

BULGARIA

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Table 1: Ownership structure of dwellings, Bulgaria (2021)

Ownership type	Number of dwellings	Percentage
Municipal/State-owned	32,857	0.8
Privately owned	2,408,480	56.5
Vacant – (secondary residence)	352,065	8.3
Vacant – (other)	1,305,635	30.6
Unknown	162,376	3.8
Total	4,261,454	

Source: National Statistical Institute. (2021). 'Dwellings by form of ownership, location, statistical regions, districts and municipalities as of 7.09.2021'

Table 2: Housing situation of occupied housing stock

Own outright	Owner with mortgage	Rent (private)	Rent (subsidised)	Other / unknown
83.5%	1.8%	2.4%	1.5%	10.8%

Source: OECD. (Year). OECD Affordable Housing Database: Housing tenures (Table HM1.3). Notes: 'Rent (subsidised)' does not necessarily equate to public housing only.

Brief historical overview

Bulgaria's social housing system has been significantly shaped by the country's socialist era. Contrary to what one might expect, though, low levels of urbanisation, and therefore a high number of rural settlements meant that few dwellings were nationalised during this period. Moreover, the public budget to deal with the housing crisis that emerged after the war, and also with the housing problems resulting from socialist era industrialisation, was limited. Indeed, capital investment was skewed towards the development of key industries.

Indeed, a concerted effort at public investment in housing only emerged in Bulgaria in the 1970s. Even then, the majority of state housing was intended to support owner-occupiers (though with strong levels of state control).¹ Therefore, at the end of the socialist period, Bulgaria had relatively little public rental housing compared to other similar countries, and most of what was in

public ownership quickly fell victim to privatisation following the regime change.

What is meant by social housing?

In Bulgaria, social housing is primarily owned by municipalities. As of the 2021 Census, there were 32,857 state or municipally-owned dwellings, representing 0.8% of the national housing stock. These homes are not exclusively for low-income households and can include housing for civil servants or others related to functioning of state bodies.² This has sparked a definitional debate in the literature, and some argue that "municipal" housing in Bulgaria cannot be considered to be "social" housing, which also has consequences for the interpretation of the housing statistics.

Table 1 shows the number of (total) dwellings by type according to the 2021 Census in Bulgaria, while *Table 2* illustrates the share of households in different tenure types, using the estimates

¹ Parusheva, D. (2010). Housing in Socialist Bulgaria: Appropriating Tradition. *Home Cultures*, 7(2), 197-216.

² Gabova, S. (2020). Municipal housing policies: A key factor for successful integration at the local level. UNHCR.

produced by the OECD in 2022; based on occupied dwellings.

Indeed, one key point to note is the significant number of vacant properties in Bulgaria; close to 40% of the total stock. There are a number of explanations for this. The most consequential, though, is migration. This includes both internal migration within Bulgaria, as well as external migration, primarily to other parts of the EU. The transition to a market economy has seen the failure of socialist era enterprises in smaller cities and towns, which has pushed inhabitants to leave in search of employment opportunities elsewhere.³

Financing and supports

Currently, what we can refer to as “social” housing is managed by municipalities. However, since 2001, they are no longer legally obliged to provide, build or maintain a housing stock. Therefore, they effectively provide affordable accommodation at their good will and discretion. This task is not easy, as they do not receive financial support from the state.⁴ Instead, financing comes from EU-funded municipal housing construction programmes (e.g., ERDF).⁵ Land acquisition is rare; with municipalities restricted to managing their existing land resources.

Accessing social housing

Under the ‘Municipal Property Act’, municipalities are free to set their own eligibility criteria for housing,⁶ which can include income, employment, current living conditions, household size, and other factors. Often, a requirement of ‘steady income’ is established, effectively excluding or sending to the bottom of the waiting list those who might need social housing the most.⁷ Municipalities also have the

freedom to set rent prices under the legislation. As such, not all municipal housing has a below market rent.

