Act, which falls under the jurisdiction of the Government of the Republic of Slovenia. PHFCL argues that municipalities should have more authority in this area, since they are closer to local housing markets and can better judge where short-term rentals create pressure on housing supply (PHFCL, 2023b, p. 21).

Youth housing programme

The PHFCL allocates dedicated rental dwellings to young people through periodic public calls. Under the third public call, published in September 2022, 60 dwellings were to be allocated to young individuals, young couples and young families; 26 beneficiaries received dwellings in 2023, while the remaining allocations were planned for 2024 (PHFCL, 2023b).

Assisted housing for the elderly

This measure is designed to provide assisted housing for elderly residents aged 65 and over. Eligibility is limited to Slovenian or other European Union citizens with permanent residence in the City of Ljubljana and a health condition that permits independent living with organised assistance. Applicants must also not own property exceeding 40% of the prescribed value of a suitable dwelling. The measure addresses both affordability and housing adequacy by offering regulated rental housing tailored to the needs of elderly residents. In addition, the measure offers the possibility of purchasing an apartment from the public housing fund through a life annuity agreement, which enables elderly homeowners to exchange their property for a public rental apartment.

Temporary rental housing

In addition, PHFCL provides temporary rental housing units (*bivalne enote*), which are rented for a fixed period and are intended for individuals and families experiencing sudden housing distress. Eligibility is not limited to Slovenian nationals. Applicants must have permanent residence in the City of Ljubljana, a household income below 40% of the threshold for access to non-profit rental housing, and must not own or co-own residential property. Sudden housing distress may include an unexpected deterioration of housing conditions or other urgent circumstances. Due to the limited availability of these units, waiting times can extend up to four years. Table 15 presents the waiting list and estimated waiting time for social housing units by household size.

Table 15. Waiting list and estimated waiting time for social housing units by household size.

Number of household members	Number of applicants waiting for a housing unit	Approximate waiting time for allocation of a housing unit (in years)
1 member	165	more than 4
2 members	33	4
3 members	19	3
4 members	4	1
5 members	5	1
9 members	1	1
Total	227	

Source: Author, based on PHFCL (2023b).

Housing unit exchange

It is also important to note that PHFCL applies a system of apartment exchanges to prevent evictions, by offering cheaper housing units to tenants in financial distress. The main aim of this system is to maintain tenancies and thus avoid homelessness while promoting residential mobility.

Renovation and maintenance by PHFCL

The City of Ljubljana administers public tenders that support the renovation and maintenance of multi-apartment buildings through preferential loans. These favourable loans are also available to private owners, with priority given to applicants who are addressing their housing needs or seeking to improve their housing conditions. Approved housing loans for reconstruction and maintenance are presented in Table 16.

Table 16. Approved housing loans for reconstruction and maintenance, 2013-2022.

Year	Approved loans
2013	4
2014	6
2015	8
2016	1
2017	/
2018	/
2019	3
2020	/
2021	/
2022	2
TOTAL	24

Source: Author, based on PHFCL (2023b).

7.7.4 Demand-side measures

Housing allowances

Housing allowances in Slovenia are provided by both national and local institutions and follow a uniform calculation method. Since 2008, these allowances have also been available to tenants in market rental apartments under the same conditions as tenants in non-profit rental housing. Eligibility for market rental tenants requires prior application for non-profit rental housing and compliance with general eligibility criteria, with the condition that the applicant did not receive a non-profit dwelling due to limited supply. Applications for housing allowances are submitted through local social work centres (Ministry of Labour, Family, Social Affairs and Equal Opportunities, 2024).

The right to a housing allowance applies to households that do not have sufficient resources to cover rental costs, whose income falls below a defined threshold, and who do not own residential property. Housing allowances in Slovenia are non-taxable but means-tested (OECD, 2020). Eligible tenants include those living in non-profit rental housing, purpose-built rental apartments, residential units, market rental apartments, and rented houses (Ministry of Solidarity-Based Future, 2023b).

For non-profit rental housing, the subsidy may amount up to 85% of the recognised non-profit rent. It is calculated as the difference between the non-profit rent and the beneficiary's income, reduced by the minimum income threshold and by 30% of the beneficiary's income (complete formula provided in Appendix 1). For market rental housing, the subsidy is calculated using the following method: "The subsidy for the payment of market rent is determined in the amount of the difference between the recognized non-profit rent (non-profit part), increased by the difference between the recognized market rent and the recognized non-profit rent (market part) and the established income, reduced by the minimum income and by 30% of the established income" (Ministry of Solidarity-Based Future, 2023b, p. 1).

Beneficiaries of market rent subsidies must be included on the priority list from the most recent public tender for the allocation of non-profit housing. This arrangement ensures that households eligible for non-profit rental housing who are not allocated a dwelling due to supply constraints receive equivalent financial support. Eligibility thresholds vary according to household size and composition (see Table 17 below).

Table 17. Limit of housing allowance according to household.

Household size	Upper limit of HB per month (in EUR)
1 member	85
2 members	125
3 members	152
4 members	180
5 members	208
6 members	235

Source: OECD (2020).

The Ministry of Labour, Family, Social Affairs and Equal Opportunities issues informational brochures on social rights (*Vodnik po socialnih pravicah*) to inform citizens about eligibility criteria and application procedures (MLFSA, 2025). According to these guidelines, applicants must have applied for non-profit housing and not been selected, or must not have resided in the municipality in question within the previous year. Applicants must also not own a dwelling and must fall below the relevant income threshold. Eligible applicants are required to contact the relevant social work centre and submit a copy of their tenancy agreement to be considered for housing allowance support.

Since 2012, the MLFSA has been responsible for housing allowances. Under the existing arrangement, subsidies for non-profit rental housing are financed by municipalities, whereas subsidies for market rental housing are financed by the state. Beginning in May 2025, the Government of Slovenia proposed reversing this financing arrangement by assigning responsibility for market rent subsidies to municipalities and for non-profit rent subsidies to MLFSA. The intended goal of this reform is to incentivise municipalities to develop additional non-profit housing (Republic of Slovenia, 2025).

Resources for subsidising market rents are allocated from the state budget. Operationally, funds are collected from municipal budgets throughout the year. Following the end of the calendar year, amounts disbursed as subsidies are reimbursed to municipalities from the state budget upon request (Združenje občin Slovenije, 2025).

7.8 Housing policies for selected vulnerable groups

Since specific measures addressing certain vulnerable groups, especially young people, elderly and persons experiencing homelessness were already addressed in the supply and demand-side policy sections, this section does not list the specific policies for vulnerable groups.

7.9 Housing affordability and quality indicators

7.9.1 Housing cost overburden rate for all households and low-income households

The housing expenditure-to-income rate captures the share of a household's income that is spent on housing. When this ratio exceeds 30%, households may experience housing affordability constraints; when it exceeds 40%, households are considered overburdened by housing costs. In practical terms, the indicator approximates the proportion of the population that struggles to meet housing-related expenses.

Housing costs include rent and mortgage payments, as well as mandatory charges such as repairs, maintenance, utilities, and taxes, measured as a share of households' disposable income (OECD, 2024c). Housing cost burdens are generally highest among households in the lowest income quintile. Across most OECD countries, low-income tenants typically spend around 20-40% of their disposable income on housing costs.

According to the SiStat (2024a) and Eurostat (2026h), the cost overburden rate in 2024 was 3.8% and 3.5% in 2025. Comparing data from 2005 to 2025, Slovenia reached its peak housing cost overburden rate in 2014, when 6.4% of the population was affected; since then, the rate has gradually declined. Over the same period, Slovenia remained below the EU 27 average, which was 11.5% in 2014. Among the lowest-income population (first quintile), the overburden rate is 15% in 2025 (Eurostat, 2026g). The long-term trend is shown in Figure 13 below.

This improvement in housing affordability is partly associated with economic recovery following the economic crisis that started in 2014, alongside rising disposable incomes. Given that disposable income growth exceeded the EU average[52], income growth has likely been a key driver of the observed recovery (Eurostat, 2024a; SiStat, 2024a). Together with the broader EU trend of lower mortgage interest rates and Slovenia's generous national housing allowance scheme, these developments contributed to increased housing affordability.

[52] In 2022, it increased by 10% and in 2023 8.1% nationally, compared to EU average of 6.3% and 6.6% respectively

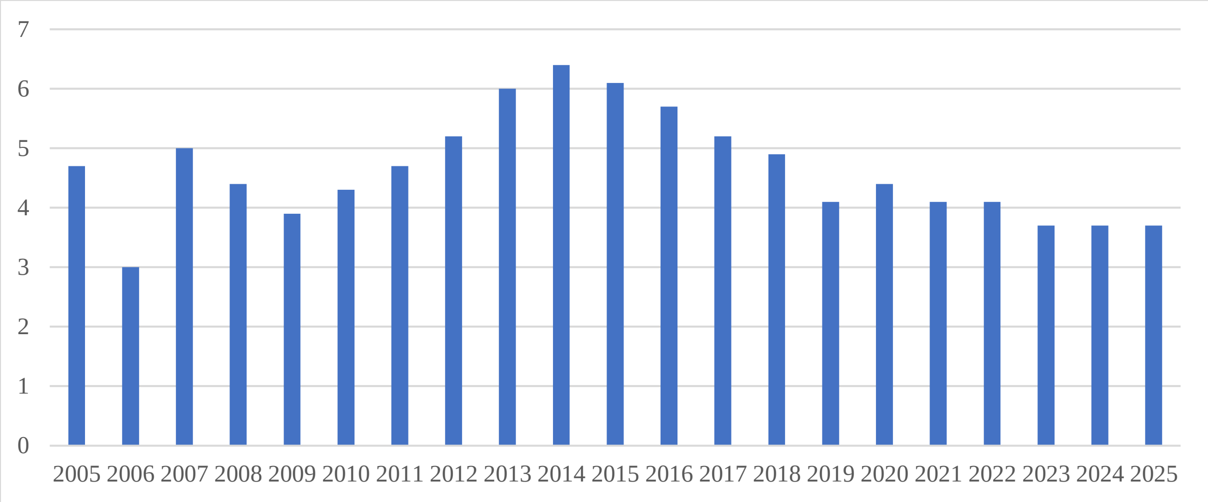


Figure 13. Population in housing cost overburden in Slovenia between 2005 and 2025 (in %). Source: Eurostat (2026h).

To compare household overburden rates meaningfully, it is necessary to distinguish between four tenure groups which are tenants at market-rate rent, tenants at below-market (affordable) rent, and homeowners with, and without a mortgage. Housing costs are generally higher for tenants than for homeowners, as illustrated in Figure 14 below, where tenants paying market prices record the highest overburden rate.

The share of young people between 25 and 34 who live with their parents is very high. For example, in 2024, 78.1% lived with their parents, which is substantially above the EU average of 60.4%. This is an increase from 75.7% in 2023 (Eurostat, 2026r).

Across household types, single-person households experience the highest overburden rate at 15.2%, while households with three or more adults show the lowest rate at 0.6% (Eurostat, 2026f). For tenants, rent accounts for 16.1% of disposable income on average; however, it is highest among single-person households aged over 65, reaching 22.8% in 2024 (Eurostat, 2026q). Annual household expenditure on housing-related costs also varies considerably by household type. In 2022, expenditure was highest among one-person households, particularly pensioners, while households consisting of two adults and two dependent children recorded the lowest expenditure (SiStat, 2024b).

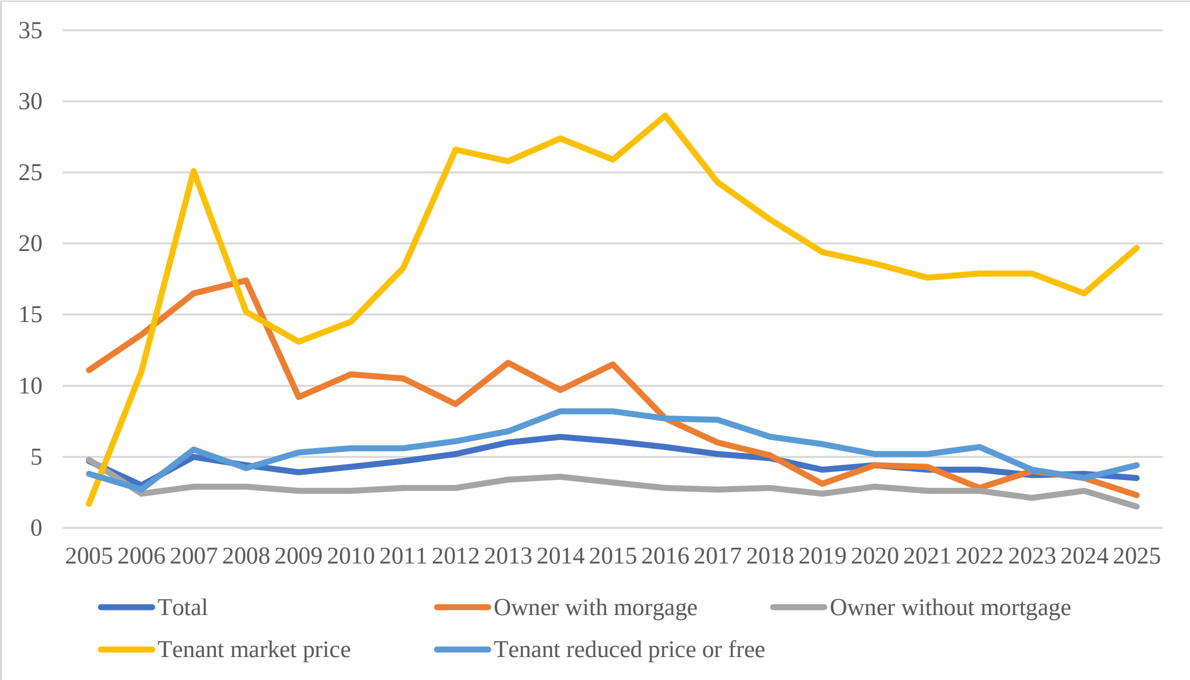
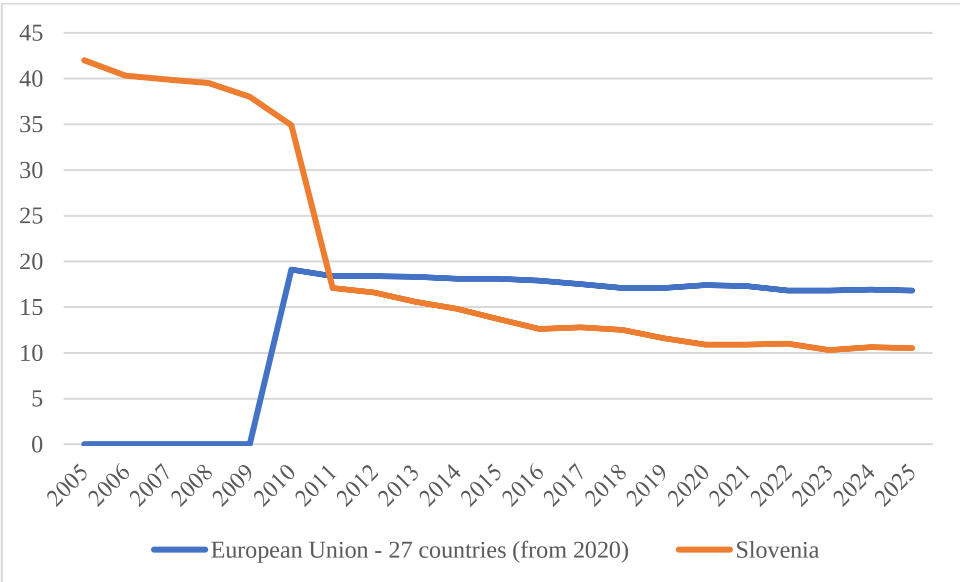


Figure 14. Housing cost overburden rate in Slovenia by tenure type between 2005 and 2025, in percentage. Source: Eurostat (2026h).

7.9.2 Overcrowding rate

Data on the overcrowding rate in Slovenia should be compared with caution across the pre- and post-2011 period, as the apparent structural break[53] (a sudden decrease in the overcrowding rate) reflects a methodological change in the weighting of tenure statuses.



[53] Data prior to 2011 are weighted against the 2002 census and therefore are not directly comparable with data from 2011 onwards, accordingly, pre-2011 data are not used in the comparison

Figure 15. Overcrowding rate in Slovenia in total population, in percentage. Source: Eurostat (2026l)

In 2011, 17.1% of Slovenians lived in overcrowded conditions, with tenants at market price being the most affected group at 51.3%. Over time, the overcrowding rate declined, and in 2023, 10.3% of Slovenians lived in overcrowded conditions; again, tenants at market prices recorded the highest overcrowding rate at 33% (SiStat, 2024e). Data from Eurostat (2026l) presented in Figure 15, show similar logic of the continuous decline in overcrowding rates between 2011 and 2025. Given Slovenia's high share of homeowners, the overall national housing cost overburden rate can obscure the extent of housing cost pressures faced by tenants (Ziemann, 2024). The average household size in Slovenia is 2,4 persons in 2024 and has not been changed since 2022 (Eurostat, 2026a).

By family composition in 2023, households with dependent children show a higher overcrowding rate (14.8%) than households without children (5.4%). Households with three or more dependent children record the highest overcrowding rate at 26.2%. Although the dataset does not provide data for Ljubljana, it does include the Osrednjeslovenska region where Ljubljana is located. In this region, 17.4% of the population lived in overcrowded conditions in 2011, slightly above the national average of 17.11%. By 2023, 10% of the population lived in overcrowded conditions, which is slightly below the average if 10.3% (SiStat, 2024d). Figure 16 shows overcrowding rate in Slovenia per tenure status between 2005 and 2025.

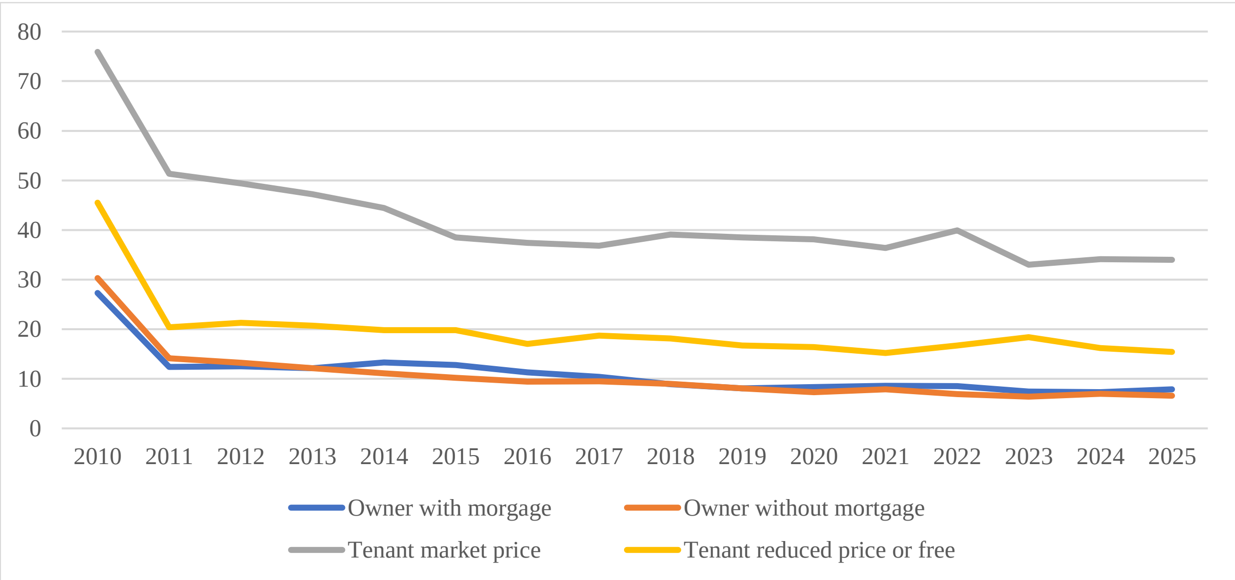


Figure 16. Overcrowding rate in Slovenia per tenure status, in percentage. Source: Eurostat (2026m)

7.9.3 House price-to-income indicators

Developments in the housing price-to-income ratio indicate that housing became progressively less affordable in the period prior to the GFC, while affordability improved in the years that followed. However, during the COVID-19 period, affordability deteriorated again, as the housing price-to-income index increased rapidly (Ziemann, 2024).

Eurostat measures "standardised house price-to-income ratio", which is defined as "the ratio of the current price to income ratio relative to the long-term average price-to-income ratio" (Eurostat, 2026s, p. 1). If the ratio equals 100 it means it equals the average[54]. In 2024, it was 116.32 in Slovenia, which is an increase from 114.58 in 2023. This suggests that housing affordability deteriorated over as a result of house prices outpacing income growth since 2015. Slovenian HAI before 2010 was 138 and after 149, which means that average earners do not have an issue getting mortgage (Biljanovska et al., 2023). According to Deloitte (2025), purchasing a standardised 70 m^2 dwelling in Slovenia required 6.9 gross annual salaries in 2024. Among the three selected cases, this represents the lowest price-to-income burden according to this specific indicator.

7.9.4 Housing quality and living conditions

Housing quality in Slovenia has improved over time, as reflected in indicators on basic infrastructure in occupied dwellings. The share of residents lacking basic amenities (such as an indoor bathroom, toilet, electricity, water, or heating) declined from 15.5% in 2011 to 14.1% in 2018 (SiStat, 2024c).

Overall, housing quality and living conditions in Slovenia are high, particularly in comparison with neighbouring countries. However, relative to some Western European countries, energy consumption in residential buildings remains comparatively high, largely due to an older housing stock. Buildings with high insulation standards are more energy efficient, which reduces energy consumption and, consequently, housing costs for households (Ziemann, 2024).

Investment in energy efficiency improvements also requires amounts that many households cannot finance, and this includes both homeowners and to landlords, who may have

[54] in this case it means it equals the level of 2015.

limited incentives to undertake energy-efficiency upgrades, because tenants pay the energy cost anyway (Ziemann, 2024).

7.9.5 Housing standard

The standard of housing in Slovenia, particularly in terms of size, has improved over time. Newly constructed dwellings tend to provide more rooms. For example, while only 30% of housing units built in 1970 had four or more rooms, this share increased to 60% for units built in 2018. The average living space per person in Slovenia is 29.6 m².

According to the 2021 census, which includes newly built housing units constructed between 2011 and 2021, the average useful floor space was 131 m² for family houses and 63 m² for apartments (Statistical Office, 2021). Of these newly built units, 87% are owned by natural persons, while the public sector owns 5%. In 2019, Slovenia was among the countries with the highest proportion of homeowners without a mortgage, but it also reported considerable problems with damp foundations and/or rotting window frames (Eurofound, 2023).

The Statistics office of the Republic of Slovenia uses the following indicators to measure housing standards: average useful floor space of dwellings, average useful floor space of occupied dwellings, average useful floor space per occupant, average number of occupants per dwelling, share of dwellings with three or more rooms, share of new dwellings built after 2005, share of occupied dwellings without all basic facilities, and share of occupied dwellings with less than 10m2 of useful floor space per occupant.

In 2021, average useful floor space was 83 m2 in Slovenia overall, and 70.1 m2 in Ljubljana. Average useful floor space per household member was 29.6 m2 in Slovenia and 27.8 m2 in Ljubljana. Average household size was 2.9 members in Slovenia and 2.6 in Ljubljana. The share of occupied dwellings without all basic facilities was 3.9% in Slovenia and 4.3% in Ljubljana. The share of occupied dwellings with less than 10 m2 of useful floor space per household member was 3.1% nationally, while Ljubljana recorded 4.3%.

The relatively low housing standard in Slovenia is linked to historical developments following World War II (Sendi, 2013). The first formal definition of housing standards in Slovenia dates to 1973 and covered three tenures: rental dwellings, privately owned dwellings, and single-family housing construction. During the socialist period, housing was built at low cost, which contributed to smaller apartment sizes and close adherence to regulations, including specifications on furnishings. Dwelling area criteria for the allocation of non-profit rental housing are shown in Table 18.

Table 18. Dwelling area criteria for allocation of non-for-profit rented housing.

Household size	Dwelling size (m²)	Max. average usable floor area per person (m²)
1-person	20-30	30.0
2-person	30-45	22.5
3-person	45-55	18.3
4-person	55-65	16.3
5-person	65-75	15.0
6-person	75-85	14.1

Source: Sendi (2013).

Certain reasons for this regulation were to minimise construction costs, since larger housing units require more land and therefore entail higher land costs. Sendi (2013, p. 119) concludes that "minimising housing space thus reduces the final price of the dwelling to a level that enables the developer to sell the dwelling more easily." Another possible explanation is limited awareness of what constitutes an adequate dwelling size, given that many residents had not experienced housing standards higher than those prescribed during the socialist era. This interpretation is supported by a 2007 survey, which found that most Slovenians living in small apartments did not perceive their housing units as small and were generally satisfied with their living conditions (Sendi, 2013).

This points to path dependence between political decisions made during the socialist period and modern housing standards: "The historical background thus continues to have a strong influence on maintaining inappropriate housing standards" (Sendi, 2013, p. 120). Although low housing standards were often attributed to Slovenians' limited purchasing power at the time, Sendi (2013) argues that this served as an excuse and that the underlying drivers were the conservative attitudes of politicians and experts. This argument is reinforced by Sendi's claim that, despite a substantial increase in purchasing power in Slovenia between 1991 and 2008, housing standards remained unchanged: "The maintenance of low housing standards is a deliberate policy that thrives on exploiting the dire situation of a large proportion of the population that have no alternative but to accept whatever is available. This especially concerns the substandard criteria for allocating council housing presented above" (Sendi, 2013, p. 120).

7.10 Interview results

The previous section presented the case of Slovenia in terms of achievements and limitations of affordable housing provision. This section builds on the previous comparative analysis by presenting findings from the semi-structured interviews with key experts from Slovenia, who provide additional insight into the determinants of housing provision after market liberalisation and help contextualise the policy developments identified in the earlier analysis.

Determinants of housing provision after market liberalisation

All experts agreed that the mass privatisation of the public housing stock enabled many households to become homeowners, but left later generations without the same opportunity, leaving them to face greater affordability challenges. As Expert 3 (SI) observed: "*Those who missed privatisation now face serious housing market challenges, while the legal responsibility for ensuring housing has shifted to municipalities operating on the principle of solidarity.*"

Experts identified several structural determinants of the current affordability deficit: scarce land available for housing construction, an unproductive taxation regime, limited investment in public housing supply, and uneven institutional capacity. Expert 1 (SI) highlighted the foundational prerequisites: "*The basic things must be in order first, namely available land and productive tax policy, in order to be able to produce housing. HFRS currently has around 2,000 apartments in the pipeline, but in the future, more housing production will depend on stronger initiative from local governments to organise land for construction, while the construction sector itself remains under-capacitated."* This contributed to the current shortage of affordable housing stock: "*Ljubljana currently has around 4,500 public housing units, but we need another 3,000 to 4,000 units to meet demand.*" (Expert 3 SI).

All experts further agreed that the lack of regulation in the rental market and specifically a deficient taxation system are key structural constraints on affordable housing provision.

"*Currently, long-term rental is taxed at 27%, while short-term rental is taxed at 4%, and that is catastrophic for the rental market*." Expert 3 (SI)

Experts 2 and 3 (SI) shared the opinion that the constitution adopted after market liberalisation had an impact on how affordable housing provision was organised in Slovenia.

"*The constitution is a good foundation in terms that the right to housing is partly recognised, but it can be interpreted in many different ways. It does not concretely address that affordable housing must be provided, but that conditions must be in place.*" Expert 2 (SI)

All interviewees argued that the current affordable housing provision in Slovenia depends heavily on the relationship between national and municipal housing institutions. Expert 1 (SI) highlighted that "*HFRS operates through three main channels: investment in its own projects, partnership projects with municipalities, and the purchase of land and apartments in areas where costs are lower than in major cities such as Ljubljana.*"

Housing Affordability Measures and Social Rental Provision

Experts broadly agreed that the current system of investment in affordable rental housing was producing positive results. Expert 3 (SI) illustrated the financial outlook of the current progress: "*The housing fund of Ljubljana borrows through the state fund and ministries at low interest rates of around 0.5 to 1%, which is far below commercial bank conditions. As a result of good operations, annual revenue is expected to rise from €22.6 million to around €52 million, while direct funding rises from €6.2 million in one year to €13.5 million in the next.*"

Experts further emphasised that affordable rental housing was the most important measure for increasing housing affordability, since it directly decreased the housing cost, compared to the market conditions. Expert 3 (SI) provided a concrete comparison: "*The rent in Ljubljana's public housing is around €5 per* m^2*, compared with around €7 to €9 per* m^2 *at the national level, and a 55* m^2 *apartment would cost roughly €250 to €300 per month.*"

All experts agreed that affordable rental housing should be further expanded, as it is seen in the Slovenian context as one of the most important parts of social infrastructure.

"*Affordable housing must remain a public service, like public transport. This is especially important because essential workers such as police officers, teachers, retail workers, and healthcare staff must be able to live in the city.*" Expert 3 (SI)

All experts confirmed that housing allowances were an important part of Slovenia's housing affordability framework, although they emphasised different reasons why. Expert 1 (SI) highlighted the intergovernmental incentive structure, which was embedded in the system: "*The state pays rent allowances for social rental apartments, while municipalities pay for households who qualify for social rental housing but live in market rental accommodation. This arrangement creates an incentive for municipalities to build more social rental housing and to prepare land more effectively for construction.*"

Expert 2 (SI) presented the strongest defence of housing allowances as a necessary instrument, arguing that "*Even social housing would be unaffordable for many without housing allowances.*" Expert 2 (SI) also argued that allowances did not significantly increase rents in Slovenia because rental housing remains a small tenure sector and the number of recipients is still limited.

Expert 3 (SI) was more precise regarding the distribution: "*Housing allowances can cover up to 85% of rent. Roughly one third of Ljubljana housing fund tenants receive allowance, and around 1,100 market-rent subsidies were granted in Ljubljana.*"

The interviews also discussed alternative housing models that were implemented over the past decade. Expert 1 (SI) commented on the former attempt to establish a public rental housing agency in Slovenia, modelled on Luxembourg, and argued that it failed because the Slovenian version did not provide strong enough incentives to private owners. In particular, Expert 1 (SI) noted that the Luxembourg model combined inter-ministerial support with tax incentives of up to 80%, while the Slovenian model did not offer an attractive enough framework for landlords.

Taken together, the experts emphasised that investment in affordable rental housing combined with housing allowances is what distinguishes Slovenia's approach to housing affordability from other post-transition countries in the region.

Reform Priorities and Future Policy Directions

Looking ahead, experts stated that future policy change would primarily occur in the context of European-level developments, particularly emerging housing-related financial instruments that will be available to Member states. Expert 1 (SI) pointed out that access to low-interest finance can only be leveraged if national and local institutions already have ready-made projects and construction land prepared: "*The availability of low-interest finance could have a major effect on affordable housing construction, but only if national and local institutions already have projects prepared and land ready for development. Without policies towards land preparation at the local level and tax reform at the national level, Slovenia will struggle to take full advantage of these opportunities.*"

Furthermore, Experts 1 and 3 (SI) pointed to several forthcoming legislative changes that may affect housing affordability in Ljubljana. These included stronger regulation of short-term rentals, greater municipal control over the growth of short-term rentals, and improvements in tenant protection, inspection, and law enforcement. Both Expert 1 (SI) and Expert 3 (SI) therefore suggested that better local delivery depends on supportive national reforms in taxation, land policy, and rental regulation.

In terms of possible policy developments, experts shared the understanding that housing cooperatives could be a promising but niche solution in Slovenia, as Expert 2 (SI) argues: "*I believe in cooperative housing as a direction for future development. However, better coordination is needed between local and national housing plans".* Expert 2 (SI) also pointed to NGOs, anti-eviction groups, and youth-led initiatives, including "Friends of Youth," as relevant actors in promoting housing affordability and cooperative solutions.

Experts suggested that political will would need to remain present in the future period as it had been so far, as Expert 3 (SI) stated: "*Political will is the most important factor, it is crucial. Without political will, there will be no investments in affordable rental housing.*"

The experts believed that rental market regulation, taxation reform that favours long-term rental over short-term platforms, and the expansion of housing cooperatives represent potentially successful directions for affordable housing provision in Slovenia, with political will identified as the single most decisive condition for their realisation.

7.11 Housing policy outcomes and institutional performance

The expert accounts presented above are further contextualised by available documentary evidence on policy implementation.

7.11.1 National and local housing policy

In 2022, the National Housing Programme (NHP) 2015-2025 underwent an interim audit to assess the effectiveness of housing policy implementation during the period 2015-2021 (Ahčin, 2022). The audit identified several persistent structural problems in housing provision, including a shortage of housing units in high-demand areas, insufficient rental housing supply, a very high rate of private homeownership, and an ageing housing stock with poor energy performance. In addition, low interest from private investors in the construction of public rental housing, inadequate legislative support for the public rental sector, and low population mobility were identified as key systemic constraints (Ahčin, 2022).

The Slovenian Court of Auditors concluded that housing policy implementation during the audited period was ineffective. The audit, however, highlighted that certain measures were successful, such as increased tenancy security, changes to rental policy, selected youth housing schemes and preparatory work for energy renovation of the housing stock.

The results of planned public housing construction were also criticised, as the estimated shortage of around 10,000 units remained unresolved, particularly affecting young families and other vulnerable groups (Ahčin, 2022; Ministry of Labour, Family, Social Affairs and Equal Opportunities, 2024). In 2023, newly delivered public housing covered only 4.3% of assessed needs. This shows a clear gap between planned objectives and actual delivery (Ministry of Labour, Family, Social Affairs and Equal Opportunities, 2024). The main problem was the weak preparation of the regulatory and institutional framework. The HFRS as an institution was assessed to be partly effective in its operational role, but the government and the responsible ministry did not implement several key projects planned under the NHP 2015-2025. The audit recommended regular annual and semi-annual monitoring of housing programme implementation, prepared by the HFRS and submitted to the ministry responsible for housing.

In practice, such monitoring was irregular, and reporting remained fragmented. The audit further recommended that future reports provide more detailed, project-based information to enable meaningful evaluation of policy outcomes. At the local level, the Public Housing Fund of the City of Ljubljana (PHFCL) reports that implementation has largely followed planned activities, with only minor delays in construction. According to the municipality, the main operational constraint remains the lack of stable and predictable funding, which may limit progress towards the national target of 20,000 public rental dwellings. Although Ljubljana accounts for the largest share of this target at the national level, funding uncertainty continues to pose a structural risk. Overall, PHFCL (2025) assesses its performance as successful in terms of delivering non-profit rental housing and administering housing allowances to eligible households.

7.11.2 Supply-side subsidies

Increase of non-profit housing construction

This measure was operationalised in May 2025, when the Slovenian Government adopted two legislative acts that were aimed at increasing the production of public rental housing. The Act on Financing and Promoting the Construction of Public Rental Housing, together with the amendment to the Housing Act, aims to construct 20,000 public rental dwellings by 2035. The programme will receive €100 million annually, and it will be funded through low-interest loans from the Slovenian Export and Development Bank (SID) or directly through the national and local housing funds (Republic of Slovenia, 2025).

These measures are a direct response to perhaps the largest housing-policy issue in Slovenia: the insufficient supply of public rental housing. They also show that earlier instruments did not deliver the expected results. The NHP started from 20,460 publicly owned rental dwellings in 2011 and targeted 25,000 by 2018, 28,700 by 2022, and 33,000 by 2025. By 30 June 2021, however, the number of publicly owned rental dwellings had increased by only 2,748 units, suggesting that implementation remained substantially below the planned trajectory during the audited period (Ahčin, 2022).

The Minister for a Solidarity-Based Future, Simon Maljevac, in his speech described current housing construction in Slovenia as being “in disrepair”, arguing that housing output has lagged behind other EU Member States because the number of households has grown quickly, while the production of affordable housing remains low (Ministry of Solidarity-Based

Future, 2023b). The new legislation presents a move toward a more long-term supply policy direction, aiming to create a financing and construction system that can support steady and reliable public rental housing output. The government has also set a target of around 3,000 affordable housing units per year by 2026. However, this progress so far has been limited.

Another objective of the NHP was to direct new housing construction to areas with the highest demand, known as PROSO areas. The programme expected this to be supported by public-private partnerships and by more active land policy at the local level. However, there was no substantial development of public-private partnerships, and land was not employed for public housing construction. The main result was the methodology for identifying PROSO areas. Even though these areas were not practical in the policy making, the methodology is still one of the more innovative parts of Slovenian national housing policy because it can help target future public housing investment.

Activating empty housing stock

Activating empty housing demands reliable data and reliable records of rental and purchase transactions, ownership data in the real estate register and a central housing database. These conditions were not achieved. Data on ownership remained fragmented and incomplete, including data on publicly owned housing, and as a result, there was no reliable estimate of how many vacant dwellings could realistically be activated. Policy design therefore relied on broad assumptions about the possible effects of bringing vacant housing back into use rather than on reliable data (Ahčin, 2022).

Public rental management service

The attempt to bring privately owned vacant dwellings into non-profit rental use had very limited results. One difficulty was that the authorities did not have reliable information on how many vacant dwellings existed or where they were located, especially in Ljubljana. The financial compensation for the potential landlords was also not attractive enough for many owners. They would receive 1.3 times the non-profit rent, which was still much lower than what they could receive from the market rent in high-demand areas. The three-year rent period was another obstacle, since it did not give owners much long-term security. In this situation, other uses of the property, including short-term rental, remained more appealing.

As a result, only six owners joined the scheme in the whole country, and only one was from Ljubljana, although tenant demand was high. On the tenant side, 244 tenants submitted applications in Ljubljana (Total Slovenia News, 2022). Some stakeholders had from the start warned that the measure would probably fail without tax relief or stronger financial incentives. These proposals were not included in the final version of the measure, and the measure did not contribute significantly to the supply of non-profit rental housing.

Taxation of housing and real estate

Slovenia has several taxes connected to housing and real estate, but their effect on housing affordability and long-term rental supply has remained limited. Recurrent residential property taxation is often seen as an efficient housing policy tool, but in Slovenia its use is restricted and unpopular. Another major issue affecting the overall distribution of rental housing is the difference between the taxation of long-term and short-term rental income. Since 2023, income from long-term rental has generally been taxed at 25%, while income from short-term rental has been subject to an effective tax rate of around 4%. This gives owners a clear financial reason to prefer short-term rental. In high-demand urban areas, this can reduce the supply of long-term rental housing and add further pressure to affordability.

The proposed residential property tax could make taxation a more active part of housing policy. However, previous attempts to introduce broader property taxation faced serious legal and institutional obstacles. The 2013 reform, for example, was rejected by the Constitutional Court, showing how difficult this type of reform is in the Slovenian legal and political context (The Slovenia Times, 2024). Future reforms will therefore depend not only on technical design, but also on political support and constitutional acceptability.

Overall, taxation is a housing policy instrument in Slovenia, but in its current form it does little to encourage the activation of vacant dwellings, expand the long-term rental sector or address the unequal distribution of housing-related wealth.

Youth housing programme

As mentioned earlier, three public tenders were issued under this measure, but the scale of the programme remained very small compared with housing need. The NHP 2015-2025 also required the establishment of a working group for youth housing which met four times and concluded that the interest among young people for non-profit rental housing was lower than expected, even though the dwellings were of good quality and well equipped. After this pilot, no separate long-term housing scheme for young people was developed. This suggests that the measure did not fully match the housing preferences or financial situation of young households. The NHP also planned a rent-to-purchase programme to help younger households access homeownership, but it was not implemented due to a lack of an appropriate legal framework (Ahčin, 2022).

Elderly scheme

The NHP 2015-2025 pilot projects for assisted living communities, housing for the elderly and day-care centres were intended to be financed through public co-financing and co-investment. However, this was not achieved because there was little interest from potential partners and investors. A working group on housing for the elderly was also established, similar to the one for youth housing. It also met four times and included relevant stakeholders. Its task was to define possible housing models and pilot projects, including public-private partnerships for life-annuity apartments. However, the discussions did not lead to implementation of pilot projects, and the monitoring or evaluation system was not established (Ahčin, 2022).

Dedicated housing

The NHP 2015-2025 aimed to construct 800 temporary housing units for the needs of vulnerable groups, but only five furnished apartments were provided through pilot projects. These pilots showed that such housing could be organised, but their scale was far below the target from the programme.

Housing cooperatives

The NHP recognised housing cooperatives as a possible alternative form of rental housing. They were seen as suitable for households that wanted more control over location and housing design. This is because future residents can be involved directly in deciding where the housing will be built and how it will be organised. However, the NHP did not include pilot projects for cooperative housing. A working group on housing cooperatives was established in 2016, which prepared recommendations, including the need for a separate legal framework that would make cooperative housing easier to develop and expand (Ahčin, 2022).

7.11.3 Demand-side subsidies

The NHP proposed several changes to the housing allowance system, including increasing coverage from 85% to 90% of non-profit rent, including dwelling characteristics into rent calculations, limiting eligibility to a maximum of one year, and transferring payment responsibility from municipalities to the responsible ministry. The overall aim was to make the system clearer, more efficient and more uniform across the country (Ahčin, 2022). Most of these aims were achieved. Since 2021, the calculation of non-profit rent and housing allowances has been partly reformed and the new regulation introduced a more detailed calculation, including dwelling size, household composition, disability status and location, with location weighted by up to 30% (Republic of Slovenia, 2021). However, the financing and administration of housing allowances are still divided between national and local authorities, which still creates issues of transparency, especially when housing allowances are linked to the allocation of non-profit rental dwellings (Ahčin, 2022). Housing allowances still apply to both non-profit and market rental housing, and they are one of Slovenia's main tools for reducing housing affordability problems. Their relatively generous design has helped low-income households.

According to data provided by the Ministry of Labour, Family, Social Affairs and Equal Opportunities (MLFSA, personal communication, 2025), housing allowance expenditures have increased steadily over the past five years. This is depicted in Table 19.

Table 19. Annual expenditure on housing allowances, 2020-2024.

Year	2020	2021	2022	2023	2024
Amount in €	19,506,342.78	21,015,332.14	22,589,564.96	24,477,545.44	25,722,838.37

Source: MLFSA (personal communication, 2025)

Total spending rose from €13.75 million in 2015 to €19.51 million in 2020, an increase of 41.8%, and continued to grow to €25.7 million by 2024. Over this period, the composition of subsidies changed significantly. While non-profit rent allowances remained the largest category, their share declined, while market rent subsidies increased sharply. Between 2015 and 2020, expenditure on market rent subsidies rose by 76.7%, reflecting the limited availability of non-profit rental housing and the growing reliance on the private rental sector (Ahčin, 2022).

The number of housing allowance recipients increased by 17% between 2015 and 2020, driven by declining real incomes and a growing share of households unable to afford non-profit rent levels. More recently, demand appears to have stabilised, with a slight decrease of 0.3% in the number of recipients recorded in February 2025 compared to the previous year (MLFSA, personal communication, 2025).

At the local level, the City of Ljubljana recorded a modest decline in housing allowance expenditure in 2024, amounting to €6.07 million, or 2.6% less than in 2023. A total of 2,839 residents received housing allowances, with the majority allocated to tenants in non-profit housing rather than the private rental sector. This is shown in Tables 20 and 21 below. This distribution reflects Ljubljana's comparatively larger public housing stock, but also underscores the continuing dependence on demand-side subsidies in the absence of sufficient expansion of affordable rental supply (PHFCL, 2025).

Table 20. Calculated and disbursed housing allowances, 2021-2024.

	2021	2022	2023	2024	% 24/23
Subsidies for non-profit rent - MOL and JSS MOL	2,070,045	2,720,829	2,967,971	3,211,197	108.2
Subsidies for non-profit rent - other landlords	205,081	293,094	368,352	384,721	104.4
Subsidies for market rents	2,885,992	2,504,921	2,893,566	2,473,007	85.5
Total subsidies	5,161,118	5,518,845	6,229,889	6,068,925	97.4
Emergency assistance for dwelling use	13,743	22,979	32,010	26,506	82.8

Source: Author, based on PHFCL (2025).

Table 21. Number of recipients of housing allowances, 2021-2024.

	2021	2022	2023	2024	% 24/23
Recipients of non-profit rent subsidies in MOL and JSS dwellings	1,527	1,564	1,584	1,605	101.3
Recipients of non-profit rent subsidies - other landlords	151	196	196	196	100.0
Recipients of market rent subsidies	1,188	1,135	1,138	1,038	91.2
Total	2,866	2,895	2,918	2,839	97.3
Recipients of emergency assistance for dwelling use	24	41	37	38	102.7

Source: Author, based on PHFCL (2025).

7.11.4 Cross-cutting governance and monitoring shortcomings of the NHP 2015-2025

Implementation of the NHP 2015-2025 was weakened by poor monitoring and unclear governance, and this affected both the delivery of measures and the assessment of their results. One example was the terminology used in the NHP, since it used inconsistent terms for public rental housing, such as public rental housing, publicly owned rental housing, official housing and publicly owned housing.

This also affected reporting. Ministries and municipalities did not always follow the same definitions, so the data were inconsistent and unreliable. As a result, it was difficult to monitor policy targets or assess housing needs with confidence. The absence of a central register of public rental housing made the problem worse. Data were collected through occasional surveys, roughly every five years, and response rates from municipalities and housing organisations varied. This means that estimates of the public rental housing stock are therefore likely to be imprecise, creating a risk that investment decisions are based on incomplete information.

The governance framework planned by the NHP was also only partly implemented. The programme envisaged a Housing Policy Council as the main body for coordination and oversight. The Council was never established, so its intended role was not fulfilled. The Ministry argued that informal coordination was enough. Still, without a formal body, oversight, strategic direction and accountability were weaker.

