

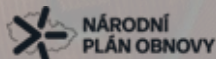
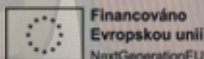
# LOCAL WORKSHOP

## EUROPEAN RESPONSIBLE HOUSING FINANCE WORKING GROUP

*“The role for private finance in filling the funding gap for affordable and sustainable housing in Europe”*

3 April 2025

Pentahotel Prague, Sokolovská 112, 186 00 Praha 8-Karlín, Prague,  
Czechia



9h00 – 9h30	<i>Welcome Coffee</i>
9h30 – 10h15	<p><b>OPENING</b></p> <ul style="list-style-type: none"> <li>• <i>Sorcha Edwards, Secretary-General of Housing Europe</i></li> <li>• <i>Daniel Ryšávka, Director of the State Fund for Investment Promotion</i></li> <li>• <i>Vít Lesák, Director of the Department of Housing Policy, Ministry of Regional Development</i></li> <li>• <i>Kamil Dörfler, Senior Urban Sector Specialist, (EIB), David Zlámal, Head of the Capital and Debt Advisory Team (Ernst &amp; Young) - Introduction to the Czech housing and financial system</i></li> </ul>
10h15 – 10h30	<i>Short Coffee Break</i>
10h30 – 12h30	<p><b>SESSION 1: CO-CREATION OF LONG-TERM REGIONAL FINANCIAL INSTRUMENTS</b></p> <p><i>Moderated by Julie Lawson, Adjunct Professor, Centre for Urban Research, RMIT University (HIAH)</i></p> <p>In the Czech Republic, affordable housing providers up until today are <b>mainly municipalities</b> and the Czech Republic consists of 6.258 municipalities. We need to wonder how to provide affordable housing in a more efficient way and <b>what potential regional level financial funds could serve to</b>.</p> <p>The debate of housing finance experts and financial instruments providers shall provide:</p> <ol style="list-style-type: none"> <li>a) good examples from local and regional level stakeholders across Europe;</li> <li>b) <b>suggestions for regional level housing investment fund purpose, establishment and its</b> maintenance from legal, institutional and financial point of view;</li> <li>c) experience to what needs to be done on national level so <b>regional level fund may develop</b></li> <li>d) experience to who are the final investors and how they obtain financing from the local level</li> <li>e) constructive discussion about lessons learnt from other countries' mistakes, mostly usable for the Czech case</li> </ol> <p><b>Discussants in the seminar:</b></p> <ul style="list-style-type: none"> <li>• <i>Kamil Dörfler, Senior Urban Development Specialist, EIB</i></li> <li>• <i>Peter Surek, Head of Social Finance, Erste Group</i></li> <li>• <i>Ines Callahan, Director for International Public Finance, Fitch Ratings</i></li> <li>• <i>Bernd Rießland, International Relations Officer, GBV</i></li> <li>• <i>Esa Kallio, Head of Munifin Finland</i></li> <li>• <i>Veronika Reháková Director, Housing Policy, Construction and Urban Development Ministry of Transport of the Slovak Republic</i></li> <li>• <i>Daniel Ryšávka, Director of SFPI</i></li> <li>• <i>Michal Tesař, Newton Business Development (HIAH)</i></li> <li>• <i>Miroslava Starečková, Newton Business Dev, HIAH</i></li> <li>• <i>Martin Lux, Head of the Socioeconomics of Housing department and senior researcher, AVČR</i></li> <li>• <i>Association of Regions of the Czech Republic <b>TBC</b></i></li> <li>• <i>Elke Stocker, Management Real Estate – Affordable Housing, Vienna Insurance Group</i></li> <li>• <i>Milan Hladík, Ministry of Regional Development</i></li> <li>• <i>Jan Beneš, Ministry of Finance</i></li> <li>• <i>Tim Segboer, NWB Bank, Netherlands</i></li> <li>• <i>Lyke Veen, WSW, Netherlands</i></li> </ul>



## SESSION 2: THE DOs AND DON'Ts OF PUBLIC AND PRIVATE COOPERATIONS

*Moderated by Montserrat Pareja-Eastaway, Professor, UB School of Economics (HIAH)*

In the Czech Republic, there is a significant lack of trust between the private and public sectors. This issue primarily stems from the differing perspectives and motivations of both sectors, along with a low level of mutual dialogue.