While the country is trying to increase its scarce public housing stock and improve housing affordability overall, there are several headwinds; such as the presence of ‘old contracts’. Municipalities are grappling with housing contracts that are for an indefinite period, typically inherited from the socialist era, and also with legislation in some places that grants tenants the right to buy the social housing unit they are renting after a certain amount of time; contributing to the decline in the relative size of the public housing sector.⁸

The country is not performing well with programmes aimed at accommodating specific vulnerable groups. While there is a high number of informal and illegal settlements, characterised by poor housing quality and infrastructure, current programmes mostly focus on urban areas. The ‘National Strategy for Equality, Inclusion and Participation of Roma’ (2021-2030) calls for action, though there is little focus on and funding for these low-income areas and marginalised communities, where there are usually a high proportion of Roma households. According to the European Commission, around 750,000 Roma live in Bulgaria, approximately 10.3% of the population.⁹

Service delivery

In Bulgaria, the providers of social housing are municipalities. While funding from EU programmes allows municipalities to construct new housing and reconstruct old ones, only 25 municipalities utilised the schemes between 2007-2020, resulting in 899 new municipal units in 16 municipalities. In nine of these

³ See, for example : World Bank (2017). A Roof Over Our Heads. Housing in Bulgaria.

⁴ Habitat for Humanity Bulgaria. (2023). Housing in Bulgaria [Presentation].

⁵ European Commission. (n.d.). Regional policy programme 2014-2020 for Bulgaria. https://ec.europa.eu/regional_policy/in-your-country/programmes/2014-2020/bg/2014bg16fop001_en

⁶ Bulgaria. (n.d.). Municipal Property Act.

⁷ World Bank Group. (2017).

⁸ *Ibid.*

⁹ European Commission. (2024). Roma equality, inclusion and participation in the EU: Bulgaria. Retrieved January 24, 2025, from https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/combating-discrimination/roma-eu/roma-equality-inclusion-and-participation-eu-country/bulgaria_en

municipalities, construction works were still ongoing by the end of the programming period.¹⁰ For the current period (2021-2027), the ERDF aims to fund social housing construction in all urban municipalities (10 large and 40 small and medium-sized).¹¹

Integration with social policy

Bulgaria's under-supply of social housing, and social policy in general, has long been under pressure as the country has faced several socio-economic challenges. Both the regime change after the collapse of the Soviet Union and the 2008 financial crisis left the country in a vulnerable state and it continues to lag behind other EU Member States in several respects: in 2023, it was noted to have the lowest living standards among all EU countries in terms of consumption per inhabitant,¹² and it had the second largest share of people at risk of poverty or social exclusion, after Romania.¹³

However, one of the most important features of the housing market in Bulgaria is its segmented nature. The transition to a market economy after 1989, as well as the massive outmigration following EU accession, impacted settlement patterns. With de-industrialisation numerous

areas became unable to provide sufficient jobs, leading to internal and external migration. While low house prices (falling demand) is a barrier for many people to move out of economically deprived areas, rising demand in bigger cities has led to affordability issues and families unable to pay for urban housing in more developed areas are forced to move to declining regions; worsening local poverty rates.¹⁴

Due to both migration processes and ageing, the population is decreasing. Bulgaria now has one of the oldest populations in the world, with the number of inhabitants declining by 20% between 1989 and 2016.¹⁵ This, however, further exacerbated territorial disparities, with the population of Sofia and its surroundings increasing by 10%, while remote regions decreased by 25%,¹⁶ leading to high vacancy rates (at least 30% of all dwellings in the country, excluding secondary residences) and deteriorating housing quality. Based on all of the above, the objectives for the social housing sector include increasing the scarce public housing stock, improving overall housing affordability and addressing territorial disparities caused by migration and population ageing.¹⁷

CASE STUDY / KEY POLICY FEATURE

Energy-efficient renovation programmes¹⁸

Bulgaria's energy-efficient renovation programmes, initiated in the early 2000s and primarily targeting multi-family buildings, represent a significant approach to promoting housing affordability. While the public rental sector and rent subsidies are nearly non-existent, these programmes—characterised by high municipal involvement and substantial subsidy rates—

¹⁰ Habitat for Humanity Bulgaria. (2023). Housing in Bulgaria [Presentation].