Thus, unclear definitions, weak data infrastructure, and the lack of a central coordination body represent structural constraints on housing policy implementation. These cross-cutting shortcomings help explain the persistent gap between policy objectives and outcomes identified throughout this chapter and should be understood as a central factor shaping the overall effectiveness of the NHP 2015-2025.

7.11.5 Vulnerable groups on a national and local level

Within the NHP, the clearest priority is given to young people and the elderly, mainly through rental housing, assisted living solutions, and housing allowances (NHP, 2016; Ahčin, 2022). This suggests that Slovenian housing policy has a solid understanding of the broad groups who are the targets of housing policies.

From an implementation perspective, however, the record remained uneven. The 2022 audit found that implementation of the NHP between 2015 and 2021 was ineffective, despite the formal recognition of vulnerable groups and the emphasis on public rental housing and housing allowances as key instruments of support (Ahčin, 2022).

Another important positive development is the preparation of the Strategy for Preventing and Ending Homelessness in Slovenia 2025-2035, which is the first dedicated national strategy focused specifically on homelessness in Slovenia (MLFSA, 2024). This is a significant step forward, as the strategy not only gives homelessness a much stronger role, but also formally defines homelessness for the first time in Slovenia through the ETHOS typology and frames access to affordable housing as the central route to prevention and exit from homelessness (MLFSA, 2024). In that sense, the dedicated homelessness strategy represents a major conceptual and institutional improvement beyond the earlier NHP framework, even if its practical effects are still too recent to assess.

The Ljubljana case shows that local practice has already responded to a broader range of housing vulnerabilities than those most clearly prioritised at the national level. PHFCL reports increasing demand from several groups, including elderly people, foreign nationals, single-parent households, recipients of disability pensions, people with mental health challenges and workers on minimum wages. Its cooperation with Kralji ulice (Kings of the street) also allows earlier support in cases of rent arrears, social distress, and risk of eviction or homelessness (PHFCL, 2023b). The Slovenian case therefore shows some stronger recognition of vulnerable groups, especially with the new homelessness strategy. However, practical support still depends strongly on local institutions and differs across territories.

7.12 Mechanisms of path dependence

Looking at the findings from the country context and the case data, Slovenia shows a clear sequence of path dependence. Namely, the transition from socialism to capitalism is a critical juncture that set the trajectories for housing institutions and policies to be developed. The mass privatisation of the socially owned housing stock shifted Slovenia towards a homeownership-dominated system. However, housing provision was not left entirely to the market. Instead, the HFRS was established as a central national institution that continued to support public and non-profit housing provision. In that sense, while housing privatisation set the policy path towards homeownership, the development of alternative tenures remained possible.

The main mechanisms through which this path was reinforced were both social and institutional. First, privatisation transferred advantages accumulated under socialism into the new market order, since households that had access to socially allocated dwellings were able to purchase them under favourable conditions, while later cohorts and outsiders were excluded from this opportunity and entered a much more expensive and insecure housing market. Second, the dominance of homeownership became normalised as the tenure of choice, not necessarily because ownership was universally preferred in some abstract sense, but because it functioned as a one-off help measure, in a context of great political and market uncertainty. Third, this tenure structure gradually produced its own institutional lock-in, as the public rental sector remained small, the long-term private rental sector remained weak and partly informal, and municipalities became responsible for affordability problems without having a stable and permanent funding base for construction and maintenance. However, due to the presence of dedicated national and local housing funds, the provision of affordable rental housing does have a significant impact on Slovenian housing provision.

These mechanisms produced several visible outcomes in the Slovenian housing system. Homeownership remains dominant, with 79% of households classified as homeowners in 2021, while public rental housing accounts for only about 30,650 dwellings, or 3.65% of the total housing stock.

The long term-rental market remains underrepresented in housing policy, while the strong presence of more attractive short-term contracts, especially in high demand areas, continue to distort the rental market. The social consequences of this structure are increasingly visible in the difficulties faced by younger and lower-income households, reflected for example in the very high share of young adults living with their parents and in the continuing reliance on housing allowances as a compensatory instrument rather than a substitute for supply expansion. Overall, Slovenia presents a dual form of post-socialist path dependence. On the one hand, housing privatisation locked in homeownership as the dominant tenure logic. On the other hand, the early establishment of the HFRS and national housing policy programmes preserved a stronger institutional basis for later public intervention through policy and investment. However, this institutional basis has not been strong enough to reverse the structural imbalance between homeownership and affordable rental housing.

8 CASE: CROATIA

8.1 Demographic situation and population trends

According to the 2021 census, Croatia's population was 3,871,833 (Croatian Bureau of Statistics [CBS], 2021). Compared with 2011, population decreased by 9.64%, from 4,284,889. In 2021, Croatia's population fell below 4 million for the first time since 1953, as shown in Figure 17 (CBS, 2021).

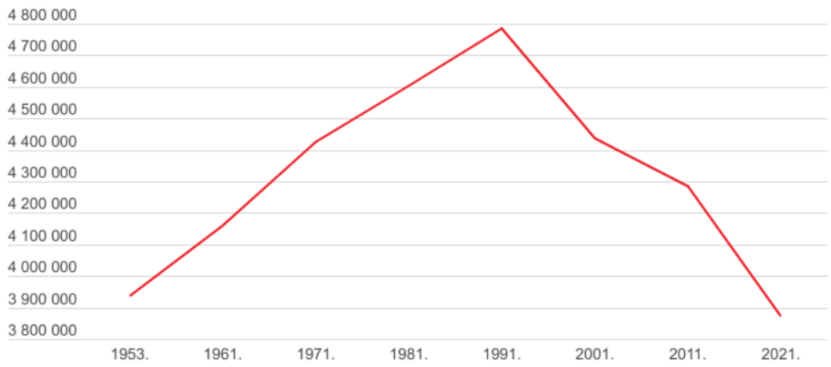


Figure 17. Total population of Croatia by census year, 1953-2021. Source: CBS, 2021

The average household size in Croatia in 2024 is 2.7 and has remained unchanged since 2019 (Eurostat, 2026a). The main reason for this stability is the significant outflow of population to other countries for work (Ministry of Physical Planning, Construction and State Assets [MPPCSA], 2025a). According to the 2021 census, there were 1,435,440 households (CBS, 2021).

Projections for 2030 suggest that Croatia's population will decline further to 3,706,978, representing a 4% decrease compared to 2021 (MPPCSA, 2025a). While the number of households is expected to increase slightly by 0.5%, this growth is primarily influenced by the increase of single-member households and population ageing.

The city of Zagreb had a population of 767,131 in 2021 (CBS, 2021). The demographic structure of the city is characterised by a significant ageing trend. Between the 2011 and 2021 censuses, the total population of Zagreb declined by 2.9%, while the proportion of residents aged 65 and over increased from 17.3% to 20.7% (Žerjav & Ramezani Aghdam, 2025). This elderly population is predominantly concentrated in the central areas of the city (City of Zagreb, 2023). In 2021, Zagreb had 299,792 private households, representing a decline of 1.2% compared with 2011. Over the same period, the number of housing units increased by 2.4%, equivalent to 9,100 units (City of Zagreb, 2023).

8.2 Economic indicators

8.2.1 Macroeconomic context of Croatia

Croatia is among the EU Member States with the lowest income per capita. Despite this, the Croatian economy has maintained a stable growth trajectory, recording the second-highest growth rate in the EU in 2023, with a GDP increase of 2.8% (EC, 2024). GDP growth in 2024 reached 3.9%, while projections for 2025 and 2026 are 3.2% and 2.9%, respectively (EC, 2025c). Significant regional disparities in economic output persist, which, as will be demonstrated in the following section, are reflected in the real estate market and housing affordability.

Government expenditure and the utilization of EU funds for housing reconstruction have been important drivers of this economic growth (EC, 2024; European Mortgage Federation [EMF], 2024). Croatia adopted the euro in 2023, replacing the Croatian kuna (HRK) with the Euro. Although this had a mild overall effect on the general price level, it had a stronger effect on real estate prices, since many buyers decided to invest in real estate instead of exchanging currencies (CNB, 2023; Perković, 2022).

In 2023, Croatia allocated approximately €2.3 million to housing, representing 0.014% of total social protection expenditure according to CBS, or 0.04% using the ESSPROS methodology (CBS, 2025).

8.2.2 Mortgage market and loans

The average mortgage interest rate in Croatia was 3.6% in January 2025, representing a slight decrease compared to 2024[55] (CNB, 2025). Household debt, predominantly composed of mortgage debt, declined slightly from 34% of GDP in 2021 to 30.7% in 2022. Mortgage loans generally range between 70% and 80% of the asset value, with an average maturity of 20 to 30 years (EMF, 2024).

A substantial proportion of Croatian homeowners, approximately 84%, do not hold a mortgage (Eurofound, 2023). The mortgage market is largely operated by foreign commercial banks (EMF, 2024). Housing construction, particularly of multi-apartment buildings, is primarily financed through commercial bank project loans (Žerjav & Ramezani Aghdam, 2025), often combining short-term project financing with revenue generated from pre-sales. The prolonged period of low interest rates in Croatia has contributed to a deterioration in housing affordability (Žerjav & Ramezani Aghdam, 2025).

Currently, both private home acquisitions and residential construction projects are predominantly financed by commercial banks, with the majority of funding directed towards homeownership.

Since July 2025, the Croatian National Bank (CNB) has tightened regulations on consumer lending, including mortgages. Under the new framework, the debt-to-income ratio is

[55] In 2024, the average mortgage interest rate used for comparison was 2.86% (Deloitte, 2025).

capped at 45% for mortgages and 40% for non-housing loans. The loan-to-value (LTV) ratio cannot exceed 90%, and the maximum mortgage term is set at 30 years (CNB, 2025). There are possible exemptions from these restrictions. For example, banks may grant up to 20% of the relevant loan volume above the LTV cap, mostly applicable to housing loans are intended for borrowers addressing their own housing needs, including the purchase of a first or more adequate home.

8.3 Housing provision

8.3.1 Housing stock

According to the 2021 census, Croatia had a total of 2,391,944 housing units, of which 2,028,725 were designated for permanent residential use, 231,488 as holiday homes, 112,530 for commercial purposes, and 19,201 for agricultural use (CBS, 2022). In the City of Zagreb, there were 393,433 housing units, of which 382,926 were dwellings intended for permanent habitation (City of Zagreb, 2023). The average living space per person in Croatia is 29 m² (Eurofound, 2023). With 618 housing units per 1,000 inhabitants, Croatia ranks among the countries with the highest housing unit ratios in both the OECD and the EU (Žerjav & Ramezani Aghdam, 2025).

Housing units in the city of Zagreb are generally smaller than the national average, reflecting the predominance of apartment dwellings. In 2020, the average size of newly constructed apartments in the capital was 74.2 m². Nearly 48% of the housing stock consists of one- and two-room apartments, which frequently accommodate multi-generational households (City of Zagreb, 2023). Approximately 67% of the population lives in detached houses, compared to around 50% in the EU on average (IMF, 2024).

A substantial portion of Croatia's housing stock was constructed between 1971 and 1990. Table 22 presents the distribution of inhabited dwellings by construction period since 1919 (MPPCSA, 2025a). The maintenance of multi-family buildings has also remained a challenge after housing privatisation, as responsibility for the maintenance of the housing stock shifted to private owners and management companies, while insufficient financial and organisational resources remained among the main problems in building maintenance (Svirčić Gotovac et al., 2023). Due to the overall age of the housing stock and insufficient maintenance, the energy performance of buildings in Croatia is relatively poor and generally falls below the EU average (Žerjav & Ramezani Aghdam, 2025).

Table 22. Distribution of inhabited dwellings by construction period since 1919.

prije 1919.	1919. – 1945.	1946. - 1970.	1971. - 1990.	1991. - 2010.	2011. - 2021	nepoznato
58.967	61.718	325.622	512.758	340.604	103.374	30.402

Source: MPPCSA (2025a).

8.3.2 Tenure structure and trends in Croatia and the city of Zagreb

According to the 2021 Census (CBS, 2021), 86.35% of households in Croatia were homeowners, 4.41% were tenants at market rent, 7.83% were tenants with a kinship relationship to the owner, 0.96% held protected tenant status, and 0.45% were categorised as “other.” It is assumed that households in the “other” category primarily reside in social or public rental housing. The rental market in Croatia remains underdeveloped and largely unregulated. Within the EU, Croatia ranks third in homeownership, following Romania and Slovakia (EMF, 2024).

There were 595,280 vacant housing units, representing about 25% of the total housing stock. This was 43% more than in 2011 and 149% more than in the 2001 census (CBS, 2021; MPPCSA, 2025a). Many vacant dwellings are located in rural areas, where population decline has been strongest. Vacancy is also visible in larger cities. In the five largest Croatian cities, an average of 24% of housing units are vacant, with the highest share in Zadar, at 30% (Žerjav & Ramezani Aghdam, 2025).

The NHPP estimates that the actual share of vacant housing may be closer to 40%. It also states that around 40% of the national housing stock is used exclusively for tourism purposes (Žerjav & Ramezani Aghdam, 2025). Tourism is therefore closely connected to the rental market, with more than 67% of tourist accommodation is provided through private rentals. At the same time, Croatia faces a housing gap estimated by the IMF at 232,700 units, or around 16% of the total housing stock (IMF, 2024; MPPCSA, 2025a).

The rental housing sector in Croatia has received limited policy attention for a long time, partly because housing policy has favoured homeownership. As a result, the sector remains small and weakly regulated, with limited security for tenants (Žerjav & Ramezani Aghdam, 2025). Only around 15.8% of rental contracts are officially registered. This contributes to insecure rental conditions. The small size of the rental market also pushes rents upward and increases competition, especially in places where short-term rentals are widespread.

In Zagreb, strong demand for tourist accommodation has resulted in a substantial conversion of rental apartments from long-term to short-term use. This process has reduced the availability of rental housing and further diminished affordability. Consequently, labour mobility in Croatia remains very low, with approximately 5% of the population relocating between 2021 and 2025. Low mobility is largely attributed to homeowners being "locked" into their dwellings due to high housing prices in other areas: "…unaffordability of housing impedes labour mobility, sustainable economic development, and social cohesion" (Žerjav & Ramezani Aghdam, 2025, p. 46).

In 2021, approximately 87% of households in the City of Zagreb either owned the dwelling in which they lived or occupied it on the basis of kinship with the owner or tenant, while around 6% were market-rate tenants (CBS, 2021). Nearly 10% of households belonged to the kinship-based category. In the same year, around 19% of Croatia's total housing stock was located in Zagreb, which contained 10,507 temporarily vacant apartments (City of Zagreb, 2023). As of 2022, the City of Zagreb owned 4,618 apartments and managed an additional 2,191 units. These city-owned apartments are rented at so-called protected rents to households with low financial means, war veterans, former protected tenants, and other groups meeting specific regulatory criteria (City of Zagreb, 2023). However, there is no publicly available information on the spatial distribution of these city-owned apartments, with the exception of those located in Novi Jelkovec and Podbrežje.

8.3.3 Definition of affordable rental housing

The affordable housing sector in Croatia remains marginal and underdeveloped, with homeownership and market-rate rental housing constituting the dominant housing options (Žerjav & Ramezani Aghdam, 2025). The concept of affordable housing was formally defined only recently within the National Housing Policy Plan (*Nacionalni plan stambene politike Republike Hrvatske do 2030.*, NHPP), which specifies that housing is considered affordable when housing costs do not exceed 30% of a household's net income. This definition, however, does not take into account housing quality, location, or household size, thereby limiting its applicability as a comprehensive affordability benchmark.

In the City of Zagreb, housing policy distinguishes between social rental housing and public rental housing, which was formally introduced in 2025. Allocation is based primarily on income thresholds and eligibility criteria. Social rental housing is allocated on the basis of socio-economic status and targets households with incomes below 30% of the average salary in the City of Zagreb, or below 50% in the case of single-person households. For this category, the monthly rent is set at €0.36 per m^2.

Public rental housing applies to households with incomes exceeding the thresholds for social rental housing and is divided into three income-based categories. The first category includes households with incomes below 50%, the second are households with incomes between 50 and 80%, and the third are households with incomes exceeding 80% of the average salary in the city of Zagreb. Monthly rent levels are calculated as a percentage of the household's annual income from the previous year, amounting to 12% for the first category, 16% for the second, and 24% for the third category (City of Zagreb, 2025b).

8.4 Housing supply and prices

8.4.1 Historical trends and key drivers

Housing prices increased rapidly until 2008, when the Croatian real estate market collapsed. After the Global Financial Crisis (GFC), real estate development declined sharply and stagnated for several years. According to the International Monetary Fund (IMF, 2024), employment in the construction sector fell by 36% between 2009 and 2015. By 2025, construction activity had still not returned to pre-crisis levels, which points to a lasting slowdown in housing supply.

Housing prices continued to fall until 2016, when they started to recover, and since 2022, the price increase was faster, which has widened the gap between household incomes and housing costs (MPPCSA, 2025a). Price growth has been strongest in cities and towns with tourism activity and large student populations. This is especially visible along the Croatian coast, where many housing units are used for short-term tourist rental during the summer and remain empty for much of the rest of the year. This reduces the housing available to permanent residents.

Housing demand in Croatia remains strong and is closely linked to tourism, especially in coastal regions and in the City of Zagreb (IMF, 2024; Mikulić et al., 2021). In 2024, 116,961 housing transactions were recorded, which was 0.2% more than in 2022 (Economic Institute, Zagreb [EIZG] & MPPCSA, 2024). A long period of low interest rates after 2015, together with limited growth in housing supply, also supported demand. As a result, housing prices in Zagreb more than doubled between 2015 and 2023. In 2022, around 15% of Croatia's gross fixed capital formation was invested in housing. This was below the European Union average of 26%, which points to lower investment in residential construction (IMF, 2024).

The event of an earthquake in the city of Zagreb, on 22 March 2020 also affected the housing market. It damaged many older housing units located in the city centre, and most of them are also protected as cultural heritage and have architecturally significant facades. This made reconstruction slower and more expensive (City of Zagreb, 2023). The earthquake led to large-scale reconstruction and renovation in Zagreb, and heavily impacted the demand for construction, thus raising construction costs, partly because of shortages of construction workers.

After the COVID-19 pandemic, construction activity in Croatia increased above the European Union average in 2021. It was also supported in 2022 and 2023 by tourism demand, low interest rates and foreign investment. Future growth is expected to be slower, partly because fewer construction permits have been issued in major Croatian cities (IMF, 2024).

8.4.2 Housing construction and limitations

Housing construction in Croatia reached its peak in 2007, after which it started a sharp decline and remained weak until 2015, when a gradual recovery began. In 2020, new housing output fell again, and the decline was reversed in 2021 when the construction activity restarted (City of Zagreb, 2023). New annual housing construction covers only around 46% of estimated annual housing demand in Croatia, which is not enough to reduce pressure on housing prices (MPPCSA, 2025a). This points to a wider imbalance between housing demand and supply, also suggesting that public measures are needed, not only to increase supply, but also to influence how the existing housing stock is used.

Several constraints affect housing development in Croatia. One is the quality and reliability of real estate data. The cadastral data are fragmented, incomplete and unreliable (IMF, 2024).

Administrative procedures are another problem. Obtaining a construction permit requires 22 procedural steps, compared with the OECD average of 12.7. The cost of obtaining a construction permit is also high, amounting to 9.2% of total project value, compared with an OECD average of 1.5% (ECSO, 2021). These procedures add time and cost to housing development.

Labour shortages create additional pressure. Demand for construction workers has increased, but the sector continues to lack skilled labour. Between 2016 and 2020, the number of employees in construction increased by 42%, but this did not remove the labour shortage (ECSO, 2021). By 2025, the sector was growing by around 15% per year and needed an estimated 8,000 to 9,000 additional workers annually (MPPCSA, 2025b). This growth has contributed to higher construction costs. In 2025, construction accounted for around 6.3% of GDP and employed about 150,000 people (MPPCSA, 2025b), which is comparable to its contribution in 2008 (Bhaskar, 2025). Between 2010 and 2020, the number of construction enterprises fell by 11.6%. In 2020, Croatia had 34,570 enterprises operating in the construction sector (ECSO, 2021).

Material costs have also increased, and between 2020 and 2023, they increased by 58%. According to the Agency for Transactions and Mediation in Immovable Properties (Agencija za pravni promet i posredovanje nekretninama, APN, 2025), total construction costs increased by more than 50% between 2019 and 2023. The sharp rise in construction costs, especially between 2021 and 2024, is demonstrated in Figure 18 below.

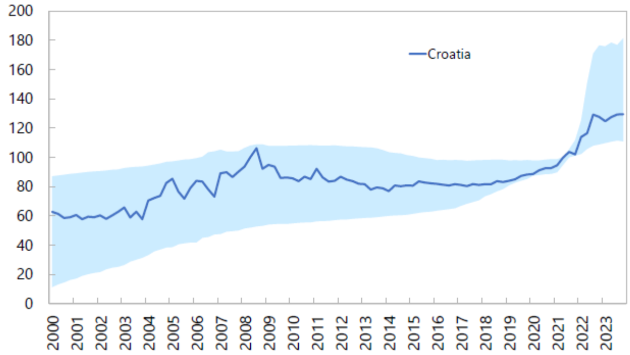


Figure 18. Construction producer costs in Croatia (index, 2021 = 100). Source: IMF (2024).

Construction land scarcity is an additional constraint, particularly in large cities such as Zagreb and Split. Although significant areas of brownfield and agricultural land remain unused, land consolidation procedures that mostly require resolving ownership issues, are often lengthy and complex (IMF, 2024).

8.4.3 Housing prices

Housing prices in Croatia are continuously increasing, although at a slower pace. In 2023, housing market prices increased by 9.4%, representing a slower growth compared to 2022, when prices increased by 17%. Still, the growth of housing prices in Croatia remained above the European Union average, which was 0.1% in 2023 (EMF, 2024).

Housing price dynamics vary considerably across regions. The most visible price increases are in coastal areas and in the city of Zagreb. In coastal towns, a substantial share of the housing stock is allocated to short-term tourist rentals, which constrains the development of the long-term rental market and exerts upward pressure on housing prices (IMF, 2024).

The largest regional differences in housing prices are observed between the City of Zagreb and coastal regions, which record the highest price levels, and other parts of Croatia, where average prices remain significantly lower. These price differences are shown in Figure 19 below. As noted by Eurofound (2023, p. 10): “In Croatia, the average purchase price of an apartment in Zagreb in 2022 was over €3,500/m2, while in rural areas and small cities in the east it was around €550/m2. For example, in Vukovar, it was around €500-600/m2 for an apartment and €450/m2 for a house."

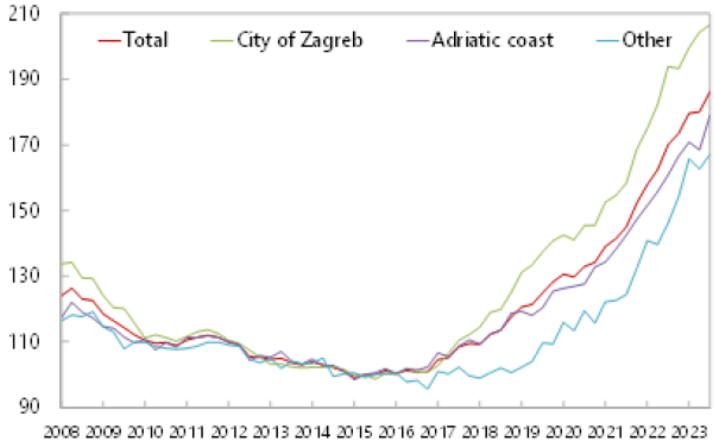


Figure 19. Housing price indices in Croatian regions (index, 2015=100). Source: IMF (2024).

Housing prices in Croatia have continued to increase despite a tightening of financial conditions. In 2023, the average transaction price at the national level amounted to €2,246 per m^2, representing an increase of 2.7% compared to 2022 (Deloitte, 2024). Prices in the City of Zagreb exceeded the national average by 19.5%. In 2024, the average selling price in Zagreb reached €2,751.63 per m^2(City of Zagreb, 2025c), while the national average in the first half of 2024 stood at €2,473.00 per m^2 (CBS, 2024).

Price growth has persisted despite rising interest rates in 2023 and 2024 and despite declining sales volumes for both new and existing housing units (Deloitte, 2025; City of Zagreb, 2025b; Žerjav & Ramezani Aghdam, 2025). This continued increase in housing prices has been identified as a significant risk to financial stability in Croatia (EC, 2024). Between 2022 and 2023, the number of apartments sold declined by 1%, while the median housing price increased by 18.7% during the same period and by 60% between 2019 and 2024 (Žerjav & Ramezani Aghdam, 2025).

Several factors contribute to rising housing prices. Growth in domestic and foreign incomes has increased housing demand, particularly for secondary residences in coastal regions and in Zagreb. In 2021, approximately 20% of housing purchases were made by foreign buyers (IMF, 2024). Additional drivers include the limited output of new housing construction, the conversion of long-term rental housing into short-term tourist accommodation, a high share of vacant dwellings, and the subsidised housing loan programme, which ended in 2023.

Further price pressures are associated with Croatia's transition from the Croatian Kuna to the euro, the 2020 earthquake, which redirected construction activity towards reconstruction, and strong foreign investor demand. Foreign investors accounted for 37% of housing transactions in 2022 (Deloitte, 2024). At the same time, the gap between asking prices and realised transaction prices has widened, suggesting a gradual slowdown in price growth. The most dynamic housing markets remain Zagreb and coastal areas, where housing affordability is also lowest.

The rental market has likewise experienced rising prices, particularly in the City of Zagreb, driven by strong demand from students, incoming workers, and tourists (Deloitte, 2024). In 2024, the average rental price in Zagreb reached €11.29 per m^2, representing an increase of 13.18% compared to 2023 (City of Zagreb, 2025c).

Housing balance, as defined in the National Housing Policy Plan (NHPP), refers to the difference between the supply of residential housing units and demand within a given city or town. The NHPP estimates an existing housing need of 236,731 units, corresponding to 9.9% of the total housing stock (MPPCSA, 2025a). This figure represents the number of households experiencing housing need at the time of the 2021 census. Housing needs vary substantially across Croatia and are most pronounced in densely populated urban areas.

At the same time, the share of residential housing units not used for permanent living has increased significantly. In 2001, 24.2% of housing units were unused, rising to 40.1% in 2021. The NHPP projects a further increase to 42% by 2030. Within this category, vacant housing units recorded the most pronounced growth, increasing from 12.7% in 2001 to 24.9% in 2021, with a similar level expected to persist until 2030 (MPPCSA, 2025a).

8.4.4 Urbanisation

According to the international classification of urban areas, Croatia has five cities: Zagreb, Split, Rijeka, Osijek and Zadar. Together, these cities accommodate approximately 53% of the total population (Žerjav & Ramezani Aghdam, 2025). Administratively, Croatia is divided into 20 counties, with the City of Zagreb having a dual status as both a city and a county. Within the counties, there are 556 units of local self-government, classified as cities or municipalities.

Since 2011, population growth has been recorded only in suburban areas (Žerjav & Ramezani Aghdam, 2025). The urbanisation rate in Croatia is 58%, which is slightly higher than in Slovenia and Slovakia, where it stands at 54%, but remains below the EU average of 75% recorded in 2021. This pattern indicates a continuing trend of suburbanisation, which is often associated with inefficient and insufficiently coordinated housing and spatial planning policies (Žerjav & Ramezani Aghdam, 2025).

8.5 Housing governance and institutions

8.5.1 Overview and governance structure

At the national level, the Ministry of Physical Planning, Construction and State Assets is the primary authority responsible for administrative and operational tasks related to construction, housing, and physical planning. One of its key operational institutions is the Agency for Transactions and Mediation in Immovable Properties (APN).

Ministry of Physical Planning, Construction and State Assets (MPPCSA)

The Ministry of Physical Planning, Construction and State Assets is the central authority responsible for housing provision and related policy areas. A number of its tasks are implemented through the APN. Among its core responsibilities, the Ministry is in charge of national housing policy making. It also plays a central role in post-earthquake reconstruction, the regulation of building management and maintenance, physical planning, and construction activities (MPPCSA, 2025c). Current policy measures implemented by the Ministry are discussed in more detail in the policy section.

Agency for Transactions and Mediation in Immovable Properties (APN)

APN has the authority to purchase and manage real estate on behalf of and for the benefit of the Republic of Croatia. Its main activities related to housing provision include the provision of housing through the state-subsidised housing construction programme (Program društveno poticane stanogradnje, POS), the provision of housing units through other national housing programmes, the administration of subsidised housing loans, and activities related to housing provision in line with energy efficiency regulations, as well as other related measures (APN, 2018).

City of Zagreb, Office for Property Management and Housing

In the City of Zagreb, the Office for Property Management and Housing is responsible for the development of strategies for the management and disposal of city-owned assets, the preparation of reports on the status of municipal property, and the management and disposal of real estate owned by the City of Zagreb. Its competences also include the management of undeveloped construction land and certain state-owned properties located within the city, the regulation of ownership and property rights, and the acquisition, sale, leasing, and maintenance of housing units, business premises, and land for housing, social, and other development projects (City of Zagreb, 2025a). Within the Croatian system of local and regional self-government, cities exercise self-governing competences in matters of local significance, including housing, spatial and urban planning, communal services, and social welfare, while representative bodies may adopt general acts within this scope (Ministry of Justice, Public Administration and Digital Transformation [MPUDT], n.d.). The mayor exercises executive authority over municipal property and budgetary resources and may decide on the acquisition and disposal of city assets within the limits prescribed by law and the city statute (MPUDT, n.d.). At the same time, local fiscal autonomy remains limited, as the central state largely determines local tax bases and allows changes in local tax rates only within prescribed limits (Rašić Bakarić et al., 2014). Taken together, these arrangements indicate that Zagreb has meaningful discretion in managing assets and resources relevant to housing provision, but within a broader nationally constrained fiscal framework (MPUDT, n.d.; Rašić Bakarić et al., 2014).

8.5.2 Housing as a right in the constitution

The Constitution of the Republic of Croatia does not explicitly recognise housing provision as a constitutional right. Article 62 of the Constitution of the Republic of Croatia (1990) states that the Constitution provides conditions for promoting the realisation of the right to a dignified life, however it does not include specific provisions related to the right to housing. A stated by Jakopić et al. (2015, p. 17): “Although the Constitution does provide for quite some other provisions in accordance with which it can be said, that a legal obligation of Croatian state to provide for housing of its citizens does in fact exist, this did not play a significant role in the field of housing up until today.” This approach is reflected in the National Housing Policy Programme, which states that housing provision in Croatia is primarily regulated by market mechanisms (MPPCSA, 2025a).

Nevertheless, large cities and counties have a legal obligation, under the Social Welfare Act (2013), to provide emergency accommodation and basic services, such as overnight shelters and soup kitchens, for individuals in need. Recent research indicates that only around half of Croatian counties fulfil these obligations in practice (Horvat & Bežovan, 2024).

8.5.3 Housing advocacy

Several organisations are engaged in housing advocacy in Croatia, adopting different approaches to addressing housing-related issues. The Cooperative for Ethical Financing (ZEF) promotes ethical and sustainable banking practices. Among its financial instruments, ZEF offers favourable loans for the construction and purchase of housing units (ZEF, n.d.). The organisation plays an intermediary role in addressing financing gaps for local, small-scale projects that generate positive social impacts. One of its initiatives is discussed further in the policy section.

MOBA Housing SCE is a network of housing cooperatives from several European countries, including Croatia, the Czech Republic, Hungary, Serbia, and Slovenia. Based in Zagreb, the organisation promotes and provides financial support in the form of short-term bridge loans, long-term loans, and equity investments to facilitate the development of cooperative housing initiatives. Its primary objective is to complement cooperative capital and strengthen the capacity of cooperatives to carry out construction until revenues are generated (MOBA, n.d.).

The Croatian Network for the Homeless is an advocacy organisation focused on homelessness. Its activities include providing support for appropriate care and housing for homeless individuals, as well as advocating for their rights. The organisation is actively involved in policy processes and produces policy analyses and fact briefs aimed at raising awareness of homelessness as a form of social exclusion. There are other civil society organisations that work with persons experiencing homelessness (Croatian Network for the Homeless, 2018).

8.6 Housing policy plans

Housing policy in Croatia is implemented mainly at the national and local levels. At the national level, the Ministry of Physical Planning, Construction and State Assets (Ministarstvo prostornoga uređenja, graditeljstva i državne imovine, MPPCSA) is primarily responsible for the national housing policy programme. Local authorities also play a significant role, as they are responsible for addressing the housing needs of their citizens. Although Žerjav and Ramezani Aghdam (2025) note that a specialised housing agency does not exist, the APN has gradually assumed a more prominent role in the provision of affordable housing.

8.6.1 National housing policy

The National Housing Policy Plan (NHPP) to 2030 is Croatia's main medium-term policy document for affordable housing provision policy document and is valid until 2030. It is the first housing policy plan since Croatian independence. The NHPP is complemented by two action plans covering the periods 2025-2027 and 2028-2030. These plans specify responsibilities, timelines, and budgets for each measure, with the MPPCSA serving as the main implementing authority, primarily operating through the APN.

NHPP employs financial, tax, land, and ecological-energy levers to achieve its main goals, which include activating 9,000 vacant housing units, constructing 11,200 affordable apartments, and providing tax incentives for young first-time buyers, supported by an overall budget of approximately €2 billion (MPPCSA, 2025a).

NHPP also underlines the importance of modernising existing legal frameworks, especially in rental housing, to improve tenant protections and support long-term stability in the rental market (MPPCSA, 2025a). An evaluation committee will conduct an ex-ante assessment based on relevant indicators to ensure that implementation aligns with established priorities (MPPCSA, 2025a).

Specific objectives of the NHPP include reducing the housing overcrowding rate from 31% in 2021 to 27% by 2030. This is to be achieved through regulatory improvements and an increase in affordable housing units. New construction is planned in areas of highest demand, while vacant units will be activated for use. Key measures include investing in vacant and unused housing units, purchasing housing units on the market to expand the state-owned housing stock available at affordable rates, strengthening tenant protections, and reducing the number of vacant properties. Special attention is given to securing affordable housing for students, the elderly, people with limited mobility, and families with young children (MPPCSA, 2025a).

8.6.2 Zagreb housing policy

The City of Zagreb does not have a dedicated housing policy document. Housing is addressed within the broader City Development Strategy for the period 2021-2027, which sets long-term goals for improving the quality of life for residents (City of Zagreb, 2023).

The strategy identifies several key challenges related to housing affordability. These include the illegal use of city-owned real estate, complex ownership structures, and high costs associated with transport and communal infrastructure land (City of Zagreb, 2023).

8.7 Main housing measures

8.7.1 Supply-side measures

Affordable housing measures

The NHPP 2030 contains supply-side measures but no demand-side measures, as stated in the public consultation report[56] (MPPCSA, 2025b). There are three main groups of measures: affordable housing, sustainable[57] housing, and improved spatial planning measures.

Expanding housing production and reducing costs are central objectives of this set of measures. The primary approach to increasing supply is the activation of vacant apartments for affordable rental. While a significant portion of vacant housing stock is publicly owned, the majority of empty apartments belong to private owners. The main barriers to their use are limited legal security for landlords and insufficient financial incentives to renovate properties for rental purposes (MPPCSA, 2025a).

The main measure to activate vacant apartments in the NHPP is the “affordable rent agency”, a mechanism that mediates between tenant and landlord and provides owners with an upfront lump-sum payment in exchange for rights to rent the apartment. The property must not have been occupied during the previous two years. The contracting period ranges from a minimum three to a maximum ten years, with compensation based on local market rents, paid in two instalments. The targeted beneficiaries are households with incomes ranging from minimum to average levels (MPPCSA, 2025a).

NHPP also strengthens the role of APN as the central agency responsible for overseeing implementation. The APN will coordinate cooperation between state and local authorities to improve the use of vacant and underutilised state-owned housing stock, which will remain under municipal management. This cooperation will be formalised in newly developed local housing programme documents, which will identify housing demand and supply at the local level (MPPCSA, 2025a).

Financial instruments for non-profit rental housing are introduced, including loans with reduced interest rates and extended maturities. However, limited institutional capacity for non-profit housing currently suppresses demand for these financial products. Financing will follow a two-stage approach: initially, projects will be supported through the state budget and EU funds. Once new legislation is enacted, the Croatian Bank for Reconstruction and Development (HBOR) will provide loans and investment capital for affordable housing projects. A dedicated

[56] This was stated directly by the MPPCSA in response to the author’s input to the public consultation.
[57] Sustainability is considered here only in ecological terms.

housing fund will operate as a revolving mechanism, reinvesting proceeds from rents and housing sales into the construction and maintenance of new affordable units (MPPCSA, 2025a).

Modernisation of the tax framework is another measure intended to improve housing affordability. Proposed reforms include taxes to encourage the activation of vacant housing units and penalties for short-term rentals (MPPCSA, 2025a).

A separate set of measures promotes collaborative housing models, particularly housing cooperatives. These measures aim to improve the legal framework for cooperatives, increase access to financing, and provide more favourable construction conditions. Tax incentives will be introduced to encourage investment in cooperative housing. One example is a pilot initiative in Križevci in 2021, which converted abandoned army barracks into a cooperative housing project. Public land was granted for long-term use (50-75 years) to provide 36 apartments, communal spaces, and co-working areas. The pilot aims to establish a legal and financial framework for housing cooperatives in Croatia and to demonstrate a scalable model for community-focused and sustainable housing (Grgas, 2022).

Additional measures address the maintenance and management of multi-apartment buildings, with a focus on improving both structural quality and residents' living conditions. Finally, a targeted measure for peri-urban and rural areas introduces preferential loan schemes to support new housing construction in less densely populated regions (MPPCSA, 2025a).

Improved spatial planning

Spatial planning measures are designed to reach 48.5% of the population by 2030. Initiatives include adapting spatial planning to promote affordable housing, investing in green infrastructure, and applying circular governance to buildings and land. Key activities involve activating unused land and brownfields, improving management of state- and locally-owned housing units, making more efficient use of public land for affordable housing construction, and reinvesting proceeds into additional projects (MPPCSA, 2025a).

Zoning is used as a tool to introduce quotas for affordable housing units within housing developments, promoting social mix and preventing segregation. Local authorities may provide publicly owned land to private and non-profit investors to construct affordable housing, supported by tax exemptions and long-term favourable loans. Preference is given to projects focused on affordable rental housing. To implement these measures, local authorities are required to develop local housing plans (MPPCSA, 2025a).

Sustainable housing measures

The primary objective of sustainable housing measures is to reduce energy consumption in renovated affordable rental housing units. Energy use in these units is expected to decrease to 1,275.3 GWh by 2030 from the current baseline of zero. Improved energy performance contributes to housing affordability, as higher efficiency reduces long-term housing costs (MPPCSA, 2025a).

State-subsidised housing construction programme (POS)

The state-subsidised housing construction programme (POS) has been operated by the Agency for Transactions and Mediation in Immovable Properties (APN) since 2001. Implemented in cooperation with local authorities, the programme finances the construction of housing units sold below market prices. According to Žerjav and Ramezani Aghdam (2025, p. 52), "close to 9,000 apartments have been built through the programme so far, primarily providing housing solutions for families and individuals who currently live as protected tenants, those purchasing their first property, and those without adequate housing."

Loans under the POS programme have an average annual interest rate of 2.2% and a maturity of 31 years. In 2025, the maximum selling price for POS apartments is set at €2,104 per m^2 (MPPCSA, 2025d). According to the 2024 annual report, 760 apartments remain in the programme awaiting construction. In 2024, 47 pre-contracts and 197 purchase contracts were completed through the POS programme. In terms of rental housing, 189 apartments are currently rented under POS (APN, 2025).

The POS programme operates under three models. Model A provides low-interest loans for the construction of multi-apartment buildings intended for affordable rent and purchase. Model B offers low-interest loans for the construction or renovation of family houses, while Model C provides loans for the purchase of construction materials. Participation is open to all Croatian citizens, with priority given to protected tenants and households who are not homeowners, but are eligible for a loan. Under the simplified construction procedure, contracts are signed between local authorities and APN for the construction of affordable housing units, which are subsequently distributed to citizens based on a priority list determined by socio-economic criteria (APN, n.d.).

The NHPP introduces changes to the existing POS programme. These changes adjust construction cost calculations based on affordability criteria and regional differences, while also including co-financing mechanisms. Importantly, they require that at least 50% of units in new developments be designated for affordable rental. New legislation anticipates a more active role for local authorities, including a waiver of certain construction costs such as land fees and communal charges (MPPCSA, 2025a).

Low-interest loans by HBOR

The Urban Development Fund, administered by the Croatian Bank for Reconstruction and Development (HBOR), provides low-interest loans with a maximum maturity of 25 years to local authorities for the construction of housing units for affordable rent. The total fund available for this purpose is €171.9 million (HBOR, 2025). Since this instrument was introduced only recently, its implementation effects cannot yet be assessed, but it indicates a shift towards using development finance to support local affordable rental housing provision.

8.7.2 Main measures implemented by the City of Zagreb

The City of Zagreb has initiated the construction of affordable housing units in the Podbrežje neighbourhood. This project aims to construct approximately 300 rental apartments to house 1,000 residents and to promote social mix through a combination of affordable and social rent. The project is scheduled for completion by the end of 2027, with a total cost of €49,505,607 (City of Zagreb, 2023). Construction began in May 2025, and the city has announced further expansion, including 100 additional public rental housing units in Klara and 600 in the Borovje neighbourhood (City of Zagreb, 2025b).

In April 2025, the City of Zagreb issued a public call for tenant selection for its social rental housing programme, with a separate call for public rental housing to follow later in the year (City of Zagreb, 2025b). Eligibility for social rental housing requires applicants to be non-homeowners, have at least three years of registered citizenship, and an income not exceeding 30% of the average Zagreb salary (€1,445 in 2024), equivalent to €433.50 per household member, or up to 50% (€722.50) for a single-person household. For public rental housing, household income must not exceed 80% of the average salary (€1,156), or 100% (€1,445) for single-person households (City of Zagreb, 2025b).

In 2024, the City of Zagreb, together with Rijeka, Split, Osijek, and Varaždin, signed an agreement with the European Investment Bank (EIB) to provide advisory support for expanding affordable housing projects. The outcome of this agreement will include a 20-year outlook on housing needs for these cities (EIB, 2024).

8.7.3 Demand-side measures

Housing allowances

There are currently several demand-side schemes designed to increase housing affordability in Croatia, mostly intended for low-income households. These include housing allowance, fuel allowance, allowance for energy-challenged buyers-at-risk, and personal needs allowance for residential care beneficiaries. To qualify for the housing allowance, recipients must meet the criteria for the minimum guaranteed benefit (ZMN), which is determined once a year, and amounts to €160 in 2025 (Ministry of Labour, Pension System, Family and Social Policy [MLPSFSP], 2025). The eligible costs for housing allowance are the cost of rent, energy and utility bills, and renovation costs for energy efficiency improvements.

The housing allowance must amount to at least 30% of the ZMN. If housing costs are lower than 30% of the ZMN, the entire cost is subsidised (Social Welfare Act, 2022). Local authorities administer these allowances, including heating support, which may provide firewood for eligible households and is disbursed annually (Government of the Republic of Croatia, 2024).

The ZMN for a single individual is €160 for those capable of work and €208 for those unable to work, corresponding to housing allowances of €64 and €83.20, respectively. For households, ZMN ranges from €225 to €1,455, with housing allowances ranging from €67.50 to €436.50 (Antolković, personal communication, 2025). A separate measure is energy cost supplement for low-income households and it amounts to €70 in 2025 (MLPSFSP, 2025).

As shown in Table 23, housing allowances distributed between 2019 and 2024 demonstrate a declining trend in both beneficiaries and total disbursed amounts, based on administrative data obtained directly from the City of Zagreb Office for Social Protection, Health, Veterans and Persons with Disabilities (Antolković, personal communication, 2025).

Table 23. Housing allowances distributed by the City of Zagreb between 2019 and 2024.

Year	**Number of approved beneficiaries on 31.12.**	**Number of distributed allowances on 31.12.**	**Amount**
2019	2,223	1,945	1,561,810.83 €
2020	2,024	1,721	1,338,534.30 €
2021	1,824	1,592	1,225,694.52 €
2022	1,591	1,257	1,086,677.90 €
2023	1,400	1,136	728,307.32 €
2024	1,272	1,051	686,186.69 €

Source: Antolković (personal communication, 2025).

We observe an overall decreasing trend in the total amount of housing allowances between 2019 and 2024. This is largely explained by changes in the conditions for receiving the minimum guaranteed benefit (ZMN), which directly affects eligibility for housing allowances. Specifically, the 2022 amendments to the Social Welfare Act introduced a requirement to register property ownership, resulting in a major revision of entitlements. Many individuals opted out of ZMN due to concerns about losing their property. Additionally, other legal changes granted certain groups, such as war veterans, benefits that were higher than the ZMN such as maintenance allowance (*opskrbnina*). Therefore, the decline in housing allowances is not due to a sudden increase in economic status but rather to adjustments in eligibility criteria and other available benefits (Antolković, personal communication, 2025).

A national programme also subsidises rent for full-time students in selected cities, including Pula, Rijeka, Varaždin, Osijek, Split, and Zagreb, providing €31.85 for student dormitories and €60 for private rental housing (Ministry of Science, Education and Youth, 2025).

In 2023, a pilot project introduced housing allowances for young tenant households. Maximum monthly allowances were €180 for families (€2,160 annually) and €120 for individuals or childless families (€1,440 annually). The maximum allocation per local authority was €19,400 for up to 10 beneficiaries. The pilot distributed only 11.1% of the funds (€86,705), largely due to the requirement for formal tenancy contracts, highlighting a broader challenge in Croatia's rental market, where informal tenancy is still largely present. The funds are secured by the national government and distributed through local authorities, with each local authority able to receive annual funding for 10 beneficiaries (Central State Office for Demography and Youth, 2023a).