The discussion is expected to provide background to how trust has been developed across Europe in the real estate sector between public and private actors and what clear pillars can be pointed at as tools for trust building.

To make the discussion more specific, a real-life project from the city of Breclav has been provided (in the attachment). The city has been preparing a new neighbourhood for 400 mil EUR. They aim to cooperate with the private sector as the city's resources are limited. The discussion shall go around how different countries and actors from across Europe would act to strengthen trust between public and private level parties. This will provide real examples, which may then be collected in a structured way.

### **Discussants in the seminar:**

- *Bob Jordan, Adjunct Senior Research Fellow, UCD Geary Institute for Public Policy (HIAH)*
- *Bjorn Mallants, Director, Woontrots, Belgium*
- *Fiona O'Driscoll, Financial Lead, Council for social housing, Ireland*
- *Pavel Kelner, CFO of Dustopne Bydleni*
- *Nienke Tichelaar, Secretary of the Board, WSW, Netherlands*
- *Michal Polak, Slovak Investment Holding*
- *Ondřej Vysloužil, Director of MAPPA (HIAH)*
- *Dominka Verešová, Silesian University of Technology, (HIAH)*
- *Čestmír Hrdinka, SFPI Sustainable Finance Manager*
- *Jitka Boušková, Head of Office, Network of Healthy Cities CZ*
- *Jana Provazníková, Ministry of Trade and Industry*
- *Tanguy Desrousseaux, Head of Housing, Cities & Regions Department, Project Directorate · European Investment Bank (EIB)*
- *Vít Lesák, Director, Department of Housing, Ministry of Regional Development*
- *Václav Palička, MSID, Chairman of the board of the international development agency*

## SESSION 3: LAND DEVELOPMENT AND THE INCENTIVES WHICH MAKE IT HAPPEN

*Moderated by Enda McGuane, Head of Asset Management, Land Development Agency (HIAH)*

Territorial development of municipalities and cities across the Czech Republic is a critical issue that needs to be addressed. Any effort to promote construction, including residential development, without understanding its impact on urban prosperity and the need to improve residents' quality of life, is an economic and social gamble that the country can no longer afford.

The first step in this destabilization and subsequent **degradation is poor spatial and strategic planning**. The second factor is the lack of knowledge about **how construction planning and subsequent land development affects the pillars of sustainable development**.

Our questions are:

- a) How to make sure social housing is built there, where it is sustainable
- b) What are the interests of cities, developers and people – how to make sure the proportions of these interests are balanced in the long term.

### **Discussants in the seminar:**

- *Sanja Jerkovic, Head of the Housing and Communal Sector, Ministry of Physical Planning, Croatia*
- *Vít Zeman, Urban economist, (HIAH)*
- *Lenka Tomášová, Tam Architects, HIAH*
- *PAQ Reseach **TBC***
- *Zuzana Chudoba, Managing Director, Association of BTR*
- *Ministry of Environment **TBC***
- *Jan Kučera, Mayor of Rožnov pod Radhoštěm*
- *Barbora Raková, SFPI (HIAH)*
- *Sami Haapanen, City of Helsinki, Finland*
- *Vojtech Kubat, Senior Ministerial Councilor, Ministry of Regional Development*

12h30 – 13h30	<i>Lunch</i>
13h30 – 14h30	<b>PRESENTATION OF MORNING SESSIONS BY MODERATORS</b>
14h30 – 15h00	<i>Coffee Break</i>
15h00 – 16h30	<b>GOVERNMENT GUARANTEE AS A TOOL TO SUPPORT HOUSING DEVELOPMENT</b>  <i>Moderated by Edit Lakatos, Senior Policy Officer, Housing Europe</i> <ul style="list-style-type: none"> <li>• <i>Daniel Ryšávka, Director of SFPI</i></li> <li>• <i>Julie Lawson, Adjunct Professor and Director for Urban Research RMIT (HIAH)</i></li> <li>• <i>Nienke Tichelaar, Advisor, The Dutch Federation of housing guarantees, WSW, Netherlands</i></li> <li>• <i>Martin Lux, Head of the Socioeconomics of Housing department and senior researcher, AVČR</i></li> <li>• <i>Jan Beneš, Ministry of Finance</i></li> </ul>
	<ul style="list-style-type: none"> <li>• <i>Jan Kučera, Mayor of Rožnov pod Radhoštěm</i></li> </ul>
16h30 – 16h45	<b>WRAP-UP &amp; KEYNOTE</b> <ul style="list-style-type: none"> <li>• Bob Jordan, Chair of the HIAH international board</li> </ul>
16h45 – 17h00	<b>CLOSING SPEECHES</b> <ul style="list-style-type: none"> <li>• Daniel Ryšávka, Director of the State Fund for Investment Promotion (SFPI) – Host</li> <li>• Sorch Edwards, Secretary-General of Housing Europe</li> </ul>
17h30 – 19h30	<i>Networking Cocktail</i>

