



## Tackling the Housing Problem in Olomouc, Czech Republic

### Summary

The Czech municipality of Olomouc has been working with Canadian partners to improve a serious housing problem, and to heighten awareness of the need for legislative reform. Together they have focused the issues and lobbied powers at the local and national levels. This initiative was part of the Czech-Canada Municipal Management Project, implemented by the Federation of Canadian Municipalities. Their goal was to improve the housing situation and disseminate new knowledge and experiences to other municipalities in the Czech Republic. They based the project on a mutual exchange of Canadian and Czech experience in renting and managing apartments.

As the Czech Republic moves to a market-oriented system, it is confronting major obstacles in providing adequate housing for its citizens. Although there is general agreement that Czech housing legislation needs to be revamped to meet the demands of a market economy, there has also been significant resistance to change. The concept of citizens taking responsibility for their own housing is a relatively new idea in the Czech Republic, and many citizens still believe that the government should provide and maintain their housing. There is a serious shortage of rental housing, due to inadequate legislation, poor planning, the uncontrolled sale of municipal property at prices far below market value, and inadequate procedures for establishing and collecting rents.

The Olomouc Housing Project (1997-2001) was designed to bring knowledge of western approaches to housing administration to the administrators, politicians, and citizens of Olomouc and other Czech municipalities. The project participants included Czech associations such as the Union of Town and Cities (UTC), city administrators, community representatives, and local

politicians. The Canadian partners included FCM; the Ontario cities of Niagara Falls, Hamilton, Oakville, and Guelph; and the WoodGreen Community Centre in Toronto. Together they analyzed problems, gathered ideas about western housing policies and practices, and began to develop the momentum to bring about significant changes in the Czech Republic. The participants hope that the experience gained through this project will inspire other municipalities to advocate for the necessary legislative and administrative reforms that will improve access to affordable housing for all citizens.

### Introduction

#### FCM and the Czech-Canada Municipal Management Project (CCMMP)

In 1990, in keeping with its policy of democratization and decentralization of power, the Czech government passed legislation establishing autonomous municipal governments run by democratically elected Mayors and Municipal Councils. Often, however, the new governments lacked the experience and the financial resources required to manage their responsibilities.

In 1997 the Federation of Canadian Municipalities and the Canadian International Development Agency initiated the \$1.8 million Czech-Canada Municipal Management Project (CCMMP) to increase the management capacity of municipalities and increase the involvement of citizens in municipal management in the Moravian region. The project focused initially on building knowledge, relationships, confidence and trust. Once this foundation was built, project delivery focused on more targeted interventions aimed at introducing changes in the way Czech municipalities are managed. Project activities included technical exchanges of municipal officials, tours to Canada of small groups of Czech officials for seminars and workshops. Canadian



*The project looked at innovative ways of increasing existing housing stock, such as this method used in Prerov. The municipality added an additional floor of housing under the roof of existing buildings.*

input included municipal management expertise, Canadian technologies and knowledge, and Canadian values such as gender, public participation and environmental management.

### **Situation in Olomouc**

As the Czech Republic moves to a market-oriented system, there have been extensive changes in the ownership, management and financing of the housing sector. The greatest challenges are a serious housing shortfall, the deteriorated condition of housing stock, and a severe shortage of funds and financing mechanisms. The current housing legislation in the Czech Republic is obsolete. And, although new legislation has been drafted, there has not been sufficient political will to adopt necessary but unpopular changes. Many Czech citizens still believe that the state should provide, maintain, and renovate their housing. The notion of individual property rights and responsibilities is still developing.

The current housing shortage, particularly of rental housing, is due to a variety of factors, including inadequate legislation, poor planning, the uncontrolled sale of a huge amount of municipal property at prices far below market value, and inadequate procedures for establishing and collecting rents. As the cost of services continues to rise, 98% of rents in the Czech Republic are still controlled. In 2002, for example, approximately 60% of total housing expenses will be for services and only 40% for actual rent.

The goals of the Olomouc Housing Project were to improve the housing situation in Olomouc by assisting the municipality and the SDFMO in managing and renting apartments, and to disseminate information from the project to the other municipalities in the Czech Republic with a view to improving both municipal and national legislation.



*Despite its housing problems, Olomouc has a world-famous skyline. Visible here are St. Maurice's church, City Hall and St. Michael's church.*

## **Approach – Sharing Experience and Gaining Knowledge**

The project was based on a mutual exchange of Canadian and Czech experience, and the partners worked together to identify goals and objectives. Given the differences between the housing situation in Canada and the Czech Republic, it was important to identify specific areas in which Canadian information and experience would be the most helpful to the Czech partners. At the end of the first mission to the Czech Republic, the partners conducted a workshop in which they developed the objectives and identified the deliverables of the project.