Separately, there is a national programme to subsidise rent for full-time students. Under this programme, 2,206 students in the following cities receive €248.86: Pula, Rijeka, Varaždin, Split and Zagreb (Central State Office for Demography and Youth, 2023b).

Sources state that following Croatian cities either subsidise rent or offer social/public rental housing: Crikvenica, Dubrovnik, Karlovac, Koprivnica, Korčula, Labin, Mali Lošinj (planned), Ogulin, Opatija, Osijek, Ploče, Rijeka, Slavonski Brod, Šibenik, Virovitica, Vis and Zagreb. However, the list is incomplete as there are other cities with subsidy programmes, such as Split, which has some public rental housing that is not included in the list. One recommendation is to further investigate the scope of housing allowances in major Croatian cities and compare the impact on increasing household disposable income (Gradonačelnik.hr, 2022).

Subsidised housing loans

Between 2017 and 2023, APN implemented a scheme of subsidised housing loans, which contributed to rising housing prices. The programme targeted households under the age of 45 and subsidised between 30% and 51% of the monthly mortgage instalment, depending on the development index of the municipality in which the property was located. The eligible loan amount was capped at €100,000 and the subsidised property-price benchmark at €1,500 per m^2. The average loan was €75,000, contracted at a subsidised interest rate for a minimum of five years, extendable by two years per child in the household. The scheme had a demographic objective, and in total 32,556 apartments were purchased under this programme (APN, 2023; MPPCSA, 2025a).

8.7.4 Taxation of housing and real estate

Croatia applies one of the highest VAT rates in the EU. Croatian tax policy favours homeownership and reinforces demand for housing, while recurring property tax and income tax on long-term rentals remain low.

A new real-estate tax was introduced in January 2025 as a modification of the previous holiday home tax. The tax only applies to residential housing units and not business and commercial premises, affecting both domestic and foreign owners. The tax rate is set by each local authority separately, and must be set between €0.60 to €8.00 per m^2 (Tax Administration of the Republic of Croatia, 2025a). A housing unit is exempt from taxation if it is a permanent residence, it is rented on the long-term basis (not for short-term tourism), is uninhabitable for certain reasons, is used by socially vulnerable person or is owned by a public entity (Tax Administration of the Republic of Croatia, 2025a). This tax is also applicable for 231.000 housing units that are used for short-term tourist purposes. Only in 2024, 50,000 new housing units were registered for short-term rent and the goal of this tax is to prevent their further growth and incentivise long-term rent (MPPCSA, 2024).

In 2024, a short-term rent tax reform took place. Housing units intended for short-term tourist purposes were taxed between €19,91 and €199,08 per bed. Since 2025, rates are aligned with municipal tourism categories, ranging from €60 to €200 per bed. The City of Zagreb set a flat rate of €200 per bed per year to encourage long-term rentals (Tax Administration of the Republic of Croatia, 2025b).

Since 1 January 2019, the real-estate transfer tax rate has been 3%, with exemptions for transfers between spouses, protected tenants, and public authorities (Tax Administration of the Republic of Croatia, 2025a). Typical transaction costs, including transfer tax, fees, commissions, notary, and agency costs, range from 7% to 9% of the property value (EMF, 2024).

Rental income is subject to income tax separately from the annual real-estate tax. The tax rate is 12%, applied after an automatic 30% deduction for (Tax Administration of the Republic of Croatia, 2025c). For example, a monthly rent of €1,000 (€12,000 annually) yields a taxable income of €8,400 and a tax of €1,008 per year (Tax Administration of the Republic of Croatia, 2025c).

The 2025 POS amendments introduced support for eligible first-time buyers under the age of 45, including a refund of 50% of VAT on newly built housing and a full refund of real-estate transfer tax on eligible purchases of existing housing. Eligibility is subject to maximum price thresholds based on local averages, primarily benefiting middle-class buyers who are creditworthy. Its impact on housing affordability is not yet measurable, since the measure started in 2025.

8.8 Housing policies for selected vulnerable groups

The NHPP identifies several groups as relevant in relation to housing affordability, with particular attention to young households, elderly persons, and students. Young households are supported primarily through measures intended to improve access to housing, especially tax incentives for young first-time buyers, while the plan also refers more broadly to families with young children as a group requiring attention within affordable housing provision. In this sense, support for young households is directed mainly at easing entry into home ownership and improving affordability in tenancy.

For elderly persons, the policy focus is placed on adapting housing units to age-specific needs and on increasing the capacity of elderly care facilities. Elderly individuals who require additional support may also benefit from organised housing, which provides accommodation in a housing unit with occasional professional assistance (Government of the Republic of Croatia, 2025). A compensation of €33.18 per day is allocated for this service.

Students are also explicitly mentioned in the NHPP. Policy support in this area focuses on expanding the availability of student housing in university cities, alongside the previously mentioned housing allowance.

Other notable measures referred to in the NHPP include the Regional Housing Programme from 2023, which targeted particularly vulnerable households, including refugees and internally displaced persons. The programme was implemented by the MPPCSA and managed by the Council of Europe Development Bank (CEB). A total of €20.6 million was spent to provide 382 housing units, including 74 units in elderly care facilities, 118 purchased apartments, 79 reconstructed family housing units, and 111 newly constructed flats. Most purchased apartments were located in smaller towns, such as Knin, Petrinja, and Benkovac.

8.9 Housing affordability and quality indicators

8.9.1 Housing cost overburden rate for all households and low-income households

Due to the high share of outright homeowners, the housing cost overburden rate in Croatia is among the lowest in the EU, at 3.2% in 2025, down from 3.7% in 2024, and from 4% in 2023 (Eurostat, 2026h). Rates are lower in urban areas compared to rural areas. For the lowest income population (first quintile), the overburden rate is 14.5% in 2025, a decrease from 17% in 2024 (Eurostat, 2026g). On average, the share of housing costs in disposable income is 13% in 2024, down from 14.4% in 2023, the lowest level since 2015 (Eurostat, 2026p).

Tenants at market prices remain the most overburdened, with 19.8% in 2025, a decrease from 38.3% in 2023, as shown in Figure 20 below. Owners, both with and without mortgages, and tenants renting at reduced prices or for free are least overburdened.

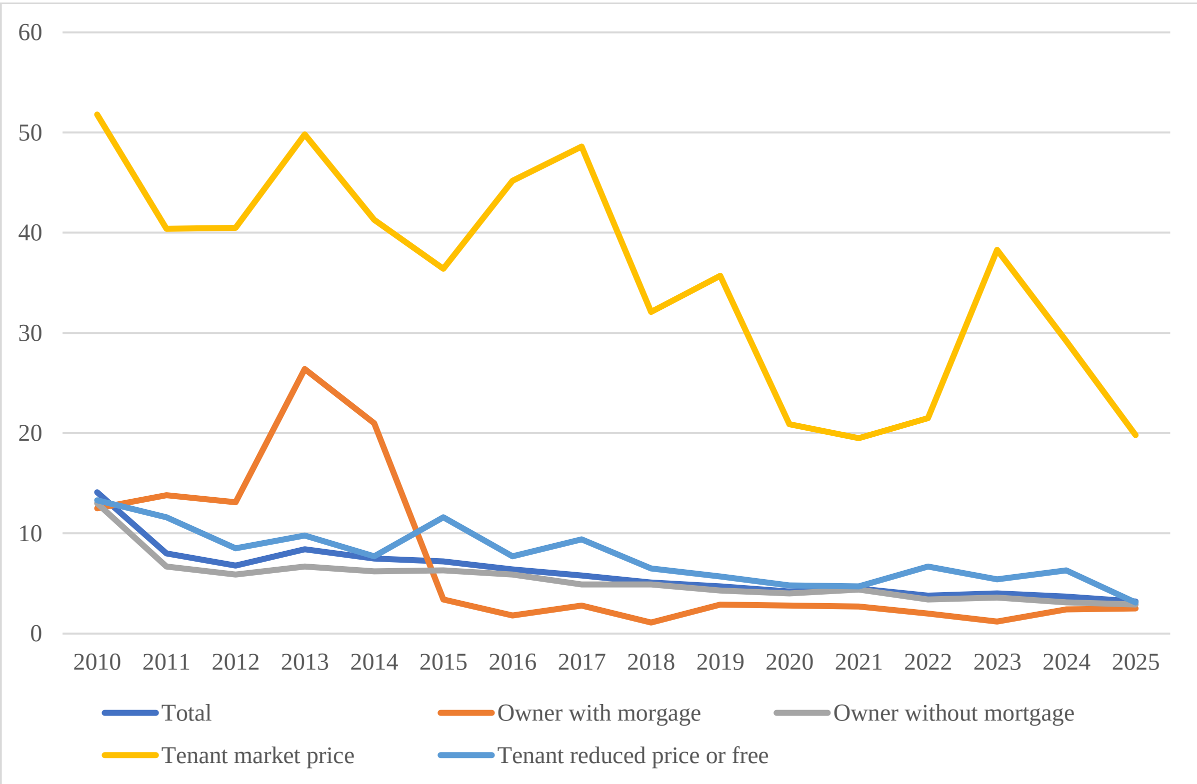


Figure 20. Housing cost overburden rate in Croatia by tenure type, 2010-2025. Source: Eurostat (2026h).

High housing costs contribute to a substantial proportion of young adults living with their parents. In 2024, a staggering 80.9% of those aged 25 to 34 lived with their parents, compared to the EU average of 60.4%. The average age at leaving the parental home is 31.3 years, the highest among EU member states (Eurostat, 2026d). Croatia also had the highest share of young adults aged 18 to 34 living with their parents, at 76.4 % in 2024, slightly down from 76.9% in 2023 (Eurostat, 2026r). In 2024, single-person households were the most overburdened at 13.5%, whereas households with three or more adults were the least overburdened at 0.6% (Eurostat, 2026f). Among tenants, the average share of rent in disposable income was 18.2%, with single-person households under 65 years experiencing 34.1% in 2024 (Eurostat, 2026q).

8.9.2 Overcrowding rate

Despite a high number of housing units per 1,000 inhabitants and high homeownership, Croatia exhibits a high overcrowding rate. In 2025, the rate reached 31.8%, only slightly up from 31.7% in 2024, considerably above the EU average of 16.9% (Eurostat, 2026l), as shown in Figure 21.

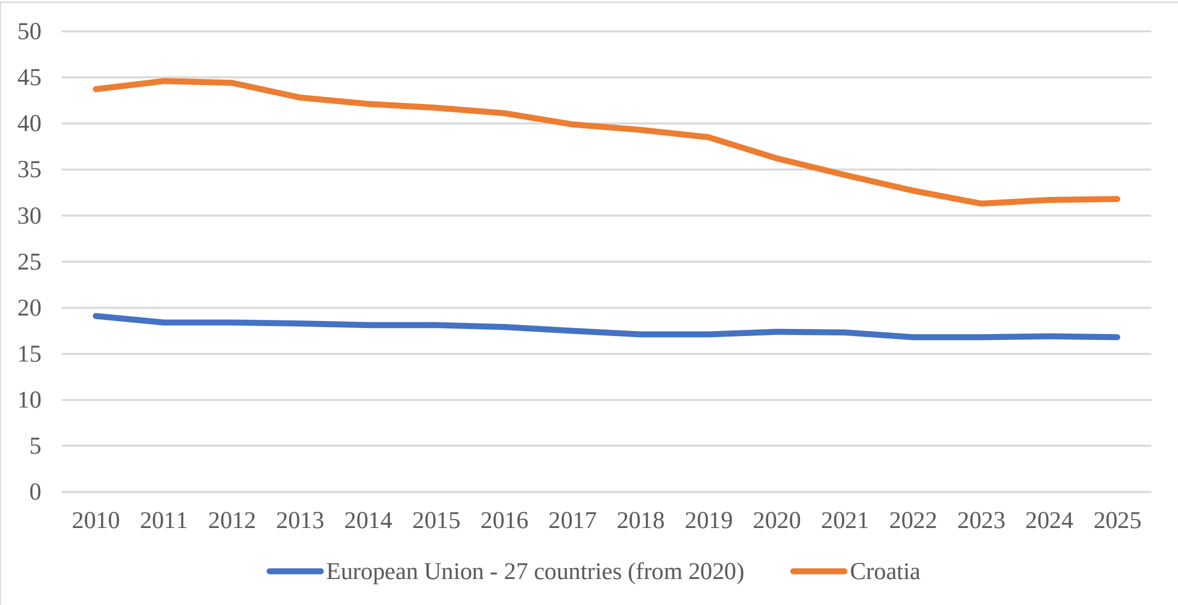


Figure 21. Overcrowding rate in Croatia, total population, 2010-2025. Source: Eurostat (2026l).

Croatia also has the lowest living space per household member among EU member states (MPPCSA, 2025a). Young adults aged 15 to 29 face a 46.4% overcrowding rate (Eurostat, 2026l), primarily due to intergenerational living arrangements. High overcrowding may also explain the relatively low housing cost overburden rate (Žerjav & Ramezani Aghdam, 2025). The average number of rooms per household member is 1.2, compared to the EU average of 1.6 in 2023, with only Poland reporting a lower average of 1.1 rooms per person (Eurostat, 2026b). Overcrowding by tenure status is presented in Figure 22.

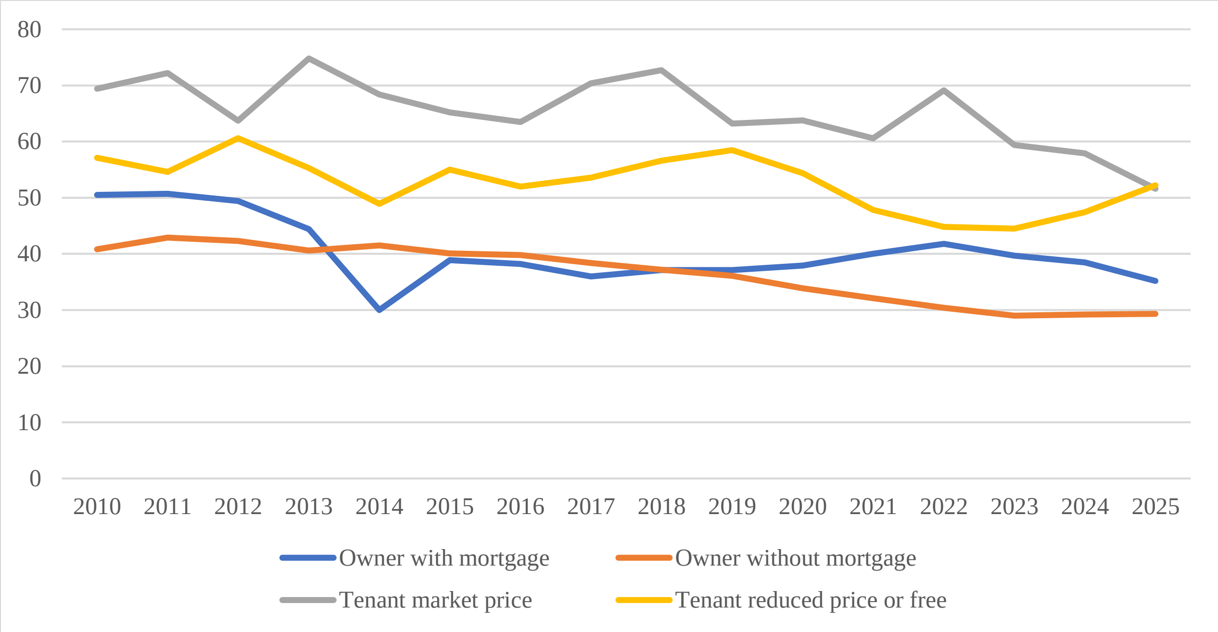


Figure 22. Overcrowding rate in Croatia by tenure type, 2010-2025. Source: Eurostat (2026m).

8.9.3 House price-to-income indicators

The standardised price-to-income ratio in Croatia in 2024 was 91.31, a decline from 97.84 in 2023, indicating a slight improvement in housing affordability[58] as income growth outpaces housing price growth (Eurostat, 2026s).

Housing Affordability Index (HAI) data further illustrate access to homeownership for median-income households. HAI values in Croatia were 68 before 2010 and 85 after, both below the threshold of 100, which indicates that median-income households generally did not have sufficient income to obtain a mortgage for an average-priced dwelling (Žerjav & Ramezani Aghdam, 2025, p. 27). This shows that while housing may be technically attainable, the ability to enter the market as a homeowner remains constrained for the median-income population.

EIZG and MPPCSA (2024) developed a complementary housing affordability index[59], expressed as the percentage of annual income required to purchase one m² in different regions of Croatia. This index shows that affordability is lowest in smaller coastal towns, where the value reaches 30%, while in the City of Zagreb the index was 17.1 in 2024, allowing an average household to purchase 5.9 m² per annual income. By comparison, in 2021 the index was 14.8, corresponding to 6.7 m² per annual income (MPPCSA, 2025a). This demonstrates a decline in

[58] This refers to the standardised ratio.
[59] This indicator is different from the HAI used by Biljanovska et al. (2023).

affordability in recent years, particularly in urban areas. Similarly, according to Deloitte (2024), to purchase a standardised new dwelling of 70 m² in the City of Zagreb, 8.1 gross annual salaries are needed, while at the national level 8.3 gross annual salaries are required. It should be noted that IMF (2024) reports a significant overvaluation of Croatian real estate prices of around 6%, suggesting that actual affordability may be slightly higher than nominal ratios indicate.

While HAI suggests that housing is largely unaffordable for median-income households, other indicators indicate that affordability pressures are most acute in urban and coastal areas, with moderate improvement nationally in recent years. However, as mortgage lending has tightened in Croatia since July 2025, these conditions are likely to reduce housing demand, particularly among first-time buyers.

8.9.4 Housing quality and living conditions

Housing quality in Croatia is affected by the age of the housing stock and insufficient maintenance, resulting in poor energy performance and reducing affordability (IMF, 2024). Overall, housing quality is higher than the EU average. Approximately 5.6% of the population experiences housing deprivation, compared to 15.5% in the EU, mainly in suburban areas (Žerjav & Ramezani Aghdam, 2025). Severe housing deprivation affects 2.8% of the population, below the EU average of 4% and a decrease from 5.1% in 2020 (Eurostat, 2026o).

Housing deprivation is most prevalent among tenants and suburban residents, with 9.8% affected, compared to 5.8% across the EU. In Zagreb, almost all dwellings have access to basic utilities, but quality issues remain. About 26% of the housing stock experiences damp, 27% has inadequate doors or windows, and 21% of residents live in overcrowded conditions (City of Zagreb, 2023).

8.10 Interview results

Determinants of Housing Provision after Market Liberalisation

All three experts argued that housing supply in Croatia over the last two decades had been inadequate, and that low housing supply is the main structural challenge, since low residential housing stock relative to demand drives affordability problems across tenure types. Expert 1 (HR) clearly framed it: “*Insufficient supply relative to high demand, certainly. This is where the entire affordability problem starts.”*

Experts further stated that a lack of consistency in policy implementation and the absence of permanent institutional structures exacerbate the problem. Experts did not identify overall market housing provision as the main issue, arguing that demand for high-end housing would continue to exist, while the core problem remained the insufficient supply of a specific category of housing, namely affordable rental housing, which had largely been absent from housing policy. This contributed to the inadequate provision of affordable rental housing. Specifically, this was reflected in the long waiting lists for social rental housing in Zagreb: "*We feel the issue of affordable housing deficit in Zagreb. We currently have a priority list of approximately 1,100 applicants for social rental housing, with allocation expected to take years, and approximately two hundred municipal units are currently assessed as entirely unfit for occupancy*" Expert 3 (HR).

However, experts had different opinions on the main cause of the housing shortage. Expert 1 (HR) emphasised institutional inconsistency and the prolonged absence of permanent policy structures from the previous governments. On the other hand, Expert 2 (HR) argued that the cultural perception of housing as a status symbol significantly contributed to insufficient affordable housing provision and the concentration of wealth in real estate: *"In Croatia, a home has a cult-like significance as the first property, and a second one as an instrument of wealth preservation. Roughly 90% of households own their primary residence and 20 to 25% hold a second property, concentrating wealth in housing."*

Expert 2 (HR) further explained that the reason for this type of behaviour stemmed from the lack of public trust towards domestic currency and institutions, which was also part of this legacy:

"The roots of Croatia's homeownership culture extend to the socialist period, when households had limited investment alternatives and savings were held primarily in banks and real estate due to limited acceptance of capitalism. Then, inflation eroded the savings of large numbers of people. People stopped trusting the domestic currency and banks and started investing in real estate" Expert 2 (HR).

All three experts identified tourism as an additional structural driver of housing shortages, with Expert 1 (HR) and Expert 2 (HR) specifically noting the need for flexible legal frameworks to curb the conversion of residential stock into short-term rental properties: *"…tourism-driven demand and short-term rental income generation lead to removal of housing stock from long-term use, which makes it significantly harder for younger cohorts to access their first home now"* Expert 2 (HR).

Housing Affordability Measures and Social Rental Provision

All three experts identified that the reduction of public housing stock following privatisation created a structural deficit that has proven very difficult to recover, and that there were no measures in Croatia that significantly increased the supply of social and public rental housing. Expert 3 (HR) identified the POS programme as the most significant supply-side measure Croatia produced in the post-transition period, and its discontinuation was widely seen as a missed opportunity: "*We had a good POS programme, a nationally coordinated affordable construction initiative with a regulated price cap per m^2 set below market levels, which represented a meaningful corrective of housing prices, ensuring affordability at the point of purchase, but also delivered housing of decent quality. In Zagreb, roughly 3,700 POS units were delivered before the city stepped away from the POS model toward its own approach, which was not successful.*"

This statement also reflected the specific position of the city of Zagreb, where the POS programme was regarded as successful but was later abandoned in favour of a separate Zagreb model that the expert considered unsuccessful.

Expert 2 (HR) challenged this position more fundamentally, pointing to the regressive impact of Croatia's most prominent existing demand-side instrument: "*There is now the 50% tax refund for first-time buyers - and who does it benefit? It benefits predominantly higher-income households, as only approximately 10% of the population is financially capable of obtaining a mortgage. In Croatia the housing policy is directed from the poor towards the wealthy, instead the other way around. Poorer taxpayers are financing the housing purchase of the wealthier, and social policy is pointed in the wrong direction.*"

Expert 3 (HR) bridged these two positions with a city-level perspective, and described a combined approach already in practice in Zagreb: "*The city of Zagreb currently pays housing allowances to households with the lowest incomes. Yes, we see the Slovenian housing allowance model as successful in its context, but such instruments should be carefully designed to prevent misuse. Subsidies alone are unlikely to reduce market rents in the city and improve housing affordability.*"

Reform Priorities and Future Policy Directions

All experts agreed that there were no "quick fixes" for Croatia's housing affordability problem, and that sustainable improvement required strategic consistency rather than isolated measures. Expert 1 (HR) reflected this in recent Croatian history, noting that after the 2008 crisis housing construction recovery in Croatia took until 2016, illustrating how slow and inelastic the housing market was in responding to policy interventions. All three experts further stated that municipalities were the key to effective implementation, and that national strategies could not succeed without active local engagement and clear legislative obligations for cities to act.

Experts differed in where they placed the emphasis for potential reform measures. Expert 1 (HR) focused on strategic consistency at the national level and the need to simultaneously increase supply while limiting the conversion of residential housing into tourist and investment properties. Expert 2 (HR) identified land mobilisation and public-private partnerships as the central untapped opportunity: "*The housing crisis is not the result of scarce resources in most cities, but of construction and land-use policy. Globally, pension funds are major investors in rental housing, but in Croatia they primarily invest in commercial buildings and office space. Well-structured public-private partnerships could protect urban space, and common practice in other countries involves private developers building on municipal land, with 20 to 30% of completed units allocated to municipal management.*"

However, the same expert argued that the potential of public-private partnerships remained constrained by an inadequate legal framework: "*Even in the absence of subsidies, it is important to create incentives for investors to develop rental housing. The current legal framework, particularly provisions governing public-private partnerships, limits the effectiveness of such projects. Long-term investors such as pension funds could help sustain rental affordability, but the legal framework must define the roles and obligations of all parties.*"

All experts argued that investment in affordable housing construction by local authorities must become a constant activity rather than an exceptional project. Expert 3 (HR) framed it clearly: "*We must make the construction of new affordable housing units a part of regular activities rather than taking them as some kind of innovation. If the city wants to attract new residents, availability of rental housing units is essential. City-owned land can be employed together with private developers, with a portion of completed apartments designated for affordable rent.*"

Expert 3 (HR) further pointed to the Novi Jelkovec development as evidence that socially mixed neighbourhoods improve living standards for social rental tenants while also ensuring the long-term financial viability of affordable housing projects, and argued that this approach should guide future construction programmes in Zagreb.

Both Expert 1 (HR) and Expert 2 (HR) identified that the integration of housing with spatial and transport planning was often absent from housing policy discussions. They argued that housing policy could not be designed in isolation from urban mobility, as the availability of transport connections directly shapes where affordable housing can be effectively located and who can access it: "*Housing policy must also consider local mobility patterns and urban connectivity to accurately assess and address housing needs. Measures that integrate spatial planning, investor incentives, and local participation are likely to have the greatest impact on housing affordability in Croatia and Zagreb*" Expert 2 (HR).

Experts also diverged on the scope and ambition of the NHPP. Expert 1 (HR) expressed broad confidence in the plan's objectives, while acknowledging implementation challenges: "*Implementation requires the amendment of multiple laws, including those governing construction and spatial planning. It is not easy to introduce because the sector is traditional and slow-moving.*"

Expert 2 (HR) raised a more fundamental concern, arguing that the plan is not ambitious enough: "*The NHPP's current focus on activating vacant apartments, while necessary, is too narrow to address affordability comprehensively. Many housing policies are implemented as discrete projects rather than being strategically linked to broader housing objectives.*"

Expert 3 (HR) took the most positive view, welcoming the obligation for cities to adopt housing plans as a meaningful shift in state approach: "*For the first time there is a sense of a serious state approach and of greater use of EU funds for housing investment.*"

In summary, experts argued that the approach to affordable housing must be more consistent. They also emphasised the need for a legal framework governing public-private partnerships to better mobilise municipal land and integrate housing with transport planning.

8.11 Housing policy outcomes and institutional performance

8.11.1 National and local housing policy

Since the NHPP was adopted only in 2025, the analysis is limited to past and current housing policy outcomes[60]. However, when observing the current rate of spending on housing in total social protection expenditure, in Croatia it is negligible.

Recent updates from the MPPCSA indicate that the law on the governance and maintenance of buildings contributed to a reduction in short-term rental apartments and a corresponding increase in long-term rentals nationally. In addition, the MPPCSA reports that APN received 1,130 applications for the 50% tax refund for first-time buyers. The average

[60] An evaluation report commissioned by MPPCSA on NHPP has been written by a third party in 2025, however it considers the document itself, and it will not be used in this thesis

refund amount was €8,500, ranging from €838 to €26,876, while 2.8% of requests were denied because the property price exceeded the maximum threshold (MPPCSA, 2025c). These results suggest that the tax refund measure has the potential to improve affordability, but exclusively for first-time home buyers.

While the impact of NHPP cannot yet be evaluated, we look at the past policies and measures. Housing in Croatia is less affordable compared to other EU countries as a result of policy neglect (IMF, 2024). Housing affordability has been the worst for low-income population and precariously employed, since they do not have access to mortgages. Housing policies in Croatia often do not address real housing problems, and some even have the adverse effect on affordability and further promoting homeownership such as aforementioned housing loan subsidies (Fernandez & Bežovan, 2023; Žerjav & Ramezani Aghdam, 2025). Current housing programmes continue to support homeownership, including through the first-home tax refund. European Commission (2024, p. 5) states that in Croatia "housing affordability remains among the lowest in the EU". Strong tourism activity is one of the main reasons, since housing units in that sense are used for business rather than living.

The city of Zagreb does not have a dedicated housing strategy that lists measures to combat housing affordability. Lack of affordable housing in the city of Zagreb, and other large Croatian cities, does not allow young generations to relocate in search for better employment (Eurofound, 2023).

8.11.2 Supply-side subsidies

The POS programme remains one of the few housing initiatives that directly increased the supply of affordable housing. Since its inception, the programme has constructed and distributed 9,126 apartments to households in need (APN, 2025; Žerjav & Ramezani Aghdam, 2025). Despite this, the total stock remains small relative to national housing, and the programme has had a negligible effect on overall housing affordability.

The NHPP plans to construct an additional 9,000 apartments through the POS programme, yet this is marginal compared with the estimated housing gap of 232,700 units. The programme still allows for privatisation, as many constructed apartments are sold rather than kept as rental housing.

8.11.3 Demand-side subsidies

Measures that incentivise homeownership, such as mortgage interest deductions, primarily benefit higher-income households. These measures are non-targeted and can exacerbate affordability pressures by increasing demand without expanding supply (Fernandez & Bežovan, 2023; IMF, 2024). In 2023, housing prices rose by 11.9%, driven largely by excess household liquidity following euro adoption, foreign purchases, and government-subsidised loan programmes.

The European Systemic Risk Board (ESRB) issued a cautionary note to Croatia and other countries regarding an overheating housing market. The Board specifically warned against borrower-based subsidies that increase demand pressures and recommended measures to expand housing supply (ESRB, 2022).

The subsidised housing loan scheme implemented between 2017 and 2023 also contributed to rising housing prices (Kunovac & Žilić, 2022; Fernandez & Bežovan, 2023). While the programme aimed to stimulate construction in underdeveloped areas, most subsidies were allocated in large cities and to households that would have purchased housing regardless of the programme. This created a state-led financialisation effect, increasing housing prices without corresponding growth in supply.

While taxation on touristic apartments has been increased, the effect has been limited. Many local authorities set the tax at the lowest rate of €20 per bed, resulting in annual payments of only €40 for landlords who register two beds. However, in the city of Zagreb, this increase has been more substantial. For example, if an apartment has registered four beds, instead of €40 per bed the landlord now pays €200 per bed per year, or €800 in total. Depending on the guest turnover, this could be impactful in shifting a part of short-term rentals toward long-term. Consequently, the measure has had minimal impact on reducing short-term rental conversions or improving long-term housing affordability.

8.11.4 Housing policies for vulnerable groups

The Croatian literature identifies a broader set of housing-vulnerable groups than those explicitly recognised in current housing policy, including young households, students, elderly people with low incomes, persons with disabilities, persons experiencing homelessness, protected tenants, people leaving institutional care, war-affected groups[61], and Roma. However, the analysed national and local housing policy documents indicate that more visible housing-

[61] Although not in the time frame of the case

policy attention is directed toward a smaller number of groups, especially young households, elderly persons, and students, although they are not equally represented. In the case of young households, support is provided mainly through measures intended to improve access to housing and affordability, including incentives for young first-time buyers and broader references to families with young children. Elderly persons are addressed more directly through measures focused on adapting housing units to age-specific needs and increasing the capacity of elderly care facilities, while students are mentioned primarily in relation to the expansion of student housing in university cities and rent-related support. Persons experiencing homelessness are present in the broader Croatian policy context, particularly through social welfare obligations, poverty-reduction measures, and civil society advocacy, but they are not consistently developed as a distinct subject of housing policy itself. This is particularly significant because homelessness represents one of the most severe forms of housing exclusion, yet in the Croatian case it is addressed more through emergency accommodation and related support services than through a more systematic housing-policy response.

8.12 Mechanisms of path dependence

The Croatian case demonstrates the main mechanisms through which past policy choices and overall governance continue to shape housing policy development in Croatia. In Croatia, the critical juncture is identified in the early post-socialist period, particularly the large-scale give-away privatisation of the housing stock, which resulted in the decentralisation of housing responsibilities, the withdrawal of the state, and the growing dominance of market-based housing provision. The Croatian War of Independence redirected state efforts and policies into rebuilding destroyed parts of the country, rather than developing affordable rental housing. This contributed to homeownership becoming, and remaining, the dominant tenure form and the most politically legitimate response to the housing question, since privatisation aligned with the broader transition toward market liberalisation, reduced the responsibility of the state for direct provision, and transferred housing responsibility to individual households. At the same time, the privileges of tenancy in public apartments during the socialist allocation system were partly reproduced through privatisation, because sitting tenants were able to convert previously allocated dwellings into private property under favourable conditions, while those outside that system remained excluded from comparable gains. Over time, this ownership-centred trajectory was reinforced through power relations embedded in fragmented governance, limited local fiscal capacity, weak national coordination, low political will, and the continuing political weight of owner interests within a system in which rental housing remained marginal and weakly supported. The absence of a national housing fund, or a similar institution, further reduced the state's capacity to build and reproduce an alternative affordable rental path, while many subsequent policy interventions remained partial, inconsistent, or further reinforced access to ownership rather than affordable rental provision. The interviewees supported this interpretation. Expert 1 (HR) pointed to institutional inconsistency and the absence of permanent policy structures, while Expert 2 (HR) emphasised the continuing significance of housing as a form of security, status and wealth preservation. All three Croatian experts also identified the reduction of public housing stock after privatisation as an important problem. This trajectory was also reinforced by a longer-standing understanding of housing as the safest form of household security and investment, which strengthened the preference for ownership over rental solutions. Weak and discontinuous public investment after privatisation limited the development of rental and social rental housing, making the shortage of affordable alternatives increasingly difficult to reverse. The Croatian case can be interpreted as a weak path-dependent sequence. Legitimacy and power helped stabilise an ownership-centred housing model. Institutional absence then made it difficult to develop a more substantial affordable rental alternative.

The outcome of this path-dependent sequence is visible in the weakness of the official rental market, where only a small share of rental contracts is formally registered, in persistently high overcrowding, and in the coexistence of housing need with a large stock of vacant dwellings.

9 CASE: SLOVAKIA

9.1 Demographic situation and population trends

Total population in Slovakia in 2021 was 5,449,270, which is a slight increase from the 2011 census when it was 5,397,036 (Statistical Office of the Slovak Republic (SOSR), 2021). Average household size in Slovakia is 2.77 in 2021 (SOSR, 2021). This has not been changed since 2022 (Eurostat, 2026a). The number of households in Slovakia in 2021 was 1,833,150 (SOSR, 2021).

Slovakia's demographic profile is shaped by a declining birth rate and an ageing population. The national housing programme forecasts that the ageing index, which currently shows approximately 80 seniors (aged 65 and over) for every 100 children (aged 15 and under), is expected to rise dramatically to exceed 200 by 2050, and reach approximately 220 by 2060 (MoTC, 2021, p. 21).

Slovakia is witnessing a trend of household atomisation, marked by a growing share of single-person households. This development indicates a rising demand for smaller housing units that can accommodate individuals living alone. If this trend continues, it will require modernising housing supply strategies, ensuring that the market offers sufficient numbers of appropriately sized and affordable dwellings. The Slovak national housing programme has anticipated some of this need, projecting the completion of 40,000 new dwellings by the end of 2025 (MoTC, 2021), but the extent to which this forecast aligns with actual demographic pressures is unclear.

The population of Bratislava in 2021 was 719,537 (SOSR, 2021). The number of permanent residents in Bratislava increased by 15% since 2000, mostly due to higher birth rate and internal migrations, especially in the age group of 25-39, who are the main home seekers. On the other hand, households are shrinking, which contributes to increased housing demand. There is an increase of 6% in single-person households between 2001 and 2011, together with a 21% decrease in four-member household (City of Bratislava, 2021). The increase of Bratislava residents is expected to further increase by 8% until 2050. Since further reduction in the size of households is also expected, while the supply of housing is expected not to be sufficient, the price of housing is expected to increase (City of Bratislava, 2021).

9.2 Economic indicators

9.2.1 Macroeconomic context of Slovakia

Slovakia's economic growth remains modest. Slovak GDP growth slowed from 1.8% in 2022 to 1.1% in 2023; however in 2024 it grew by 2.1%, signalling a phase of economic recovery (Council of the European Union [COEU], 2024; International Monetary Fund [IMF], 2025). Household debt is increasing and might pose a macroeconomic risk to financial stability.

Investments in housing in Slovakia, as a percentage of GDP, are below the EU and Organisation for Economic Co-operation and Development (OECD) average. Investment in residential buildings accounted for 3.7% of GDP in 2023. GDP growth in Bratislava has averaged 3.7% since 2009, and low mortgage interest rates have created a positive climate for purchasing or investing in housing. According to the Council of the European Union (COEU, 2024), the level of investments relative to GDP is expected to decrease in the upcoming years.

The GDP growth was mainly driven by increased household consumption, energy support measures, rising real wages, and increased pensions. However, the increase in real wages and pensions also contributed to inflation. The GDP is projected to grow by 1.9% in

2025, 2.1% in 2026, and 2.5% both in 2027 and 2028 (COEU, 2024; IMF, 2025). The financial sector is considered strong and resilient in the medium term. While overall poverty and inequality levels are relatively low, regional discrepancies persist (European Commission [EC], 2022).

The European Semester, a reporting framework analysing various macroprudential issues, including housing, has addressed housing through guidelines provided in the Spring Package of 2023, listing several policy recommendations (EC, 2023). The European Semester document states: "Slovakia is not found to experience imbalances. Vulnerabilities relating to competitiveness, housing, household debt and external balance have been increasing, but overall seem contained in the near future and are expected to ease as economic conditions normalise" (EC, 2023, p. 1).

Slovakia reports spending of 0.25%[62] of the GDP on housing as a social protection (Ministry of Finance of the Slovak Republic, 2023). According to ESSPROS methodology, in 2023 Slovakia spent 0.3% of the GDP on housing as social protection and 1.3% of the total social protection expenditure. EU average in 2023 was 5.9% of the GDP on housing and 3.8% of the total social protection (Eurostat, 2024b).

9.2.2 Mortgage market and loans

The average interest rate in Slovakia on new housing loans was 4.11% (Deloitte, 2025). In 2023, the National Bank of Slovakia (NBS) (2024) issued warnings about deteriorating housing affordability, driven mainly by low interest rates. The NBS (2024) also warned about the emerging societal issue of households being unable to repay housing loans after recent interest rate increases (following the refixation period), which led to increased monthly instalments. Despite these increases, 83% of mortgage holders maintained their obligations (Figure 23 below), while a smaller percentage chose to repay the loan earlier, which also decreased the national average of outstanding mortgages since June 2024. However, mortgage arrears rose by over 5% in 2022, reflecting the increased number of mortgage recipients in Slovakia (Eurofound, 2023). The development of defaulted mortgages is shown in Figure 23 below.

[62] „Between 2011 and 2014, Slovakia was spending 0.5% of GDP annually and was thus catching up with the Tigers; since 2017, the spending has been cut to about a half" (Ministry of Finance of the Slovak Republic, 2023, p. 36)

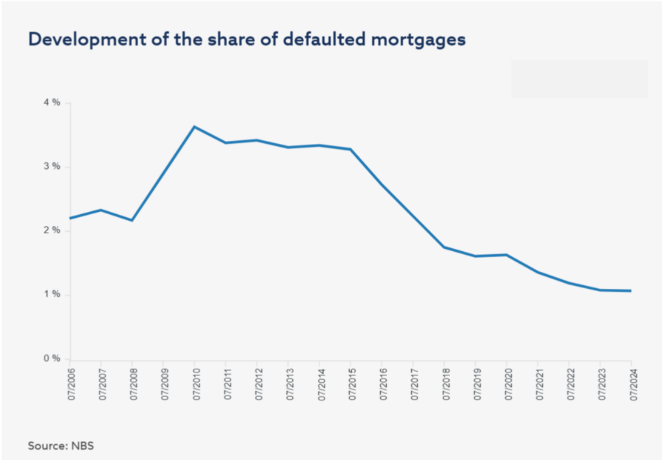


Figure 23. Development of the share of defaulted mortgages in Slovakia, 2006-2024. Source: NBS (2024).

Few borrowers have requested revisions to mortgage maturity periods, signalling stable repayment capacities. Further increases in interest rates were considered unlikely in 2025, and the NBS does not expect repayment deterioration of mortgage loans (NBS, 2024). Most outstanding mortgages are at fixed rates with a maturity of 26 years, while variable interest rate mortgages are negligible. The maximum loan-to-value ratio for new loans cannot exceed 90% (EMF, 2024).

The European Commission (2023, p. 5) reports that "House prices appear to be mildly overvalued after several years of marked growth. That occurred alongside high borrowing, which is now cooling, and a strong increase in household debt, which altogether present some risk for financial stability. However, the banking sector remains well-capitalised, highly profitable, and recording low non-performing loans." The level of bank lending to households has been gradually increasing since 2004 when Slovakia entered the EU, driven mostly by mortgage lending, which increased by 13% annually (COEU, 2024). Mortgage loans rose sharply from below 10% of GDP in 2006 to over 22% in 2014, which was still below the EU average of 38% in 2014. Total household debt rose from 33% of GDP in 2014 to 47% in 2020, and to 44.7% of nominal GDP in 2024 (CEIC, 2025; EMF, 2024; COEU, 2024).

Mortgage levels grew significantly between 2017 and 2020 but declined by 50% between 2021 and 2022 (EMF, 2024). Interest rates stabilised by the end of 2023, averaging 4.6%, marking a significant increase from around 1% in 2021. Due to the increase in interest rates, mortgage activity remained lower in 2024. In 2020, 23.3% of households in Slovakia had a mortgage (EMF, 2024).

Figure 24 below shows the change in the share of households holding a mortgage between 2010 and 2020. Slovakia recorded a particularly large increase.

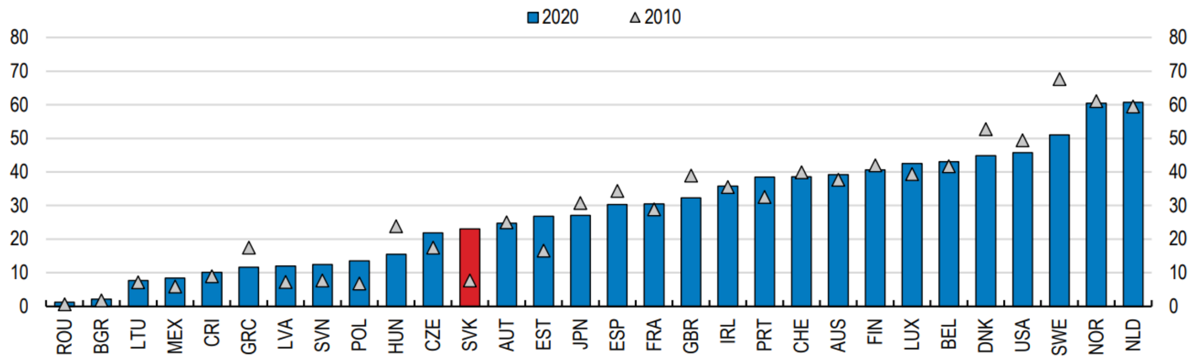


Figure 24. Change in the share of population holding a mortgage between 2010 and 2020. Source: DePace (2024).

The MoTC notes that the most significant risks in Slovakia arise from the excessive financialisation of housing, especially if households that cannot realistically finance loans obtain them, which would increase the mortgage default rate. Thus, loan-to-value ratios (LTV), maximum repayment amounts, total indebtedness, and similar requirements regulating loan eligibility must be appropriately defined (MoTC, 2021). An example of a government response was the temporary COVID-19 measure that allowed households to defer mortgage and consumer loan payments for up to nine months between April 2020 and June 2021, benefiting approximately 145,000 households, or about 6% of the total population (Eurofound, 2023). Since 2022, the National Bank of Slovakia (NBS) increased the limit on debt-to-income ratio for housing loans (COEU, 2024). It is valid mainly for borrowers above 40 years old, and for loans that surpass their retirement age. Also, NBS decreased the loan-to-value (LTV) limits for housing loans to 90% and removed the possibility to top-up the mortgage with a consumer loan.

9.3 Housing provision

9.3.1 Housing stock

According to the 2021 Slovak population census, there were 2,235,586 dwellings in Slovakia. Of these, 49.15% were classified as family houses, 45.88% as residential buildings, and 1.28% as multifunctional buildings. The remaining categories, each representing a much smaller proportion, included unapproved family houses (0.36%), emergency objects (0.42%), institutional facilities (0.45%), other types (1.25%), and not stated (0.11%) (SOSR, 2023). The census data reveal an approximate 11% increase in the number of dwellings compared to the 2011 census, which recorded 1,994,897 dwellings (MoTC, 2021). The number of cooperative housing units is 230,000, presenting around 10% of the housing stock (SZBD, 2025). This will be further elaborated in the comparison section.

In 2023, Slovakia had 410 dwellings per 1,000 inhabitants, an increase from 370 in 2011 (MoTC, 2021; SOSR, 2023). The City of Bratislava reported approximately 360 apartments per 1,000 inhabitants in its earlier housing analysis (City of Bratislava, 2021).

The Slovak housing stock is relatively old. Around 67% of housing units were constructed before 1980, which is associated with higher energy consumption and increased renovation costs (SOSR, 2023). Furthermore, around 82% of housing units were built after the Second World War, as indicated in Table 24. The average age of residential buildings is 38.3 years, while that of family houses is 45.7 years (MoTC, 2021). A significant portion of multi-apartment buildings dates back to the socialist era, a period characterised by substandard construction quality in terms of materials and methods. This legacy adversely affects housing affordability due to poor energy performance, resulting in elevated energy costs. Additionally, the combination of inefficient building thermal insulation and reliance on fossil fuels for heating substantially contributes to greenhouse gas emissions (De Pace, 2024).

In comparison with other EU Member States, Slovak dwellings tend to be smaller, which may represent a path dependence related to socialist-era construction standards. The average floor area of a newly constructed two-room apartment is 65 m², whereas for houses, the average is 136 m² (MoTC, 2021).