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## Background

Numerous funding opportunities have been made available by the European Investment Bank and the European Union, which complemented by Structural Funds and national and local support schemes, have potential to partially address the problem also by making multiple funding systems for investment in social and affordable housing more coherent to the different national contexts.

In order to create our Next Generation Neighbourhoods where people can thrive, an intensive exchange is needed on innovative financing schemes and governance. That is why, [in June 2023](#), Housing Europe launched its Housing Finance Working Group to develop capacity across Europe to create healthy housing ecosystems that are able to provide sustainable, long-term solutions.

The Local workshop is one of the activities of this Working Group besides the organisation of the Annual Summit, identification of investment needs, peer-to-peer learning, and mentoring. The activities are also fulfilling the goals of the [Liege Declaration](#) agreed in March 2024 which called for a European platform for exchange on housing systems.

In Prague, [Housing Europe](#) and the Czech Housing Fund are bringing together housing and finance stakeholders to discuss hurdles faced by housing providers, municipalities and companies across the continent to access funding as they look to move the Renovation Wave and the New European Bauhaus forward.

One of the expected goals of the event is to share knowledge on public-private partnerships and the use of private finance for the social and affordable housing sector, such as the Danish Housing Fund or CDC France. The workshop will also discuss on how to efficiently raise capital on private bond markets and then lend it to social housing providers, such as the model of the NWB Bank in the Netherlands or MuniFin in Finland. Finally, the conditionalities to establish government guarantees for the financial intermediaries will be also explored.

## Opening

### **Sorcha Edwards, Secretary-General of Housing Europe & Daniel Ryšávka, Director of the State Fund for Investment Promotion**

Daniel Ryšávka and Sorcha Edwards opened the 2025 Prague local workshop as part of the European Responsible Housing Working Group. Sorcha introduced Housing Europe's ongoing work in countries with transitioning housing systems. Since 2017, Housing Europe has focused on developing political housing strategies and management models for social housing, emphasizing the need for evidence-based housing policies. The first meeting of the Working Group on Housing Systems in Transition, held in Prague, laid the groundwork for this series of activities. Housing Europe has since produced a [comprehensive toolkit](#) for policymakers, which includes key housing policy areas such as governance, finance, climate standards, and land policy. This toolkit was developed to assist national and local stakeholders in transitioning their housing systems effectively.

In 2023, this effort led to the [creation of the European Responsible Housing Finance Working Group](#), which forms part of a broader initiative that includes high-level political summits, peer-to-peer learning activities, project pitching, and ongoing research. The Local Workshop held in Prague was one of the key activities within this broader framework and is paving the way for the Annual European Responsible Housing Finance Summit to be held on November 19th in Prague<sup>1</sup>.

### **Vít Lesák, Director of the Department of Housing Policy, Ministry of Regional Development – Keynote Speech**

Vít Lesák from the Ministry of Regional Development delivered a keynote speech, outlining the Ministry's recent and ongoing efforts to support the development of affordable housing in Czechia. He highlighted three key initiatives underway:

- the preparation of the Housing Support Act, which is to be approved by summer 2025
- a collaboration with the EIB, aimed at developing financing models for affordable housing development in Czechia
- the establishment and launch of a working group tasked with identifying organisational and financial framework for limited profit Housing companies.