¹¹ Development of Regions Programme 2021-2027.

¹² Europa. (n.d.). Principles, countries, history: Facts and figures about the European Union. European Union. Retrieved from https://european-union.europa.eu/principles-countries-history/facts-and-figures-european-union_en

¹³ Eurostat. (2024). Living conditions in Europe - poverty and social exclusion. European Commission.

¹⁴ Simeonova, V., & Milkova, K. (2019). "Shrinking cities" in Bulgaria: An attempt for defining the models of "urban shrinkage". In Smart geography: Key challenges

in geography (EUROGEO book series) (pp. 143-153). Springer. https://doi.org/10.1007/978-3-030-28191-5_12

¹⁵ World Bank Group (2017)

¹⁶ Hermansen, M. (2021). Reducing regional disparities for inclusive growth in Bulgaria. OECD Economics Department Working Papers No. 1663. Paris: OECD Publishing.

¹⁷ Gabova, S. (2020). Municipal housing policies: a key factor for successful integration at the local level. UNHCR

¹⁸ Based on Geróházi, É., Szemző, H., Bekker, B. (2024). Comparative analysis of subsidy schemes supporting the energy efficient renovation of residential buildings. Report for European Climate Foundation.

provide major financial support that, although not traditional social housing, are crucial in promoting higher quality homes, and reducing housing costs (e.g., via lower utility bills).

Strengths: The programme has several notable strengths in its implementation and structure. Municipalities have been granted a comprehensive management authority over the subsidy programmes, handling everything from application processing to technical oversight of refurbishments, which has fostered valuable local expertise. The programmes are characterised by exceptionally generous subsidy rates, previously reaching 100% and currently maintaining 80% under the Recovery and Resilience Facility (RRF); effectively addressing financial barriers for households. Additionally, the programmes take a comprehensive approach to energy efficiency, supporting complex interventions that include external building envelope renovations, door and window replacements, and modernisation of heating systems.

Weaknesses: Despite its promising features, the programme also faces several challenges. The overall impact remains limited, with only a small fraction of the housing stock receiving renovations, resulting in minimal improvement to residential energy efficiency across the country. The programme overlooked single-family homes, though recent initiatives have begun to address this gap. The high degree of municipal control, while beneficial in some ways, has created potential corruption risks due to insufficient oversight. Long-term sustainability is a concern, particularly given the heavy reliance on high subsidy rates that may become untenable if EU funding changes. Technical challenges have also emerged, with an evolving focus that emphasises energy efficiency over structural interventions, coupled with concerns about municipalities' capacity to provide adequate technical support and supervision.

Lessons for other nations: The Bulgarian experience offers valuable insights for other countries considering similar programmes. The importance of local governance through municipalities in managing energy efficiency programmes has been clearly demonstrated, though this must be balanced with appropriate oversight. While high subsidies can effectively overcome initial financial barriers, countries must carefully consider the long-term sustainability of such approaches. A truly comprehensive approach should encompass both multi-family and single-family homes, while incorporating strong social targeting mechanisms to ensure programmes reach low-income and vulnerable households. Finally, policymakers should carefully consider the sequencing of interventions, potentially prioritising structural improvements before energy efficiency measures to ensure long-term effectiveness of the programmes.

Conclusions

Bulgaria's social housing landscape reflects a complex interplay of historical legacy, economic transitions, and demographic challenges. With only 0.8% of the housing stock being state or municipally owned, the country faces significant constraints in providing adequate social housing. The situation is further complicated by ageing population patterns, migration trends, and territorial disparities that have led to high vacancy rates in some areas while creating affordability challenges in others. While the success of energy-efficient renovation programmes demonstrates the potential for local management and high subsidy rates, they also highlight the need for greater social targeting, a more balanced approach between multi-family and single-family dwellings, and a sustainable financial model.