Table 24. Built housing units in Slovakia by construction period.

	before 1919	1919 - 1945	1946 - 1960	1961 - 1980	1981 - 2000	2001 - 2010	2011 - 2015	2016 and later	not stated
percentage of built housing units	5.2	12.92	19.82	29.34	14.43	6.8	4.42	5.48	1.58

Source: MoTC (2021).

In Bratislava, there were 242,832 apartments in total and 93,385 family houses (Amnesty International Slovakia [AI], 2024; SOSR, 2023). In terms of vacant dwellings in Bratislava, 44.3% are completed and not inhabited, while 10.2% are unfit for inhabitation (MoTC, 2021).

9.3.2 Tenure structure and trends in Slovakia and the city of Bratislava

Tenure status in Slovakia changed dramatically in the early 1990s. Data from the 1991 census state that 27% of the dwellings were publicly (state) owned, and 22% were owned by housing cooperatives, meaning that around 50% of the entire housing stock was rental housing. Since 1991, the transfer of publicly owned housing to municipalities for the purpose of privatisation began, and a year later for cooperative housing. The share of cooperatively owned housing is expected to decline further, due to a low number of procurement and production from the side of cooperatives (MoTC, 2021).

Homeownership is the norm in Slovakia and is often regarded as a symbol of social status (MoTC, 2021). According to the 2021 census, 91.45% of the dwellings were owned by natural persons. However, the Slovak census from 2021 does not contain data on the tenure structure. The latest census that contained a variable that shows tenure status as percentage (not ownership structure) was in 2001, when the variable showing tenure status as a percentage, rather than ownership structure, was the 2001 census. The variable was labelled “právny dôvod užívania bytu”, which translates into English as “legal reason for using the apartment” and corresponds to a type of tenure. However, in 2021, the variable is “forma vlastníctva bytu”, or in English “type of ownership” and this is the variable that is closest to tenure structure.[63] However, since these data show ownership structure rather than tenure structure, and these cannot be used as synonyms, data for 2021 from Eurostat is used. According to Eurostat, in 2021, there were 92.9% homeowners, 5.2% tenants at market rate, and 1.9% at reduced price or free (Eurostat, 2026c).

The share of unoccupied dwellings in Slovakia was 10.3% (205,729) in 2011, while in 2021 the share of unoccupied dwellings was 17% (De Pace, 2024). According to 2021 census data, only 0.86% of the housing stock was in private rental market (MoTC, 2025a).

In terms of tenure status, Figure 25 below shows total homeownership along with subcategories owner with and without mortgage, and total tenants with subcategories tenant at market price or reduced price or free. Eurostat data is used since it provides more categories than the national census. The latest data available is for 2023, when there were 93.6% homeowners, out of which 25% with mortgage and 68.5% without mortgage (Eurostat, 2026c).

[63]According to latest data from Eurostat, in 2024, there were 93.1% homeowners in Slovakia (with and without mortgage), 4.1% tenants at market price and 2.8% tenants at reduced price or free (Eurostat, 2026c). While Eurostat does not differentiate data between “tenure at reduced rate or free”, around 1.6% of the total population lives in affordable and social rent, according to Hlinčíková (2023).

Compared to other EU Member States, Slovakia has the second highest homeownership, much above the EU average of 70% (EMF, 2024).

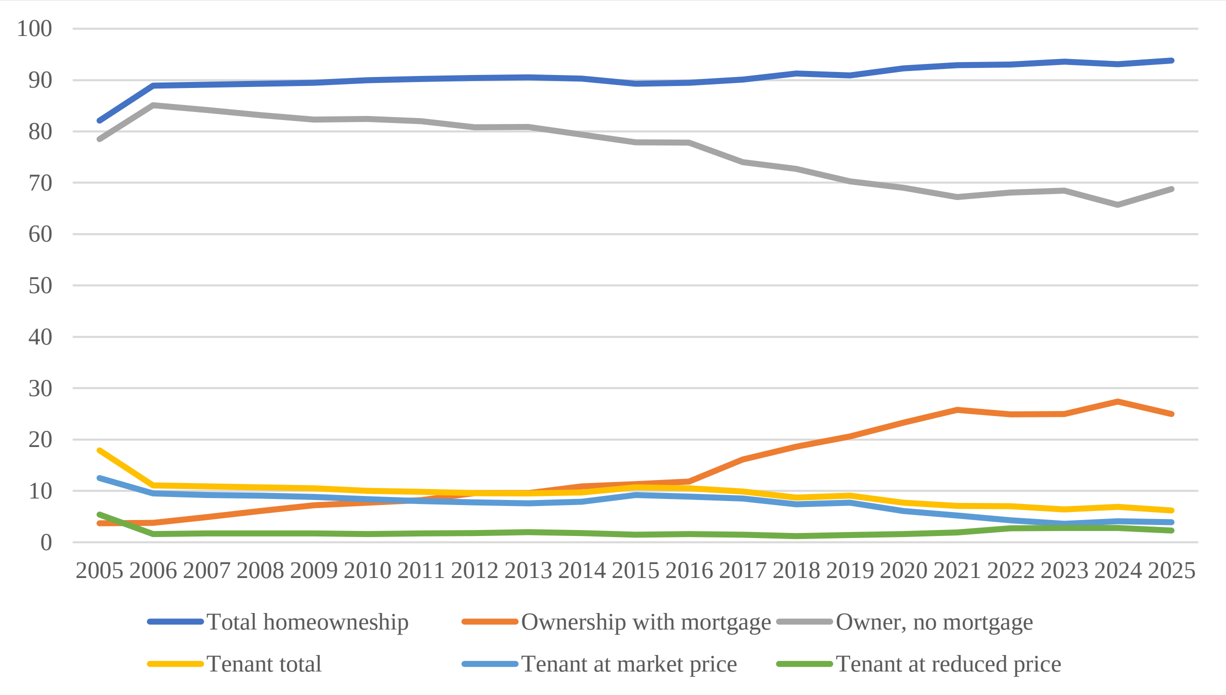


Figure 25. Tenure status in Slovakia, 2005-2025. Source: Eurostat (2026c).

In Bratislava, there were around 1,876 apartments rented or managed by the city of Bratislava in 2023 (City of Bratislava, 2023). In 2020, there were 637 applicants for affordable rental apartments, and the waiting period is around 8 years (City of Bratislava, 2021).

In 2021, there were between 14,406 and 15,868 unoccupied apartments, which is around 6% of the total housing stock in Bratislava (Metropolitan Institute of Bratislava [MIB], 2023). MIB (2023) in their analysis refer to unoccupied dwellings in Bratislava as “investment apartments” (*investičných bytov*) which are unoccupied since the owners are waiting for the opportunity to sell them. In their study, long-term unoccupied apartments were identified according to low electricity consumption in a period over three years. European Commission states that “such a high share of vacant dwellings can be explained by a combination of improper rental legislation and the current area-based taxation system, which does not provide strong incentives to put a vacant dwelling to the market. Vacant houses or apartments indirectly contribute to an insufficient housing supply and an underdeveloped rental market, as they decrease the pool of property available for renting or buying” (COEU, 2024, p. 10). However, significant share of the unoccupied dwellings in Slovakia are in rural areas, which are family houses intended for recreation (MoTC, 2021).

In 2023, 6.4% of the population lived as tenants, out of which 3.6% at market price and 2.8% at reduced price or free (Eurostat, 2026c). In 2023, social rental housing represented only 2.5% of the total housing stock in Slovakia, and in Bratislava the waiting period for a placement in social housing unit is six years. In terms of investments in social housing in GDP, in Slovakia they are only 0.06% (De Pace, 2024; COEU, 2024).

It must be pointed out that there is a significant lack of transparent and accurate data regarding the quality and the number of private rental housing units because a large share is rented without a formal contract (MoTC, 2021; COEU, 2024). The estimated size of the informal rental market is around 3% of the overall tenure structure (De Pace, 2024).

The number of people experiencing homelessness is increasing in Slovakia. In 2021, there were more than 71,076 homeless people, corresponding to 1.3% of the total population. This represents a steep increase since 2011, when the number of homeless was 23,483, or 0.4% of the population. This rapid increase is in part due to definition change between two censuses, expanding to those living on the street.

9.3.3 Definition of affordable rental housing

There are differences in terminology used in Slovakia when discussing affordable rental housing. The term "public rental housing" denotes housing stock owned and provided by a public authority, predominantly a municipality, financed with public funds and rented at a price below the market (MoTC, 2021). The term social housing in Slovakia is regulated by the Act No. 443/2010 Coll.[64], and it is defined as public housing, rented to households who are unable to procure their own housing, and who are below a certain income level. Thus, as stated by the housing plan 2030, "…social housing is therefore identical with the public rental sector and the most common provider is the municipality itself" (MoTC, 2021, p. 33). Slovak policy documents uses a couple of variations of the term affordable rental housing, which is sometimes translated as "regulated rental" apartments (*regulovaným nájomným bývaním*), but also "starter apartments" and "affordable rental apartments". The underlying assumption is that they are operated either by public or non-profit entity and rented at a price lower than the market. Since 1998, and through various financial mechanisms, local authorities purchased more than 45,000 public rental dwellings, while often smaller local authorities have been more active than large ones, e.g., Bratislava (MoTC, 2021).

[64] "Act No. 443/2010 Coll. defines social housing as 'housing acquired through the use of public funds intended for the adequate and humane dwelling of natural persons who cannot obtain housing by their own actions and fulfil the conditions under this law. Social housing is also housing or accommodation funded by public funds and provided as part of care under specific regulations." (Murray Svidroňová et al., 2019)

9.4 Housing supply and prices

9.4.1 Historical trends and key drivers

New construction slowed from the late 1980s, but the trend reversed around 2000 when the construction sector started to expand. This trend continued until 2009, when the effects of the GFC slowed down the economic activity. The construction activity did not recover until 2012 when the number of started construction sites increased, and since then, the demand for new housing has been increasing (De Pace, 2024; MoTC, 2021).

While the number of completed dwellings is increasing, it still does not meet demand. The estimated deficit in Slovakia is around 200,000 housing units (MoTC, 2021). Table 25 shows the number of publicly owned apartments as the share in the total number of completed housings.

Table 25. Number of completed apartments owned by municipalities and their share in the total completed apartments.

Year	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Number	1,544	1,064	680	339	336	226	195	205	250	134	201
Proportion (%)	10.1	7.05	4.54	2.19	2.14	1.33	1.02	1.02	1.16	0.65	1.07

Source: Author, after AI (2024).

Housing market and construction activities are severely fragmented in Slovakia. Housing construction in Bratislava outperforms other regions in Slovakia almost threefold. The number of available apartments did increase in 2023 due to higher interest rates (MIB, 2023). This will be confirmed in the subsequent section when housing prices will be explored.

Average new housing output in Slovakia is 1.18% of the total housing stock per year, thus outperforming the EU average which was 0.77% in 2018. However, population growth and the decrease in household size continue to put pressure on housing prices. This is illustrated in Figure 26 showing the increase of new apartments and permanent residents per year between 2001 and 2019 in Bratislava.

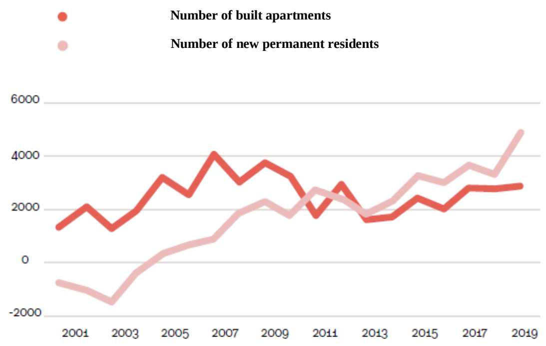


Figure 26. Newly built apartments and permanent residents in Bratislava, 2001-2019. Source: City of Bratislava (2021).

9.4.2 Housing construction and limitations

Inadequate housing supply is one of the main reasons for relatively high housing prices, resulting in part from a long waiting period to obtain the permit, and general concern from the developers that the market may be oversupplied (De Pace, 2024).

It takes on average 300 days to obtain the construction permit in Slovakia, which is almost twice as long compared to the OECD countries, where the average is 152 days (De Pace, 2024). It is shown in Figure 27 that the average per capita number of construction permits in Slovakia is below the EU average (De Pace, 2024).

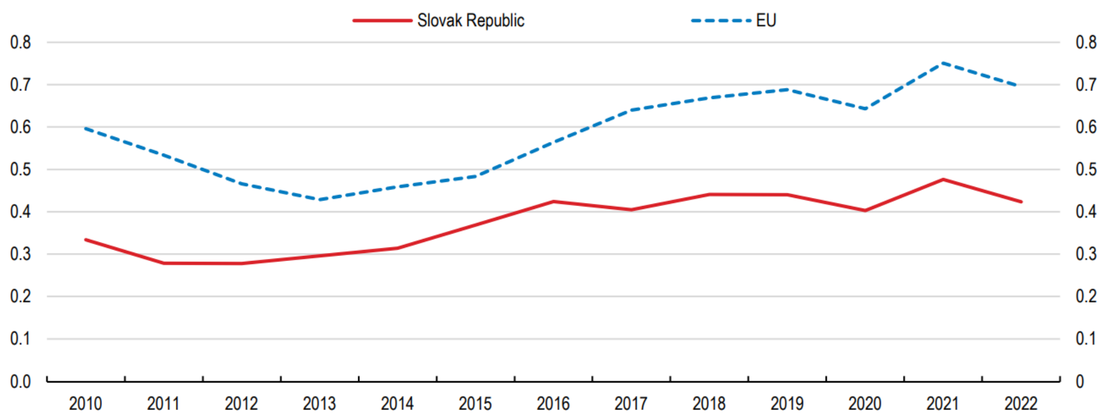


Figure 27. Number of construction permits in Slovakia and the EU average, m^2 per capita, 2010-2022. Source: De Pace (2024).

The number of completed dwellings in Slovakia in the 4th quarter of 2024 is at the lowest rate in six years, while the number of started constructions is the lowest in 11 years (SOSR, 2025). The total number of completed dwellings in Slovakia was around 17,600, while fewer than 15,000 dwellings were started, indicating a likely decline in completions in the following year. In 2024, there were around 77,200 apartments under construction, which is 3.2% more than a 10-year average, but 2.7% less than in 2023 (SOSR, 2025).

Land use policy in Slovakia is highly decentralised (De Pace, 2024). This is evidence of a path dependence resulting from the privatisation period, when the responsibility for housing policy, construction permitting, land policy and many other administrative tasks were transferred from the state to local authorities without the increased capacity to carry out the work efficiently, especially in smaller municipalities. Slovakia is one of the countries with the most local governments in the OECD. The average inhabitants per local authority in OECD countries is 10,254, while in Slovakia it is only 1,863 inhabitants.

9.4.3 Housing prices

House prices were rapidly increasing before the GFC in 2008, strongly outpacing economic growth. This rapid increase in housing prices is shown in Figure 28 below. Since the peak of housing prices in 2008, the prices had decreased by 17% in 2014 (Harvan et al., 2015).

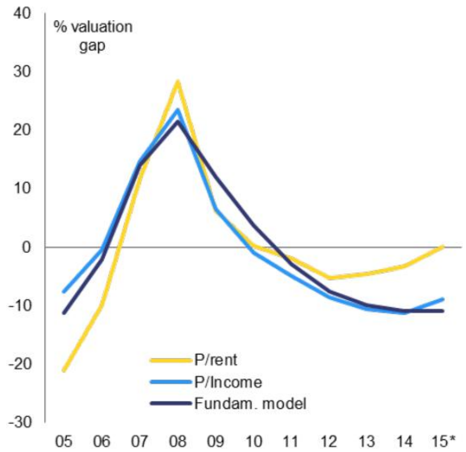


Figure 28. Price-to-income ratio, price-to-rent ratio and fundamental model of housing prices in Slovakia, 2005-2015. Source: Harvan et al. (2015).

Real housing prices in Slovakia have increased more rapidly compared to the OECD average, while price-to-income also increased substantially (De Pace, 2024). On average, it takes 14 gross annual salaries in Slovakia to be able to purchase a 70 m^2 apartment. In Bratislava, it takes almost 18 years for an average household to accumulate sufficient income to purchase a dwelling of 100 m^2 (De Pace, 2024). In terms of tenancy, in 2020, renting a 60 m^2 apartment in Bratislava required 37% of the average salary, and up to 44% in the most popular parts of the city (City of Bratislava, 2021). Renting a three-room apartment in Bratislava, cost €864 in 2018, while the mortgage for such an apartment was €502 (City of Bratislava, 2021).

Housing prices in Slovakia also differ considerably across regions. The Bratislava region records substantially higher housing prices than other parts of the country (MoTC, 2021). These regional differences and their development over time are shown in Figure 29.

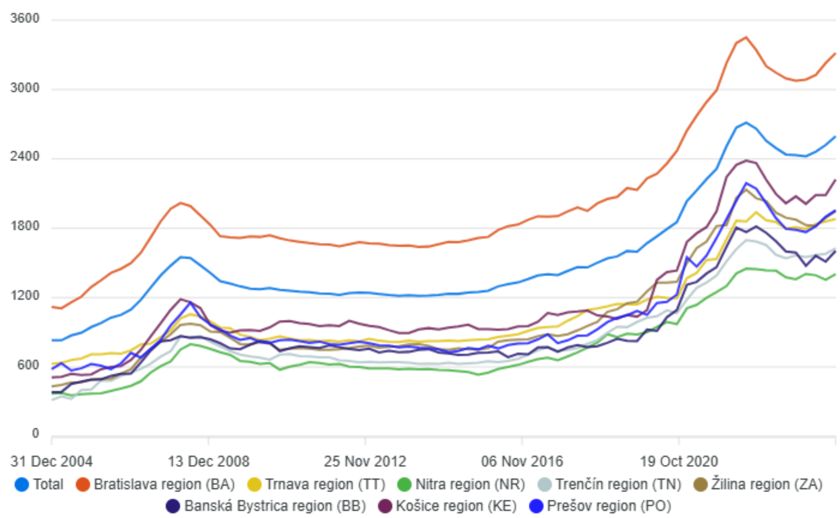


Figure 29. Residential property prices by region in Slovakia, 2004-2024, € per m².
Source: National Bank of Slovakia (2025).

A high demand for housing during COVID-19 pandemic posed a particular pressure on housing prices, driven by a high level of households' savings, low housing output and low mortgage interest rates. In 2021, housing prices increased by 13.7% (COEU, 2024). Since 2022, housing prices have slightly decreased, mainly due to high energy costs and higher borrowing costs (De Pace, 2024).

Prices of both new and old dwellings have increased by 4% in 2024, compared to 2023 (SOSR, 2024). Within 2024, the price of new dwellings increased by 3.5% and the existing buildings by 2.9%. However, the slight decrease of housing prices was partly offset by the cost of borrowing and additional demand of over 100,000 Ukrainian refugees that escaped the Russian-Ukrainian war (IMF, 2024).

Figure 30 below shows the increase in quarterly prices on average in Slovak Republic, between 2021 and 2024. Prices increased rapidly between 2021 and 2022 by 16.6% in total, most likely attributable to COVID-19 pandemic and inflow of Ukrainian refugees, which caused a rapid increase in housing demand (IMF, 2024). Housing prices started to decrease between the second half of 2022, mainly due to higher interest rates (COEU, 2024). Price decrease continued until third quarter of 2023, when the prices started to increase again and to stabilise in 2024 (Deloitte, 2024; COEU, 2024). Overall, between 2010 and 2024, housing prices increased by 84.1% (SOSR, 2024).

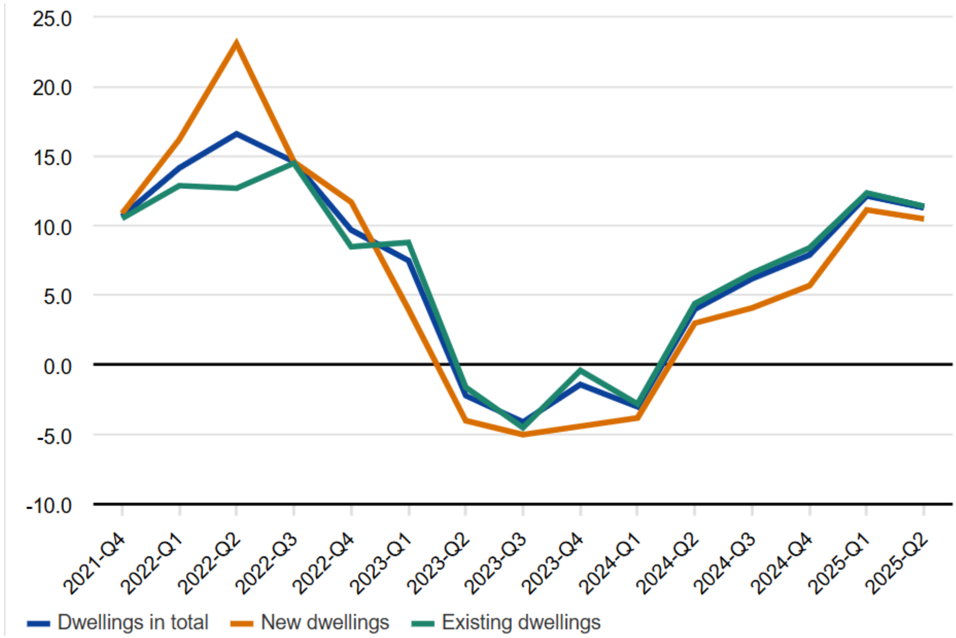


Figure 30. Realised dwelling prices in Slovakia, 2021-2025, year-on-year change. Source: SOSR (2025a).

Bratislava had the highest average housing prices compared to other parts of Slovakia, and had experienced the highest housing price volatility. Bratislava has the strongest demand and real estate transactions, increasing around 50% annually. However, a decline of demand for mortgage loans is taking place.

The average transaction price in Slovakia in 2023 was 3,107 € per m^2, which is a decrease of 1.6% compared to 2022, mainly caused by the increase in interest rate, while in 2025 it was 3.252 which is an increase of 4.7% compared to 2024 (Deloitte, 2024, 2025; MIB, 2023) In Bratislava, the price was 3.884 € per m2 in 2023, which represents 25% higher price than the national average (Deloitte, 2024). In 2024, the prices in Bratislava increased to 3,909 € per m2 for new dwelling (Deloitte, 2025).

The COVID-19 pandemic brought a change in demand for rental housing, during which rents decreased and around 9,400 rental properties were left vacant. Table 26 shows the rent levels in Bratislava, compared to other larger Slovak cities and towns. The market rent level in Bratislava slightly decreased in 2020 when the price for m^2 was €11.5, while the prices in other cities came closer to the price level of Bratislava, compared to 2018 levels (MoTC, 2021; De Pace, 2024). In 2024, the rental prices in Bratislava increased by 15% due to higher mortgage interest rates (Deloitte, 2024).

Table 26. Average prices of residential units.

City	Price (EUR/m²) as at 31 December 2018	Price (EUR/m²) as at 31 December 2019	Price (EUR/m²) as at 30 September 2020	Rent for an average 2-room apartment (50 m²) in 2020
Bratislava	12.3	12.36	11.5	575
Banská Bystrica	8.8	10	10.2	510
Košice	10.4	10.9	10.6	530
Nitra	11.6	11.4	10.6	530
Prešov	8.2	8.6	9.1	455
Trenčín	8	10.4	10.4	520
Trnava	11.2	12	11	550
Žilina	11	11.6	10.8	540

Source: MoTC (2021).

9.4.4 Urbanisation

Similarly to other EU countries, Slovakia is experiencing rapid urbanisation. The country's national urban development plan is heavily influenced by global and European initiatives (MoTC, 2019). While the swift expansion of urban areas in Slovakia drives economic growth and generates surpluses, it also leads to negative externalities such as traffic congestion, uneven territorial development, and social disparities. Slovakia's national urban development policy aligns with the Agenda 2030 for Sustainable Development, the New Urban Agenda adopted by the United Nations, and the Pact of Amsterdam, which established the Urban Agenda for the EU (MoTC, 2019).

The most relevant document of Slovak urban development is the "Urban Development Policy of the Slovak Republic by 2030" which stipulates the basic principles for future urbanisation and development of Slovakia, prioritising job and housing availability. In 2011, the OECD and the EU adopted the definition of a city[65], according to which there are 10 cities in Slovakia, which makes it one of the least urbanised countries in the EU. Moreover, Slovak language does not distinguish city and town. There are 140 cities and towns in Slovakia, housing more than half of the national population. Surprisingly, there are 2.890 local authorities. Bratislava and Košice are the largest cities (MoTC, 2019).

[65] 50% of the population must live in urban area

The reform of local and state administration after 1989 was of major importance, as it discontinued centralistic governance and gave power to local administrations. At the same time, the process of suburbanisation took place due to housing prices increase in urban areas (MoTC, 2019).

Slovakia is currently going through the final step of suburbanisation, which is evident in gradual decrease of population of the urban area, and increase of the population of suburban areas (MoTC, 2019). A phenomenon of urban shrinkage is also recorded in parts of Slovakia. This is mainly due to unfavourable geographical and transport connection and accessibility, low job opportunities, and a great concentration of socially problematic population, when towns in these areas start losing population (MoTC, 2019).

Decentralisation of the state in Slovakia gave power to two levels of local government, the municipality, and a higher territorial unit. Municipalities are the closest level of government to citizens and it is their basic task to address provision of housing, through land-use planning, adoption of housing development programmes and management of the municipal housing stock. The higher territorial unit has fewer powers compared to municipality and serves mainly to create strategic documents (MoTC, 2021). The City of Bratislava states that "The task of cities and municipalities is to create suitable conditions for housing development within their territorial development. Part of these activities is close cooperation with the state, private and non-profit sectors in the use of economic instruments for housing development" (City of Bratislava, 2021).

9.5 Housing governance and institutions

9.5.1 Overview and governance structure

Slovak public administration is organised as a dual system of governance, in which local governments make decisions on local development, while the central government supports and influences the development of local governments (MoTC, 2019).

The two most relevant institutions on the national level in terms of housing policy are the Ministry of Transport and Construction (MoTC) and the State Housing Development Fund (SHDF). In the city of Bratislava, the main authority is the Public Housing Department of the City of Bratislava. Another relevant institution is the National Bank of Slovakia that regulates the lending conditions, however, it is not considered as the main housing policy institution in the context of this paper.

Housing management in smaller municipalities is typically overseen by the municipal office, while larger towns often rely on not-for-profit or for-profit entities contracted by municipal authorities. Despite the decentralisation of housing governance powers to municipalities, monitoring reveals insufficient auditing for proper use of public funds and effective housing management, with limited control instruments retained by the central government at the local level.

Ministry of Transport and Construction

The shaping and implementation of housing policy in Slovakia is under the responsibility of the MoTC. However, decision making in the field of housing policy is to a large degree a multisectoral responsibility[66], leading to fragmented and shared responsibilities among other ministries and institutions, that occasionally hamper efficient decision making (AI, 2024). The MoTC is responsible for delivering and monitoring national housing policy plans, coordinating its implementation and setting up priorities for the SHDF.

State Housing Development Fund

The State Housing Development Fund (SHDF) was established[67] in 1996. It is a revolving fund, with the main purpose to distribute low interest rate loans, mainly for the energy efficiency renovation (SHDF, 2024). The proceeds from these loans are reinvested into new loans. SHDF has become an implementation body for the "Joint European Support for Sustainable Investment in City Areas" programme in 2013, and in 2017 for the "Integrated Regional Operational Programme". These programmes have become primary sources of EU funding for the SHDF to be able distribute preferential loans. In 2000, the main source of funding for the SHDF operations were the State funds. The use of State funds decreased over time while their own funds and EU funds increased, as shown in Figure 31 below. Both public bodies, private entities and private persons can apply for the SHDF's funds. While the funds are used primarily intended for construction and renovation, purchase of housing stock intended for affordable rent is also funded.

[66] defined by the Act (575/2001120)

[67] by the Act of the National Council of the Slovak Republic No. 124/1996, which was repealed and amended to Act No. 150/2013

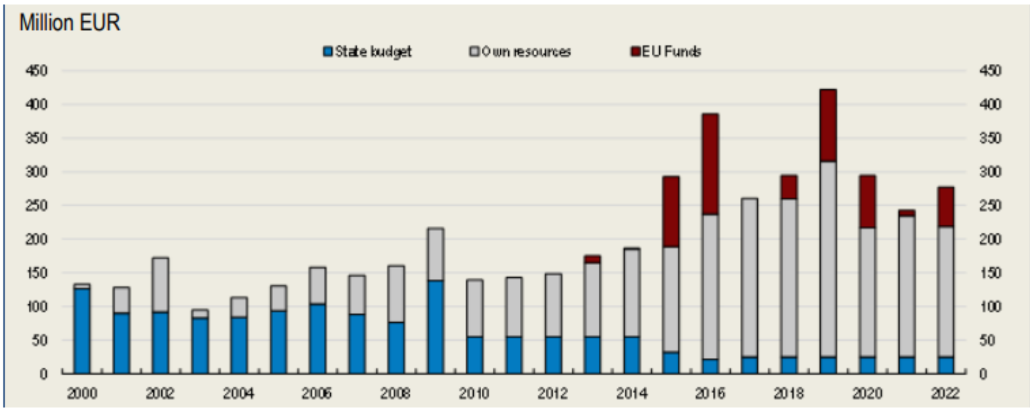


Figure 31. Sources of funding for the SHDF, 2000-2022. Source: OECD (2024).

The governing body for the SHDF is the Ministry of Transport and Communications, however the fund remains independent in its governance and day to day activities. The SHDF employed 93 people in 2023, and has the main office in Bratislava (SHDF, 2024).

Through its work, the SDHF had an important role in increasing housing affordability in Slovakia. By 2018, it funded the renovation of 25% of the total residential housing stock in Slovakia (Housing2030, n.d.) and between establishment in 1996 and the end of 2023, the SHDF has supported the construction, purchase and renovation of 481,179 housing units and approved 52,330 loans (SHDF, 2024).

SHDF improves housing affordability for lower-income citizens, and continuously reinvests its proceeds, therefore offering new loans.

Main funding activities of the SHDF are:

- Provision of financial support for acquiring apartments and rental housing through new residential construction or the purchase of units within residential, family, or multifunctional buildings.
- Facilitating the acquisition of social service facilities and accommodation houses, either through construction or purchase.
- Supporting the acquisition of technical equipment and land necessary for the construction or operation of rental apartments, social service facilities, or accommodation houses.
- Financing renovation projects to modernise and reconstruct common areas and shared facilities in apartment buildings, addressing systemic structural deficiencies, and implementing insulation measures.

Due to increase in construction prices in 2023, SHDF has adjusted and increased the maximum loan amount for acquisition of rental apartments, renovation of apartment building and similar technical works.

The SHDF has supported renovation of 26.094 housing units in 2023. In 2023, €172,888,860 worth of loans distributed for renovation, which is a record amount by the total amount and by the number of applications received from natural persons for the acquisition of housing unit. While in 2022 there were 19 applications, in 2023 there were 79 applications, out of which 65 applications positively assessed, and were supported by €6.659.810.

In 2024 SHDF helped in procuring 774 new rental apartments for local governments, with investments exceeding the previous year by 42 million euros. Additionally, 228 million euros were allocated for apartment renovations, an increase of 58 million euros from 2023. EU funds contributed €112 million, allowing resources to be redirected to other initiatives, including 25 million euros for social service facilities.

9.5.2 City of Bratislava

Slovak municipalities have historically operated under comparatively hard budget constraints, but the local administration and collection of property tax has also given them a more autonomous revenue source and a greater degree of budget autonomy from the centre (Bryson et al., 2004). The City of Bratislava implements housing policy primarily through its Social Services and Housing Department, which is responsible for the development, management, and allocation of public rental housing. Unlike national institutions that focus mainly on policy design and financing instruments, the city acts as the main operational actor, translating national housing policy objectives into concrete projects and local measures. This role is institutionally grounded in Slovak local self-government, as municipalities are formally responsible for creating suitable conditions for housing development, approving land-use planning documentation, coordinating land and technical infrastructure, and managing municipal housing stock (MoTC, 2021; Hlinčíková, 2024). Bratislava therefore retains a meaningful degree of administrative autonomy in housing policy, particularly in spatial planning, housing-stock management, and the local organisation of housing provision (City of Bratislava, 2021). At the same time, municipalities in Slovakia also exercise substantial discretion over the concrete rules of access to municipal rental housing, including eligibility conditions related to residence, debt clearance, and minimum income, which means that local authorities shape not only housing supply but also access to it in practice (Hlinčíková, 2024). However, in practice, Bratislava owns only a small share of the total housing stock, which has historically limited its ability to influence housing affordability in any major way (City of Bratislava, 2021). In response, the city has, in recent years, intensified its role by initiating the direct construction of municipal rental housing, renovating existing city-owned units, and introducing new instruments to facilitate access to affordable rental housing through cooperation with private landlords (City of Bratislava, 2021). At the same time, its capacity to expand affordable housing remains constrained by a weak municipal land base and the long-term absence of a coherent land policy, while any larger expansion of the municipal rental stock still depends on state-backed loans and subsidies (City of Bratislava, 2021). These activities complement national support schemes administered by the MoTC and SHDF, which makes the City of Bratislava a key local stakeholder in addressing housing needs in the specific urban context of the capital.

9.5.3 Housing as a right in the constitution

Slovak constitution does not stipulate that housing is a right, and therefore access to housing is not applied in the legal order. However, the task of the state is to create appropriate market and regulatory conditions that would enable sustainable and affordable housing (Rentková & Gejdoš, 2019). However, the constitution does guarantee "the right to the protection of the dwelling as well as the inviolability of the right to property". Furthermore, the constitution guarantees assistance to those in material need, to meet basic living conditions (Slovak Government, 2022). The Slovak legislation in the field of housing dedicates 75 laws and 31 sub-legislative norms, that have direct and indirect influence on housing provision (MoTC, 2021). Furthermore, housing allowance is provided through the system of assistance in material need under Act No 417/2013 on Assistance in Material Need, as amended (Ministry of Finance of the Slovak Republic, 2023).

9.5.4 Housing advocacy

Housing advocacy in Slovakia is relatively well developed in the area of social exclusion and human rights, but remains fragmented when it comes to housing provision as a systemic policy issue. Civil society organisations such as Amnesty International Slovakia, homeless service providers (e.g. Vagus), and Roma advocacy organisations have played an important role in documenting inadequate housing conditions, monitoring policy implementation, and drawing attention to severe housing deprivation among vulnerable groups, particularly Roma communities and people experiencing homelessness. Advocacy efforts are therefore largely oriented toward exposing rights violations, segregation, and extreme housing need, rather than toward shaping broader housing supply or tenure policies. While this has contributed to greater visibility of housing-related social problems, it has had limited influence on mainstream housing policy, which continues to prioritise renovation, energy efficiency, and technical upgrading of the existing housing stock. In this sense, housing advocacy in Slovakia operates mainly at the margins of the housing system, focusing mostly on social remediation rather than on structural expansion of affordable rental housing.

9.6 Housing policy plans

9.6.1 National housing policy

The central framework guiding housing policy in Slovakia is the National Housing Policy Plan for the period 2020-2030 (hereafter Housing Plan 2030), prepared and coordinated by the Ministry of Transport and Construction (MoTC) in cooperation with other relevant ministries (MoTC, 2021). The policy is structured as a ten-year strategic document accompanied by a five-year Action Plan (2021-2025), reflecting the established review cycle of national housing strategies in Slovakia.

Previous housing policy plans adopted between 2000 and 2020 primarily focused on increasing the overall housing stock and improving housing standards, with the implicit objective of enabling access to housing for all households (Rentková & Gejdoš, 2019). In contrast, Housing Plan 2030 explicitly recognises housing market failure as a justification for state intervention, noting that commodification of housing prevents a substantial share of households from securing adequate housing under market conditions. Consequently, the plan frames state intervention as an expression of solidarity, aimed at improving housing availability and affordability through targeted public action (MoTC, 2021).

The overarching objective of the Housing Plan 2030 is to increase housing availability, with a particular emphasis on expanding rental housing and continuing large-scale renovation of the existing housing stock, especially family houses. The plan defines housing availability not only in quantitative terms but also in relation to housing quality, energy efficiency, and long-term sustainability. It acknowledges the broader social and economic implications of inadequate housing, including negative effects on health, well-being, and economic performance (MoTC, 2021).

Housing Plan 2030 is strongly influenced by international and European policy commitments, particularly those arising from EU-level strategies and declarations. Its preparation incorporated inputs from public authorities, academic experts, civil society organisations, and the private sector, reflecting an explicitly participatory approach to housing policy development. The plan also emphasises the need to strengthen cooperation between public, private, and non-governmental actors at both horizontal and vertical governance levels (MoTC, 2021).

State intervention under Housing Plan 2030 is implemented through a combination of direct and indirect instruments. Direct support includes subsidies for the acquisition of housing units, preferential loans distributed through the State Housing Development Fund (SHDF), and financial support for the renovation of family houses aimed at improving energy performance. Indirect support measures include tax deductions for young mortgage borrowers and state-supported housing savings schemes (MoTC, 2021). The relative importance of these instruments is illustrated by the consistently dominant role of SHDF financing in total housing support between 2005 and 2020, as shown in Figure 32 below (MoTC, 2021).

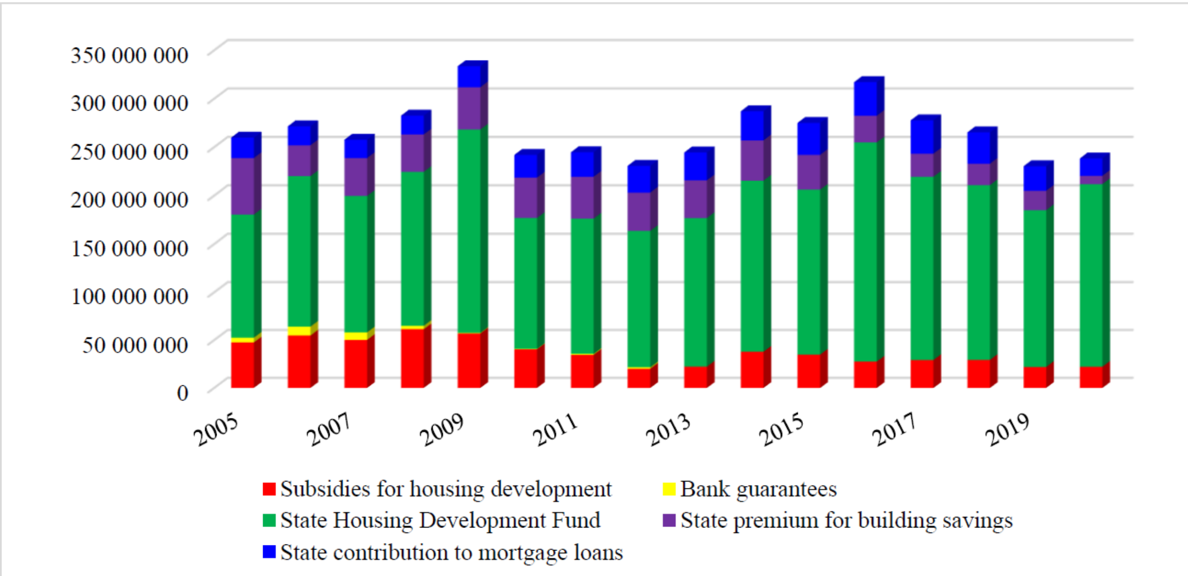


Figure 32. Sources of support for housing development in Slovakia, 2005-2020. Source: MoTC (2021).

From the support structure, it is evident that the funds distributed through the SHDF dominate each year, whereas subsidies for housing development, state contribution through tax deduction and support for savings have a similar proportion. These are also the main instruments at Slovakia’s disposition to address future housing affordability needs. It is likely that these instruments will be adopted and amended according to population needs (MoTC, 2021).

Public rental housing represents the primary target of state housing subsidies. Support provided by the MoTC is typically combined with SHDF loans to cover up to 100% of eligible investment costs for public rental housing projects. Through Housing Plan 2030, Slovakia aims to increase the total housing stock to 395 dwellings per 1,000 inhabitants by 2030, expand the rental housing sector to 10% of the total housing stock, and increase the share of social rental housing from approximately 1.6% to 3% (MoTC, 2021).

To expand rental housing supply, Housing Plan 2030 calls for the strengthening of both public and private rental sectors. In addition to traditional municipal rental housing, the plan proposes the development of state-assisted rental housing and the introduction of legislative incentives to encourage private owners to participate in the provision of affordable rental housing. These measures are designed to limit additional infrastructure costs while increasing rental supply, and they form the basis for the later establishment of the State-Supported Rental Housing Agency (MoTC, 2021).

Renovation of the existing housing stock constitutes the second major national policy priority. Large-scale renovation has been a continuous objective of Slovak housing policy since 1992. By 2019, approximately 67.9% of multi-apartment buildings and 45% of family houses had undergone renovation, placing Slovakia among the EU countries with the highest renovation rates (MoTC, 2021). Housing Plan 2030 continues this trajectory, with funding provided through a combination of state subsidies and SHDF loans (MoTC, 2021).

Beyond financial instruments, Housing Plan 2030 highlights the importance of effective legislation, regulation, and data collection as preconditions for a functioning housing market. It explicitly states that long-term, systematic collection and publication of housing data are essential for evidence-based policymaking. Among its forward-looking priorities are the establishment of a comprehensive housing data register, streamlining the planning and construction permitting process through legislative reform, improving tenancy regulation to rebalance the rights and obligations of tenants and landlords, and gradually increasing public housing expenditure from 0.11% of GDP in 2019 to 0.5% by 2030 (MoTC, 2021)

Special aims of the Housing Plan 2030

1. Adjusting the rent setting to follow the increase of the maintenance, management and other related costs. Current legal framework sets the cost of rent to a maximum annual amount of 5% of the purchase cost of the dwelling.
2. Adjust the legal framework to grant better access of unused land to local municipalities, for the purposes of social rental housing.

3. Create a framework that allows for converting unused housing purpose for social rental housing, to avoid pressure for new construction.

Private rental housing should be developed to increase labour market and mobility. It is thus important, according to the national housing plan, to enable private owners into the segment of affordable rental housing. The following measures are proposed:

1. Incentivise private investments into construction of public rental housing.
2. Analyse possible public-private opportunities to build more affordable rental housing units.
3. Improve Slovak Guarantee and Development Bank's guarantee system in a form of long-term loans to support investments in social rental housing.

9.6.2 Bratislava housing policy

The City of Bratislava is Slovakia's main socio-economic engine (City of Bratislava, 2021). The city is rapidly expanding and attracting new residents. This demand for housing, which was not met by the housing supply, had an impact on house prices and housing affordability. The city administration states that it takes responsibility for improving the quality and affordability of housing through long-term policy making (City of Bratislava, 2021). This is the same reasoning stated in the national housing plan.

Housing policy plan of the City of Bratislava is a ten-year document for the period 2020 to 2030 (from here on Bratislava Plan 2030), and it provides analysis of the current housing state and identification of main housing issues. Previous policy concept for the city of Bratislava was for the 2010-2020 period. It did address housing affordability issues briefly, but did not implement any of the measures (City of Bratislava, 2021).

The shortage of housing in Bratislava is well recognised in the policy document, stating that a growing part of the population is experiencing difficulties in accessing the right housing (City of Bratislava, 2021). An overarching aim of the policy concept is to build more housing units, and establish a form of partnership between the city's administration and private developers. The policy programme recognises that new apartments should be built according to sustainable development principles and on unused construction land closer to the central parts of the city rather than on the periphery (City of Bratislava, 2021).

Below is the list of the main territorial priorities for housing development.

Effective use of existing Bratislava's land capacities - this mainly addresses a strategic approach to redeveloping brownfields and other underutilised and available spaces. A comprehensive strategy should be formulated to guide their redevelopment, ideally through engagement with the local community to ensure alignment with public interests (City of Bratislava, 2021).

Identifying potential development sites, taking into consideration sustainable development principles - a fundamental step in achieving this objective is the development of the Territorial General Housing Plan, which will serve as a foundation for the new Urban Master Plan (UPN) and other detailed planning documents (City of Bratislava, 2021).

Establishing a Strategic Land Policy - implementation of an urban development company model is crucial for initiating housing construction in previously undeveloped areas. This entity would oversee and coordinate housing development processes, with a primary focus on creating an urban land policy framework (City of Bratislava, 2021).

Enhancing Public Participation and Communication - adoption of participatory spatial planning is integral to modern housing development in Bratislava. To facilitate this, a comprehensive communication strategy must be developed to transparently convey the objectives, processes, and specific needs of housing development, particularly concerning rental housing, while also addressing potential conflicts of public interest (City of Bratislava, 2021).

Moreover, the Bratislava 2030 plan lists the priorities regarding the expansion of the public housing stock, listed below.

Repurposing Underutilised Municipal Buildings - the city currently lacks an up-to-date inventory of underutilised municipal buildings suitable for housing. Conducting a thorough audit and formulating a strategic plan for the adaptation and conversion of such buildings into residential units are essential measures in expanding the municipal housing stock (City of Bratislava, 2021).

Sustainable construction of new housing units - a comprehensive plan for the construction of new rental apartments should be developed and regularly updated. This plan should incorporate measurable targets, a structured timeline, financial projections for preparation, construction, and maintenance, accessibility standards, social integration strategies, and predefined rental levels. Concurrently, the transformation of the Housing Development Company Bratislava (SRBB) should be finalised, establishing it as a specialised entity responsible for overseeing housing stock development and management (City of Bratislava, 2021).

Systematic acquisition of housing units - a dedicated team should be established to define criteria and processes for acquiring housing units at market prices. The SRBB should be equipped with the necessary operational and financial capabilities to facilitate flexible and efficient acquisitions using its internal resources (City of Bratislava, 2021).