### **Kamil Dörfler, Senior Urban Sector Specialist, (EIB), David Zlámal, Head of the Capital and Debt Advisory Team (Ernst & Young) – Introduction to the Czech housing and financial system**

Kamil Dörfler, Lead Urban Specialist at the European Investment Bank (EIB), presented the institution's comprehensive approach to supporting affordable and sustainable housing across the EU. He began by outlining the EIB Group Action Plan for Affordable & Sustainable Housing, which aims to increase the supply of regulated, below-market housing

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<sup>1</sup> About the 2024 Summit:

[https://www.housingeurope.eu/european-responsible-housing-finance-summit-urges-the-eu-to-invest-i](https://www.housingeurope.eu/european-responsible-housing-finance-summit-urges-the-eu-to-invest-in-long-lasting-housing-without-speculation/)

[n-long-lasting-housing-without-speculation/](#)

throughout the EU. This plan broadens the Bank's focus to cover the entire non-market affordable housing sector, expands its outreach to private sector actors such as developers and material manufacturers, and strengthens coordination through the creation of a new Permanent Task Force, a One-Stop Shop, and a dedicated housing website launched during the 2025 EIB Forum.

Kamil Dörfler highlighted three key priorities in the EIB's housing strategy: first, innovation, which focuses on supporting the construction value chain to lower costs and speed up project delivery; second, sustainability, aimed at promoting energy-efficient renovations and low-carbon new buildings; and third, affordability, through both direct and intermediated financing to help deliver housing at sub-market prices.

Between 2020 and 2024, the EIB financed over €15.6 billion in housing projects across the EU, including in cohesion countries. Kamil Dörfler outlined a wide range of financial products available, including investment and framework loans, risk-sharing instruments, equity funds, PPP structures, and green bonds, all of which can be combined with EU grants and tailored to different types of promoters, from public authorities to private developers.

He also presented the EIB's working definition of affordable housing, which focuses on quality housing provided below market rates for individuals unable to access the market. The cost of such housing should ideally be below 40% of disposable income. Projects must meet regulatory, environmental (Paris-aligned), and urban integration standards, while demonstrating fair allocation mechanisms. He mentioned ongoing discussions with DG Competition to refine a harmonised EU-level definition.

In the second part of his presentation, he discussed the EIB's advisory work, citing examples of support in Bratislava, where a public rental housing model is being developed; in Gdańsk, for the refurbishment of social housing; and in Ireland, for retrofitting initiatives aligned with the New European Bauhaus. He placed particular emphasis on the ongoing advisory work in the Czech Republic, where the goal is to develop a national strategic framework for affordable housing, identify a pipeline of projects, and provide guidance on financing and institutional models. Early outputs from this assignment include a market assessment, financial modelling, and policy recommendations, all developed through a participatory, iterative process.

In conclusion, Kamil Dörfler stressed the importance of adapting EU experiences to Central and Eastern European countries and of combining financial tools with strategic, long-term advisory support to strengthen national housing systems.

David Zlamal from EY provided an overview of the housing situation in the Czech Republic, emphasising the sharp rise in house prices, which have increased much faster than household incomes, particularly in larger cities. He highlighted their mission to support the development of the affordable housing sector through advisory services. Their work involves developing a comprehensive strategy and action plans for the affordable rental housing sector in the country.



The engagement includes a thorough housing market assessment, covering demand, supply, and institutional structures, alongside analyses of best practices from Europe. This work aims to deliver actionable recommendations for improving the sector. Furthermore, David Zlamal's team designs multiple investment options and financing schemes tailored to the Czech context, identifying potential rental housing projects that could benefit from financing and grants. They also complement these efforts with a communication strategy to engage key stakeholders, especially municipalities, which are seen as crucial drivers of these projects.

The main beneficiaries of this initiative include the European Investment Bank (EIB), the Ministry of Regional Development (MMR), and the Ministry of Finance (MF), with other participants such as SFPI, NWB, and various stakeholders also playing a role.

# Group 1 Discussion Summary: Co-creation of Long-Term Regional Financial Instruments

Moderated by Julie Lawson, Adjunct Professor, Centre for Urban Research, RMIT University (HIAH)

## Overview

In the Czech Republic, affordable housing providers up until today are mainly municipalities and the Czech Republic consists of 6,258 municipalities. We need to wonder how to provide affordable housing in a more efficient way and what potential regional level financial funds could serve to. The debate of housing finance experts and financial instruments providers aim was to provide:

- good examples from local and regional level stakeholders across Europe;
- suggestions for regional level housing investment fund purpose, establishment and its maintenance from legal, institutional and financial point of view;
- experience to what needs to be done on national level so regional level fund may develop
- experience to who are the final investors and how they obtain financing from the local level
- constructive discussion about lessons learnt from other countries' mistakes, mostly usable for the Czech case

With this background in mind, the session convened representatives from ministries, financial institutions, social housing funds, advisory entities, and commercial investors, focusing on lessons learned from established housing finance systems and their replicability in the Czech context. The discussion emphasised the importance of developing **coherent, long-term, and efficient financial instruments** that go beyond fragmented deals and promote system-building. Participants explored operating models and institutional arrangements that maximise financing efficiency while embedding equity, sustainability, and strong governance frameworks.