The objectives of the project were:

- To introduce participants to best methods and practices in Canadian housing management approaches, so that they could apply or adapt these to their own situation;
- To provide information on housing policy and legislation so that the Czech participants could better address the legislative situation in Olomouc;
- To provide some strategies for handling specific housing issues such as vulnerable tenants; and
- To establish linkages between housing providers in the various Czech municipalities, to improve opportunities for networking and establish ongoing support mechanisms.

The participants decided that the Olomouc Housing Project would focus on three components: an analysis of Czech housing context, including a comparative analysis of the Canadian and Czech housing situations; a series of working visits to share information, experiences, and approaches to solving housing problems; and a workshop to share results with other municipalities in the Czech Republic.

### **Implementation and expansion of activities**

In May-June 1998, the Canadian partners from WoodGreen Community Centre visited the Czech Republic to learn the particular housing problems of the participating municipalities.

In November 1998, the Czech partners conducted a one-week working visit to Toronto to gain a better understanding of the Canadian housing system and practices. They were able to meet with representatives from non-profit housing organizations, management organizations, social workers, and immigration managers. The Canadian partners provided valuable legal and administrative documentation, and arranged visits to different types of Canadian rental properties (private and social housing) so that the Czech partners could see some of the practical aspects of resolving housing problems.

In November 1999, the Canadian partners conducted a mission to the Czech Republic to determine the Czech training needs in the areas of property management and housing allowances. They also reviewed the municipal structure regarding the function and responsibility for housing, as well as current housing legislation and its impact on the city's policies and procedures. The results of the mission were forwarded to the Czech partners in January 2000.

The Training Needs Analysis was presented to municipal politicians as well as to staff of the various housing departments. Initially this analysis was to be used to determine ongoing training needs, however, project time limits made this somewhat difficult. The participants hope that the organization of



*Like Olomouc, the municipality of Zlín has built new condos and developed buildings to answer the housing problem.*

property managers established by the Olomouc Housing Department may be able to utilize the analysis in the implementation of training at some point in the future.

In 2000, the project partners organized reciprocal working visits to share experiences and concrete solutions to housing problems. Through these visits the Czech partners gained practical experience, mainly in the area of social housing, and obtained first hand knowledge of how Canada manages its housing assistance programs.

The Canadian partners visited the Czech Republic in January 2001 to help prepare workshops planned for May 2001. The workshops were designed to disseminate the results of the Olomouc project to other municipalities in the Czech Republic. The participants hope that other municipalities will benefit from the experience in Olomouc, and that they will add their voices to the call for legislative change in the Czech Republic.

### Participation by institutions, organizations, the community

The partners in the Czech Republic included the Union of Town and Cities (UTC) and representatives from the five municipalities – Olomouc, Ostrava, Zlín, Šumperk, and Přerov. The Canadian partners for the project included FCM; the Ontario cities of Niagara Falls, Hamilton, Oakville, and Guelph; and the WoodGreen Community Centre in Toronto. The WoodGreen Community Centre is a non-profit organization in Toronto that has extensive experience in community-based approaches to solving problems. Throughout the project, FCM and the WoodGreen Community Centre covered the costs of mission activities in Canada and provided meeting facilities and audiovisual equipment.

The City of Olomouc Housing Property Administration (SDFMO) became involved in the project in the spring of 2000. The SDFMO administers municipal properties that include commercial property, residential housing, rental housing, senior housing, and accessible housing for people with disabilities. The SDFMO ensures the repair and reconstruction of existing housing and participates to some extent in new housing development.

## Results – Building Support for Change

Although some of the knowledge gained through the Olomouc Housing Project is applicable at the municipal policy level, the partners understood that meaningful change would require the support of both national level and local level politicians and administrators, many of whom were reluctant to take any unpopular measures.

The Czech partners informed the Olomouc city management of the results of the project's analysis of the housing context, and began the process of gradually persuading local administrators and politicians of the advantages of applying Canadian knowledge and experience – for example, in setting rents according to income levels, and in modifying the system of assigning apartments. They also encouraged the administration to maintain its overall influence on housing policy, while gradually transferring the actual management of municipal property to non-profit housing cooperatives (NBS).

The Czech participants also lobbied members of Parliament to tackle the housing issue, and to adopt new legal regulations such as the long-awaited act on non-profit housing condominiums. They stepped up the pressure on legislators by gaining the support of the Property Managers' Association (Asociace správců nemovitosti). Among other functions, this association of professionals cooperates with the relevant state organs in drafting housing policy.