Furthermore, the Bratislava Plan 2030 aims to develop a sustainable public-private partnership framework to develop affordable rental housing. Partnership with private developers is one of the most important future directions of the housing stock supply increase. This form of cooperation is not a common practice in Slovakia and will have to be carefully designed. One objective is an intervention to change the zoning plans that are in public interest, and that would enable construction of rental apartments on privately owned land. The city would make available construction land sites, while private developers would apply for permits and construct the housing, and transfer a pre-determined amount of housing units into city's ownership. Basic condition for a successful public-private partnership is a transparent methodology containing conditions and criteria for the award and development of the housing units (City of Bratislava, 2021). Once the methodology and framework for this cooperation is set, pilot projects will take place to test the cooperation model. To increase the success of this model and to gain public trust, the city is planning a regular public roundtable between city officials and developers (City of Bratislava, 2021).

First steps will be to establish a pilot study and a pilot project to demonstrate viability of such cooperation. This also requires a better communication between public and private sector, mainly to improve public trust (City of Bratislava, 2021).

While the current management of city apartments is provided through external services, this policy programme suggests to create an internal department that would manage all of the city owned housing. Moreover, the city administration wants to increase the maximum rent amount since current amount is not sufficient to cover the maintenance costs (City of Bratislava, 2021).

The only realistic way to increase the number of available affordable rental housing is through municipal ownership. The main ways in which this programme is planns to address this are to convert existing non-residential buildings into residential use, purchase existing privately owned apartments and construct new housing stock (City of Bratislava, 2021).

Other housing policy improvements listed under the Bratislava plan 2030 include digitising the application process and improving regulated apartment allocation, creating safety mechanism to prevent housing loss in case of mortgage payment arrears, and to collect data on regular basis on housing needs in the city.

9.7 Main housing measures

This section lists the main housing measures relevant for the affordable housing, whether they are implemented at the national or local level. Certain measures listed here are contained in the national and Bratislava housing plan, however some predate these documents.

9.7.1 Supply-side measures

Construction and purchase support by the SHDF

As stated earlier, SHDF is one of the key stakeholders on the Slovak national level to invest in affordable housing. There are many supply-side subsidies from SHDF that support affordable housing through loans, however in our analysis we limit only to those supporting public entities and natural persons for construction or purchase of a home, supporting purchase of rental apartments and for renovation support, as these are the most relevant for the aim of this research (SHDF, 2024).

First measure distributed by SHDF is the financial aid aimed at public entities, such as municipalities, to procure rental apartments, and to legal entities that provide housing services. Financing is provided through a low interest loan and it supports various forms of rental apartment procurement, including construction of rental apartments, superstructures, extensions, and modifications in apartment buildings, residential dwellings, or multifunctional buildings. It could also be used for the purchase of rental apartments, as well as the acquisition of purchase contracts for apartments within three years of final approval. Additionally, applicants may enter into agreements on future purchase contracts with contractors. Structural modifications to rental apartments that do not meet basic superstructure requirements are also eligible for funding (SHDF, 2024).

These loans may finance up to €2,000 per m^2 for rental apartments, subject to compliance with the specified cost limits per m^2. The interest rate ranges from 0% to 1%, with a repayment period of up to 40 years. The financing covers up to 100% of the objective costs.

To qualify for these funds, applicants must secure rental contracts for at least 85% of the rental apartments they own.

Apartments funded under this measure must remain in rental service for at least 30 years after the purchase or construction completion. The building must be located in a municipality experiencing a housing crisis in an area with low unemployment, in a region where an industrial park is under construction or already exists, or in a location where a significant investment is being implemented (SHDF, 2024).

Second measure by SHDF are loans for the renovation of residential apartment buildings. Eligible applicants include owners of apartments and non-residential premises represented by an administrator, individuals, municipalities, and other legal entities with a registered office in Slovakia. The support applies to the capital city of Bratislava, the city of Košice (including urban areas), and other local government regions. The purpose of the support is the renovation of residential buildings.

Financial support is available for the insulation of residential buildings and the installation of renewable energy sources. Eligible projects must achieve a minimum 30% reduction in primary energy consumption compared to pre-renovation levels. This initiative includes improvement in insulation, technical equipment for renewable energy, and renovation efforts that improve energy efficiency. Applicants seeking a partial loan waiver, co-financed by EU structural funds, must submit a written request within one year of providing the energy certificate (SHDF, 2024).

This initiative aims to enhance housing availability and improve energy efficiency through the development and renovation of rental properties under favourable financial conditions. In terms of providing support for renovation, among various criteria, the apartment building must be in use for at least 10 years, and the renovation must result in at least 35% energy savings.

In terms of support for procurement of an apartment by a natural person, the floor area must not exceed 80m^2, or 120m^2 in case of a house. There is also a maximum income requirement, which must be below five times the minimum subsistence requirement[68]. In 2023, SHDF supported 141 purchases of housing units for natural persons, 201 procurements for a legal person, 473 procurements for the municipality, 20 procurements of social service facilities and 84 procurements of the accommodation houses, which has tourist purpose, such as guest house (SHDF, 2024).

Construction and purchase support by the MoTC

Next to SHDF, there are forms of subsidies for the procurement or construction of the apartments that are intended for a long-term rent, or for renovation of multiapartment buildings, that are distributed by the MoTC. These subsidies are intended for the legal entities and public authorities, and not for private households (MoTC, 2025b). These subsidies range from 35% to 75% of the purchasing price of the apartment, and it varies depending on the floor area,

[68] in 2023, the amount of five times the minimum subsistence requirement for a single member was €1.340,40, for one adult with a child was €1.958,25, for two adults and a child was €2.282,25, two adults with two children was €2.572,10, etc.

development of the district where the apartment is located, or if the purchasing party is a registered social enterprise. In general, the size of these apartments must not exceed 80 m2, but the size may be increased by 10% if the apartment is intended for a person with a disability. From January 2026, at least 10% of the apartments will have to be accessible by an elevator. Main purpose of this subsidy is to complement the loans these public or legal entities have received from the SHFD, as explained above (MoTC, 2025b).

Establishment of non-profit social housing organisations

One of the most important measures that impact the social rental housing provision is the introduction of legal acts (Act No. 112/2018 Coll.) to incentivise the creation of social housing organisations/enterprises in 2018. The aim was not to replace the existing schemes of social rental housing provision, but to expand the range of service providers to include private investments and capital. This legal framework states that the non-profit enterprise must provide 70% of the rental housing at discounted prices compared to market prices, to households with monthly incomes not higher than the minimum subsistence amount in Slovakia, and more than half of the profits must be reinvested. In 2020, only one such social enterprise providing social housing was registered called Affordable Home (Dostupný Domov), established under a separate financial institution, the Slovak Investment Holding (SIH), a joint stock company, fully owned by Slovak Guarantee and Development Bank and established by the Government of Slovakia in 2014 (EIB & EC, 2023). “Affordable Home” provides disadvantaged and marginalised social groups with long-term affordable rental housing (Dostupný Domov, 2025). In 2025, they offer more than 350 apartments to over 1.000 tenants. Their aim is to reach 1.500 long-term rentals by 2030.

A part of the SIH is the National Development Fund (NDF) that manages EU funds and implement financial instruments. It manages over €1 billion in funds. Among many categories in which the NDF invests, is affordable housing, with a dedicated €25 million for the current period. Example of loans by the SIH include 39 loans to Roma population to self-build and reconstruct their housing units (EIB & EC, 2023).

State-supported rental housing agency (SSRHA)

The SSRHA is designed as a new institution to addresses the provision of state-owned and operated rental housing, that is sustainable and does not overburden state budget. The goal of this agency is to create a housing option that fits between homeownership, and public and private rental housing. As stated on their web site, it is “a new housing project that fills the gap between social housing, market rent and buying an apartment with a mortgage" (SSRHA, 2025a). These housing units must be barrier-free and located in the location with the highest demand for housing. To reach this aim, Slovakia needed to adopt a legal framework on a national level to enable the rules of establishment of such concept, such as contractual obligations, tenancy and rent setting criteria etc. Moreover, an economic instrument that enables such investments, without burdening state budget had to be created (MoTC, 2021).

These enabling conditions were secured and in 2022 the state-supported rental housing agency was established[69], although it is not fully operational, and the launch of activities is planned for 2025. One of the enabling legislative changes was to decrease VAT to 5% for the construction activities. Main activities of the agency are to oversee and implement state-supported rental housing projects. Its main responsibilities include developing rental housing policies, selecting investment partners, managing investment contracts, approving projects, setting rent limits, and maintaining housing registers. The agency is funded through state budget allocations, membership fees, and other financial sources, ensuring transparency and efficiency in rental housing development (SSRHA, 2025a).

The main target population is middle-class residents who are unable to obtain a mortgage but have sufficient income to pay the regulated rent. Rent contracts after five years become permanent rent contracts. This scheme is also viable for employers to subsidise employees rent of up to € 360 per month, a tax-deductible expense for the employer which is believed by the SSRH to increase labour mobility. Rent is regulated and thus lower than the market rent, and increases by inflation. In setting the rent, regional differences are also taken into account (SSRHA, 2025a).

Informative calculator on their website sets the rent at €889 for a three-room apartment in Bratislava, for a household with two adults and two children, with a maximum net household income of €5,722.80 and a minimum income of €1,604.35. For an individual, informative calculator sets the rent at €368 for a single room apartment, with a maximum net income of €2,191.92 and a minimum €641.99. As of 2025, there are more than a thousand potential tenants registered (SSRHA, 2025b).

The key stakeholders in this agency are the legal entities referred to as "Investment partners", that finances, implements and manages the properties. There are currently two Investment partners: Kooperativa Vienna Insurance Group and BWSG that have signed the contracts with the government. According to the legislation of the SSRHA, some of the main

[69] By the act no. 222/2022 on state support for rental housing.

eligibility criteria for the investment partners to enter into contract with the government are that they are large entities with stable and transparent finances, with ten years of experience in social rental housing investment (Government of the Slovak Republic, 2024). The contracts between the government and partners are signed for at least 25 years.

9.7.2 Main measures implemented by the city of Bratislava

Currently, city-owned apartments are allocated through the various schemes. Young family house project consists of renting apartments for a fixed period, usually two years, to young families with children and single parents under 35 years old. Maximum period for a family to stay in this programme is ten years (City of Bratislava, 2021). Senior citizens home project is for citizens over 50 years old, and entails assisted rental housing units for a period of two years, however the maximum stay is not limited. Affordable housing project aims to reintegrate homeless people into society (City of Bratislava, 2021).

The city of Bratislava priorities the creation of a social rental agency to increase the availability of rental apartments. This agency would rent apartments from private owners and sub rent them to those who are eligible for regulated rent. This priority would also entail formation of a guarantee fund for a social rental agency, create a used-furniture market to reuse used furniture and to set up pilots to test these schemes. However, the Bratislava plan 2030 does not state specific deadlines for these tasks.

9.7.3 Demand-side measures

Loan subsidies to natural persons by SHDF

Similarly to supply-side subsidies, SHDF has the main role in demand-side subsidies, such as providing favourable loans for natural persons for either purchase or construction of housing (SHDF, 2024). To be eligible for this subsidy, applicants must be EU citizens with permanent residence in Slovakia, aged 18 or older, and meet at least one of the following criteria:

- Married couples younger than 35.
- A spouse with a child under 6 years old.
- Individuals with disabilities or those living with a disabled person for at least a year.
- Cohabiting partners, both under 35.
- A partner with a child under 3 years old or an adopted child under 5.
- Single parents or guardians of children under 15.

The loan amount must not exceed €180.000, interest rate at which the loan will be issued is 1%, with a maximum 40 years repayment period, and up to 100% of the asset value.

Loans are issued for the following purposes:

- Constructing or purchasing an apartment or family house.
- Building modifications, including new structures, extensions, and renovations.
- If part of a larger building, at least one-third must be residential.

Applicants need to obtain a purchase agreement or a preliminary contract with a contractor, finalised by December of the second calendar year after signing the initial agreement. Maximum floor area for an apartment is 80m2 and for a house is 120 m2. In case the applicant is a disabled person, the floor area can increase by maximum 10% (SHDF, 2024).

Housing allowances

Housing allowances are distributed by the Ministry of Labour, Social Affairs and Family (MLSAF). They serve as the basic tool to increase availability of housing to inhabitants and offer a targeted and effective approach (Slovak Government, 2022). Housing allowance amounts by household size are presented in Table 27. In 2025, housing allowance is distributed as follows:

Table 27. Housing allowance amounts by household size.

	Individual household	Households with two members	Households with three members	Households with four members	Households with more than four members
Housing allowance (EUR)	97.00	164.70	209.00	253.30	297.40

Source: MLSAF (2025).

Households that qualify for “material needs” assistance[70] are eligible for the housing allowance (MLSAF, 2025). The average housing allowance in Slovakia represented only 0.3% of gross earnings for households at the 10th percentile of the wage distribution in 2020, compared to an OECD average of 9.2%, making it one of the least generous schemes (De Pace, 2024). This is shown in Figure 33 below. For housing allowance eligibility, households also

[70] The minimum subsistence amount in 2024 is €273.99 for a single household, €191.14 if it is a joint household and €125.11 with a jointly dependent child, valid between July 2024 until June 2025 (MLSAF, 2025)

need proof of a tenancy contract and proof that they are not in arrears with rent payments. For Roma community, these eligibility conditions represent significant restrictions (De Pace, 2024).

Approximately 20% of tenants in Slovakia received housing allowances in 2022 (Eurofound, 2023). In the same year, 63,373 applications for housing allowance were submitted, of which around 40% were approved, resulting in total expenditures of between €3 million and €4.5 million (AI, 2024). Housing allowances are available to both public and private tenants. Since 2023, allowance amounts have been indexed to inflation in order to protect vulnerable households from rising housing costs. In addition, a policy proposal has been introduced to decouple housing allowances from the “material need” eligibility condition and to provide them as a standalone social benefit.

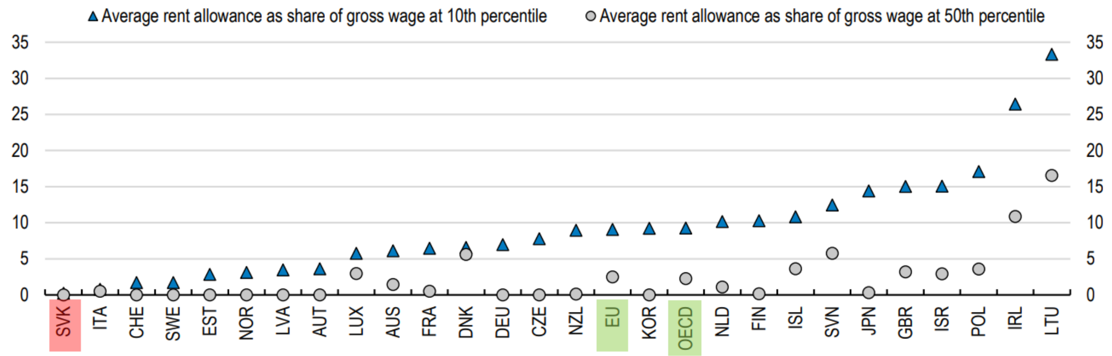


Figure 33. Housing allowances as a share of household income, 2020. Source: De Pace (2024).

There are other social transfers towards housing affordability similar to housing allowance. Material needs ranges between €86.50 to €303.20 per month, depending on the household composition (MLSAF, 2025). Protective allowance is for those who cannot secure income and cover living costs, and amounts to € 88.40 per month (MLSAF, 2025). The same amount is given through activation allowance for those who decide to gain new skills to improve employability. Dependent child allowance amounts to €24.20 per child per month (MLSAF, 2025). Housing allowance is the only direct financial support for housing costs. Eligibility criteria for housing allowance include the proof of Slovak citizenship and proof of previous payments of bills of at least six months. These conditions exclude those who do not have Slovak citizenship, but also young people without previous tenancy, individuals leaving prison or institutional care, victims of violence etc. (AI, 2024).

Below (Table 28) is an example of calculation of cumulative social benefits that a low-income family with two adults and two dependent children would receive from June 2024.

Table 28. Informative calculation of housing allowances in Slovakia based on 2025 data.

Material need benefit	€224.90
Allowance for two dependent children	€48.40
Housing allowance	€253.30
Total	€526.60

Source: Author based on data from MLSAF (2025).

Mortgage deduction

A mortgage deduction scheme is intended for young people aged between 18 and 35, who can deduct 50% of the mortgage interest for five years. The maximum deduction is €1,200 per annum, for the first five years of the loan (Financial Directorate of the Slovak Republic, 2025). This scheme was introduced at the beginning of 2018, and the mortgage is subsidised by the state.

9.7.4 Taxation of housing and real estate

Slovakia's tax system favours homeownership, contributing to rising housing prices, particularly given the limited housing supply (EC, 2022; De Pace, 2024; COEU, 2024). Although there is a recurrent property tax, it is relatively low, accounting for around 0.5% of Slovak GDP in 2022, significantly below the EU average of 1.2% (COEU, 2024; De Pace, 2024). There is no transfer tax on real estate transactions. One issue is that low or absent recurrent property taxes do not generate revenue for local governments, preventing the public budget from benefiting from rising housing prices (COEU, 2024). In a super-homeownership country like Slovakia, property tax is a highly unpopular measure because it affects the majority of the population, including many low-income households (De Pace, 2024).

9.8 Housing policies for selected vulnerable groups

This section provides an overview of the extent to which vulnerable groups are addressed by existing affordable housing measures. Both the national and Bratislava housing plans are guided by the responsibility stemming from International Covenant on Economic and Social Rights. The previous policy instruments distributed access to housing and the risk unevenly among the social groups, producing vulnerability among lower income households. Therefore, the uneven policy instrument design created the need to address these households' needs in particular (City of Bratislava, 2021; MoTC, 2021).

The national housing programme specifically mentions these following social groups as vulnerable, in terms of housing affordability: low-income groups, young households, large families, people with disabilities, elderly, single-parent households, women at risk of violence and victims of violence, individuals after alternative care, foreigners and migrants, homeless, Roma community members, other groups who cannot meet their housing needs, such as long-term unemployed etc. (MoTC, 2021). The Housing Plan 2030 and Bratislava plan 2030 build on the same assumption. Addressing housing needs for vulnerable groups is one of the main mandates of housing and social policy in Slovakia. However, since the previous sections already listed the measures for young and elderly, this section focuses on the homeless, Roma and people with disabilities. The national housing programme in Slovakia recognises vulnerable groups as a very heterogeneous group, linked to either income level, health condition or the stage of life (MoTC, 2021). Main goal for these groups is to provide them with adequate accommodation with supporting services. Solutions vary for these groups from ensuring temporary accommodation, rental accommodation with a purchase option, pilot projects for housing first for homeless people, and improving housing quality for disabled and elderly (MoTC, 2021). The proposed measures are the following:

1. Strengthen social workers and their capacity to prevent homelessness.
2. Prepare a systematic way of selection of tenants for social rental housing.
3. Motivate local authorities to build social housing units that are barrier free and accessible.
4. Link social rental housing with social support services on all levels (MoTC, 2021).

9.8.1 People experiencing homelessness

Efforts to combat homelessness in Slovakia are the results of both local and national policy initiatives. Although Slovakia has a very elaborate and detailed policy concept for preventing and ending homelessness until 2030, there is a lack of comprehensive approach towards ending homelessness (Slovak Government, 2022).

The Bratislava plan 2030 has identified several priorities regarding vulnerable groups. Ending homelessness is at the top of priorities, and as mentioned, Bratislava already employs nine city-owned apartments for Housing first projects. In parallel, social rental housing units will be built to systematically and continuously address the housing shortage, which is one of the main causes of homelessness (City of Bratislava, 2021). The city of Bratislava operates two hostels that accommodate those in need, however, the conditions of these hostels are rather poor (City of Bratislava, 2021).

9.8.2 Roma community

Slovak government started the Dom.ov initiative between 2022 and 2024 aiming to provide micro-loans to the Roma community to build a house (AI, 2024). Due to a limited capacity from local authorities to implement this initiative, it had limited results. Moreover, increasing the supply of social rental housing would also aid them in finding adequate housing and promote social mix, to avoid excluding Roma community (De Pace, 2024).

9.8.3 People with disabilities and the elderly

Since people with disabilities and elderly people are included together as a single group in the Housing plan 2030, they are addressed together. The main aim to address housing quality for both groups is to change the standards of existing and newly built housing units to be barrier free and accessible to all (City of Bratislava, 2021). Barrier-free conditions are specifically expected from the apartments built by the SSRHA, that would benefit disabled and elderly (MoTC, 2021). The Bratislava plan 2030 lists the second priority "Increasing the availability of housing for people with disabilities including older people" (City of Bratislava, 2021, p. 10). The main action under this priority is to secure that a specific number of built apartments are barrier free, and to secure access to social services. Barrier-free layout of apartments would help in de-institutionalising disabled and elderly and would increase healthcare service provision in home environment (City of Bratislava, 2021).

9.9 Housing affordability and quality indicators

According to NBS, Bratislava, Prešov and Žilina have the fastest price growth and thus worst affordability deterioration. Since this indicator cannot be easily interpreted and compared with other countries, we continue with the three indicators as stated earlier.

9.9.1 Housing cost overburden rate for all households and low-income households

Housing cost overburden rate in Slovakia in 2025 was 3.5%, which is a significant decrease from 2024 when it was 6.4% (Eurostat, 2026h). Observing income quintiles, there were 12% of the first income quintile in Slovakia overburdened by housing costs in 2025, which is a significant decrease from 27.1% in 2024 (Eurostat, 2026g). The overburden rate alternated significantly between 2017 and 2025 due to various challenges in the Slovak housing market, such as COVID-19 and war in Ukraine that increased the energy prices. This impacted tenants at market price and owners with a mortgage most. This impact is below the EU average due to governmental cap on the energy price increase. The peak of the total overburden rate in Slovakia was in 2007, just before the GFC. It is important to note the inversion in the trend between 2008 and 2016, when owners with mortgages were the most overburdened while overburden for tenants at market prices was significantly lower. Latest data is for 2025 with 16.8% of the tenants at market price being overburdened. Housing cost overburden by tenure is presented in Figure 34.

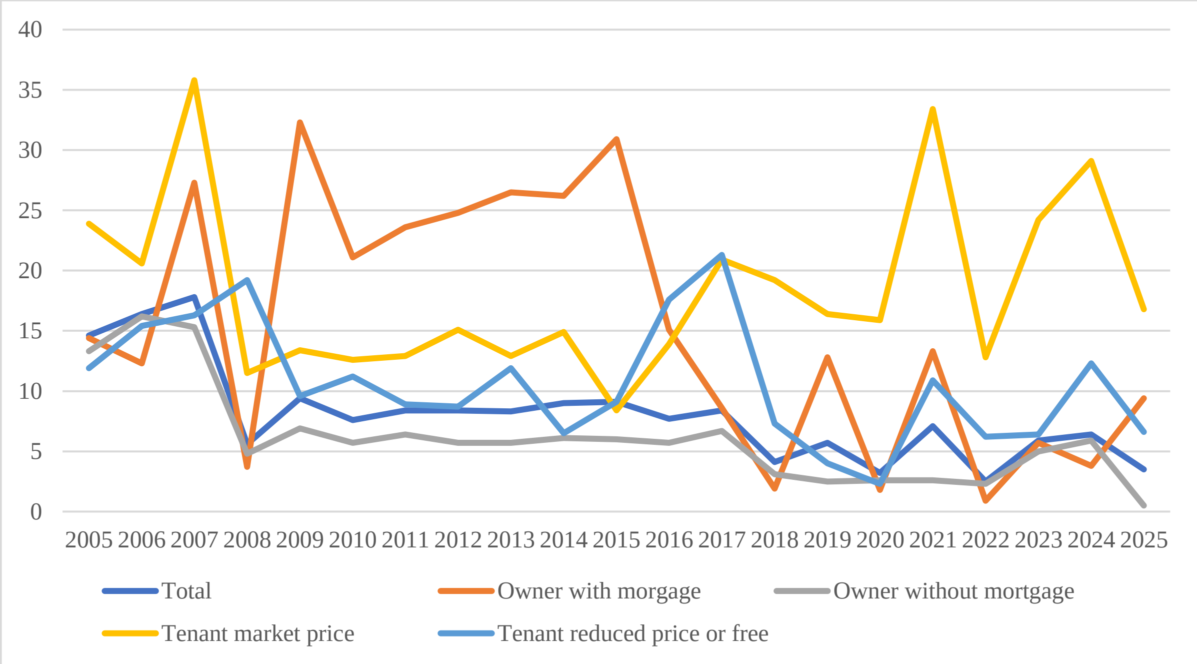


Figure 34. Housing cost overburden rate in Slovakia by tenure type, 2005-2025. Source: Eurostat (2026h).

When looking at the housing cost overburden rate by tenure type for the selected categories, we observe that single persons are the most overburdened category, while overall, categories with two adults represent the least overburden rate.

Homeownership with a mortgage in Slovakia is more burdensome compared to other EU countries, mainly due to limited access to housing loans for the lower-income population (MoTC, 2021). Housing expenditure decreases as income increases as a share of household spending. Since housing costs are constant when calculating average Slovak housing expenditure, which was 22.84% in 2019, lower-income households are more burdened by rising housing costs. The European Commission (2022, p. 3) stated that “the increase in household indebtedness associated with this strong house price growth raised the exposure of the banking system to a potentially overheating housing market.”

The percentage of young people aged between 25 and 34, living with their parents is very high. In 2024, 77.3% of young working population between the age 25 and 34 live with their parents, which is much higher than the EU average of 60.4%. This presents an increase from 76.5% in 2023 (Eurostat, 2026r).

When comparing household types, single person household is the most overburden with 28.9%, and the household with three or more adults is the least overburdened with 3.9% (Eurostat, 2026f). The share of rent in disposable income for tenants is 23.2% on average, however it is the highest for a single person household under 65 years of age with 42.4% in 2024 (Eurostat, 2026q).

9.9.2 Overcrowding rate

As shown in Figure 35 below, the overcrowding rate in Slovakia is significantly higher than the EU average. Overcrowding rate in Slovakia in 2024 was 29.9%, a slight decrease from 30.5% in 2023, and above the EU average of 16.9% in 2024 (Eurostat, 2026l). Data for Slovakia show the gradual decrease in overcrowding rate since 2005 (before 2005 there is no data). However, overcrowding for young people aged between 15 to 29 is especially high with 42.7% in 2024, much higher compared to EU average of 26.5% (Eurostat, 2026l).

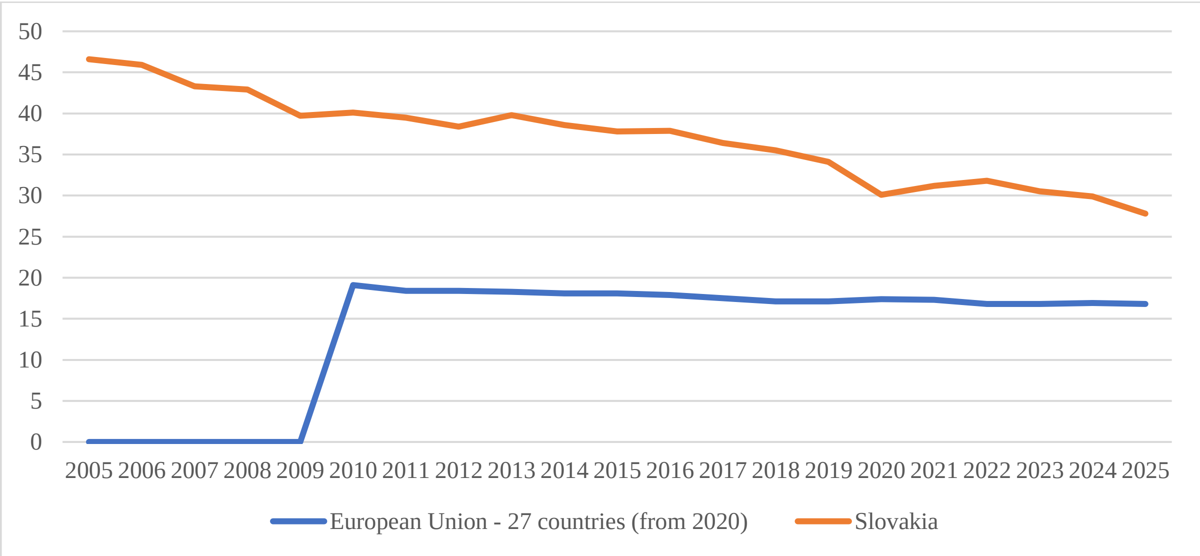


Figure 35. Overcrowding rate in Slovakia in total population. Source: Eurostat (2026l)

Comparing overcrowding rates in Slovakia, we observe that overall, owners without and with mortgage live in less overcrowded conditions, compared to tenants. Among tenants, those living at reduced price or free overall have a lower overcrowding rate than tenants at market price. In 2023, 68.6% of young adults (18-34) lived with their parents, which is above the EU average of 49.6% (Eurostat, 2026r). Overcrowding by tenure type is presented in Figure 36.

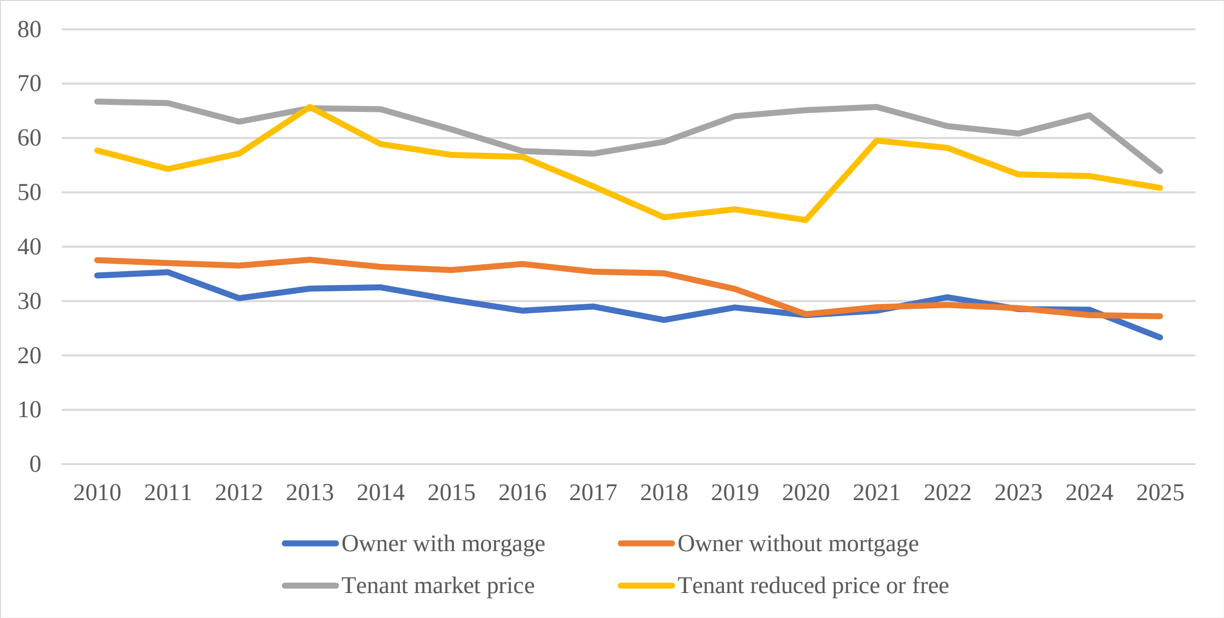


Figure 36. Overcrowding rate in Slovakia by tenure type. Source: Eurostat (2026m).

9.9.3 House price-to-income indicators

It is important to distinguish the unstandardised and standardised house price-to-income ratio. Unstandardised ratio is calculated by dividing average house price by average household income. Standardised follows the same formula, only it is indexed by a certain year to show relative change compared to that year. Unstandardised house price-to-income ratio in Slovakia was the highest among EU countries in 2020, as shown in Figure 37 below (MoTC, 2021).

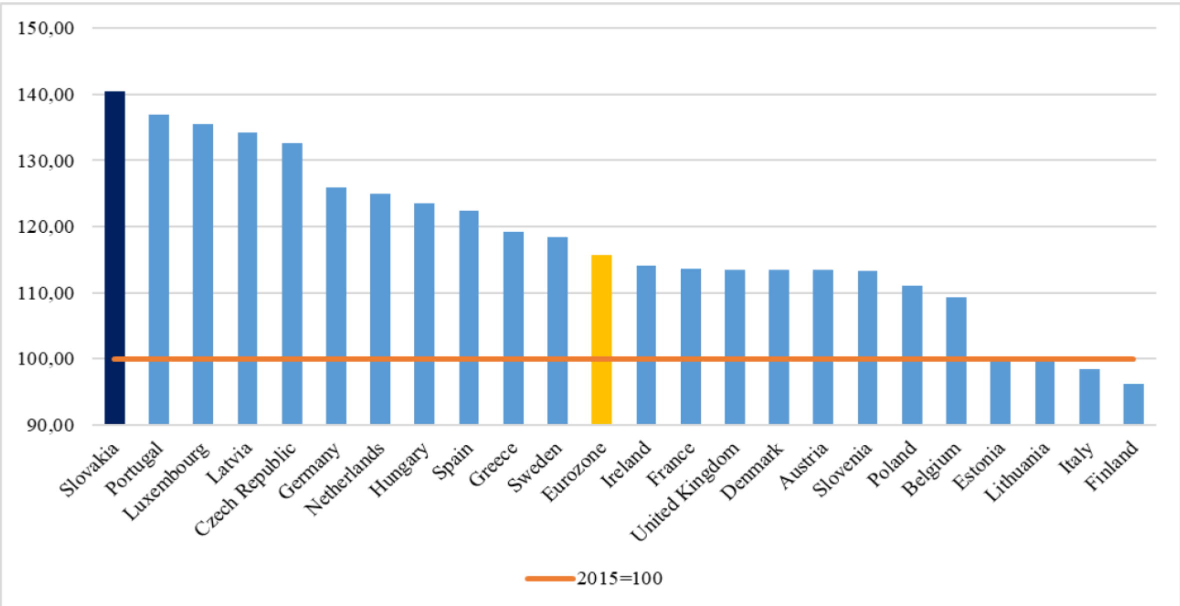


Figure 37. Unstandardised house price-to-income ratio in Slovakia, Q1 2020. Source: MoTC (2021).

When comparing standardised ratio, we observe that relative to 2015, it follows closely the EU average. In 2024, standardised housing price-to-income ratio was 105.16 in Slovakia, compared to EU average of 105.56 (Eurostat, 2026s). European Commission estimates that housing prices were overvalued by 11% in 2022, while price-to-income ratio was 20% higher in 2022 than in 2012 (EC, 2024b). Rent levels record the highest increase of 80% in 2022, compared to 2012, and 20% higher than pre-Covid 19 pandemic.

The most significant housing affordability deterioration that took place between 2020 and 2022, and eased in 2023 in Slovakia (EC, 2024b). This was mainly evident in increased price-to-income ratio where housing prices and mortgage costs grew more than incomes. In 2023, nominal wage level has increased while the growth of interest rates has slowed. The slight decrease in housing prices did reduce the over-evaluation of the Slovak real estate, however the European Commission warns that house price-to-income and price-to-rent are still higher than the pre-Covid19 pandemic levels. With the expected increase of nominal wages, lower inflation and lower housing prices growth, the housing affordability is expected to improve in the coming years. Finally, Slovak HAI before 2010 was 150 and after 2010 was 172, which means that average earners do not have an issue getting mortgage (Biljanovska et al., 2023). According to Deloitte (2025), purchasing a standardised 70 m^2 dwelling in Slovakia required 12.7 gross annual salaries in 2024. This was the highest value among the three selected cases, indicating the strongest price-to-income constraint in access to homeownership.

9.9.4 Housing quality and living conditions

To understand living conditions in Slovakia, we turn to severe housing deprivation indicator. It indicates the percentage of the population living in an overcrowded dwelling with at least one of the following problems: leaking roof, no bath or shower, no indoor toilet and no adequate light. In 2023, 4% of the Slovak population lived in severe housing deprivation conditions, which is in line with the EU average (Eurostat, 2026o). Average number of rooms per person in Slovakia was 1.2 in 2023, which is lower than the EU average of 1.6 (Eurostat, 2026b). National and local housing policy plans did not specifically address the issue of living conditions and there is no evaluation that could be considered.

9.10 Interview results

Determinants of Housing Provision after Market Liberalisation

All three interviewees thought that the main barriers to effective housing policy in Slovakia are due to long-term structural legacies from socialism, weak institutional positioning, and low political commitment across both local and national levels of governance. Expert 1 (SK) directly described the trajectory: "*The legacy from the privatisation, that made Slovakia a country of homeowners and very cheap prices. Since privatisation, homeownership became the main tenure and investments into social housing were reduced significantly. Today, however, main issue hampering social rental housing development is the political will at the local level, within certain cities, and there is less and less funds every year from the municipalities to spend to co-finance affordable housing. The current major of Bratislava is an architect and interested in the question of housing, and all developments towards the affordable housing are based on interest of the major, and it may change if the major changes. Also, the Ministry of Transport and Construction does not have a strong position in governance, and in Slovakia we lack instruments for addressing regional development discrepancies in terms of housing affordability.*"

All of the experts further thought that over the past two decades, it was low investment in affordable rental housing had hampered housing affordability in Slovakia, and specifically in Bratislava.

"*One of the major issues is the low number of available public housing stock, which is at around 1% of the total housing stock in Bratislava. This was a result of the lack of funding for affordable housing projects, the lack of suitable land, restrictive regulation to increase the [affordable] rent level, and the lack of central government support for low-income tenants, especially low generosity of housing allowances.*" Expert 3 (SK)

Experts 1 and 3 (SK) mentioned that since privatisation, the private rental market had not been well regulated and as a result, they do not have appropriate information regarding the situation in the private rental market. Expert 1 (SK) provides a contrast stating that: "*Compared to other EU countries, we do not have much Airbnb in the market and short-term rental is not a problem. The bigger issue for us over the past fifteen years has been that we do not have reliable data on the private rental market and that there are many unregistered tenancies.*"

Overall, experts thought that the main determinants of housing provision in Slovakia are long-term structural legacies of socialism, weak institutional positioning, and low political commitment at both local and national governance levels.

Housing Affordability Measures and Social Rental Provision

All three experts confirmed that measures to increase affordable rental housing have featured in Slovak national policy plans for at least two decades, but that in practice a series of structural, financial, and governance constraints have prevented these measures from being implemented. Expert 1 (SK) illustrates the gap: "*Public finances are now under consolidation and it is likely that there will be layoffs in the public administration, so it is unlikely that any significant changes in terms of large investments into affordable rental units as we planned in national policy. There are also other targets from the national policy plan, such as the target of spending 0.5% of GDP on housing, which is now unrealistic to achieve, as we are currently at only around 0.06% of GDP.*"

Furthermore, all experts broadly think that the mandate of SHDF, mainly to provide loans for the housing refurbishment is successful. They suggest that the SHDF is the strongest operational instrument in Slovak housing policy, especially in refurbishment and social rental provision, although its impact depends heavily on local uptake. Expert 2 (SK) confirms by stating: "*For years now, we are very successful in distributing all our funds as loans. Our main goal is to provide low interest loans to physical and legal persons, and mostly towards the renovation of houses. We also provide loans to municipalities who mainly use these funds to build social rental housing units on the municipally owned land, and rarely they use it to purchase land, and we insist that the entire project stays rental housing and cannot be sold.*"

Furthermore, the experts think that there is a lack of a systematic approach towards engaging some of the highest-value land properties which are the brownfield locations. Expert 3 (SK) provides the clearest argument: "*There are certain attractive brownfield locations in the city [Bratislava], which is owned combinedly by the city, the state and privately, and this complicates coordinated development. The city nevertheless prioritizes densification, because this approach reduces infrastructure costs, improves access to public transport, and lowers the risk for ghettoization of the new social housing developments.*"

The Experts 1 and 3 (SK) think similarly regarding the weakness of the low generosity of housing allowances. This measure is distributed from the national government and it is not a new policy response: "*One issue is the housing allowance which is tied to material needs and we are currently seeking a reform in the structure and base for its distribution, mainly the calculation procedure, to be sensitive to the number of household members. But as I said, there is an issue of available public budget to increase the generosity of housing allowances.*"

Experts further agreed that vacant apartments represented an important issue within the housing system. While there are policy measures and goals to activate vacant dwellings, the implementation of this measure is weak, as noted by Expert 1 (SK): "*We have 10% of the total* *housing fund as empty apartments, and much is in the rural area, but we have weak mechanisms in reality, to target this issue.*"

Finally, all experts thought that housing policies since the market liberalisation were heavily promoting homeownership, and that this trend still exists with new measures, as Expert 1 (SK) stated: "*Yes, there are currently measures promoting homeownership. For example, there is a tax deduction measure for mortgages. It is set to maximum 400 euros per year, so it is not that significant. The number of beneficiaries of tax deduction in 2023 was 37.520, and that the average support level was only 276 euros per person, which was below the maximum of 400 euros.*"

Taken together, the experts confirmed that Slovakia has a policy framework and a functioning financing instrument in the SHDF, but that low housing allowance generosity, restrictive rent regulation, rising construction costs, and weak municipal capacity have collectively prevented affordable rental housing from being delivered, as laid in the national policy plan.

Reform Priorities and Future Policy Directions

All three experts agreed that the financial sustainability of social rental housing is the most fundamental reform priority. Expert 1 (SK) states that "*One of the main challenges is to obtain financial sustainability of social rental housing in Slovakia, due to low rents and high management costs. The social housing must be self-sustainable financially and cities should not bear the costs.*"

This priority was contextualised by Expert 3 (SK), who proposed a clear measure: "*We in Bratislava need to increase social rents to approximately 7 to 9 euros per m2 supplemented by income-based subsidies, with an estimated 500,000 euro annual subsidy budget that the city could provide.*"

Experts diverge on where the other reform efforts should be directed. Expert 1 (SK) focuses on the fragmentation of European funding across ministries as a key structural problem: "*We [MoTC] use funds only for housing renovation as a financial instrument, while other ministries support initiatives such as housing first and targeting the Roma community and the issue with illegal settlements. We are not implementing any funds into social housing projects, not even from the RRF*[71]."

[71] Recovery and Resilience Facility fund.

On the other hand, Expert 3 (SK) stated that the taxation reform must take place as a priority, arguing that the current property tax regime actively discourages rental activity: "*There is a property tax but it is very low, around 3 euros per m2 per year. Such a low taxation incentivises keeping the apartments empty and not renting them out. Currently, the construction materials are taxed at 20%, rising to 23% from 2025, but we have no tax incentive for social housing development, although specialised non-profit providers pay 5%*."

All experts agreed that local authorities should do more in terms of affordable housing provision, with a concrete action suggested by Expert 3 (SK): "*The city is setting up a non-profit Bratislava housing organisation that would be a city rental agency and it would rent housing units from the market at the market price, and then sub-rent them at reduced price. We believe that this is one of the ways to activate empty apartments.*"

The experts identified rent regulation reform, increased property taxation on vacant units, removal of tax barriers to social housing construction, better coordination of EU funds across ministries, and higher local authority effort as the key directions needed to improve affordable housing provision in Slovakia. In general, experts note that tools and policies do exist, but the political and financial will to use them consistently was still lacking.

9.11 Housing policy outcomes and institutional performance

9.11.1 National and local housing policy

The State Housing Development Fund (SHDF) and the Ministry of Transport and Construction (MoTC) play central roles in financing affordable housing in Slovakia. Since its establishment, the SHDF has supported the purchase, construction, and renovation of 481,179 housing units and concluded 52,330 loan contracts. The total volume of funds provided by the SHDF to local authorities, households, and other eligible recipients amounted to €265,987,800 (AI, 2024). In this respect, the scale of SHDF activity is substantial.

The MoTC complements SHDF financing through capital subsidies, primarily used for the acquisition of dwellings intended for social rental housing. In 2023, MoTC subsidies amounted to €10,860,730. When combined, SHDF loans and MoTC subsidies enable local authorities to finance up to 100% of affordable housing project costs. Despite the availability of full financing, the number of implemented projects remains limited.

Several factors constrain the implementation of affordable housing projects at the local level. These include the limited availability of suitable construction land, insufficient administrative and technical capacity within municipal governments, and lengthy, procedurally demanding application processes for SHDF funding (AI, 2024). Although municipalities can access low-interest, long-term SHDF loans covering up to the full construction cost, they often lack operationally sustainable models to finance the long-term maintenance of housing units.

Current regulation further constrains financial viability by limiting rents to 5% of the acquisition cost. In Bratislava, municipal rents typically range between €1 and 3 per m^2, while maintenance costs reach €4-5 per m^2. This mismatch renders municipal rental housing financially unsustainable. In addition, social rental housing is affected by stigma and limited public support, which further discourages local engagement. As a result, only around 30% of SHDF funds allocated for social housing construction are effectively withdrawn. Since 2024, regulatory changes have allowed municipalities to finance land acquisition for social rental housing through SHDF loans, addressing one of the key structural barriers (De Pace, 2024).

More broadly, the low level of housing policy implementation at both national and local levels is linked to structural governance constraints. These include limited local fiscal capacity, insufficient inter-ministerial coordination and disregard for the coordinating role of the MoTC, a complex multi-level governance system that slows decision-making, the absence of regionally targeted housing policies, frequent legislative changes, limited transparency of housing market and housing quality data, and path dependency resulting from mass housing privatisation and fragmented land ownership (MoTC, 2021).