## Key Discussion Points

The discussion was built around the following seven topics.

### 1. Efficient Financing as a Systemic Objective

Efficiency was highlighted as a core principle in successful housing finance systems. The imperative is not more private finance, but more efficient forms of finance, and also reducing reliance on finance.

In Finland and the Netherlands, promotional banks like **MuniFin** and **NWB Bank** fund affordable housing at extremely low interest rates by establishing strong balance sheets, well governed providers, and being able to access international debt capital markets. These

institutions are backed by guarantees from provider equity, municipalities and/or the state, enabling AAA ratings and low-cost funding. Their models are structured around:

- Cost-rent and cost-recovery principles
- Legal requirements to use the most efficient form of financing
- Market-neutral roles, focusing on financial sustainability and growing supply, rather than profit

Austria, France and Denmark have well-developed **revolving fund systems** at the level of housing companies, housing estates, or at the national level. The cost-rent regime is prescribed in legislation and providers are able to build up equity by retaining modest surpluses (3.5% return on equity, set by law). Their risk is low, non-performing loans or calls on the guarantee are almost non-existent, and hence they are well-trusted by banks and insurers, accessing capital at favourable rates.

This contrasts with PPP Availability Payment deals, which are customised and complex, and there are few successful examples.

*“You have to build a system, not a system of fragmented deals.”*

## 2. Clarity and Diversity of Operating Models

A need was expressed for a clearer **understanding of the diversity of operating models**. Austria, Finland, the Netherlands, and Denmark each demonstrate different pathways to achieving long-term affordable housing investment:

- **Centralised financial intermediaries** (e.g., MuniFin, NWB) that consolidate demand and reduce risk
- **Company-level revolving funds** that reinvest equity and reduce reliance on recurrent public subsidies
- **Guarantee systems** (e.g., WSW in the Netherlands) that reinforce good practice and also leverage attract more efficient forms of finance while upholding public interest

Participants emphasised that these systems are effective because they have a **coherent operating model**, are well-regulated, and also **resilient over time** –not just because of financing mechanisms but due to the governance, legal, and policy ecosystems that support them.

## 3. Equity: The Missing Piece in Many Models

Several interventions stressed that **finance is only one part of the equation**, and that equity—especially long-term equity—is essential for sustainability. Examples included:

- Equity can be sourced from governments in the form of conditional grants, providers in the form of investment of surpluses, investors in the form of cost capped returns

- (specified in the law, as in Finland and Austria), tenants in the form of project co-payments,
- Equity can be built up by providers through paydown of debt and **reinvestment of surpluses, as** in Austrian, Danish, Finnish, French and Dutch limited-profit housing
- Institutional investors accepting lower returns (3.5–4%) in exchange for long-term, stable income. Fr Austrian banks investing in LPHA, other financial products were also coupled with equity investment (e.g., loan origination)
- Use of **state subsidies as quasi-equity, such as conditional grants**, by subordinating them to bank loans

*“Equity is a key driver of innovation..We are too focused on debt.”*

Some participants voiced concern that EU-level instruments and national programs underplay the importance of equity, highlighting the potential value of **EU-level perpetual equity funds** that could capitalise national intermediaries or municipal investment vehicles.

#### 4. Governance and Audit Mechanisms

Robust **governance and audit structures** are central to successful housing finance models. Examples from Austria and the Netherlands demonstrate the value of this:

- Specialised **audit bodies** aligned with the cost-rent operating models
- Mandatory **reinvestment obligations** for accumulated equity
- **Risk assessment frameworks** by rating agencies like Fitch, covering demand, governance, expenditure, leverage, and guarantees

It was added from Fitch Ratings that management quality is considered an **asymmetric risk**, meaning poor governance can downgrade ratings significantly, while strong governance maintains or enhances them.