### Project Recommendations to Government

As a result of the project, the Canadian and Czech participants developed a list of recommendations for other municipalities and the appropriate government ministries.

- Adopt legislative changes to support an easier and more timely eviction processes.
- Develop municipal policies for the management of municipal housing stock to ensure that "social housing" criteria are developed.



*Olomouc has built new apartment buildings to help alleviate the housing problem.*



*Czech delegates attending a presentation on Social Housing and Social Housing Policy in Ontario. ONHPA (Ontario Non-Profit Housing Association) worked with the Czech municipalities and the WoodGreen Community Centre in the project.*

- Place a moratorium on the sale of municipal housing stock, until the city councils have developed a comprehensive housing policy for their jurisdictions.
- Develop municipal support to sell housing stock at market value.
- Establish a housing allowance program that includes a "rent-geared-to-income" component.
- Adopt legislative changes to assist municipalities in implementing differentiated market rents.
- Encourage support from the State government to help municipalities deal with the impact of the deregulation of the price of services, which has resulted in a disproportionate structure of household expenditures (utility payments make up the bulk of the expense).
- Develop support for pilot projects to work with the Roma population to address ongoing issues between municipalities and the Roma community.

## Analysis – The Need for Political and Societal Change

The most positive result of the project was the vast knowledge and understanding that the Czech partners gained about housing management in a market economy. As the project progressed, however, all of the partners recognized that the eventual solution to many housing problems in Olomouc depends on two types of interrelated change: political change and societal change.

Housing is a basic human need and a right. Inadequate housing results in considerable problems and risks that have a negative impact on many aspects of life. This is why the housing issue cannot be left only to the workings of the market. It requires a certain level of intervention from the state and municipalities, to ensure that the necessary economic and legislative conditions are in place to allow the population to procure adequate housing. It also requires that citizens take personal responsibility for their behaviour and actions in respect of housing. A tenant has the right to make certain claims and demand that his or her requirements be met only if he is willing to comply with the terms and conditions stipulated by the legislation and supervised by the landlord.

In the Czech Republic, both of these factors – legislative conditions and social conditions – need to be developed in order to improve the housing situation.

The current housing legislation, which is inadequate to meet changing needs, it has been in place for the last three administrations. To date, no government has been willing to make unpopular changes, and risk losing votes

for their party in the next election. The project partners had to decide what could be done immediately, and what would require longer term planning. They were able to apply some of the knowledge gained through the project, such as written rental agreements; other changes will require a longer term concerted effort to bring about legislative change. The partners hope that the collaboration of the various Czech municipalities involved in this project will help in developing political and public support for broader reform.

Improving the housing situation in the Czech Republic is a long-term process that involves not only legislative change, but a shift in the thinking and attitudes of citizens towards their housing. One case involving gypsy immigrants to Toronto is a very good example. In 1998, 200 gypsy families and individuals from the Czech Republic immigrated to Canada. They were provided with temporary accommodations, but had to respect certain conditions established by the Canadian facility. (The conditions included an obligation to pay for the accommodation, seek employment, attend language classes, and respect the rules of the facility for cohabitation with other families.) Approximately 80% of the immigrants complied with the requirements and adapted to the conditions. These families gained the opportunity to stay in Canada permanently. Those 20% who could not or would not adapt, returned to the Czech Republic, where they again demanded that housing be provided to them. Thus, fundamental shifts in values and behaviour are not easy to accomplish, but they can happen given time and the right conditions.

## Lessons Learned and Replicability

**Lesson: The context of the project must be fully understood before Canadian experience and expertise can be transferred appropriately.** In assessing issues related to housing in the Czech Republic, the Canadian partners first needed to understand several factors: the environment in which housing policy had been developed within a centrally governed state, the changes that occurred following the "velvet revolution", and the impacts on the Czech housing system.

**Lesson: Legislative change requires time and political will.** Following the comparative analysis of the housing situations in the Czech Republic and Canada, it became obvious that the Czech Republic would need considerably more time than the project had planned to develop support for legislative change at various levels.

The approach used by the partners in the Olomouc Housing Project could be applicable to other municipalities, keeping in mind the two lessons stated above. Together the partners analyzed problems, gathered information on Canadian housing policies and practices, and began to develop the momentum to bring about significant changes in the Czech Republic. The participants hope that the experience gained through this project will inspire other municipalities to advocate for the necessary legislative and administrative reforms that will improve access to affordable housing for all citizens.

For more information on this program, contact:



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FCM gratefully acknowledges the support the Canadian International Development Agency (CIDA) provides for its international programs and publications.