Although the Housing Plan 2030 introduces measures aimed at cooling the housing market and reducing household mortgage burdens, the European Commission finds these efforts insufficient. Housing prices remain overvalued and are projected to increase further due to persistent supply constraints. According to the EC, "housing demand is supported by policy interventions such as the recently adopted mortgage allowances that hamper monetary policy transmission and are fiscally costly" (EC, 2024a, p. 3). Consequently, the EC recommends strengthening the rental housing sector and increasing housing supply to reduce household over-indebtedness and stabilise the housing market (EC, 2024a).

Responsibility for housing policy is formally assigned to the MoTC, yet competencies are fragmented across several ministries, with no single institution holding overall responsibility. This ambiguity in institutional accountability contributes to policy neglect and weak implementation (AI, 2024; The Slovak Spectator, 2024).

At the local level, particularly in Bratislava, housing policies have had limited impact on housing affordability. Since 2010, affordability has steadily deteriorated, driven primarily by rapid increases in real estate prices, which rose by approximately 30% between 2015 and

2020 as a result of constrained housing supply. Although average wages increased during the same period, income growth was insufficient to offset rising housing costs (City of Bratislava, 2021).

9.11.2 Supply-side measures

Even though there are certain supply policies and national level housing programmes in place, social rental housing is low at around 2%, while private rental is partly operating in the grey market (Jahanpour et al., 2023). Low supply of public rental housing fuels social exclusion. The lack of public rental supply inhibits public authorities from developing social housing schemes and provide access to housing to disadvantaged groups. The main investments were made towards Housing First projects through the European Social Fund, in Bratislava and Košice. However, main activity must be directed towards increasing the public and private rental housing (EC, 2022).

According to EU-SILC data, Slovakia has only 1.6% of the households living in public rental flats, compared to EU average (10.8%). Public housing development is the responsibility of local authorities, yet strict eligibility criteria and legal inconsistencies create barriers. Only 1.07% of newly built housing is classified as public housing (AI, 2024). Key obstacles for access to potential residents include minimum income requirements, high deposit payments (up to six months' rent), proof of permanent residence (3 to 5 years), and lack of adequate housing allowances, making public rental housing inaccessible for many low-income households (AI, 2024).

While the establishment of the SSRHA is a novel approach towards affordable rental housing provision, this programme was heavily criticised in the Slovak public discourse, stating that it is taking too long to start with the programme. Since 2022, when it was formed, and until 2024, there was no significant progress and no construction has commenced (Supreme Audit Office of the Slovak Republic, 2024). The Supreme Audit Office points out that almost €2 million of public funds was spent on private consultancy services to elaborate a financing model for affordable housing construction. While the SSRHA is still not operational (April 2025), it is clear that much of the responsibility is placed on the private sector, more specifically large financial institutions that meet the eligibility criteria to become investment partners

Due to a lack of public rental housing units and insufficient housing allowances, most of the people in need for housing use temporary services for homeless. While they are intended to be temporary, they instead become a permanent solution, due to the lack of alternatives (AI, 2024).

Overall, main supply-side challenges for housing affordability in Slovakia are low and insufficient public housing offer, low investment in public housing, and an underdeveloped market rental sector (MoTC, 2021, AI, 2024). Comparing local investments into public rental housing, Bratislava had among the lowest acquisitions, with only 1.117 dwellings (MoTC, 2021).

9.11.3 Demand-side measures

Demand-side housing policy instruments in Slovakia play a limited and uneven role in mitigating housing affordability pressures. While housing allowances and selected tax measures are intended to support households facing housing cost burdens, their design and scale constrain their effectiveness and contribute to exclusionary outcomes.

Housing allowances constitute the main demand-side affordability instrument in Slovakia. As described earlier, the scheme has a relatively limited reach and expenditure, despite being available to both public and private tenants and being indexed to inflation since 2023. Despite these adjustments, the scheme remains inadequately aligned with actual housing needs.

To qualify for housing allowance, households must earn below the subsistence minimum income, a threshold that is also commonly applied in public rental housing allocation. This institutional overlap produces a structural contradiction: households eligible for housing allowance are frequently ineligible for public housing and are therefore required to rely on the private rental market, where allowance levels are insufficient to secure adequate housing (AI, 2024). As a result, housing allowances fail to function as an effective affordability buffer. As acknowledged by the Slovak government, "about 50% of recipients of material need are entitled to a housing allowance. In addition, the allowance is not sufficiently sensitive to the overall living situation of its recipients, for instance size of the family or housing costs. Such setting can be described as non-standard when compared with other developed countries" (Slovak Government, 2020, p. 34).

From an evaluative perspective, the current policy setup does not adequately address deteriorating housing affordability for households experiencing homelessness or for those excluded from homeownership. Demand-side instruments retain a residual character and remain insufficiently responsive to diverse household circumstances. Moreover, households on social housing waiting lists receive limited interim support, reinforcing prolonged periods of housing insecurity.

Taxation policy represents a cross-cutting housing policy instrument shaping housing consumption, affordability, speculative behaviour and local revenue capacity. While tax reliefs for young mortgage borrowers aim to facilitate access to homeownership, their impact on overall housing demand and affordability remains unclear. At the same time, recurrent taxation of immovable property has the potential to influence housing demand, speculative behaviour, and vacancy rates. Currently, property taxation in Slovakia is based on floor area rather than market value, resulting in uniform taxation irrespective of household wealth or property appreciation. This design limits the responsiveness of property taxation to rising real estate prices and contributes to persistently low property tax revenues as a share of GDP (COEU, 2024).

Adopting a value-based rather than size-based property taxation model could have a moderating effect on housing demand and real estate prices, while generating additional public revenue that could be redirected toward social and affordable housing provision. Such a reform could also improve distributive fairness between homeowners and non-owners. In addition, recurrent taxation of residential property has the potential to incentivise the activation of vacant dwellings, which account for approximately 17% of the total housing stock in Slovakia. While vacancy is most prevalent in rural and sparsely populated areas, a considerable share is also concentrated in urban centres, including Bratislava (De Pace, 2024). Overall, the combination of tax treatment and policy measures favouring homeownership has contributed to Slovakia recording one of the highest increases in homeownership rates in the European Union between 2010 and 2020.

9.11.4 Housing renovation

Even though Slovakia is very active and successful in energy efficiency renovation of residential buildings, including both multi-apartment buildings and family houses, non-residential buildings are not being renovated on large scale. There are around € 2 billion available in the RRP fund for the period of 2021-2026, however this will not be used unless there are significant investments from the private capital. The main identified barrier to further take up of renovation of housing stock is the shortage of skilled labour force, which is needed to carry out the renovation labour (European Commission, 2022).

9.11.5 Housing policies for vulnerable groups

Slovak housing policy measures and strategic documents do recognise a relatively wide range of vulnerable groups, broadly corresponding to those identified in the country context literature, including young households, elderly people, persons with disabilities, single-parent and larger families, homeless people, and Roma households. However, as seen in the measures section on vulnerable groups, only a few of those vulnerable groups identified in the national policy document, are addressed. Vulnerable groups that are most clearly recognised in the measures are low-income households, persons experiencing homelessness, persons with disabilities and seniors, and young households. Other groups that are mentioned are not explicitly addressed by policy measures.

Although national and municipal housing policies in Slovakia formally recognise young households as a target group, policy support remains narrowly focused on facilitating access to homeownership or temporary rental arrangements rather than expanding long-term affordable rental options. Existing measures therefore tend to benefit young households with stable employment histories, sufficient savings, or family-based safety nets. Young adults in more precarious situations are largely excluded, and broader structural barriers continue to constrain housing independence for a significant share of the younger population.

The overall orientation of Slovak housing policy toward homeownership reinforces these dynamics. Mortgage-based access, tax incentives, and credit regulation favour stable, dual-income households, while young adults with short or insecure employment histories increasingly face exclusion from both ownership and affordable rental markets. As a result, delayed household formation and prolonged co-residence with parents have become structural features of the Slovak housing system

At the same time, young households are explicitly addressed through several policy instruments. On the demand-side, the SHDF provides preferential loans to natural persons, with eligibility criteria prioritising married couples and cohabiting partners under the age of 35. These loans offer below-market interest rates and long repayment periods, lowering entry barriers to homeownership for a subset of young households with sufficient income stability. Additional indirect support mechanisms include tax deductions for young mortgage borrowers and employer-supported rental subsidies under the state-supported rental housing scheme. At the municipal level, the City of Bratislava implements targeted programmes for young families, most notably time-limited rental schemes that provide transitional housing solutions rather than permanent affordability.

Recognition of other vulnerable groups is more uneven. Single-parent households and families with children are partly addressed through SHDF eligibility rules and Bratislava's young-family scheme, while large families appear in the strategic definition of vulnerability but are less clearly operationalised through dedicated housing instruments. People with disabilities and elderly people are recognised more explicitly through measures aimed at barrier-free and accessible housing, including Bratislava's priority of increasing housing availability for people with disabilities including elderly people, as well as plans to link such housing with social services and universal design principles. However, these measures are oriented mainly toward housing quality and accessibility rather than toward a broader expansion of affordable and secure housing options for these groups.

Roma households constitute one of the most clearly identified vulnerable groups in the Slovak case, yet they remain among those least recognise in policy measures. The policy shows that many Roma households live in overcrowded settlements without formal land ownership, and that eligibility rules for housing allowances and social rental housing requiring formal tenancy contracts and proof of regular payments structurally exclude many of them from support (De Pace, 2024; AI, 2024). Although initiatives such as Dom.ov sought to improve access through micro-loans for self-building and reconstruction, their impact remained limited, which suggests that the policy framework recognises Roma vulnerability more clearly than it effectively addresses it in practice (AI, 2024; De Pace, 2024).

Overall, Slovakia's housing policy framework remains primarily oriented toward households already present in the housing market. Instruments such as SHDF loans, housing allowances, and access to public rental housing generally presuppose stable income, administrative capacity, or prior housing status. This also affects several groups formally listed as vulnerable in the policy framework, including people leaving alternative care or prison, migrants and foreigners, and women at risk of violence, since housing-allowance and access rules often depend on citizenship, prior tenancy, or documented payment histories (AI, 2024). Consequently, households experiencing homelessness fall largely outside the scope of mainstream housing policy and are addressed mainly through residual social assistance rather than housing-led solutions (AI, 2024).

While Slovakia has adopted progressive conceptual approaches to homelessness, including the ETHOS typology and pilot applications of Housing First, structural responses are limited. Most people experiencing homelessness continue to rely on shelters and temporary accommodation, and long-term housing solutions remain scarce. Approximately 23,000 people live in long-term transitional housing, and the lack of comprehensive and high-quality data on homelessness further constrains effective policy design. AI (2024) notes that both national and local governments continue to delegate responsibility for homelessness primarily to social services, which cannot substitute for secure housing provision (p. 13).

9.12 Mechanisms of path dependence

The main critical juncture in Slovakia was the post-socialist transition, namely the abolishment of the centrally planned housing programmes, decentralisation of housing responsibilities and a large-scale privatisation of publicly owned housing. This process sharply reduced the public rental stock and consolidated homeownership as the dominant tenure form, while at the same time shifting responsibility for housing provision from the state to households and municipalities. At the same time, however, the state did not completely withdraw from housing policy, because it established the SHDF, which later became the main institutional instrument for financing housing construction, renovation, and social rental housing.

Evidence of path dependence can also be seen in the foundation of the SHDF itself. According to ECSO (2019b), "a fund like the SHDF is always the product of a country's idiosyncratic history. The SHDF was founded to tackle the state of the housing stock after the collapse of the Soviet Union. Such an institution cannot be easily built up in a different political-economic context. The success of the SHDF is based on its historically grown network and expertise. It is thus not the institution as a whole, but rather the general concept of a revolving fund and favourable loans that can be transferred to the specific context of other Member States, in order to achieve positive socio-economic and environmental results." This assessment directly supports the theoretical foundation of path dependence adopted in this thesis. The SHDF did not emerge as a neutral technical solution, but as a response to historically produced constraints, especially the deteriorated housing stock and the shift toward ownership-based provision.

The mechanisms that reinforced this path were partly tenure-related and partly institutional. First, privatisation normalised ownership as the expected and legitimate housing outcome, while social rental housing became residual and politically marginal, which was explicitly confirmed in the interview. Second, the inherited built quality of housing stock had a part in the housing policy, since much of it was built of poor construction quality, low energy efficiency, and high renovation needs, so public intervention became oriented more toward energy efficiency refurbishing, rather than toward building a broader rental sector. The same trajectory was reinforced by fragmented governance, since municipalities became central actors in housing provision but outcomes depended heavily on their political will, administrative capacity, access to land, and willingness to co-finance projects, even where favourable national funding through the SHDF was formally available.

These mechanisms have produced a housing system where homeownership is dominant, while affordable rental provision remains limited and unevenly developed. Slovakia had around 91.45% homeowners in 2021, and recent data still place homeownership above 93%, whereas only around 1.6% of the population lives in social or affordable rental housing and social rental housing accounts for only a small share of the total housing stock. Interview evidence from Expert 1 (SK) and Expert 3 (SK) also shows that even where construction finance is available, implementation is constrained by weak local initiative, scarcity of suitable land and the poor financial sustainability of regulated rents, especially in Bratislava. Slovakia therefore illustrates a specific form of path dependence in which post-socialist privatisation locked in a super-homeownership structure, while the institutional response that did emerge, most notably the SHDF, channelled policy mainly toward renovation and selective social rental provision rather than toward a broader restructuring of the tenure system.

10 COMPARATIVE ANALYSIS

10.1 Housing stock and housing provision

One of the main threats to affordable housing in all three countries is the high number of vacant dwellings, especially highlighted in Croatia, where around 25% of the total housing stock is vacant. This is partly linked to the favourable tax treatment of homeowners. Many housing units that are vacant are kept as vehicles to store wealth or as a measure against inflation, rather than being used for housing. This pattern is strengthened by weak regulation of tenancy contracts. Fewer than 16% of tenants in Croatia have a formal rental contract. This contributes to informal or illegal tenancy arrangements. Such arrangements offer limited security to tenants and can also exclude them from housing-related social benefits, including housing allowances. This was visible in the Croatian pilot programme introduced in 2023. Landlords are also reluctant to rent dwellings because of concerns about non-payment and weak enforcement mechanisms. More broadly, approximately 40% of Croatia’s total housing stock is estimated not to be used for permanent residential purposes, which includes vacant dwellings and units used for tourism, business and other purposes. Expert 2 (HR) described homeownership in Croatia as a status symbol and a preferred form of investment, and linked this preference to long-standing distrust in financial systems and savings.

Slovenia has around 19% of its housing stock recorded as vacant housing, also linked to the favourable tax treatment of homeowners and no incentive for activation for owners. Short-term rental is taxed at 4%, and long-term rental is taxed at 25%, making long-term renting much less attractive alternative. Experts 1 and 3 (SI) noted that recent policy responses, such as the requirement that all owners of the apartments in the building provide consent before a dwelling is rented for short-term rental, could slow the conversion of tourist rental apartments in Ljubljana. Slovenia also differs from Croatia because rental relations are more regulated, which leaves less room for informal tenancy arrangements.

Slovakia has the lowest vacancy rate. Expert 1 (SK) also noted that short-term rental is not a major issue in Slovakia compared with other European countries. In Slovakia, other issues are more prominent, such as social rental housing construction and the implementation of other measures at the municipal level. National instruments provide funding for social rental housing construction and renovation, but municipalities do not fully use these funds, mainly due to the lack of political will and capacity.

When comparing housing provision in the capital cities, all cases show substantial demand for additional housing. The largest difference in housing stock size between the capital and other major cities is visible in Slovenia, since the housing stock in Ljubljana is around three times larger than that of Maribor, the second-largest Slovenian city. All three capital cities however also indicate the largest need for new housing output, and the evidence is clear. In Ljubljana, the estimated shortage of non-profit rental housing is between 3,000 and 4,000 units. In Zagreb, there are 1,100 applicants for social rental housing that are on the waiting list, and in Bratislava, the waiting period for social rental housing is around six years.

Cases also diverge in terms of the tenure composition and access to affordable rental housing. All three countries have high homeownership rates and underdeveloped rental markets, however there are differences in the small remaining share of affordable rental housing, which separates the cases. In Slovenia, around 18% of tenants pay a reduced rent, while around 2.2% of the population live in non-profit rental housing. In Croatia, around 8% of households occupy housing on the basis of kinship with the owner. Affordable rental housing in Croatia represents merely 0.45% of the total housing stock, and it is unknown how many are in use and fit for use. In Slovakia, around 1.6% of the households live in social rental housing. Compared to Slovenia and Croatia, cooperative housing in Slovakia has a more significant role, with 10% of total housing stock, reflecting in a way the institutional continuity from the socialist period, when a form of cooperative management structure was a common model of governance.

Affordable rental housing is also differently defined and operationalised across three countries. Slovenia defines affordable rental housing as non-profit housing, which is targeting low- and medium-income households, and it is provided and managed by public or non-profit entities. In Croatia, but mainly in Zagreb, two affordable rental tenure types are defined. Social rental housing, which is targeting the lowest-income households, and the rent is set significantly below market price, and affordable rental housing, which is targeting low- and medium-income households, and the rent is also set below the market. Affordable housing in Croatia uses a broad definition under which housing costs should not exceed 30% of household income. This definition does not consider household needs, dwelling size, or location. In Slovakia, social housing is referred to housing that is regulated and provided by public entities and at controlled prices.

Comparing constitutional frameworks in light of right-to-housing, there is a different approach in each country. None of the three countries explicitly guarantees this right. The constitutions of Slovenia and Slovakia refer to a broader role of the state and its responsibility to create conditions for access to housing, while the Croatian Constitution does not include such a broad obligation. However, the result of the comparative analysis suggest that this broad right does not impact affordable housing outcomes in Slovenia and Slovakia, since it is loosely interpreted as a legal obligation of the state in practice.

In terms of housing stock, Croatia has the highest number of dwellings per capita, but still faces a very high pressure in terms of housing demand and price increase. Thus the policy response cannot rely only on the construction of new housing, but must also address how housing is made accessible to those in need.

10.1.1 Housing supply and prices

Low and insufficient housing supply is one of the main drivers hampering housing affordability in all three cases, which is evident in slow construction, lengthy administrative procedures, and increasing material and labour costs. In combination, these factors contribute to increasing housing prices. In all three cases, capital cities are among the highest priced areas, especially the case of Slovenia and Slovakia, while in Croatia the high prices are distributed between the city of Zagreb and coastal regions, mostly due to a high tourism demand. This is why the impact of tourism has a greater effect on price growth in Croatia, than in Slovenia or Slovakia. However, the steep increase in housing prices in Croatia is also influenced by post-earthquake reconstruction, which led to a high demand for construction workers. In Slovakia, housing demand is more influenced by the mortgage market and changes in mortgage interest rates, rather than tourism. In Slovenia, particularly in Ljubljana, housing prices are driven mainly by internal migration and low housing output.

The quarterly Housing Price Index for 2015-2025 demonstrated a steep housing price growth in all three countries, exhibiting price increases higher than the EU average. Croatia recorded the strongest increase, especially after 2023, when it surpassed Slovenia and Slovakia. This is shown in Figure 38.

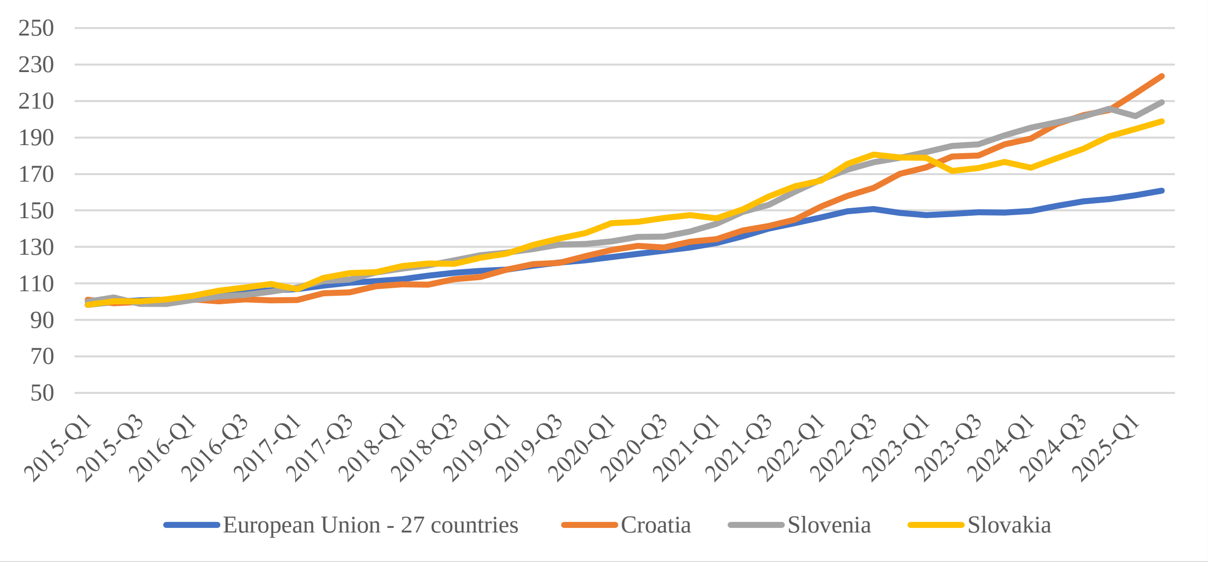


Figure 38. Housing Price Index in Slovenia, Croatia and Slovakia, 2015 Q1-2025 Q4, index 2015 = 100. Source: Eurostat (2026e).

Interview evidence from Expert 3 (SI) and Expert 2 (HR) supports the identified differences in the effects of housing taxation on housing supply and demand. The low taxation of 4% in Slovenia in the short-term rentals incentivises owners to keep renting their apartments for tourist purposes. Expert 3 (SI) also noted a 5% tax relief applied to social housing construction by non-profit providers, which supports affordable rental housing construction. In Croatia, taxation policy does not have a significant effect on increasing overall housing affordability, since tax refunds for the purchase or construction of a first home primarily benefit middle-income households that are eligible for a mortgage loan, and that would probably enter the housing market regardless of this incentive. Thus, Croatian taxation policy mainly continues to reinforce homeownership.

10.1.2 Housing governance and institutions

Perhaps the most significant difference in the success of affordable housing provision among the cases is the presence and role of national (and local) housing funds. Slovenia and Slovakia both established national housing funds early after transition, and they have a central role in housing provision, policy making and monitoring housing policy outcomes. Croatia, for various reasons, did not establish such an institution after the transition, which is reflected in the long period of housing policy neglect between independence and 2025, when the NHPP was introduced. The closest institution to a national housing fund in Croatia is the Agency for Transactions and Mediation in Immovable Properties (APN), however its activities depend heavily on the initiative and political priorities of local authorities. Although APN is expected to have a central role in implementing measures outlined in the NHPP, its mandate and operational capacity are weaker than of national housing funds in Slovenia and Slovakia.

The HFRS is the backbone of the Slovenian housing system and acts as the main vehicle for implementing national housing strategies. The complementarity of local housing funds supports the implementation of housing policy, and understanding of housing needs across the country. This multi-level institutional governance also enables stable financing and public trust in these institutions, while providing continuity of service and non-profit housing output.

The Slovak national housing fund was also established early after transition and it provides substantial financial support for the construction and renovation of social rental and privately owned housing. However, the national housing governance is more fragmented, and housing responsibilities are distributed across different ministries, agencies, and local authorities, which reduces the efficiency of policy making and implementation. While the national housing fund, together with other mechanisms, provides reliable funding mechanisms for affordable rental construction, the main initiative must come from the local level, which is heavily dependent on local political will, commitment and capacity to invest in affordable rental housing. This results in similar policy instruments producing different housing outcomes across Slovakia.

Housing advocacy and stakeholder engagement also vary across countries. It is most pronounced and institutionalised in Slovenia, where advocacy contributes to increasing public awareness of housing affordability issues, and to a degree influences housing policy design. In Slovakia, advocacy exists but is less coordinated with a more constrained impact on housing policy. The weakest housing advocacy is in Croatia, where only a few examples exist, and they addressed very specific issues, for example, the Swiss franc mortgage loans.

The comparative analysis suggests that the institutional capacity is a key differentiating factor in housing outcomes. In Slovenia and Slovakia, the role of national and local housing funds provides a degree of certainty and trust in institutions to address housing affordability issues, while in Croatia the absence of this institution led to housing affordability measures that worsened housing prices over time. These institutional presence presents distinct path-dependent trajectories that continue to shape housing policy design and mandate in selected countries. The summary of the main housing indicators is presented in Table 29 below.

Table 29. Demographic, economic, and housing stock indicators in Slovenia, Croatia, and Slovakia.

	Slovenia	**Croatia**	**Slovakia**
Total population (2021)	2,130,850	3,871,833	5,449,270
Number of households (2021)	859,782	1,436,893	1,833,150
Capital city population (2021)	294,464	767,131	475,503
Average household size (2021)	2.41	2.67	2.77
GDP growth per capita (%)(2021)	1.7	3.9	2.1
Social protection - housing (national statistics) (%)(2021)	0.4	0.04	0.25
Mortgage interest rate (average) (2024)	4.37	3.6	4.11
Homeowners (%) (2021)	74.8	86.35	91.45
Tenants (at market rate) (2021)	6.8	4.41	5.2
Number of dwellings (2021)	864,300	2,391,944	2,235,586
Number of vacant dwellings (2021)	165,600	595,280	380,050
Percentage of vacant dwellings (2021)	19.16	24.89	17
Number of dwellings per 1,000 inhabitants (2021)	406	618	410

10.1.3 Housing policy

The success of housing policies is closely linked to the effectiveness of housing governance and underlying institutional arrangements, as explained above. Slovenia had an earlier start in implementing housing policies since the early 2000s and has gradually developed a relatively strong understanding of how different policy measures affect housing affordability. This accumulated experience has enabled Slovenia not only to adjust new housing policies to changing needs, but also to secure substantial funding for affordable housing projects, as demonstrated by the use of Council of Europe Development Bank (CEB) financing.

Evidence of path dependence is clearly visible in Slovenia's decision to formalise non-profit rental housing and keep it as a permanent housing option after the transition period. The critical juncture in the Slovenian case was the establishment of national and local housing funds and, shortly thereafter, the formalisation of the non-profit rental sector. These choices led to a policy development trajectory that enabled and promoted the construction of affordable rental housing and kept it as an integral part of the housing system. The combination of housing supply with housing allowances effectively contributed to housing affordability for low- and middle-income households. However, not all policy initiatives were successful, such as the example of a public rental agency in Ljubljana, which had only six potential landlords applying for the scheme. The housing allowance system has an exceptional role in Slovenia's affordable housing provision, as both non-profit and market-rate tenants are eligible for this support, which could cover up to 85% of their housing costs. The housing allowance measure distinguishes Slovenia from the other two cases in terms of the affordable housing implementation success.

Slovakia adopted its first national housing strategy early after transition in 1995. The critical juncture is similar to Slovenian case and can be identified in the establishment of the national housing fund, and its operation as a revolving fund for housing renovation.

On the other hand, Croatia failed to establish a national housing policy plan, most likely because it failed to establish relevant institutions which would oversee its implementation. The absence of relevant institutions and policies also produced a path-dependent outcome, resulting in limited investment in affordable rental housing. A confounding event was the War of Independence which caused extensive damage to the housing stock, shifting investment priorities away from investing in affordable rental housing and towards post-war reconstruction. The recently adopted NHPP is the national housing strategy since Croatian independence. Nevertheless, path dependence is sustained through policies that favour homeownership and tourism, including favourable tax treatment. The effect of this policy landscape is very limited labour mobility in Croatia, and the highest youth-overcrowding rate in the EU, despite having one of the highest numbers of dwellings per 1,000 inhabitants across the OECD countries.

The NHPP seeks to reduce some of these effects by activating vacant housing units and by involving local authorities more directly in rental housing provision. Path-dependent patterns could be partially reduced if housing units produced through the state-subsidised housing construction programme (POS) were rented rather (and kept in rental) than sold, which would expand municipal rental housing stock and help stabilise prices. Expert 3 (HR) suggests that the discontinuation of cooperation between the City of Zagreb and the POS programme, for reasons that remain unclear, represented a missed opportunity that could have resulted in a significantly larger number of housing units available either for sale or for rent at market or below-market prices.

Current national housing policy programmes differ in their priorities but share the general objective of expanding affordable housing through new construction, renovation, or the activation of vacant dwellings. Slovenia and Slovakia demonstrate stronger institutional capacity, supported by relatively consistent medium-term policymaking. Slovenia continues to build on earlier programmes by refining existing measures, including the expansion of housing allowance coverage and adjustments to rent calculation methods. Slovakia has also continued to pursue affordability targets; however, interviews reveal that the public rental agency remains non-operational three years after its establishment. All three Slovak experts identified the financial sustainability of social rental housing as a major problem, with Expert 1 (SK) specifically pointing to low rents and high management costs. With the maximum rent set at around €3.5 per m^2 (€1.1 per m^2 for older housing stock), basic maintenance costs cannot be covered. In practice, rents of at least €7 per m^2 would be required to ensure adequate maintenance.

Croatia’s housing policy programme includes several relevant but largely untested measures, the effects of which will only become visible after 2030. At the same time, key issues such as housing provision for vulnerable groups and tenant protection remain insufficiently addressed. One proposed measure is the introduction of a public rental agency, a concept that, as discussed earlier, has not produced the expected results in Slovenia and Slovakia. In the Croatian case, however, the proposed model is more generous than those implemented elsewhere, suggesting that it could potentially achieve better outcomes if supported by adequate institutional capacity.

Interviews in all three capital cities suggest that some form of public-private partnership could be a way for these cities to increase affordable housing supply, since this scheme would allow local authorities to contribute land, while private developers would construct housing units in exchange for compensation. In this way, there would be no considerable additional financial burden on these cities and their budgets. However, this approach is more realistic in Slovenia and Slovakia than in Croatia, since the existing legal framework currently does not allow this type of venture to be formalised.

10.2 Housing affordability and quality indicators

In this section, key indicators of housing policy outcomes are compared, with a focus on housing affordability and living standards across the selected countries. Only national-level data are considered, as Eurostat provides comparable indicators primarily at this level.

10.2.1 Housing cost overburden rate for all households and low-income households

When examining the overall population, Croatia and Slovakia alternate in having the highest housing cost overburden rate depending on the year, although both generally remain below the EU average. In 2025, Croatia recorded the lowest overburden rate at 3.2% of the population, followed closely by Slovenia and Slovakia with 3.5% (Figure 39 below). A different picture emerges for the lowest income quintile. In 2024, it was Slovakia which exhibited the highest housing cost overburden rate at 27.1%, followed by Croatia at 17% and Slovenia at 15.8% (Eurostat, 2026g). In 2025, the situation changed considerably, with Slovenia recording the highest overburden rate at 15%, followed by Croatia at 14.5% and Slovakia at 12%. This abrupt change in the overburden rate in Slovakia for the first income quintile should be interpreted with caution. While Slovenia and Croatia display a downward trend over time, developments in Slovakia have been less consistent since 2017.

A broader comparison at the EU level, disaggregated by tenure type, shows that tenants renting at market prices are consistently the most burdened group across member states (as represented in Figure 40). Among the selected cases, Slovakia and Croatia recorded similarly high overburden rates for market-rate tenants, both at around 29%, while Slovenia remains notably lower at 16.5%, below the EU average of 19.2%, in 2024. However, in 2025, there was a significant change in Slovakia, when the rate decreased to 16.8%, which was lower than the rates in both Croatia, at 19.8% and Slovenia, at 19.7% (Eurostat, 2026g).

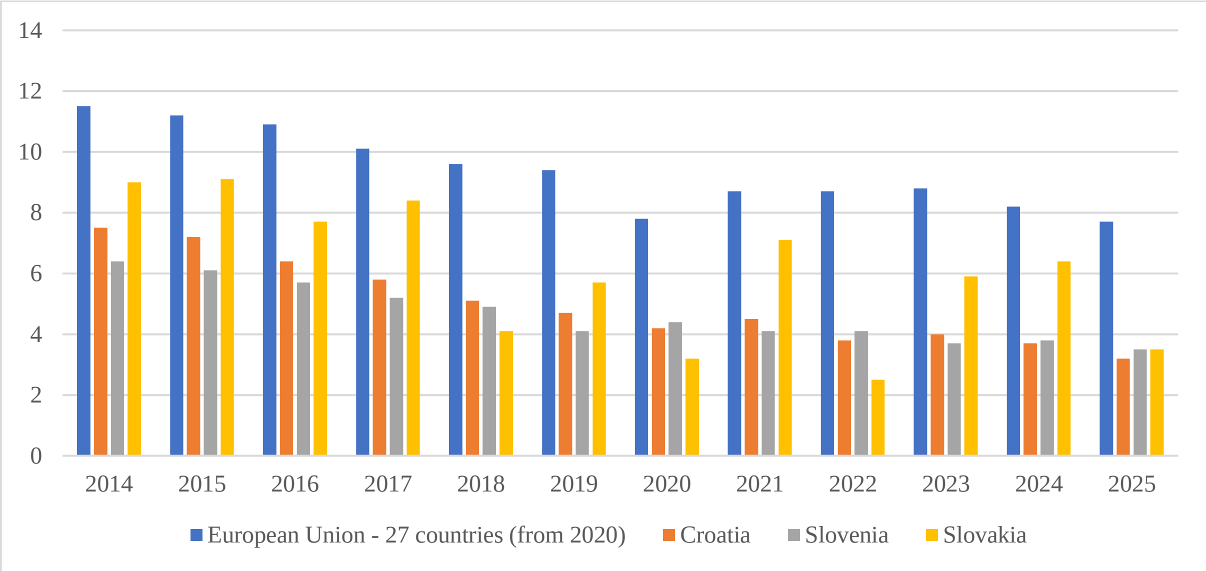


Figure 39. Housing cost overburden rate in Slovenia, Croatia and Slovakia, total population, 2014-2025. Source: Eurostat (2026g).

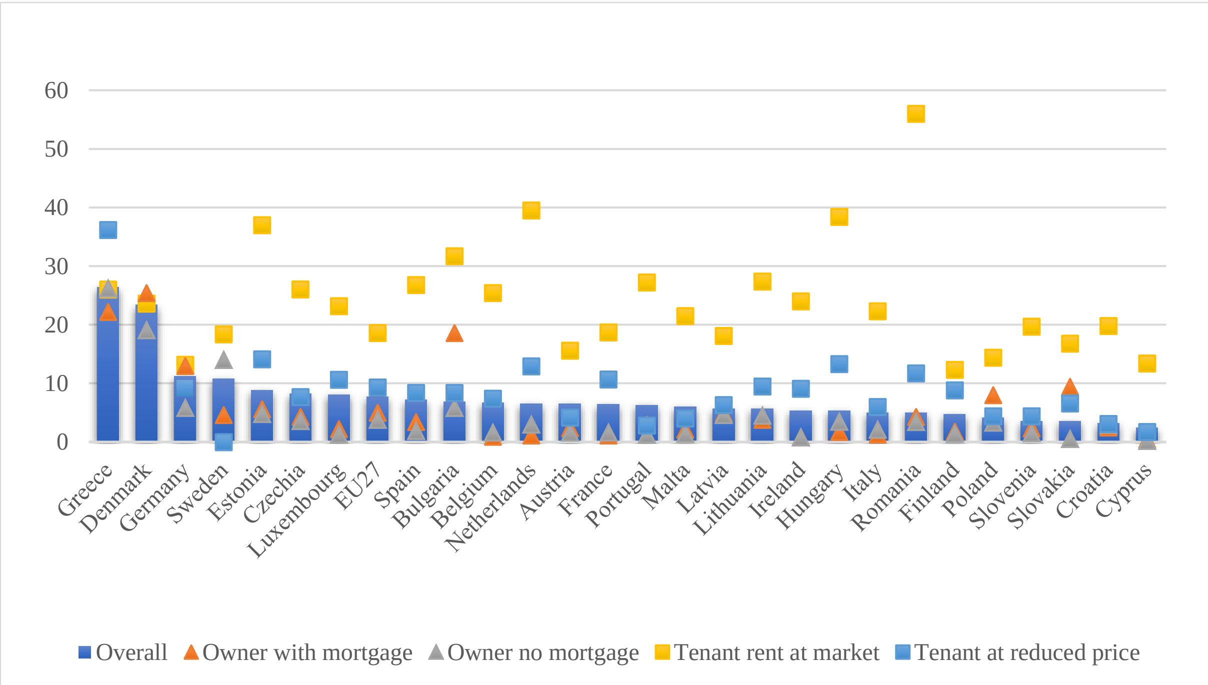


Figure 40. Housing cost overburden rate by tenure type in the EU-27, 2025. Source: Eurostat (2026h).

10.2.2 Overcrowding rate

Overcrowding rates further highlight differences in housing outcomes. Croatia has the highest overcrowding rate among the three countries, and in 2025, it affected 31.8% of the population, while in Slovakia it was 27.8%, and in Slovenia 10.5% of the population. Slovenia is the only country among the three that remains below the EU average of 17%. Among young adults aged 16-29, overcrowding reaches particularly high levels, affecting 46.4% in Croatia and 40.4% in Slovakia, compared with only 15.4% in Slovenia and an EU average of 26.6%. Slovenia's comparatively low overcrowding rate reflects the availability of non-profit rental housing, housing allowances for younger households, and generally higher housing standards, including larger average dwelling size and fewer household members per dwelling. These differences are shown in Figure 41.

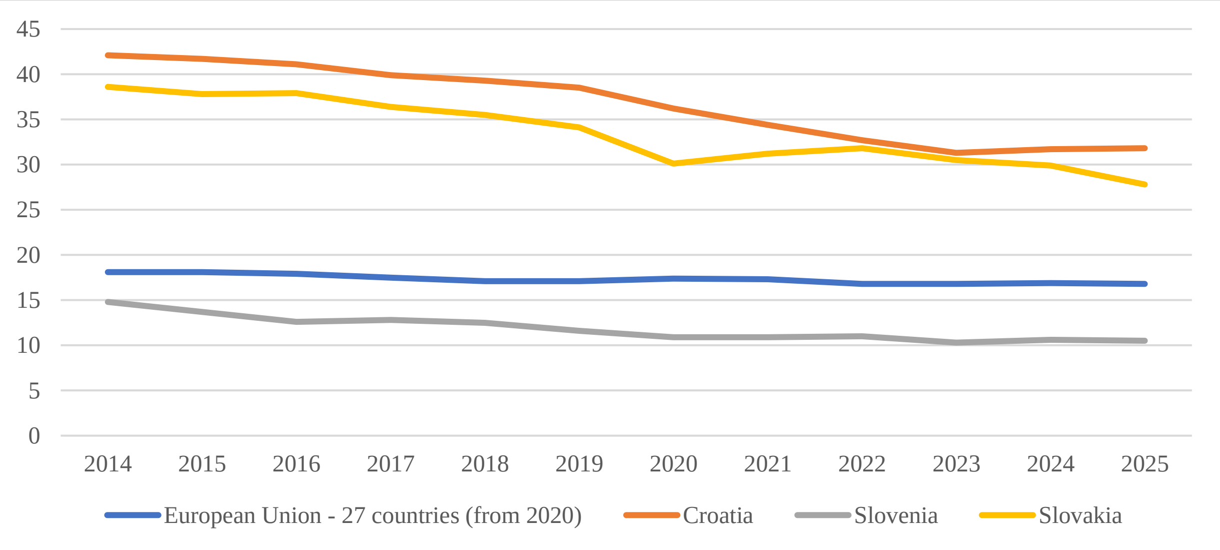


Figure 41. Overcrowding rate in Slovenia, Croatia, Slovakia and the EU average, total population, 2014-2025. Source: Eurostat (2026l).

10.2.3 House price-to-income indicators

Housing affordability can also be assessed through the relationship between house prices and income. According to Deloitte (2025), at the national level, purchasing a standardised 70 m² dwelling required 12.7 gross annual salaries in Slovakia, 8.3 in Croatia and 6.9 in Slovenia in 2024. This makes Slovakia the least affordable case according to this indicator, followed by Croatia and Slovenia. The capital city comparison is presented separately in Figure 42, since their values do not directly correspond to national averages.

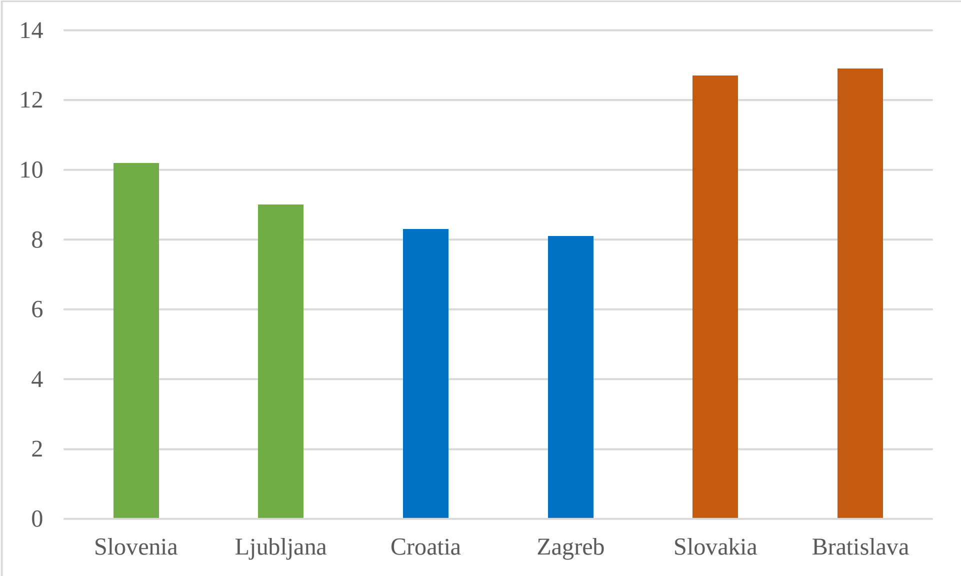


Figure 42. Years of gross annual salary needed to buy a home, national level and capital cities. Source: Deloitte (2025).

Comparing the Housing Affordability Index (HAI) after 2010, Slovakia has the highest score at 172, followed by Slovenia at 149 and Croatia at 85, which indicates large differences in mortgage accessibility in each country. It could suggests that Croatia is more affordable for households that do not rely on mortgage financing, while Slovakia offers easier approach for mortgage loans. The levels of mortgage interest rates in 2024 confirm these differences, with average rates of 2.86% in Croatia, 3.5% in Slovenia, and 4.11% in Slovakia (Deloitte, 2024; 2025). These figures illustrate that high nominal house prices do not automatically mean restrictive access to homeownership, if the mortgage conditions are relatively favourable.

The standardised housing price-to-income index provides additional insight into affordability (Eurostat, 2026s). Both Slovenia and Slovakia have followed a similar trend to the EU average since 2015, with housing prices rising faster than incomes. In 2024, Slovenia reached an index value of 116, indicating a sharp increase in housing prices relative to wages, while Slovakia recorded a more moderate rise to 105.16. Croatian index was 91, which suggest that income growth actually outpaced housing price growth in that period. This comparison is shown in Figure 43.

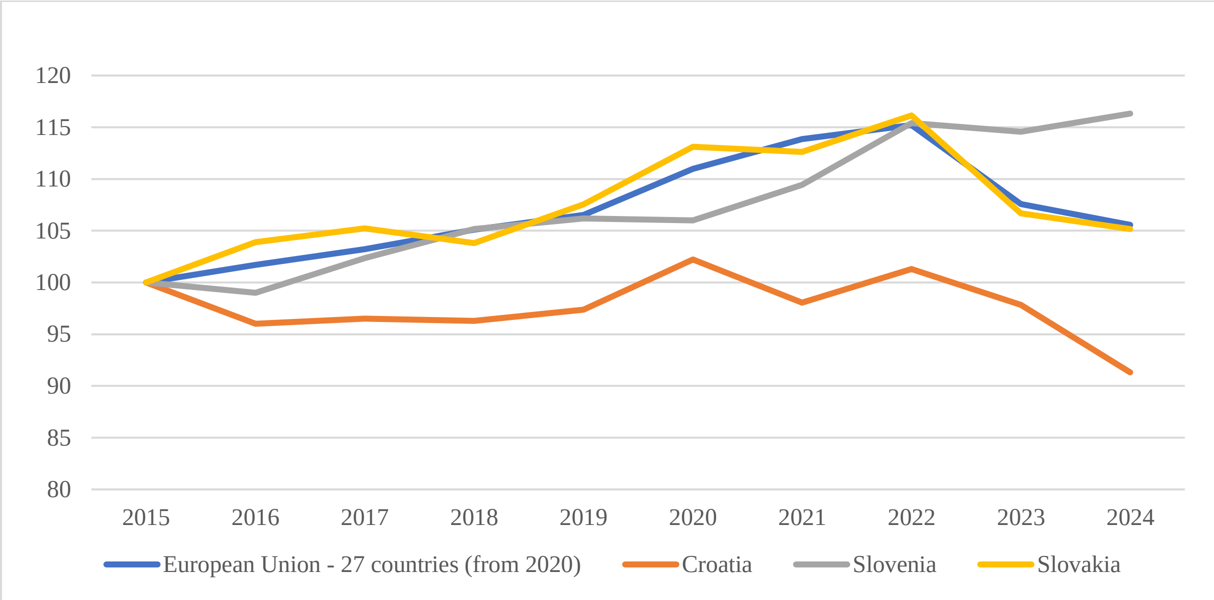


Figure 43. Standardised housing price-to-income ratio in Slovenia, Croatia and Slovakia, index 2015 = 100. Source: Eurostat (2026s).

The deflated Housing Price Index (HPI) shows the real house price changes, adjusted for inflation. Although this indicator was used in the individual cases, it is introduced now as it helps to compare housing market cycles and the potential overheating risks. Comparing selected countries and the EU average, it is shown that real housing prices generally increased year-on-year, except in 2023, when only Croatia experienced a net increase in real housing prices, while the EU average, Slovenia, and Slovakia experienced declines. This difference reflects both continued house price growth and a significant reduction in inflation in Croatia during 2023. The annual deflated HPI series is represented in Figure 44, and annual net changes in Figure 45 below.