#### 5. Guarantee Systems Reduce Risk and Build Confidence

Guarantees—especially **multi-layered schemes** like the Dutch WSW—were shown to have a major impact on borrowing costs by reducing investor risk. In these models:

- Providers must join the guarantee fund and comply with its risk standards
- Defaults are extremely rare (e.g., once in 12 years in the Netherlands)
- Guarantees incentivise prudence, good governance, and maintaining housing stock affordability over time

These systems not only enhance efficiency but **reinforce long-term commitments**, contributing to the overall sustainability of the sector and its role in growing supply.



## 6. Tax Instruments as Supportive but Insufficient Tools

Some systems, such as Slovakia's, leverage **tax relief (e.g., reduced VAT)** and indirect incentives to encourage private investment. However, participants noted that tax-based instruments may be short-lived, and alone cannot replace a coherent, regulated financing and governance framework. Austria, for instance, uses tax exemptions on corporate profits to **incentivise reinvestment**, not profit-taking. Furthermore, this system ensures assets remain in social use for generations, and not simply for the duration of incentives.

## 7. Land, Standards, and Integration with Urban Policy

Land policy and quality standards were discussed as **critical enablers** of long-term affordability. Examples included:

- **Vienna's rezoning rules**, which require the inclusion of affordable housing
- **Helsinki's land lease model**, generating €400 million annually for general revenue to fund social infrastructure and further housing goals.
- The importance of **non-stigmatising, inclusive design standards, which promote energy efficiency and social inclusion.**

Participants cautioned against the construction of “white elephants”—expensive, donor-funded projects with no viable operating model or rent-setting framework.

## 8. Risk of Fragmented, Project-Based Approaches

Several participants highlighted concerns about **project-based PPP models** and over-reliance on **availability payments** that create fiscal liabilities without building sectoral capacity. The consensus was to move away from deals-based development and toward **institutional system-building – based on not only cost efficiency but also growing supply with long term public interest outcomes.**

## Group 2: The Dos and DONT's of Public and Private Cooperations

Moderated by Montserrat Pareja-Eastaway, Professor, UB School of Economics (HIAH)

### Overview

In the Czech Republic, there is a significant lack of trust between the private and public sectors. This issue primarily stems from the differing perspectives and motivations of both sectors, along with a low level of mutual dialogue.

The discussion is expected to provide background on how trust has been developed across Europe in the real estate sector between public and private actors and what clear pillars can be pointed to as tools for trust building.

To make the discussion more specific, a real-life project from the city of Břeclav has been provided (in the attachment). The city has been preparing a new neighbourhood for 400 million EUR. They aim to cooperate with the private sector as the city's resources are limited. The discussion shall go around how different countries and actors from across Europe would act to strengthen trust between public and private level parties. This will provide real examples, which may then be collected in a structured way.

### Key Discussion Points

The discussion was organised into three main thematic blocks, followed by a focus on potential solutions.

#### 1. Trust: Key Barriers

Participants were asked to summarise in one sentence what they saw as the biggest barrier to trust in public-private housing partnerships. The key responses included:

- The absence of a stable operational framework and predictability in costs.
- A lack of transparency from both sides: opaque private expectations and unclear public conditions.
- Political instability and path dependency are hindering long-term collaboration.
- Inadequate public sector capacity to understand private sector logic.
- Mismatch in timelines and goals, with political cycles promoting short-term results.
- Absence of inclusive engagement, especially with communities.
- Housing is not being viewed as a public domain.
- A language barrier: different vocabularies and assumptions between sectors.

Examples from Flanders, Ireland, and the Czech Republic showed how deep-rooted the mistrust can be. In Flanders, long-standing dialogue and clearly defined frameworks have helped mitigate risk. In Ireland, institutional support (e.g. the Housing Finance Agency and approved housing bodies) has enabled collaboration, though stop-and-go public policies have undermined continuity. In Czechia, repeated instances of failed or speculative partnerships were highlighted as key contributors to today's mistrust.

## 2. Guarantees: Elements Enabling Trust

Discussions around guarantees focused on the tools, structures, and preconditions that can support functional cooperation between public and private actors. The emphasis was on reducing risk, clarifying roles, and ensuring predictability.

One of the most prominent examples presented was the **Dutch Guarantee Fund for Social Housing**, which currently guarantees approximately €95 billion in loans for social housing associations. As explained by its representative, the fund is a **private corporation operating within a complex stakeholder network**, which allows for efficiency and a clearly defined role. This clarity in institutional positioning was highlighted as a key precondition for trust, with emphasis placed on the importance of developing a robust stakeholder structure over time. The guarantee fund's ability to function effectively stems from its status as a private entity and the transparent allocation of responsibilities across its governance framework.