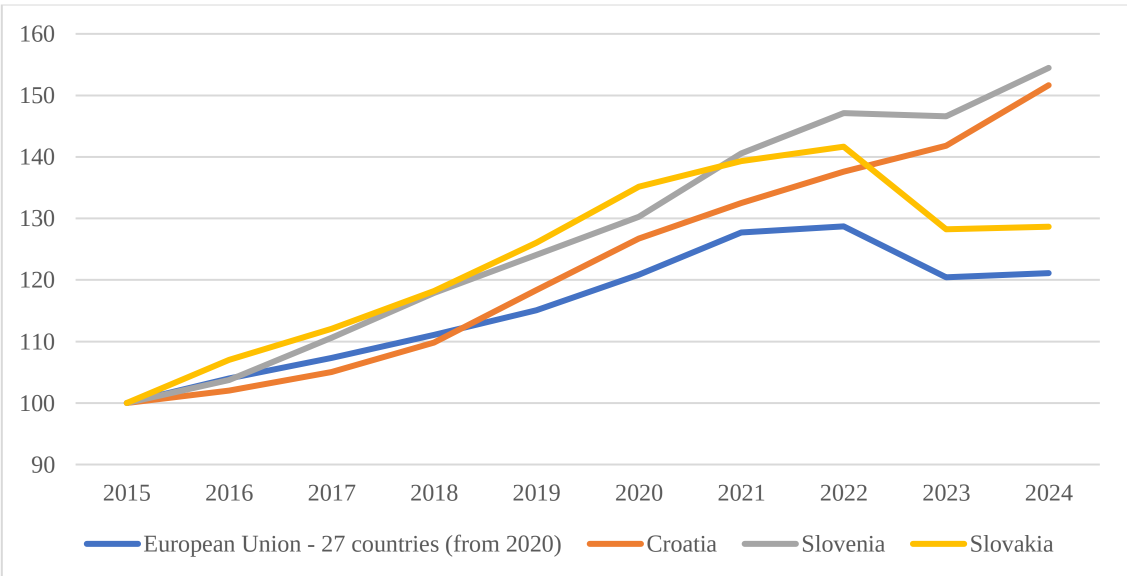


Figure 44. Deflated house price index in Slovenia, Croatia and Slovakia, annual data. Source: Eurostat (2026t).

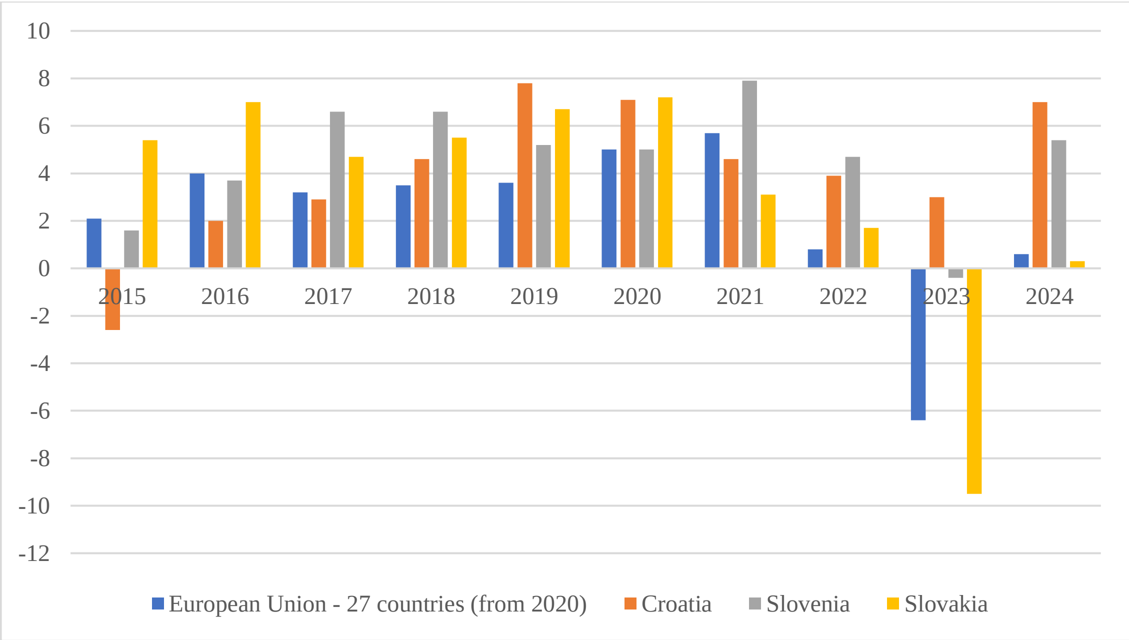


Figure 45. Deflated house price index in Slovenia, Croatia and Slovakia, annual net change. Source: Eurostat (2026t).

10.2.4 Housing quality and living conditions

The three countries have a comparable age of the housing stock, with most stock built during socialism, which currently signifies a potential higher need for maintenance and renovation to improve affordability and energy efficiency. Slovakia stands out due to its dedicated housing renovation funding mechanism (SHDF), which renovated 25% of housing stock by 2018. Slovenia offers the largest living space per household member, consistent with its low overcrowding rate.

Additionally, this section introduces material deprivation in the housing dimension into the comparison. Material deprivation is an indicator subjected to the domain of income and living conditions. In general, material deprivation rate refers to persons that are unable to pay for a certain number of items[72] or unexpected expenses. Following the same logic, housing deprivation refers to persons suffering from one or more of the following four problems:

[72] The following is the list of nine items, where inability to pay for three signifies deprivation and four as severe deprivation: rent, mortgage or utility bills; keeping the home adequately warm; to face unexpected expenses; to eat meat or proteins regularly; to go on holiday; a television set; a washing machine; a car and a telephone.

1) Bad dwelling conditions (leaking roof / damp walls / floors / foundation or rot in window frames),
2) Bath or shower in the dwelling (the percentage of persons who do not have a bath or shower in the dwelling),
3) Indoor flushing toilet for sole use of the household (the percentage of persons who do not have indoor flushing toilet for sole use of the household), and
4) Too dark dwelling (the percentage of persons considering their dwelling as too dark, not having enough daylight) (Eurostat, 2026k).

Figure 46 compares material deprivation in the housing dimension for the EU-27, Slovenia, Croatia and Slovakia between 2010 and 2023.

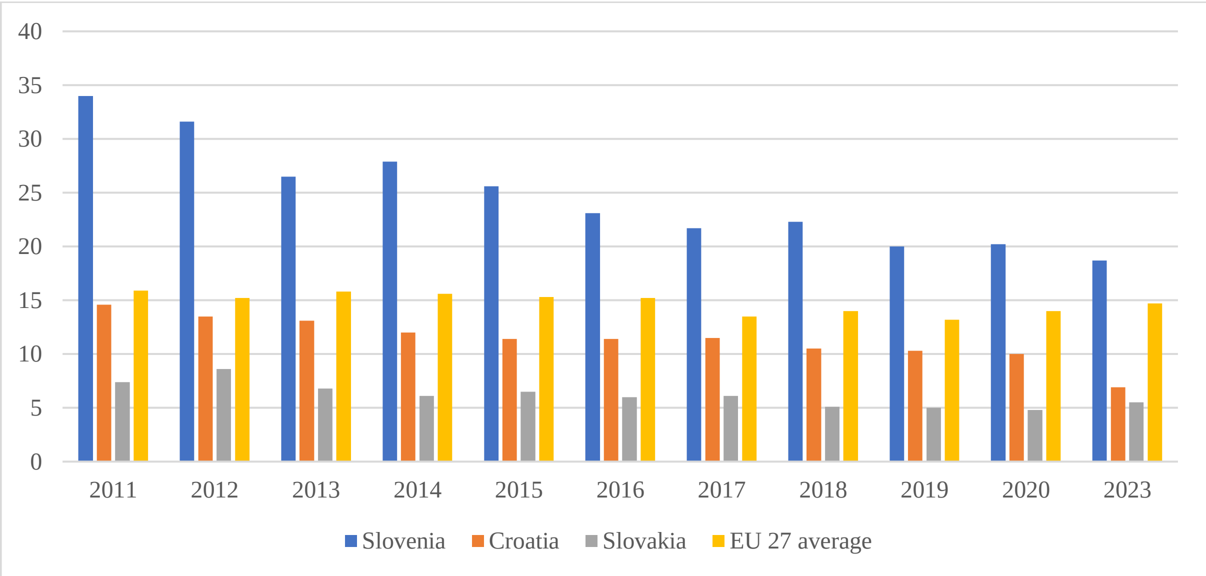


Figure 46. Material deprivation in the "Housing" dimension by one item, 2010-2023[73]. Source: Eurostat (2026k).

Figure 46 above shows that Slovenia had the highest housing deprivation rate at 18.7%, followed by Croatia at 6.9% and Slovakia at 5.5%, while the EU-27 average stood at 14.7% in 2023. This notable difference may be explained by Slovenia's higher standard of living, which can influence both housing costs and the minimum conditions expected in households. Consequently, higher housing costs in Slovenia may contribute to a higher material deprivation rate for at least one item compared with Croatia and Slovakia. Further examination of data from the Slovenian Statistical Office (SiStat, 2023) reveals that in 2019 the category "Bad dwelling conditions" (including leaking roofs, damp walls, floors, foundations, or rot in window frames)

[73] Data for 2024 and 2025 are not available.

accounted for 20.6%, while “Too dark dwelling” represented 4.2%. The remaining two categories each accounted for only 0.1%. Based on these figures, it is reasonable to assume that “Bad dwelling conditions” remained the leading contributor to housing deprivation in 2020 and 2023[74].

10.2.5 Persons at risk of poverty or social exclusion by tenure status

This indicator provides insight into the relationship between poverty, social exclusion and tenure status. In 2025, the total share of persons at risk of poverty or social exclusion was highest in Croatia, at 20.7%, followed by Slovakia at 16.7% and Slovenia at 15.5%. However, the comparison by tenure status gives a more specific housing policy picture. Among market-rate tenants, Slovakia recorded the highest risk, at 38.8%, followed by Slovenia at 27.1% and Croatia at 18.6%. Among tenants renting at reduced prices or for free, Slovakia again recorded the highest value, at 51.7%, compared with 25.6% in Croatia and 22.8% in Slovenia. These figures show that aggregate poverty and social exclusion rates do not fully capture tenure-specific vulnerability. Tenants in below-market rental arrangements are often households already exposed to broader social risks. However, Slovenia differs from this pattern, as the highest risk is recorded among market-rate tenants. This difference points to variations in the structure of rental housing provision and the socio-economic profile of tenants across the three selected cases. In contrast, owners, whether with or without a mortgage, have the lowest risk of poverty and social exclusion, as shown in Figure 47 below.

[74] Data for 2021, 2022, 2024 and 2025 are not available.

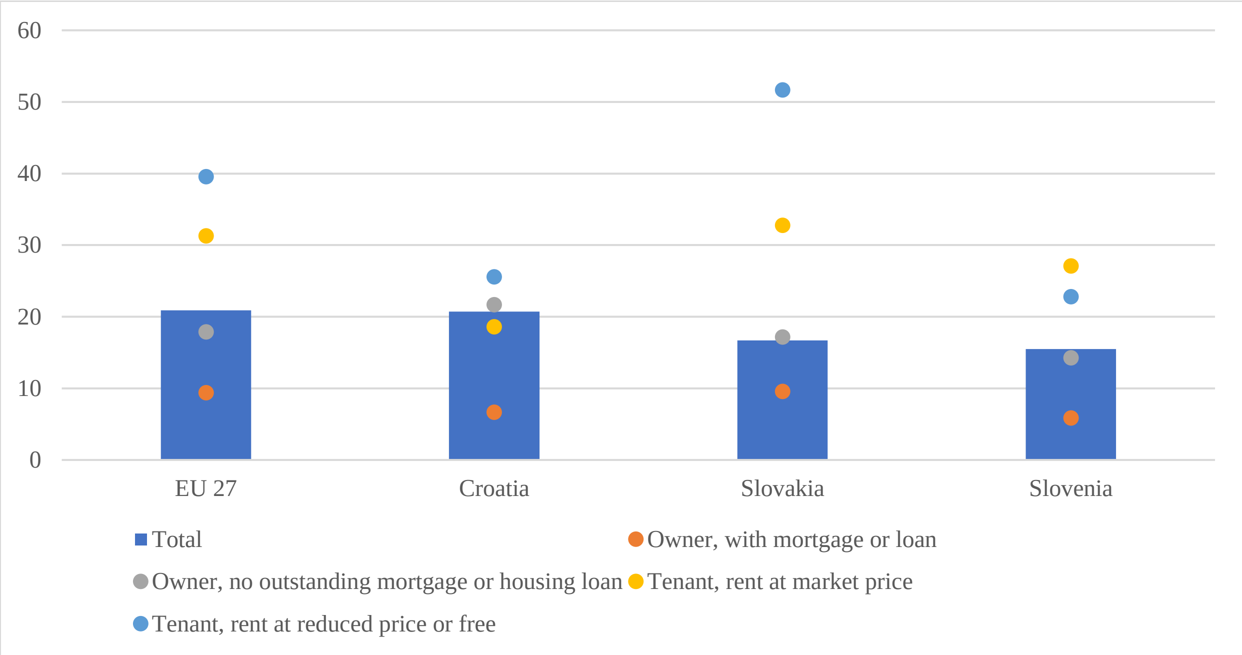


Figure 47. Persons at risk of poverty or social exclusion by tenure status in the EU-27, Croatia, Slovakia and Slovenia, 2025. Source: Eurostat (2026n).

It is also important to note the recent increase in the share of the population at risk of poverty and social exclusion among market-rate tenants in Croatia, rising from 18.4% in 2022 to 29% in 2024, before decreasing again to 18.6% in 2025. This increase is largely driven by surging rent prices, which grew by 13.18% between 2023 and 2024. Although wages did increase in recent years, the high inflation of 13.1% in December 2022 (CBS, 2023) has diminished these gains. The 2024 and 2025 comparison for market-rate tenants is presented in Figure 48.

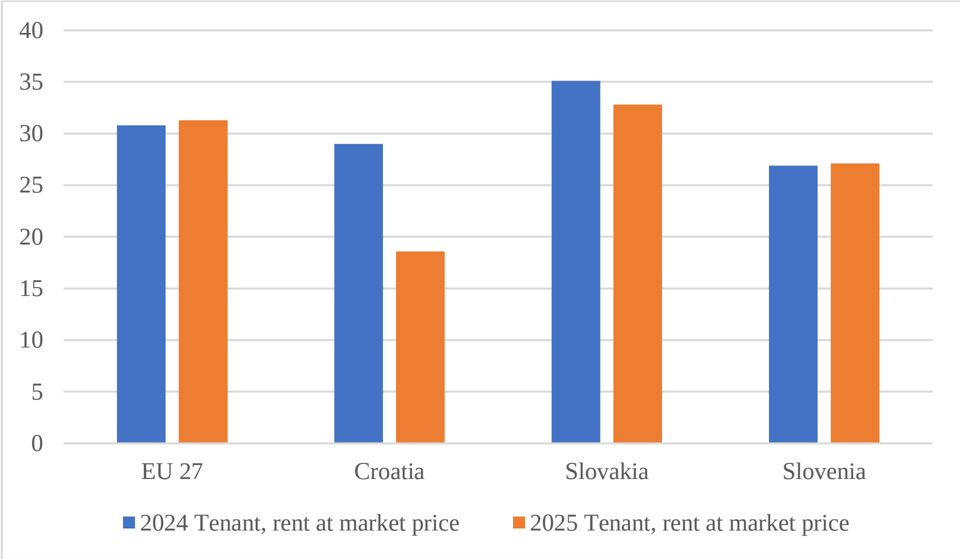


Figure 48. Persons at risk of poverty or social exclusion among market-rate tenants, EU-27, Croatia, Slovakia and Slovenia, 2024 and 2025. Source: Eurostat (2026n).

In all three countries, tenants show some of the highest observed risks in terms of housing affordability and living conditions. However, Croatian and Slovak housing policies only marginally address the vulnerability of tenants, while policy priorities are still on incentivising homeownership. Represented indicators clearly demonstrate that tenants have higher risks of housing cost overburden, overcrowding, and poverty compared to homeowners. Slovenia performs better across most of these indicators, reflecting the more developed affordable rental sector and impact of housing allowances, while Croatia and Slovakia record higher vulnerability among tenants despite available policy measures. These findings confirm that housing outcomes are shaped less by overall housing supply or income growth alone, than by path-dependent policy choices which give priority to homeownership over affordable rental housing. Housing affordability, living conditions and poverty indicators are summarised in Table 30.

Table 30. Housing affordability, living conditions, and poverty indicators in Slovenia, Croatia, and Slovakia, latest available data[75].

	2025		
	Slovenia	**Croatia**	**Slovakia**
Housing cost overburden rate (total population)	3.5	3.2	3.5
Housing cost overburden rate (tenants, at market)	19.7	19.8	16.8

[75] The table compares data for 2023, 2024 and 2025, depending on the latest available data

Overcrowding rate (total population)	10.5	31.8	27.8
Overcrowding rate (aged 16-29)	15.4	46.4	40.4
Annual gross salaries needed to purchase 70 m^2 (2024)	6.9	8.3	12.7
Housing Affordability Index (HAI) (post 2010)	149	85	172
Standardised housing price-to-income (2024)	116	91	105
Material deprivation - housing (2023)	18.7	6.9	5.5
Persons at risk of poverty or social exclusion, total population	15.5	20.7	16.7
Persons at risk of poverty or social exclusion, market-rate tenants	27.1	18.6	38.8
Persons at risk of poverty or social exclusion, tenants renting at reduced price or free	22.8	25.6	51.7

Source: Eurostat EU-SILC datasets listed in the reference list; Biljanovska et al. (2023); Deloitte (2025).

10.3 What is learned from the comparative analysis?

The comparative analysis has so far compared the indicators from the cases of Slovenia, Croatia and Slovakia, across the main dimensions of housing provision, policy instruments and affordability outcomes. The following section combines these findings in relation to the three research questions.

The findings are considered strongest where they are clearly supported by statistical data, legislation and policy documents. The interpretation of why the countries diverged also draws on expert interviews and the sequence of institutional and policy development. The contribution of institutional development, policy priorities and local implementation is not measured separately, but their role is assessed through the comparison of the three cases. Table 31 summarises the main differences in institutional development, policy priorities, implementation capacity and path-dependent mechanisms across Slovenia, Croatia and Slovakia.

Table 31. Cross-case synthesis of housing policy development and mechanisms of path dependence. Source: Author.

Comparative dimension	Slovenia	Croatia	Slovakia
Critical juncture and formative post-transition period	Mass housing privatisation was the main critical juncture. The HFRS was established early, while affordable rental housing provision was retained.	Mass housing privatisation was the main critical juncture. War reconstruction redirected resources away from affordable rental housing.	Mass housing privatisation was the main critical juncture. The SHDF was established in 1996.
Institutional capacity	National and municipal housing funds preserved institutional capacity for affordable rental housing provision.	No national housing fund was established and responsibilities remained fragmented.	Institutional capacity was concentrated in the SHDF, while affordable rental provision depended on local authorities.
Post-transition priority	Homeownership remained dominant, but affordable rental housing provision continued.	War reconstruction was the early priority, followed mainly by homeownership-oriented measures.	Renovation and energy efficiency of the inherited housing stock became the main policy priority.
Supply-side measures and institutions	National and municipal housing funds supported public and non-profit rental housing, but supply remained insufficient.	Affordable rental housing depended mainly on local initiatives and lacked stable national funding.	The SHDF and state subsidies supported construction, renovation and municipal rental housing, with implementation dependent on municipalities.
Demand-side measures and institutions	Housing allowances were more developed and available in both non-profit and market rental housing.	Housing allowances remained limited, while mortgage subsidies and tax measures mainly supported homeownership.	Housing allowances remained narrowly targeted, while other support focused mainly on homeownership and renovation.
Local implementation capacity	Municipalities played an important role, with the strongest local institutional capacity in Ljubljana.	Implementation depended strongly on local political will, fiscal capacity and available land.	Use of national funding depended on municipal political will, administrative capacity and co-financing.
Recognition and practical provision for vulnerable groups	Vulnerable groups were more clearly recognised, with some dedicated measures and stronger links between housing and social services.	Recognition and practical provision remained limited, while civil society played an important role.	Policy recognition was broad, but dedicated measures and programme reach remained limited.

Comparative dimension	Slovenia	Croatia	Slovakia
Identified path-dependent mechanism and additional explanation	Mass privatisation reinforced homeownership, while housing funds preserved capacity for affordable rental provision.	Mass privatisation, war reconstruction and the absence of a permanent national institution reinforced the homeownership-oriented path.	Mass privatisation and poor inherited housing quality reinforced renovation priorities, while municipal dependence constrained rental provision.

What were the differences in affordable housing provision between Slovenia, Croatia and Slovakia after market liberalisation?

The comparison confirms that all three countries share a similar starting point in the transition. Mass housing privatisation transformed them into countries with very high homeownership levels and only marginal affordable rental housing sectors. Thus, the post-socialist legacy clearly shaped the initial structure of housing systems; however, this legacy does not explain the current housing outcomes on its own.

As seen in the case descriptions, Slovenia achieved a more structured approach to affordable rental housing, which is visible in larger public investments in affordable rental housing construction. In the case of Slovakia, development was oriented towards institutional support through the SHDF, but the scale of affordable rental housing remained limited, with greater focus on renovation of the existing privately owned housing stock. Croatia represents the weakest affordable housing supply framework, with only a very small proportion of affordable rental housing in the total housing stock, and provision largely dependent on the political will and initiatives of local authorities.

These differences suggest that the convergence of affordable housing provision during and after the transition is quite limited, since the trajectories of the selected countries diverged as a result of policy priorities and institutional development. More specifically, the evidence suggests that institutional presence and capacity act as a mediating factor between the initial situation after the transition and the long-term housing provision outcomes. Where institutional structure for affordable rental housing was at least partially preserved, namely in Slovenia, housing provision remained more diversified, and where this capacity was not developed, namely in Croatia, the system was almost completely market-driven. Slovakia represents a different trajectory because it developed national housing institutions and funding instruments, but much of this institutional capacity was directed towards renovation, while affordable rental housing provision remained dependent on local implementation.

In answer to the first research question, the main difference was not the common process of mass housing privatisation, but the institutional and policy developments that followed it. Slovenia retained national and local institutions involved in affordable rental housing provision, Croatia did not develop a comparable permanent national structure, while Slovakia developed national funding institutions but directed a large part of their activity towards renovation. These differences in institutional presence represent distinct path-dependent trajectories that continue to shape housing policy design and mandates in the selected countries.

What was the impact of policy measures to provide affordable rental housing and how do they compare across countries?

A common trend in the selected countries is that they shifted towards demand-side instruments, such as housing allowances, particularly in Slovenia and to a lesser extent in Slovakia, and mortgage subsidy schemes in Croatia. These measures were in place to improve housing affordability, but certain measures had negative effects or primarily supported homeownership for middle-class households, instead of helping those with the greatest need for affordable housing. However, there were notable differences in the policy responses. In Slovenia, the approach was to combine demand-side measures with continuous affordable rental housing provision through national and local initiatives, which helped to alleviate some market pressure. Slovakia has a wide range of policy responses for funding affordable rental housing, but their impact is limited by the low level of local initiatives. Croatia, until the NHPP, relied mostly on demand-side measures, some of which had a negative effect of housing affordability and did not increase affordable rental housing provision.

However, similar outcomes across the cases are observable. For example, housing allowances tend to cover only a small share of the overall housing costs, with Slovenia being a more generous case compared to Croatia and Slovakia, but they do not have a profound impact on overall housing costs which are continuously growing. More importantly, in all three cases, the share of affordable rental housing in total stock remains too low to impact market prices in a meaningful way. Where demand-side policies are not followed by supply-side measures, they have limited (if not detrimental) capacity to improve housing affordability outcomes.

In answer to the second research question, policy measures produced more visible affordable rental housing outputs where they were supported by permanent institutions, funding and local implementation. This combination was most developed in Slovenia. Slovakia had national funding instruments, but their use depended strongly on local authorities, while Croatia relied mainly on measures that supported homeownership, while local affordable rental housing provision remained weak. The evidence is strong regarding the design and implementation of these measures and the housing produced through them for all countries. It is more limited regarding their direct impact on housing affordability, because housing outcomes are also influenced by housing prices, incomes, construction costs and wider market conditions.

What are the possible policy interventions to improve affordable housing provision in each selected country?

The comparison shows that possible policy interventions must reflect the main limitations identified in each case. Slovenia requires continued investment and a more stable funding framework that would allow the existing affordable rental housing stock to increase. Croatia requires a permanent national framework and clearer institutional responsibility for affordable rental housing, together with stronger cooperation between national and local authorities, specifically where housing demand is highest, such as in the City of Zagreb. Slovakia requires greater use of the existing national funding instruments by local authorities and a stronger balance between housing renovation and affordable rental housing construction.

In answer to the third research question, the most appropriate interventions are those that respond to the institutional and implementation gaps identified in each country. These interventions are based on the comparison of existing policies, institutions, housing provision and expert findings. The detailed recommendations per country are presented in the Policy Recommendations chapter.

How are vulnerable groups recognised and addressed in housing policy?

Vulnerable groups are considered throughout the three research questions. The analysis focuses on how they are recognised in policy, whether specific measures are available and whether institutions provide access to affordable housing.

A small share of affordable rental housing is a limiting factor for low-income households, and this is most evident in the considerable waiting times for eligible households. Among the three cases, Slovenia has the most developed institutional framework and the clearest set of measures directed towards vulnerable groups, together with stronger coordination between social services and housing provision. In Croatia, the literature identifies a broader range of vulnerable groups than national housing policy, while dedicated measures and practical provision remain limited. Civil society organisations therefore have an important role in addressing some forms of housing exclusion. Slovak policy documents recognise a broad range of vulnerable groups, but dedicated measures, implementation and programme reach remain limited.

Overall, the comparison identifies a gap between the recognition of vulnerable groups in policy and the availability and reach of practical housing provision. The evidence supports conclusions regarding policy definitions, eligibility conditions, dedicated measures and institutional provision. It does not establish direct effects on vulnerable households because affected households were not interviewed and comparable disaggregated data were not available for every group.

11 DISCUSSION

The purpose of this chapter is not to repeat the three case studies, but to interpret what their comparison shows about post-socialist housing policy development. This chapter brings those findings back to the research aim and research questions, with particular attention to the role of path dependence in explaining why similar starting points produced different housing policy trajectories.

11.1 Comparative interpretation of thesis findings

11.1.1 Diverging housing governance after transition

One of the central findings of the comparative analysis is that Slovenia, Croatia and Slovakia started from a broadly similar post-socialist housing context, but did not develop the same housing policy path. All three countries experienced mass housing privatisation, a sharp increase in homeownership and a weakening of public or social rental provision. However, mass privatisation in itself does not explain the differences between the cases, as later outcomes were also shaped by the events that took place right after the transition.

The Slovenian case shows that the preservation of housing institutions mattered. The Housing Fund of the Republic of Slovenia and municipal housing institutions kept a public mandate for housing provision alive after the transition, even if the system remained underfunded and too small in relation to demand. In Croatia, the War of Independence and the immediate reconstruction became the main priorities of housing policy, and politics more generally, while an affordable rental housing system was not a priority. Slovakia established a national framework coupled with effective financing instruments, but renovation needs strongly shaped housing policy, while the effectiveness of its implementation was heavily constrained by municipalities. This means that mass privatisation was important, because it created a similar starting point for the countries and radically changed housing systems towards homeownership. Still, later outcomes depended on the institutional choices made after that point. Thus, the thesis broadly supports Mahoney's (2000) argument that critical junctures shape institutional trajectories, but the evidence also suggests that the post-socialist transition should not be understood as a single moment in time. It was a short but formative period in which different priorities were set and different institutional arrangements were either preserved, weakened or never fully built.

11.1.2 Demand-side subsidies and housing affordability

The three countries differ in the generosity and distribution of housing allowances, and consequently these allowances perform different functions. Housing allowances in Slovenia appear to make a broader and more reliable contribution towards housing affordability than comparable instruments in Croatia and Slovakia. This is likely because they operate within a housing system that has a more developed, although still limited, affordable rental sector.

In Slovenia, housing allowances partly complement both the affordable rental sector and the market rental sector, since tenants in both segments may be eligible for support. In this sense, housing allowances have a broader function than in Croatia or Slovakia. At the same time, they also compensate for the shortage of affordable rental housing. Since 2025, this has created an additional incentive for local authorities. When eligible households rent at market price because no affordable rental unit is available, the local authority bears the cost of the allowance, while allowances for tenants in affordable rental housing are covered by the state. Therefore, greater local investment in affordable rental housing could also reduce long-term local expenditure on housing allowances.

In contrast, housing allowances in Croatia and Slovakia are low in generosity and cannot compensate for the lack of affordable rental housing supply. In Croatia, the subsidised housing loan scheme is especially relevant because it increased purchasing power without being matched by sufficient supply-side measures. In a housing system with limited supply, this likely reinforced upward pressure on prices and weakened affordability. The broader conclusion is not that demand-side measures are ineffective by themselves, but that their effects depend on the wider housing policy framework. In countries with limited housing supply and weak affordable rental alternatives, demand-side measures need to be connected to supply-side measures if they are not to worsen housing affordability pressures.

11.1.3 Tourism pressures and housing affordability

Tourism was not the main focus of the thesis, but the case studies show that tourism-related housing demand has become increasingly relevant for housing affordability, especially in Croatia.

This is most visible in the Croatian case, where tourism growth became much more closely connected with private housing investment after the transition. Since housing provision was largely left to the market, tourism-oriented investments expanded, especially in Zagreb and in tourism-intensive coastal areas. These pressures are not equally present across Croatia, but are more concentrated in housing markets with stronger tourism demand. This gradually changed the function of housing in these areas from residential use towards investment and financial security. As already stated, Mikulić et al. (2021) found that the growing tourism demand for housing in Croatia negatively affects housing affordability. Furthermore, the Croatian case shows that tourism pressure should not be understood only as a housing-market distortion, but also as a wider urban and economic development problem. Mihaljek (2026) points to broader European cities where a low affordable housing stock restricts labour mobility, and in Croatia this problem is further reinforced by high homeownership, a weakly regulated rental market and the conversion of long-term rental housing into short-term tourist accommodation.

The Slovenian case suggests a somewhat different trajectory. While tourism pressures and short-term rentals have also increasingly affected housing affordability, particularly in urban and coastal areas, these developments became more explicitly recognised within housing policy debates and regulatory discussions. Measures related to taxation and the regulation of short-term rentals indicate a somewhat stronger institutional response to tourism-related housing pressures than in Croatia.

In Slovakia, tourism does not appear to represent a comparably significant structural driver of housing affordability pressures. The Slovak housing system remains more strongly shaped by issues related to housing quality, renovation, and limited rental housing provision, rather than by tourism-related demand pressures, a point also supported by Expert 1 (SK), who stated that short-term rental is not a major issue in Slovakia. The Slovak case therefore shows that post-socialist housing trajectories did not diverge only because of housing policy, but also because different economic pressures became attached to housing over time.

In this sense, tourism does not represent a separate explanation for housing affordability problems, but rather an additional pressure that interacts with already existing institutional arrangements, ownership structures, and weaknesses in affordable rental housing provision.

11.1.4 Addressing vulnerable groups in housing policy

The most consistently identified vulnerable groups are low-income households, young households, elderly households and persons experiencing homelessness. However, across the cases, these groups are not equally recognised in the national and local housing policies. The widest gap is observed in the Croatian and Slovak national housing programmes, where only several groups are identified through measures, whereas the literature identifies several additional groups that remain absent from policy documents.

The comparative findings point to another limiting factor, namely the way housing vulnerability is understood in national housing programmes. They mainly identify vulnerable groups through income level, homelessness status and other social categories. However, as demonstrated in the housing affordability indicators section, housing pressure is strongly related to tenure status. In particular, the indicators show that market-rate tenants appear to be the most overburdened groups, especially in the cases of Croatia and Slovakia, while Slovenia shows a somewhat less severe but still relevant tenure-based affordability gap. This means that the groups most heavily exposed to housing cost pressures are not consistently the groups targeted by national housing programmes.

This difference points to a broader weakness of the housing policy in post-socialist countries. While homeownership became the norm and the tenure of choice, rental housing, both market and affordable, remained neglected, weakly regulated, and treated as temporary. As a consequence, market-rate tenants are rarely conceptualised as a specific target group in the policy measures. This is especially the case for younger and economically active households who are excluded from homeownership, but do not necessarily fall into the categories of low-income households or other social categories. The findings therefore suggest the need for a more tenure-sensitive understanding of vulnerability, particularly for households exposed to insecure and increasingly unaffordable conditions in the private rental sector. This also links the findings to the broader understanding of housing as a human right, a concept that was mentioned in this thesis but not fully explored and compared across countries. However, this thesis shows that the right to housing has little practical meaning without institutions, housing supply and allocation mechanisms. General housing construction alone is therefore not enough for groups experiencing homelessness or severe housing exclusion, if the new housing is not affordable or if it is privatised. Affordable rental housing and policies for vulnerable groups are important precisely because they can reach households whose needs are not met through homeownership, the market or family support.

11.1.5 Early institutional development and housing outcomes

The divergence in outcomes previously described cannot be explained solely through differences in political will or individual policy decisions. Rather, the findings suggest that housing policies in the three countries developed within different institutional trajectories established during the post-socialist transition period. Although all three countries experienced a similar critical juncture through rapid privatisation and withdrawal of direct state involvement in housing provision, the institutional responses that followed differed significantly and shaped later housing policy development in different ways.

Slovenia is the clearest case of continuity in institutional development after the transition. While the privatisation remained the dominant direction during the transition, and homeownership did become the main tenure choice, Slovenia did not completely neglect other tenure forms and developed institutional mechanisms to maintain a part of the affordable rental sector. The establishment of the HFRS and the continued role of municipal housing funds created an institutional framework that remained active after privatisation instead of disappearing from the housing system altogether. Housing inequalities were not created by privatisation alone, since inequalities in access to housing already existed within the socialist allocation system.

Slovakia represents a different trajectory, where institutional development was substantial, but became concentrated around a relatively narrow set of housing priorities. As in Slovenia, Slovakia established housing institutions early in the transition period through the creation of the SHDF, together with national housing programmes. The SHDF also demonstrates that favourable loan schemes can successfully combine economic viability with political and developmental goals. However, these instruments remained primarily oriented towards ownership and renovation, while many tenants facing affordability pressures remained outside the scope of direct support due to loan eligibility requirements. Housing policy also became strongly oriented towards renovation, maintenance, and energy-efficiency upgrading of the inherited housing stock of poor construction quality. As a result, institutional capacity was directed more towards improving housing quality and energy performance than towards diversification of tenure structures or expansion of affordable rental housing. The Slovak case therefore demonstrates that the existence of housing institutions alone did not necessarily lead to broader development of affordable housing provision.

Croatia represents the weakest case of institutional development after transition, as it did not establish stable organisational and financial structures dedicated to housing policy during the early post-socialist period, since national priorities were different. Housing measures introduced after the transition were heavily fragmented and inconsistent across political cycles, which further limited the development of long-term housing policy capacity. Without a national housing fund or a consistent long-term housing strategy, affordable rental housing did not develop and remained residual, accounting for below 0.5% of the total housing stock. In this context, housing policy remained strongly oriented towards ownership support, while rental housing continued to occupy a residual position. This also created a tension between the social dimension of housing policy and the actual orientation of public intervention. Rather than directing housing policies towards households with the greatest housing need, public resources were most often channelled to facilitate access to homeownership, targeting mostly those households that are not in the highest need for housing, since these households must, in most cases, be eligible for a mortgage and have steady incomes. As a result, groups facing the strongest affordability pressures within the rental market often remained outside the central focus of housing policy measures. The NHPP represents an important change in Croatian housing policy, particularly because it introduces a more comprehensive national approach to affordable housing provision and the activation of vacant dwellings. However, since its implementation only started in 2025, it is too early to assess whether these measures will improve housing affordability in practice.

In all three cases, homeownership remained the dominant tenure form and the main housing aspiration after transition. The comparative analysis therefore suggests that similar starting points did not produce similar affordable housing outcomes, and that the early institutional arrangements shaped which housing policies remained politically, financially, and institutionally feasible afterwards.

11.1.6 Conceptual contributions to the post-socialist housing research

The theoretical chapter at the beginning of the thesis demonstrated that the existing literature on post-socialist housing systems mostly treated these countries as a coherent group with a shared experience of mass privatisation and a decline of state involvement in housing provision after transition (Stephens et al., 2015; Hegedüs, 2020). While this grouping has analytical value as a starting point, it risks misrepresenting the degree of divergence that has emerged within the group since the early 1990s. Path dependence has also been recognised as a valuable theoretical approach for comparing housing systems in post-socialist countries, yet there is still limited comparative evidence on the mechanisms through which similar starting points produced different affordable housing outcomes (Bengtsson & Ruonavaara, 2011). This thesis addresses that gap through a structured comparative case study of Slovenia, Croatia and Slovakia.

The findings of this thesis make conceptual and explanatory contributions to comparative post-socialist housing research in two respects. First, the conceptual contribution lies in showing that the post-socialist housing regime should not be treated as a single coherent regime category. The differences between Slovenia, Croatia and Slovakia are analytically important precisely because all three countries shared a broadly similar starting point.

Comparative analysis suggests that early institutional choices, made roughly between 1991 and 1995, were more important for later housing trajectories than the shared experience of privatisation alone. A similar critical juncture therefore produced different institutional outcomes depending on the direction and design of early policy responses. These differences require a higher-resolution approach, since broad housing and welfare regime classifications do not sufficiently explain the degree of divergence documented in this thesis.

Second, the explanatory contribution lies in showing that diverging trajectories were associated not only with institutional absence or policy inertia, but also with institutional continuity and political will. The Croatian case shows how weak institutional development and cognitive lock-in constrained later housing policy options. However, the Slovak case demonstrates that path dependence may also operate through institutional prioritisation and concentration of policy capacity. Slovakia formed national housing institutions early after transition, but they were strongly oriented towards renovation and energy-efficiency upgrading, rather than towards tenure diversification or expansion of affordable rental housing. In this sense, the presence of institutions did not automatically expand policy possibilities and could also narrow them in a particular direction. The findings also support the argument that housing institutions are strongly shaped by historically specific institutional development, making policy instruments difficult to transfer directly across different national contexts.

The comparison suggests that applications of path dependence in comparative housing policy may benefit from distinguishing not only between the presence and absence of institutions, but also between institutions that expand policy possibilities and those that constrain them. This distinction is important for understanding post-socialist housing systems, where similar transition legacies produced different combinations of institutional continuity, limited reform capacity, and ownership-oriented policy development.

11.1.7 Europeanisation and future housing pressures

Housing policy remains primarily within the competence of the individual governments of the EU Member States. However, as already indicated, European institutions are increasingly influencing national housing systems and changing the European policy landscape regarding affordable rental housing, mainly through collaboration platforms, but also through regulations, energy-efficiency standards and financial instruments (Allegra et al., 2020). As previously discussed in the emerging policy context, housing affordability and access to housing have also received increasing attention at the EU level in recent years, particularly in relation to demographic change, sustainability goals, urban inequality and social inclusion. While this does not imply direct harmonisation of national housing policies, it does suggest that housing questions are likely to receive greater political attention and financial support within future European policy frameworks.

However, in terms of the Europeanisation of the national institutions in the selected post-socialist countries, the findings suggest that Europeanisation did not produce convergence in housing outcomes. Instead, different European frameworks, funding mechanisms and priorities interacted with the existing institutional trajectories and domestic policy orientations. For example, this is clearly visible in the case of Slovakia, where housing policy became strongly aligned with renovation and energy efficiency priorities, and heavily influenced by the available European funding instruments. In this case, the Europeanisation primarily reinforced already existing national priorities for housing renovation.

The results of this thesis suggest that strongly ownership-oriented housing systems may face increasing challenges in the future. Demographic ageing, changing household structures, rising housing costs and increasing urban demand could place additional pressure on systems where affordable rental housing remains limited and institutionally weak, as already reflected in the affordability pressures and overburden rates identified among younger households and market tenants in the comparative analysis. This may become particularly relevant for younger households and households with less stable labour market positions, whose housing needs are often less compatible with long-term ownership-based housing pathways. In this context, the long-term adaptability of post-socialist housing systems may partly depend on whether housing policies continue to prioritise ownership support, or whether greater institutional support for alternative tenure forms and more flexible housing options gradually develops.

11.1.8 Unexpected findings

There are two unexpected findings from the comparative analysis. One is that the timing and continuity of institutional development had significant importance for affordable housing provision. While there was an expectation at the beginning of the thesis that the continuity of policy making, policy priorities and institutions would be an important source of differences between the countries, the evidence suggests that the timing of institutional establishment was also critical. The evidence suggests that developments between 1991 and 1995 important long-lasting effects, and that a country, such as Croatia, who did not establish policy and institutional continuity during this time, later failed to adequately develop a national policy framework to respond to the housing affordability crisis.

Another unexpected finding is the role of the Croatian War of Independence. While it was expected to have an important role in the overall political climate towards housing, it had more far-reaching consequences for later policy choices than expected. The direct effects of the War were the reconstruction of buildings and social rebuild of Croatia. This shifted policy focus towards other areas of institutional development, while housing remained neglected. During that period, Slovenia and Slovakia had already advanced in establishing national institutions and policy documents.

11.2 Directions for future research

One possible research direction is the interplay between housing policy and other policy areas. While the focus of this thesis is mostly on housing policy instruments, evidence from the case studies, supported especially by Expert 1 (HR), Expert 2 (HR) and Expert 3 (SK), suggests that housing outcomes are also shaped by spatial planning, urban development and mobility policy. Thus, future research may examine what possible affordability outcomes could be achieved by coordinating housing policy measures with urban mobility and spatial development planning. The integration of these policy domains remains underdeveloped in all three cases and may represent one of the more promising avenues for improving affordability outcomes without relying solely on direct housing investment.

A participatory approach in housing policy making, in post-socialist country context is another possible research avenue. While the thesis examined housing policy outcomes, it does not examine how these policies were designed. Research into how tenants, landlords, civil society organisations, non-profit housing providers and local communities interact in housing policymaking in Slovenia, Croatia and Slovakia could provide interesting insights into why these countries diverge in housing outcomes.

Another interesting topic is housing commodification and how it creates pressure on other parts of the welfare state. Research from comparable European contexts illustrates this dynamic well. For example, Elsas and Rinklake (2024) show in the case of Germany that households with reduced housing costs, through social or subsidised housing, achieve systematically higher welfare from the same disposable income, while those renting at market prices face a hidden welfare deficit as a larger share of their income is unavailable for other needs. This follows Kemeny’s (1981) observation that there is a structural relationship between weak rental sectors and less developed welfare systems, and this relationship requires an empirical investigation in post-socialist contexts. Quantifying how housing cost burdens translate into welfare state expenditure across Slovenia, Croatia and Slovakia would strengthen the social justice case for investment in affordable housing provision and provide policymakers with a more complete picture of the true costs of policy neglect.

Another possible future research direction could examine more directly the role of financialisation and intergenerational transfers in reproducing housing inequality in post-socialist housing systems, as these aspects were not elaborated in this thesis. In high-homeownership systems, access to housing is often secured through family support, inheritance or other forms of intergenerational transfer. This can protect some households from market pressures, but it also deepens inequality between households with and without family-owned housing. While it was only mentioned in the context of housing in this thesis, financialisation adds a layer to this process by strengthening the role of housing as an investment, a store of value and a form of household security. One interesting aspect to pursue lies in the finding by Bandoni et al. (2025), who state that institutional investors can increase house prices and mortgage lending, while also weakening the link between house price growth and local income fundamentals. This raises the question of whether similar financialisation dynamics are emerging in smaller post-socialist housing markets, where affordability pressures are still shaped mainly by homeownership, inheritance and family support, but may increasingly also be influenced by investment-oriented buyers. Further research could therefore examine how institutional investors, family transfers and household investment behaviour shape access to homeownership and rental housing, especially among younger households and households excluded from family-based housing support.

Finally, local-level comparison would add an important layer to the national analysis as a whole. The existing literature and this thesis both operate primarily at the national level, but housing policy is increasingly shaped by local innovation. Cases such as Kranjska Gora in Slovenia, Dubrovnik in Croatia and Košice in Slovakia represent potential examples where local conditions, political will or specific institutional arrangements may have produced outcomes that diverge from the national pattern. Understanding what makes such local cases work, and whether their approaches are transferable to other municipalities, would provide actionable insights that national-level comparative analysis cannot easily generate.

12 RESEARCH LIMITATIONS

There are certain limitations in this research design that must be acknowledged. While they do not invalidate the findings, they do shape the scope of the analysis and the type of conclusions that can reasonably be drawn. For that reason, the empirical material is interpreted with some caution and, where possible, supported through the use of multiple sources.

One limitation concerns the method of analysis, namely the CA. The basic limitations of CA are described by Azarian (2011), who notes that CA is a challenging research method requiring careful thought and consideration. The small number of cases available is one limitation that could force the researcher to look for substitute cases that cannot provide a causal explanation. Another possible limitation lies in the selection of the cases themselves, because according to Kocka (1999), the selection of cases directly determines the results of the comparison. The example Kocka uses to illustrate this is the relative selection of European economies in the 19th century and how the German economy looked mediocre compared to the English but appears bourgeois compared to the Eastern European economies. Another potential limitation is that even if the structures of the cases appeared very similar, they may differ substantially at the level of individual variables.