Participants also noted that the use of **intermediary bodies** — such as **national development banks**, **public consultancy units**, and **regional promotion agencies** — was essential in reducing perceived risks for both sides. For instance, Czech experiences with **energy performance contracting (EPC)** highlighted the importance of trusted technical intermediaries that municipalities could engage with safely. These intermediaries often helped municipalities navigate contracts and tendering processes, thereby increasing the reliability and appeal of public projects for private actors.

Further, there was a strong call for the **use of standardised contracts** — including clear allocation of risk, obligations, and penalties — as a risk-reducing mechanism. One example was the Czech Ministry of Industry and Trade's model EPC contract, which allows municipalities to hold private contractors accountable if projected energy savings are not met.

Several participants stressed that **open communication** around planning, costs, and expected profits is essential. Without it, even well-structured legal tools fail to create lasting trust. Trust also depends on **stable institutional frameworks** that outlast individual political mandates — a challenge given the Czech Republic's frequent turnover of local leadership.

Finally, it was noted that **public entities must be credible partners** — not only in terms of policy, but also in fulfilling their role as long-term guarantors of projects. The risk of inconsistent local governance, particularly in municipalities with limited capacity or vision, was seen as a significant threat to private sector confidence.

### 3. Practices: What Works, What Doesn't

Successful examples mentioned:

- Flanders' framework-based approach, where conditions (cost ceilings, ownership conditions) are set in law, and projects are assessed against these without negotiation on fundamentals.
- Ireland's evolution from PPP bundles to large-scale collaborations involving housing associations, enabled by reliable funding channels and regulated development partnerships.
- Regional intermediary agencies in Czechia are conducting profit simulations, urban planning, and contract tendering on behalf of municipalities, tailored to local contexts.

DON'Ts included:

- Relying on municipalities lacking capacity or vision.
- Ignoring community engagement.
- Assuming trust without evidence or institutional memory.
- Treating housing solely as a short-term electoral issue rather than a long-term strategic one.

### 4. Potential solutions for Public and Private Cooperations

The final section outlines the potential solutions identified throughout the discussion, emerging from reflections across the three thematic blocks.

- Using **mediators** as intermediaries between public and private bodies (local municipalities, non-for-profit companies, housing associations,...).
- As a precondition: clear distribution of responsibilities.
- **Open communication** about planning, costs, profits, timing... what is a reasonable profit?.
- **Right balance** between profitability and affordability.
- Strong(er) leaders (governments-majors, technicians...).
- Strategic thinking and simplification of procedures.
- Provision of a stable framework for action (maybe national level?).
- Planning instruments available and enforceable (% of social housing in new developments).
- Once you got the scale and portfolio, do not risk it.
- Public sector as a guarantor of the process.
- Honesty from all partners around the process.
- Using the capacities and expertise of all players (from developers to non-for-profit organisations).
- Trust as a (delicate) process not as an output.



## Group 3: Land Development and The Incentives which Make it Happen

Moderated by Enda McGuane, Head of Asset Management, Land Development Agency (HIAH)

### Overview

Territorial development of municipalities and cities across the Czech Republic is a critical issue that needs to be addressed. Any effort to promote construction, including residential development, without understanding its impact on urban prosperity and the need to improve residents' quality of life, is an economic and social gamble that the country can no longer afford. The first step in this destabilisation and subsequent degradation is poor spatial and strategic planning. The second factor is the lack of knowledge about how construction planning and subsequent land development affect the pillars of sustainable development.

Core questions were:

- How to make sure social housing is built there, where it is sustainable?
- What are the interests of cities, developers and people? – How to make sure the proportions of these interests are balanced in the long term?

### Key Discussion Points

The initial background discussion identified the importance of a long-term, consistent policy approach to land and planning management. Participants flagged that the sheer number of municipalities and variations in sizes posed challenges to the consistent application of current planning policy and legislation. In addition, the variation in expertise, particularly in smaller municipalities, was a challenge to the delivery of standardised and consistent Land Use Plans. In keeping with other countries, it was acknowledged that there are challenges in communications and in aligning expectations from the Municipalities/Political and Developer groups when it comes to land use and facilitating the delivery of sustainable construction projects. During the course of the discussion it was accepted that significant changes to planning and land use often require legislative change and take time to implement however the Ministry for Housing advised that much work was underway and the Vit Zeman highlighted the important role up to date and reliable data can play in advising planners and identified some of the sources available in Czechia currently.