When comparing evidence at the capital-city level, it must be noted that capital cities do not have the same level of data related to housing indicators. While Ljubljana is supported by relatively rich city-level administrative and housing-related data, the evidence for Zagreb and especially Bratislava is more fragmented and often based on different indicators, years, and definitions. These differences do not reflect the substantive importance of the cases, but rather the uneven availability of capital-city-level data in the literature, policy documents, and administrative sources. For this reason, the capital city level is used primarily as an illustrative complement to the national comparison, while the main cross-case conclusions are drawn from the national level, where indicators are more comparable.

One of the main limitations of this research relates to the use of EU-SILC as a comparative database. While EU-SILC provides a harmonised framework for cross-national comparison, there is a risk of using outcome indicators without due consideration of their reliability and suitability, particularly in comparative contexts (Stephens, 2016). To address this, the national definition of each indicator used was checked to ensure compatibility across the selected countries. In the case of overcrowding, acceptable norms may differ between countries, and in the case of physical quality, indicators such as the presence of a shower or a flushing toilet reflect very different realities depending on the general wealth level of the country (Stephens, 2016). Such extreme differences are unlikely to exist between Slovenia, Croatia and Slovakia, but definitions and descriptions for all indicators were nonetheless checked for their comparability.

Another limitation relates to the use of expert interviews. While interviews provide useful insight into policy processes and institutional dynamics, they reflect the perspectives of the actors involved. This is a known limitation of expert interviews, especially when respondents are institutionally embedded or have a stakeholder position in the policy field. In such cases, interviewees may present policy developments in ways that reflect their organisational roles, responsibilities or strategic position (Wroblewski & Leitner, 2009). More generally, expert interviews should not be treated as neutral information-gathering meetings, since expert knowledge is shaped by the interviewee’s position, experience and relation to the field being studied (Bogner et al., 2009). In this thesis, this limitation was addressed by using interviews for triangulation alongside policy documents, legislative sources and statistical data, rather than as a stand-alone source for drawing conclusions.

One specific limitation concerns the interviewee selection in the case of Slovakia, as previously noted. A university-based housing policy researcher with a documented publication record was not available during the data-collection period, despite multiple attempts to conduct the interview. To preserve the three-interview structure across cases, an alternative national-level expert was selected, namely a representative of the national housing fund of Slovakia, whose expertise complements the insights of the ministry-level respondent. This substitution enabled the collection of detailed institutional knowledge, but it also meant that the Slovak interview sample may not include such an academically independent perspective, as is the case in the Slovenian and Croatian expert groups.

Another limitation is the interviewee sample scope. Although respondents were carefully selected to include representatives of the main institutions, it was not possible to include all relevant actors involved in housing policy and governance. The interviews should therefore be understood primarily as informed institutional viewpoints, rather than a complete picture of all policy actors.

Finally, a few challenges arise from the comparability of housing data across countries, because the selected countries use different definitions and reporting practices in national statistical reporting. This was addressed through data triangulation, mainly by combining interview material with policy documents, legislative sources and statistical data, which helps ensure that the analysis is grounded in several forms of evidence.

13 POLICY RECOMMENDATIONS FOR STRENGTHENING AFFORDABLE HOUSING PROVISION

The findings of the comparative analysis have generated useful insights that allow for the synthesis of both general and country-specific policy recommendations aimed at strengthening of affordable housing provision across Slovenia, Croatia and Slovakia. The main finding that drives these recommendations is that even though the selected countries share common structural legacies rooted in the post-socialist transition, there are important differences in their institutional development, governance capacity and policy priorities and trajectories which led to different policy outcomes.

As noted in the earlier sections, comparative housing research has cautioned against the transfer of policy across national borders without understanding national specific contexts (Stephens & Hick, 2024). The authors argue that successful policy transfer depends on identifying institutional and governance conditions that enable a particular policy to work, which has been elaborated in this thesis. This is particularly relevant for post-socialist housing systems, where similar historical starting points have produced markedly divergent institutional trajectories, as the comparative analysis has shown. Similarly, Cairney and Toomey (2024) caution that policy recommendations should not be taken as blueprints, since their usability depends on both political and technical feasibility within a given system. The recommendations that follow are therefore grounded in the evidence generated by the comparative analysis and are presented not as universal prescriptions, but as directions whose feasibility is assessed against the specific institutional conditions, governance capacity, and policy priorities identified in each case.

Drawing on the literature review, case analyses and expert interviews, the recommendations are organised in two parts: cross-cutting measures applicable to all three countries are presented first, followed by dedicated country-specific recommendations. The recommendations are also prioritised according to the main problems identified in each case. The highest-priority recommendations address the institutional and implementation limitations that most directly affect affordable rental housing provision, while supporting recommendations address taxation, regulation, data and other conditions that influence housing provision. For each recommendation, the responsible actors, expected time horizon, main institutional conditions, expected effect and evidential basis are identified in the text.

13.1 Cross-cutting recommendations

All three countries share common structural challenges regarding affordable housing provision, which are rooted in the historical processes of mass privatisation and residualisation of the affordable rental sector, and reinforced by policy measures that promoted homeownership. The following recommendations address common issues that are, to varying degrees, applicable in each country.

13.1.1 Investment in affordable rental housing stock

While the selected countries have different levels of success in investing in the affordable rental housing sector, with Slovenia being the most successful and Croatia the least, all three still have a very low overall share of affordable rental housing stock. The social rental sector in each case has been residualised to the point where it functions as a last-resort safety net rather than as a stable housing option for low- and middle-income households. The comparison suggests that where investment in affordable rental housing is supported by a strong institutional presence, as in Slovenia, affordable rental housing can emerge as a viable alternative to homeownership. The weak presence of institutions in policy design, especially in Croatia, but also to a degree in Slovakia, led to very low investment in affordable rental housing, which is difficult to compensate for later. This was recognised in the interviews in both Croatia and Slovakia, where experts noted that affordable rental housing must be seen as permanent infrastructure rather than as an occasional project. Thus, the expansion of affordable rental supply together with securing the role of a central housing institution should be a priority in all three countries.

This is the main cross-cutting and long-term recommendation. The primary responsibility lies with national governments and national housing institutions, together with local authorities responsible for implementation. To be successfully implemented, stable funding, clear institutional responsibility and a commitment to retaining newly constructed housing within the affordable rental sector are required. This could lead to a gradual increase in affordable rental housing stock and a more stable alternative to homeownership. The recommendation is supported by the comparative findings on housing provision, institutional development and the implementation of affordable rental housing programmes in the three cases.

13.1.2 Prevention of further privatisation of affordable housing stock

This recommendation follows the first recommendation and addresses the privatisation trap, as described by Lux and Sunega (2020). While all three countries underwent a mass privatisation of the public housing stock, the comparison suggests that nuanced differences in how this mechanism was implemented impacted the role of affordable rental housing after the transition. Ljubljana provides the clearest example of a system in which affordable rental housing was not completely privatised and the institutional basis for its provision was retained. Newly constructed public housing has generally been kept in rental use rather than sold. Slovakia and Croatia still construct apartments with public funds that may eventually be privatised, continuing some elements of the approach during the transition. The recommendation, with particular relevance for Croatia and Slovakia, is to keep newly constructed publicly funded apartments in affordable rental use, rather than allow rent-to-buy or outright privatisation mechanisms, because further privatisation of apartments constructed with public funds further increases housing inequalities and does not contribute towards stable affordable rental sector.

The responsible actors are national and local authorities that finance or own affordable rental housing. This is a short- to medium-term priority because conditions preventing later privatisation can be incorporated into existing and future publicly funded housing programmes. The main precondition is a clear commitment to keeping publicly financed housing in affordable rental use. The expected effect is to preserve the affordable rental stock and prevent the repeated loss of publicly financed housing through later privatisation. The recommendation follows directly from the comparison of post-transition privatisation and the different treatment of publicly provided housing across the cases.

13.1.3 Improving taxation

Taxation has different uses in supporting housing affordability across the cases and can affect both supply and demand sides of the housing market. The country comparison points to different possible improvements in the way all three countries use tax measures to support housing affordability. In Slovenia, the low tax of 4% on short-term rentals creates attractive preconditions to use apartments for touristic purposes, rather to increase the available long-term rental housing availability. Thus, it could be prudent to increase this tax rate. In Croatia, despite recent taxation rate increase in tourist apartment sector, many municipalities still enforce the minimum possible tax rate, which provides little incentive to convert short-term rentals into long-term rental housing, which presents a real problem especially in large coastal cities and in the city of Zagreb. The Slovak property taxation scheme is based on floor area, rather than the real market value. This fails to capture increases in property values and limits the growth of local tax revenues. Overall, each case presents different priorities in tax policy intervention that are shaped by specific local contexts. A general consideration is to employ taxation to improve reactivation of vacant housing which could improve the rental housing stock.

Taxation should be treated as a supporting, medium-term recommendation rather than a common single policy solution, because the relevant tax problems differ between the three countries. The responsible actors are national governments and local authorities according to their existing taxation responsibilities. Implementation depends particularly on reliable property and rental-market information and on the ability to enforce the adopted tax rules. The expected effect is to reduce incentives for keeping housing vacant or using it for short-term rental where this limits long-term housing supply, while in Slovakia reform could also increase local property-tax revenues. The recommendation is based on the comparative findings on taxation, vacant housing and short-term rental housing in the three cases.

13.1.4 Better regulation of the private rental market

An underdeveloped private rental market is a common feature of all three cases. It is mostly evidenced by a high share of informal tenancies, low protection of both tenants and landlords, and overall low tenure security, particularly evident in Croatia and Slovakia. Slovenia is a case of more regulated rental sector, while Croatia represents the worst case. This is evident in the fact that only 15.8% of rental contracts are officially registered, because landlords are either discouraged from formalising tenancy contracts due to weak protection, or they purposely avoid formalising due to tax evasion, which is possible due to weak legal enforcement. Croatian interviewees identified the weak regulatory framework in the private rental market as one of the most significant factors hampering housing affordability, and noted that without formal contracts, significant tenant and landlord protection cannot be achieved. The situation in Slovakia is similar to Croatia, with interviewees pointing to non-formalised contracts and the lack of reliable rental-market data, which hampers evidence-based policymaking. A common recommendation is therefore to strengthen tenancy regulation, with the aim of improving contractual security and introducing mechanisms for registering and monitoring private rental contracts, which would also improve the reliability of data used for housing policy design.

This is a supporting short- to medium-term recommendation, particularly relevant for Croatia and Slovakia. The main responsibility lies with national governments and institutions responsible for tenancy regulation, taxation and registration, with local authorities contributing to enforcement where relevant. The main preconditions are clearer regulation, stronger enforcement and more reliable registration of rental contracts. The expected effect is improved contractual security for both tenants and landlords and more reliable information on the private rental market. The recommendation is supported by the country evidence on informal tenancy and by the Croatian and Slovak interview findings.

13.1.5 Emerging policy context

While this recommendation extends slightly beyond the scope of this thesis, it is important to address the development on the EU level, namely the recent appointment of the first European Commissioner for Energy and Housing in 2024. This signals increased EU interest and involvement in housing as a policy domain. While the impact of this involvement is yet to be understood, it is important for the three countries to be prepared for possible policy initiatives or funding opportunities to expand affordable rental housing stock. In this sense, Slovenia and Slovakia already have at least some institutional capacities at the national level, that could respond to such challenges or opportunities, while Croatia is at greater risk of missing potential funding opportunities because of limited institutional capacity and project preparation. Thus, the recommendation is especially relevant for Croatia, to anticipate potential funding opportunities to expand affordable rental housing, by preparing a plan and developing a specific project pipeline.

The main responsible actors are national ministries and housing institutions, particularly in Croatia. This is a medium-term recommendation. Its feasibility depends mainly on institutional capacity to prepare housing projects and respond to future EU-level funding opportunities. The expected effect is improved readiness to use future European support for affordable housing. Its evidential basis is more limited than for the other recommendations because it concerns an emerging policy context rather than an established housing-policy outcome.

13.2 Slovenia

While Slovenia performs better than Croatia and Slovakia in terms of policy priorities and implementation, there are still areas of improvement, as addressed below. The main priority for Slovenia is to secure stable funding for the existing public rental housing system. Short-term rental regulation and land-use governance are supporting measures, while cooperative housing is presented as a longer-term option.

13.2.1 Securing stable funding conditions for expanding public rental housing

While Slovenia had a strong institutional capacity through the HFRS, there are certain conditions that limit the potential for higher levels of investment. Mainly, the case of Slovenia demonstrates it must ensure stable access to low-interest funding that would enable the expansion of non-profit housing stock at the rate which is envisaged in the NHP (Ziemann, 2024). The main responsible actors are the Slovenian Government and the HFRS. This is the main medium- to long-term recommendation for Slovenia because expansion of the public rental housing stock requires predictable funding over several years. The institutional structure already exists, while stable access to low-interest finance remains the main precondition. The expected effect is a more stable increase in public and non-profit rental housing provision. The recommendation follows directly from the identified funding limitations, the role of the HFRS and the targets of the national housing policy.

13.2.2 Short-term rental market regulation

As noted in the case study, the growing popularity of short-term rental housing presents a real problem in the rental market. This example of touristification is also evident in the fact that 92% of Airbnb listings in Ljubljana are unregistered for tourism purposes, and that the number of long-term rental dwellings has declined considerably since 2015. Thus, an increase in short-term taxation could be aligned with taxation of long-term rentals, to remove the tax incentive of converting long-term rentals into tourist purposes. Furthermore, the establishment of a centralised registry of rental contracts could improve transparency and data collection in the rental market, and could potentially lead to stronger tenant security (Ziemann, 2024).

The responsible actors are the Slovenian Government and local authorities, particularly in areas with stronger short-term rental pressure. This is a short- to medium-term supporting recommendation and requires effective registration and enforcement of the existing and future rental rules. The expected effect is to reduce the tax and regulatory advantage of short-term rental and improve information on the rental market. The recommendation is based on the evidence on short-term rental growth, registration problems and the decline of long-term rental housing identified in the Slovenian case.

13.2.3 Improving land use governance and spatial planning capacity

One important obstacle that impacts housing affordability is the slow housing output, especially in high-demand areas. While all Slovenian municipalities have been required to prepare land-use and zoning plans since 2003, constant changes to the Spatial Planning Act impede the success of local planning processes, and the process of obtaining a construction permit takes on average 247.5 days. This issue is more pronounced in Slovenia compared to the other two cases, especially because it slows the supply response to housing demand. Thus, improving the construction permitting system should be considered as an important step towards improving the development process and the outlook for housing construction (Ziemann, 2024).

The main responsible actors are the Slovenian Government and municipalities responsible for spatial planning and construction procedures. This is a medium-term supporting recommendation because improvements depend on administrative and planning changes rather than the creation of new housing institutions. The expected effect is a shorter and more predictable process for housing development, particularly in high-demand areas. The recommendation follows from the planning and permitting limitations identified in the Slovenian case.

13.2.4 Supporting cooperative housing and participatory governance

The case of Slovenia suggests a higher degree of tenure diversification, and thus presents a potential for further development of housing cooperatives as a model to address affordability gaps, in parallel with non-profit rental housing. Slovenia is the only case where housing cooperatives have been piloted at the municipal level, with the Za Stanovanjske zadruge. This pilot provides an initial example of cooperative housing within the Slovenian housing system, but it does not provide sufficient evidence to treat cooperative housing as an established solution for increasing affordable housing supply. Cooperative housing should therefore be considered as a longer-term policy option. Its wider development would require a clearer legal status, access to land and appropriate funding conditions. The main responsible actors would be municipalities, the HFRS and organisations involved in cooperative housing. It could contribute to greater tenure diversification and provide an additional affordable housing option.

13.3 Croatia

Croatia presents the weakest case in terms of systematic affordable housing provision among the selected countries. Different policy choices and, particularly, policy challenges have shaped the Croatian housing system as one primarily serving homeownership, with significant national-level policy responses emerging only recently. Thus, Croatia can learn from the Slovenian example on how to set up an effective institutional and governance presence to improve delivery of affordable rental housing, and improve access to housing for both tenants and homeowners. As implied from the case study, the main priority for Croatia is to develop a permanent mechanism for affordable rental housing provision. Improvements in housing data, housing allowances and the provision for vulnerable groups support this wider institutional objective.

13.3.1 Improving delivery mechanisms for affordable rental housing

Due to a lack of evidence of a successful scheme for increasing the affordable rental housing stock in Croatia, this recommendation relies partly on the interview findings of Expert

2 (HR) and Expert 3 (HR), who identified public-private partnerships and the use of municipal land as possible approaches to increase affordable rental housing output.

The main recommendation is to develop a permanent mechanism for affordable rental housing provision, with responsibility shared between the national government, APN and local authorities. This is a medium- to long-term priority because Croatia does not yet have a comparable permanent national delivery structure. Public-private partnerships and the use of municipal land should be considered as possible delivery options. Since this option is based mainly on the contribution of Expert 2 (HR) and Expert 3 (HR), it requires further legal and financial investigation before wider implementation. The responsibilities of public and private actors, the use of publicly owned land and the protection of long-term affordability would need to be clearly defined. The expected effect of a permanent delivery mechanism is a more continuous increase in affordable rental housing output. Institutional investors, including pension funds, could potentially have a significant role in such a model.

13.3.2 Modernising cadastre and housing data infrastructure

Similarly to Slovenia, Croatia also suffers from fragmented and inaccurate land and property data, which constrain the implementation of certain policy instruments, such as effective collection of value-based property taxes, and potential public-private partnerships. Thus, improving the reliability of cadastral data and merging data with the land register into a single database could improve information reliability, speed up the construction process and lead to better data-driven policy making.

This is a medium-term supporting recommendation because it requires coordination and integration of existing data systems, while the main responsible actors are national institutions responsible for cadastral and land-register data. The expected effect is more reliable property information and better implementation of taxation, planning and housing measures. The relevant institutions and databases already exists, although their fragmentation remains an important limitation. The recommendation follows directly from the data problems identified in the Croatian case.

13.3.3 Housing allowance reform

While in Slovenia the housing allowances function as a housing affordability instrument, the Croatian housing allowance system remains largely residual. It is mainly reserved for the lowest-income households, and its role in improving housing affordability remains limited. Expert 3 (HR) also identified the Slovenian housing allowance model as a potentially useful example for Croatia, particularly for households eligible for affordable rental housing. The recommendation is that the generosity of housing allowances should be increased, to improve the position of groups that are most disadvantaged in the housing market, in Croatia notably, young people living with parents and tenants at market rents.

The main responsible actor is the Croatian Government, together with the institutions responsible for social benefits. This is a medium-term supporting recommendation because the existing system can be reformed without creating a new housing institution, but it requires additional budget resources and revised eligibility and generosity. The expected effect is stronger support for low-income households facing high housing costs. The evidential basis comes from the comparison with the Slovenian housing allowance system, the Croatian policy analysis and the interview findings, although the experts did not fully agree on the preferred design.

13.3.4 Improved definition and provision of housing for vulnerable groups

Housing First has shown positive results in improving the housing situation of persons experiencing homelessness, as was the case in city of Pula, it should be taken as a clearer part of Croatian housing policy. It was demonstrated earlier that there is a considerable gap in the recognition of vulnerable groups in the national housing policy. Implementing this type of measure within a wider housing affordability framework could improve access to housing for persons experiencing homelessness in other cities facing similar pressures.

The responsible actors are the national government and local authorities, together with institutions and organisations providing housing and social services. This is a short- to medium-term supporting recommendation that requires clearer recognition of vulnerable groups in national housing policy and stronger coordination between housing and social services. The existing Housing First experience in Pula provides a practical basis, while wider implementation would require evaluation and adaptation to local conditions. The expected effect is better access to housing for groups that are currently weakly recognised or served by existing programmes.

13.4 Slovakia

Housing affordability problems in Slovakia are not necessarily the result of missing policy instruments since an extensive set of instruments already exist. Rather, it is attributable to poor implementation and ineffective multi-level governance, coupled with low interest and political will at the local level. For this reason, increasing the use of existing national instruments by local authorities is the main priority for Slovakia. Housing allowance and taxation reforms are supporting recommendations.

13.4.1 Housing allowance reform

Similar to Croatia, housing allowances do exist in Slovakia, but they are reserved for the lowest-income households. The generosity level is low, and their target of lowest-income households neglects the support for the larger low-income group struggling with housing affordability. As presented in the case, the average housing allowance in Slovakia is around 0.3% for households at the 10th income percentile (of the annual gross average income), compared to an OECD average of 9.2%, which makes it one of the least generous schemes. Experts 1 and 3 (SK) also identified the low generosity of housing allowances as a weakness and referred to reform efforts that remain constrained by public budget limitations. As suggested in the existing reform proposal, allowances should be decoupled from eligibility for material-need assistance, which is why it mostly targets only lowest-income households, and they should take into consideration household size and housing costs, to improve housing affordability conditions for a wider Slovak population.

The main responsible actors are the Slovak Government and the institutions responsible for housing and social policy. This is a medium-term supporting recommendation because a reform proposal already exists, but implementation remains constrained by public budget limitations. Its main preconditions are sufficient funding and reform of the current material-need eligibility rules. The expected effect is to extend housing support beyond the lowest-income households currently covered by the scheme. The recommendation is supported by comparative data, the existing reform proposal and the findings of Experts 1 and 3 (SK).

13.4.2 Housing taxation reform

Recurrent property-tax revenue in Slovakia amounted to around 0.5% of GDP in 2022, compared with an EU average of around 1.2%. However, the main obstacle in the Slovak taxation system is the calculation method, which is based on the floor area, rather than market value. Expert 3 (SK) argued that the current property tax of around €3 per m^2 per year is too low to discourage owners from keeping apartments empty. The recommendation is thus to consider the taxation based on the value of the real estate and the floor area, which would increase the taxation, potentially leading to higher revenue generation for the local authorities, and activating more of the vacant housing units.

The responsible actors are the Slovak Government and local authorities responsible for property taxation. This is a medium-term supporting recommendation because a change from the present floor-area-based system would require legislative change and more reliable property valuation data. The expected effects are higher local revenues and stronger incentives to activate vacant housing. The recommendation is supported by the comparative taxation data and by Expert 3 (SK), while the effect on vacancy should be understood as an expected effect rather than an observed outcome of the proposed reform.

13.4.3 Increasing the role of local authorities

As demonstrated in the cases, one of the main issues Slovakia faces is not the absence of measures, but their implementation. One possible approach to this issue is to strengthen the role of municipalities in utilising available funding instruments to increase the affordable rental housing output. The Slovakia case study shows serious limits in housing policy implementation. Since the municipalities can in fact combine available funding from both the SHDF in the form of low-interest loans, and the MoTC in the form of subsidies, they have a way to completely finance affordable rental housing construction, but still, only 30% of these funds are used annually by the municipalities. This represents a significant missed opportunity, and strengthening municipal capacity could lead to greater use of these instruments and higher affordable rental housing output.

This is the highest-priority recommendation for Slovakia. The main responsible actors are local authorities, supported by the SHDF and MoTC. It is a medium-term recommendation because the national funding instruments already exist and the main limitation is their implementation at the local level. The main preconditions are local political commitment, administrative capacity, available land and the ability to prepare and co-finance housing projects. The expected effect is greater use of existing funding and higher affordable rental housing output. The recommendation is strongly supported by the documented low use of available funding, the institutional analysis and the Slovak expert interviews.

14 CONCLUSIONS

The thesis examined why Slovenia, Croatia and Slovakia developed different approaches to affordable housing provision after the transition, despite their similar starting point. The analysis was guided by the three research questions presented in Section 4.1.

The theoretical discussion section demonstrated the need for a nuanced approach when comparing housing policies within the post-socialist housing regime typology, and showed that the general typology of the "post-socialist" countries has limited value in explaining different housing outcomes resulting from diverging policy approaches. Slovenia, Croatia and Slovakia do share the common experience of transition, but they diverged considerably in how they approached the formation of institutions and policy responses, shaped by their respective legacies.

One of the main findings of the thesis is precisely that the mass privatisation was the common starting point for housing development in each selected country, however it did not result in a common policy mandate or priority. While the role of the state did significantly decrease in all cases, these countries made different choices based on their capacity and political circumstances of that time. The most important developments were the institutional formations between 1991 and 1995, which had a ripple effect on housing policy and governances until 2025. Thus, the mass privatisation was the critical juncture, but it was the responses to it that shaped each national housing system.

Slovenia is the most successful case in terms of affordable rental housing provision and institutional continuity among the cases. Slovenia founded the national housing fund (and municipalities founded local housing funds) but maintained affordable rental housing provision throughout the transition, which gave Slovenia a favourable start compared to Croatia and Slovakia. It also developed an elaborate and well-functioning combination of supply and demand-side measures, including housing allowances that provide direct support to eligible beneficiaries. However, while more successful compared to Croatia and Slovakia, affordable rental housing provision in Slovenia is still very limited and does not fully meet household demand for affordable housing.

Croatia is a case of a fragmented housing policy trajectory. The main characteristic is that it failed to develop any type of national housing institution after transition, keeping housing policy loosely coordinated by the state until the adoption of the NHPP in 2025. The Croatian War of Independence and subsequent reconstruction shaped early housing priorities (and politics in general), directing resources towards reconstruction rather than developing a general affordable rental housing system. There were a few housing-specific measures between the War and the NHPP, but they were mostly ownership-oriented, including the POS programme and especially subsidised housing loans, while affordable rental housing and broader supply-side measures remained marginal. Tourism pressure and the conversion of long-term rental housing into short-term tourist accommodation further reduced the availability of rental housing in high-demand areas. Croatia is therefore a clear example of a housing system where a large housing stock does not automatically mean available housing, since vacant dwellings, extensive tourism-related use and the neglect of long-term rental regulation together reduce effective housing availability. Recent policy developments show that affordable rental housing is now more clearly recognised as a policy issue, but Croatia is still at an early stage of building a systematic response.

Slovakia occupies a somewhat different position. It developed a national policy framework for affordable rental housing provision, similarly to Slovenia, and had more stable financial instruments for supporting rental housing and housing-related investment than Croatia. However, these instruments have not produced a sufficiently large affordable rental stock. A substantial part of housing intervention was directed towards renovating the older housing stock of poor quality, which is a case-specific feature of the Slovak path. The main limitation in Slovakia is therefore not only the lack of national instruments, but the limited role of municipalities in actually using them. Municipalities are formally important actors in the Slovak governance model, but the highly fragmented local-government structure means that many of them lack the capacity, incentives or political commitment to expand affordable rental housing. Slovakia therefore shows that a funding mechanism on its own does not create a housing system. Without local implementation, even formally available instruments remain limited in their effects.

These case differences provide the main answer to the first research question. Slovenia, Croatia and Slovakia diverged because they built different institutional responses after the shared shock of transition and privatisation. Slovenia preserved a stronger affordable housing infrastructure, Croatia largely failed to build one, and Slovakia invested more in the reconstruction of the existing housing stock while creating policy instruments that remained too dependent on weak local implementation. The same post-socialist starting point therefore produced three different policy paths. The conceptual contribution of the thesis lies in demonstrating that the broad category of the post-socialist housing regime conceals substantial within-group differences. Its explanatory contribution lies in showing how differences in institutions, funding mechanisms, governance arrangements and local implementation shaped different housing policy trajectories.

Path dependence supports the explanatory contribution of the thesis by providing a non-deterministic framework for interpreting how earlier institutional decisions, political priorities and capacities of local authorities affected later housing policy trajectories. The findings suggest that past decisions constrain later policy opportunities, but not in a simple or deterministic way. Path dependence takes a different shape in each case. In Slovenia, it is visible in the preservation of housing institutions and the partial, but crucial, continuation of public responsibility for housing. In Croatia, examples include the long-term effects of institutional absence, post-war reconstruction priorities, ownership-oriented policy and weak rental regulation. In Slovakia, path dependence is visible in the inherited low-quality housing stock, which requires renovation and remains an important policy focus. History matters, but not by itself. Outcomes still depend on political choices, institutional design and the ability of actors to use the instruments available to them.

Another conclusion is that the success of housing policy instruments cannot be analysed in isolation. A housing allowance, a housing loan subsidy or a housing construction fund does not have the same meaning, reach or effect in each case. Slovenia shows that more generous housing allowances can contribute to affordability when they operate alongside supply-side measures and at least some expansion of affordable rental housing provision. However, their effect is most visible for tenants in the private rental sector, where allowances partly compensate for the limited availability of affordable rental dwellings. Croatia shows that ownership-oriented subsidies did not address the limited affordable rental housing supply and were implemented without measures that support the development of the rental sector. Slovakia shows that financial instruments for rental housing remain insufficient if municipalities do not actively use them. The effectiveness of housing policy therefore depends less on the formal existence of individual instruments and more on the way they are implemented and combined within the wider housing system.

This point is especially relevant for affordable rental housing. The findings suggest that affordable rental housing should not be treated only as a residual measure for the lowest-income households. In post-socialist housing systems marked by high homeownership, weak rental markets and strong family-based access to housing, affordable rental housing has a broader function. It offers an alternative for households excluded from ownership, supports residential mobility and can reduce the pressure on families to address housing needs through intergenerational support. It is also relevant for young households, students, workers and other groups whose needs do not fit well into homeownership requirements. Affordable rental housing is therefore not just one more social policy instrument. It is one of the conditions for a housing system that can respond to households who cannot rely on ownership or family support, or who simply have different mobility needs.

Regarding vulnerable groups, the thesis shows that their recognition in housing policy does not always result in dedicated measures or institutional provision. Slovenia has the most developed policy and institutional response, particularly in relation to young people, elderly people and persons experiencing homelessness. The Slovenian homelessness strategy also represents a clearer recognition of homelessness as a structural housing issue than is found in Croatia and Slovakia. In Croatia, the literature identifies a broader range of vulnerable groups than the current policy documents, while the available affordable housing instruments have limited reach. In Slovakia, policy documents recognise a wide range of vulnerable groups, but the implementation and reach of dedicated measures remain limited by local political will and the availability of affordable rental housing.

The comparative indicators make this point more precise. At the aggregate level, the three countries do not always appear to face severe affordability problems, especially when looking only at total housing cost overburden rates. However, the more detailed indicators show a different picture. Affordability pressures are much stronger among market-rate tenants, young households and households trying to enter homeownership without family support. Croatia and Slovakia stand out through high overcrowding, especially among young people, while Slovakia also shows the strongest price-to-income constraint in access to homeownership. Slovenia performs better on several housing indicators, but still faces pressure in the rental sector and a shortage of public rental housing in high-demand areas. The main point is therefore not that all households are equally exposed, but that post-socialist housing systems can conceal important tenure-based and generational pressures behind relatively favourable aggregate indicators.

There are certain limitations that define the overall contribution of the thesis. Since the analysis is based on a small-N comparative design, it does not claim to represent all post-socialist housing systems. The thesis relies on the availability of secondary data and their comparability across national contexts, together with evidence from expert interviews, and leaves some aspects not deeply explored, such as familisation of housing and intergenerational transfers, tenant and landlord experience and local implementation practices.

This leads to the conclusion that Slovenia, Croatia and Slovakia mainly diverged in their housing policy trajectories due to differences in institutional capacity and responsiveness after the transition. While the transition created similar pressures on infrastructure and society, along with external pressures, the countries were differently equipped to respond and to prioritise affordable housing provision. But the key to success may be in early establishment of institutions that are relatively protected from short-term political changes and that maintain a clear mandate to provide affordable rental housing and mitigate the adverse impacts of the housing market. The three countries therefore do not necessarily need only to build more affordable housing, but also revise their institutional and governance capacity and priorities for delivering affordable housing.

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Annex 1. Literature review results

Literature review strategy:

1) Web of science: Key words used are “housing policy”, “Netherlands” and “comparative”, operator between each term was “AND”, with time span from 2018 to 2022 and no specific sorting. It yields 20 publications.
2) Web of science: Key words used are “Netherlands”, “comparative analysis”, “housing policy” with operator “AND”, and sorting according to most relevant. Time span was from 1950 until 2022, and the search yields 22 results
3) Google Scholar: Key words used are “comparative analysis”, “Netherlands” and “housing policy” with operator “AND”
4) Google Scholar: Key words used are “comparative analysis”, “Netherlands” and “housing allowances”, with operator “AND”
5) ResearchGate: Key words used are “comparative analysis” and “housing”, with operator “AND”

Literature was selected based on the relevance of titles and abstracts to the research topic. A number of publications appeared in more than one search, and in total 21 papers were selected for analysis. Additional publications were identified outside these searches, particularly literature focusing on Slovenia, Croatia and Slovakia and on the measurement of housing affordability.

The purpose of the literature search was to identify which indicators are most commonly used in comparative housing research literature, and could therefore be considered in this thesis. The literature identified through the search is shown in Table 32.

Table 32. Literature identified through the literature search. Source: Author.

Paper ID	Paper title, year and authors	Main topic of the paper	What is being compared? (INDICATORS)	Data source used and method	What is being compared? (CASES)	Why is it being compared?
1	The use of markets in housing policy: a comparative analysis of housing subsidy programs (Colburn, 2019)	The subject of this study is demand-side housing subsidies that are used in the private housing market and outcomes.	Qualitative: Connection between the programmes and institutional context, governance systems, institutional context, market conditions. Quantitative: housing quality and neighbourhood quality by looking at subsidy amount, market rent, household characteristics and demographic variables	Data from national housing surveys, logit/linear regression	Housing subsidy programmes in UK, US and the Netherlands (policy construction and housing market outcomes)	They have different housing provisions and welfare variations, tenure structure, and they all have demand-side subsidy programmes
2	Socially oriented cooperative housing as alternative to housing speculation. Public policies and societal dynamics in Denmark, the Netherlands and Spain (Ahedo, Hoekstra & Etxazarreta, 2021)	The dominant private type has facilitated housing speculation, which in many countries has become a critical source of economic inequality and instability. The cooperative housing type can be a viable alternative with a socio-spatial cohesion effect.	Two dimensions for comparison, public policies/regulations and societal-civil dynamics and mobilisation. General text, no statistics		The Netherlands, Denmark and Spain	Different in nation-state institutional traditions and different stages of development

3	Similar Origins - Divergent Paths: The Politics of German and Dutch Housing Markets (Cooper & Kurzer, 2020)	Germany and the Netherlands shared many similarities in the early 1990s. Since 1990s they diverged significantly mostly in homeownership, mortgage debt and housing prices.	Differences in homeownership rates, mortgage debt, social housing %, private rental market %, mortgage debt % of GDP and housing prices. Also fiscal subsidy differences.		Germany and the Netherlands	Germany kept the same level of homeownership and debt did not rise so much.
4	State directed hybridity? - the relationship between non-profit housing organizations and the state in three national contexts (Mullins et al, 2018).	Paper introduces concept of hybridity to understand the interaction of the state, the markets and community drivers when steering the non-profit organisations	Comparing role of the state and market, views from experts	Delfi method (likert based survey questionnaire with in-depth interviews)	Australia, England and the Netherlands	Different housing systems, different national contexts and focusing on the role of the state differences. Different share of housing associations (30% in NL, 10% in England and 1% Australia)
5	Collective Housing in Belgium and the Netherlands: A Comparative Analysis (Vos & Spoormans, 2022)	Two specific projects of collective housing are compared	Who is promoting and subsidising CH, what terms are used, legal framework for establishment, who is initiating collectives, main motivations (mostly economic motivations), average sizes of units.	1st terminology to describe CH is explained and then housing policies are compared between the 2 countries. Comparison of discourses of policy documents and publications in both	Belgium and the Netherlands	Not explicitly stated why these two, but from the text: they are neighbouring, diverging and different in certain housing policy aspects.

6	A comparative analysis of entry to home ownership profiles: Turkey and the Netherlands (Erdogdu, G.P.S., 2010)	Historical housing policy profiles had been different due to socio-economic processes in these countries. The two countries are the opposite in terms of housing policies. Mostly descriptive and historical comparison of the cases. Entry to home ownership (EHO) Index - focus on age group of homeowners - in NL younger homeowners	Population and demographic attributes (Turkey has high population with young people, NL low population with old people), household composition (individual/multigenerational and cohabitation with/out marriage), tenure, housing finance		Turkey and the Netherlands	
7	Occupant behaviour and building renovation of the social housing stock: Current and future challenges, 2017, (Santangelo & Tondelli)	Each country has a version of action plan/strategy/programmes for energy efficiency use.	Comparative matrix for the analysis on similarities and differences of initiatives for energy efficiency (goes into appliances)		Initiatives of Italy, the Netherlands, Sweden and UK	
8	Mortgage regulation as a quick fix for the financial crisis: standardised lending and risky borrowing in Canada and the Netherlands, 2021, Loomans, D. & Kaika, M.	Comparison of Canada and the Netherlands from mortgage market professionals focusing on state interventions for regulated mortgage during and after the crisis. Comparing similarities between two countries to understand evolution of advanced mortgage markets. Focus on regulations between 2007 and 2018 and their implications	State interventions during and after Global financial crisis, similarities between mortgage markets, regulations between 2007 and 2018.		Canada and the Netherlands	Both were facing liquidity issues (after GFC) and declining bank valuations. Netherlands had much higher collective outstanding mortgage debt as a share of the GDP.

9	The Regional Governance of Energy-Neutral Housing: Toward a Framework for Analysis (de Leeuw & Groenleer, 2018)	Topic is regional governance on climate and energy transition, focusing on energy-neutral housing.	Variable of interest is the regional governance; functional (regional issue differentiation) and social (regional collaboration structures and cultures)	Subnational comparative method and a most similar systems design	3 Dutch regions: Utrecht, Noord-Brabant and Drenthe.	Regions in study are as similar as possible, reducing explanatory factors for differences between regions. Case selection- institutional setting of the regions. Three regions have goals set to realise energy neutral housing stock.
10	It takes two to tango: mortgage markets, labour markets and rising household debt in Europe, (Johnston, A., Fuller, GW, Regan, A.) 2021	Purpose is to analyse political and institutional determinants of household debt	Differences of household debt as dependent variable, time frame 1995-2007. Ideal would-be household mortgage debt for the analysis but no data. Dependent variables: labour market institutions that promote income and employment security, degree of coordination in wage setting, centralisation of wage bargaining, trade union density, collective bargaining coverage, strictness of employment protection legislation (impact on employment stability). Also, size of welfare state, social spending, generosity of unemployment insurance and sickness insurance (impact on debt accumulations), credit mitigation index (does a state encourage mortgage debt?), taxes such as property transfer tax, LTV ratios, extensive subsidies on mortgages	OECD data - one set looking at household debt relative to non-financial sector, government debt, another set (household debt, mortgage debt)	17 OECD countries	It represents the dana set available

11	Housing Policy And The Underclass: The United Kingdom, Germany, and the Netherlands Schmitter Heeler, B. (1994)				4 Old industrial cities in 4 countries: Chicago, Birmingham, Rotterdam and Bremen	Availability of subsidies and social housing and the way how it was done (US vs Europe), how are minorities distributed within the city and within tenure type.
12	How different? Comparing housing policies and housing affordability consequences for low-income households in Australia and the Netherlands, (Milligan, V. R. 2003)		Socio-demographic change, political, administrative and welfare change, housing production activities, supply-side policies, housing finance and tax policies, rent policies, housing allowance system developments etc.		Australia and the Netherlands	Why these 2 cases: both advanced capitalist countries with dependent, export oriented economices, small populations and comparable demographic trajectories, experienced dramatic economic restructuring and social change. Different in their long-term pursuit of national housing and welfare policies.
13	Impacts of contrasting housing policies on low-income households in Australia and the Netherlands, Milligan, V.R., Dieleman, F.M. van Kempen, R. (2006)	Paper is looking at long term impacts of different housing strategies on assisting low-income households in Netherlands and Australia.	History (very similar to the book), definition of low-income household, tenure patterns, affordability ratio (Housing expenditure/household income in real terms), policy implications on affordability, impact of social rental housing on rent levels and social exclusion, impact of demand-side subsidies for tenants (namely housing allowances).		Australia and the Netherlands	Australia - encouraging more homeownership, Netherlands - large and diversified social housing sector.

14	The Association Between Parents' and Adult Children's Homeownership: A Comparative Analysis (2015), Mulder, C.H., Dewilde, C. van Duijn, M. & Smits, A.		Respondents tenure status, four macro-indicators (housing affordability, affluence, access to mortgages and changes in level of homeownership). Occupation of the main breadwinner, education, urbanisation when growing up, house price to GDP rate, maximum loan-to-value	Discrete-time event history analyses using SHARELIFE data from 10 European countries	Sweden, Denmark, the Netherlands, Germany, Switzerland, France, Belgium, Italy, Spain and Greece.	Intergenerational transmission of homeownership is stronger in context where house prices are higher (homeownership is less affordable), and less strong in more affluent contexts. The remaining differences in intergenerational transmissions cannot be attributed to differences in welfare regimes or between dual and unitary rental markets.
15	Housing allowances in comparative perspective - Peter Kemp (Book, 2007)	Chapter 9 - Housing allowances in the Netherlands: struggle for budgetary controllability (Elsinga and Priemus)			Each chapter is a case, and the focus is on cases rather than comparative analysis	
16	Housing Allowances as Income Support: Comparing European Welfare Regimes, Griggs, J. & Kemp.: A. 2012	This paper examines housing allowances from an income support perspective	Depending on hypothesis, % of all households in receipt, % of tenant households in receipt, % of tenants by income quintile receiving allowance (shows targeting of the allowances), rent-to-income ratio before HA and after HA, disposable income before and after HA at PPP.	EU-SILC 2007 dataset: variables: prevalence, generosity, degree of targeting and impact on disposable incomes of housing allowances.	15 EU countries	

17	The Effect of Housing Expenses and Subsidies on the Income Distribution in Flanders and the Netherlands Heylen, K. & Haffner, M (2012)	This paper explores the role of housing expenses and subsidies with respect to income distribution in Flanders and the Netherlands in 2005-2006.	Equivalent disposable income before and after housing expenses with a relative poverty threshold and the Gini coefficient. Subsidisation instruments, effects of housing allowance, tax relief and rent regulation	Knowledge Centre for Sustainable housing policy (Flanders), WoON for Netherlands. Not comparable databases, but no other options available.	Flanders and the Netherlands	They have different tenure type distributions as a result of different housing policies.
18	The effectiveness of housing allowance in welfare states: a comparative study in the United Kingdom, the Netherlands, Sweden and South Korea, Jung, M. A.	PhD thesis	Five indicators - residual income after rent payment, poverty rate, rent-to-income ratio, income replacement ratio and effective marginal tax rate, with respect to income quintiles, household composition, tenant tenure and employment status, social protection and rent allowance as % of GDP, tenure types,		UK, Sweden and Netherlands	Very different regimes, similar problem with affordability for low income countries. Each has a different welfare regime according to Kemeny: Uk (liberal welfare - dualist), Sweden (SD-unitary), Netherlands (corporatist-SD - unitary) and S. Korea (East Asian welfare and dualist).
19	Housing vouchers in the United States, Great Britain, and the Netherlands: Current issues and future perspectives, Priemus, H., Kemp.:A. & Varady, D. (2005)	US housing voucher programme is compared to British housing benefit and the Dutch housing allowance programme. But it is mostly a comparison between US and European approach (Budgeted (cash limited) vs. entitlement (demand-led))	Comparison is based on the scope (budget vs entitlement approach-GB and NL) relationship between housing support and rent levels, poverty trap, moral hazard and administrative problems. Also programmes are compared based on participants, costs and programme features		United States, Great Britain, and the Netherlands	

20	An exploration of concepts and polices on ‘affordable housing’ in England, Italy, Poland and The Netherlands, (Czischke & van Bortel, 2018).	This paper looks at 4 countries and differences in definitions of “affordable housing” as a distinction from social housing.	Definitions of "social housing", affordable housing (if it exists)" and "full market rent housing" in these countries	Desk research and interviews	England, Italy, Poland and the Netherlands	It is analysing the paper commissioned by the European Investment Bank
21	Housing allocation and freedom of movement: A European comparison (Haffner & Hoekstra, 2006)	This paper compares allocation system of the NL with Ireland, Spain, the UK and Germany.	Tenure sector and subsidisation: non-subsidies rental dwelling; subsidised or social rental dwelling; non-subsidised homeowner dwellings and sobsidised homeowner dwellings		The Netherlands, Ireland, Spain, UK and Germany	All these countries are fairly researched

AUTHOR RESUME

Marko Horvat was born on November 7, 1989. He completed his Bachelor's degree in International Economics, Management and Finance in 2014 at Bocconi University in Milan (Italy), and his Master's degree in Environmental Science in 2016 at Linköping University (Sweden). He enrolled in his doctoral studies in 2021 at the University of Zagreb, Faculty of Law. Prior to his current academic engagement, he gained extensive international professional experience across Europe. During and after his studies in Sweden, from 2015 to 2016, he held research and project management positions at the Centre for Climate Science and Policy Research, Studentbostäder, and the WSP Group. In 2017 he worked as an intern at the European Commission's Joint Research Centre (JRC) in Ispra (Italy). From May 2018, he was based in Freiburg (Germany) working as an expert for the preparation and implementation of sustainable urban mobility EU projects at the international organisation ICLEI – Local Governments for Sustainability. Since July 2021, he has been employed at the University of Zagreb, Faculty of Law, within the prestigious Marie Skłodowska-Curie fellowship doctoral network program, where he conducts his doctoral research and participates in teaching activities.

Below is the list of Marko's published work:

Bežovan, G., Baturina, D., & Horvat, M. (2023). Evolucija i evaluacija stanja socijalnih prava beskućnika u Hrvatskoj [Evolution and evaluation of the state of social rights of the homeless in Croatia]. *Kriminologija & socijalna integracija*, *31*(1), 55–77. https://doi.org/10.31299/ksi.31.1.3

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