The group identified potential interventions both in the short and long term, which would help to support sustainable development in appropriate locations. These are summarised below.

#### 1. Potential Long-Term Impact by:

- defining affordable housing in legislation which will support municipalities in their planning approach.
- creating a single national data source to support planning decisions.

- enabling municipalities to incentivise construction and mitigate long-term infrastructure construction and maintenance costs via:
  - ring-fencing property taxes for use in the areas collected;
  - considering the use of Tax Incremental Financing and Tax incentives in city centre areas;
  - utilising standardised construction agreements to enable municipalities and cities to capture infrastructure development levies from developers to fund infrastructure and community facility development.

## 2. Potential Short-Term Impact by:

- focusing on the potential for project funding on a number of pilots across cities, towns and municipalities. The projects to be supported would be selected using data analysis focusing on sustainable and good life quality locations (access to transport, services, schools etc). In addition to funding, other supports such as advisory services across planning, finance, construction, etc, could be provided, particularly for smaller towns and municipalities that do not have the expertise in-house.
- utilising the project management process to create standardised documents and systems, which will then be shared across Czechia. Ultimately, this approach will maximise the impact of funding, build capacity across the municipalities and regions and deliver exemplary sustainable development to be showcased nationally.
- utilising standardised construction agreements to enable municipalities and cities to capture infrastructure development levies from developers to fund infrastructure and community facility development.

# Government Guarantee As a Tool to Support Housing Development

*Moderated by Edit Lakatos, Senior Policy Officer, Housing Europe*

This session explored the role of government guarantees in enabling housing development, focusing on their potential applicability in the Czech context. The discussion was moderated by Edit Lakatos, who framed guarantees as instruments to address market failures by reducing reliance on public budgets and mobilising private finance for social housing investment. With appropriate safeguards and a clear legal framework, guarantees can derisk investment for lenders while leaving the debt on the books of housing providers rather than the state.

Nienke Tichelaar from the Dutch Social Housing Guarantee Fund (WSW) shared insights into the functioning of the Dutch model. WSW is a private entity, operating since 1900, that guarantees loans for social housing construction and maintenance. Its unique "three-layer security system" includes obligations of the borrower, a solidarity fund among housing associations, and an implicit government backstop. Although WSW operates independently and has the discretion to grant or withhold guarantees based on financial ratios, it functions within a carefully balanced stakeholder network, including local authorities, the government, and the housing federation Aedes. This model not only facilitates communication and accountability but also ensures a stable risk-sharing mechanism. Notably, default rates in the Netherlands remain very low.

Key questions emerged regarding the applicability of such a model in Czechia, particularly given the absence of housing associations. Participants questioned whether municipalities, as the current primary actors in housing, truly need a guarantee scheme. They also raised concerns about the effectiveness of guarantees during economic downturns and what institutional framework would be required to implement such a system locally.

Representatives from the Czech Ministry of Finance outlined ongoing work to establish the legal basis for a national guarantee system, with a new legal framework expected by February 2025. The Ministry is considering allowing guarantees on commercial loans to reduce credit risks and lower borrowing rates, provided sustainable partnerships can be developed with private banks.

Julie Lawson contributed reflections from a peer review perspective, highlighting the critical preconditions for a successful guarantee scheme. These include the existence of a competent, independent financial intermediary capable of pooling demand and certifying providers' financial viability; clearly defined government policy objectives; regulated and well-managed housing providers to minimise the likelihood of default; and, if necessary, a guarantee fee structure to create a second line of defence. The Netherlands' model, which incorporates all these features, served as a valuable reference point throughout the discussion<sup>2</sup>.

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<sup>2</sup> Julie Lawson (2013), *The Use of Guarantees in Affordable Housing Investment – A Selective International Review*, available at [ResearchGate](#).

Examples from other EU countries such as Ireland (Housing Finance Agency), France (HLM Guarantee Fund), and the UK (Affordable and Private Rented Housing Guarantee Schemes) were also cited, illustrating the diversity of possible frameworks—from borrower obligations to full government guarantees.