

# CYPRUS

PREPARED BY                      Housing Europe  
PRIMARY AUTHOR                Alice Pittini  
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**Table 1: Cypriot housing stock, by tenure (2021)**

Ownership type	Number of dwellings	Percentage
Owner-occupier	247,019	69.9%
Rental	74,809	21.2%
– of which: social rental	0	0%
Provided for free	17,890	5.1%
Other	12,397	3.5%
<b>Total</b>	<b>353,432</b>	

Source: CYSTAT, *Census of Population and Housing 2021: final results*. Notes: Conventional dwellings used as usual residence only

### Brief historical overview

The division of the island of Cyprus into Greek and Turkish areas in 1974 resulted in the displacement of nearly 200,000 Greek Cypriots from the occupied area, forcing them to relocate to the southern part of the island. Many had to seek temporary shelter in barracks, public buildings, makeshift accommodation, tented camps, or the homes of relatives.<sup>1</sup> The government stepped in with several programmes addressing the needs displaced households, and this resulted in unique tenure categories, such as ‘refugee estates’, Turkish Cypriot houses, and self-help schemes.<sup>2</sup>

For those unaffected by the forced division and displacement, however, housing has always been primarily supplied by the private sector. Nevertheless, since the 1980s, several low-cost housing initiatives have been launched to assist low- and middle-income families in purchasing homes<sup>3</sup> mainly through the creation of the Cyprus Land Development Corporation (*Κυπριακός Οργανισμός Αναπτύξεως Γης*, KOAG)

### What is meant by social housing?

Cyprus, similar to Greece, represents an exception compared to other European countries in that there is virtually no social rental housing provision. However, the Department of

Town Planning and Housing, within the Ministry of Interior, is responsible for running several schemes targeting different population groups.

Against this background, the idea of ‘social housing policies’ is sometimes used in reference to programmes aimed at supporting specific population groups; mainly internally displaced people resulting from the previously mentioned division of the island.

Furthermore, ‘affordable housing’ consists of units offered for sale to eligible low- and moderate-income households at a price based on the average construction cost. Buyers are required to use the property as their primary residence for a minimum of 10 years and are prohibited from selling it during this period. These affordable purchase schemes are managed and overseen by KOAG. More recently, though, the Government has announced that, working through KOAG, it will develop housing for “affordable rent”. This is a new departure for Cyprus, which may represent the green shoots of a future ‘social’ housing programme.

### Financing and supports

In terms of schemes for “affordable rent” (i.e., social housing), KOAG has recently been tasked with planning and building 138 units, with funding of €16 million from central government.<sup>4</sup> These

<sup>1</sup> Christos Koutsampelas, Sofia N. Andreou and Evi Tsolaki (2019), National strategies to fight homelessness and housing exclusion: Cyprus. European Commission ESPN

<sup>2</sup> Housing Europe (2012) *Housing Europe Review 2012: the nuts and bolts of social housing systems in Europe*

<sup>3</sup> *Ibid.*

<sup>4</sup> Ministry of the Interior (2024, July 15). Press Release: Affordable Housing Units (CLDC Schemes).

will then be offered to eligible low-income households at below market prices. Further developments are planned for 2026,<sup>5</sup> though at the time of writing there is no longer term delivery objective or targets to be met.

Additionally, there is a 'Build to Rent' scheme, whereby investors commit to renting a portion of units within a new development at market rates while allocating the remaining units to beneficiaries of affordable housing, in exchange of enhanced planning permission (e.g., ability to build more densely).

Furthermore, a 'Renovate and Rent' subsidy scheme aims at mobilising the existing vacant stock. Owners can receive a grant of up to €20,000, as well as tax exemptions, to renovate properties which must then be rented out at affordable rates for at least four years (30% below the local market rate).<sup>6</sup>

As for access to home ownership, besides the production of affordable housing for purchase by KOAG, the special housing incentives programme offers urban planning incentives to developers. More specifically, the programme grants "enhanced development" opportunities for plots, provided the owner builds affordable housing units (alongside planned market housing). Homes will be allocated to beneficiaries selected by the KOAG, and sold at a price determined by the organisation.

There are also two schemes focusing on providing financial support to households with low incomes for the acquisition of a privately owned residence for permanent ownership in specific rural areas and in mountainous, border, and disadvantaged regions respectively.

Finally, the government provides financial support to young people under 41 years of age for the construction or purchase of their first home.

## Accessing social housing

<sup>5</sup> See: <https://news.cyprus.eu/en/news/world/neo-anaptiksiako-proghramma-paroyysiase-o-kipriakos-orghanismos-anaptykseos-gis>

<sup>6</sup> Agapiou, G. (2024, November 11). Government unveils subsidies, grants for first-time homebuyers, affordable rentals. Nicosia: Cyprus Mail.

Displaced families have been the main target groups of government funded housing schemes in the past. Other schemes have also been introduced over time for a wider range of target groups, with the main criteria being having a low-to-middle income (depending on the scheme) and not already owning property.

For example, to be eligible to purchase an affordable home through the KOAG, a single-person household must not have an annual gross income in excess of €25,000. Allowable income increases based on the size and composition of a household, but in all cases can never exceed €65,000. The same income thresholds also apply for 'affordable plot' schemes operated by the KOAG, where land is sold to support the construction of housing<sup>7</sup>. It is not yet known what the eligibility criteria will be for the future 'affordable rent' programme.

## Service delivery

To complement and support the private sector, the government established KOAG in 1982. The Corporation acquires land, which it divides into individual plots for sale to eligible households, or allocates for the construction of residences and apartments. Land can be acquired in different ways, but in many cases it consists of a transfer of land that is already owned by some other part of the state to KOAG. Under Article 23 of the Constitution, the state also has the power to expropriate private land for "public benefit" purposes.

The KOAG finances its own operations and executes projects with its own capital and/or other financial resources. It is estimated that KOAG has built roughly 830 apartments and 1,850 houses since its establishment. These properties were always provided for affordable purchase, rather than for rent as 'social' housing. However, as discussed before, the KOAG will develop rental housing in the near future. At the same time, the KOAG has undertaken the

<sup>7</sup> For more information and an overview of eligibility criteria, see: <https://www.cldc.org.cy/cgibin/hweb?-A=7&-V=schemes&VCATEGORY=0000>

implementation and management of a number of housing schemes on behalf of the government involving private developers (see above).

### Integration with social policy

As mentioned above, housing needs in Cyprus have been mainly addressed through schemes supporting homeownership.

Besides an increasing focus on youth access to housing, public policy seems to still be heavily

influenced by the legacy of the division of the island, rather than purely social policy concerns.

However, it is worth mentioning that support is available under the ‘Guaranteed Minimum Income’ scheme (for unemployed persons registered with Public Employment Services) to help with both rent and mortgage payments. Housing allowances vary according to location and household size/composition.

## CASE STUDY / KEY POLICY FEATURE

### Cyprus Land Development Corporation (KOAG)

KOAG is a public agency committed to the strategic management and development of public land in Cyprus. Established to transform underutilised state property, KOAG plays an important role in addressing the nation’s housing and urban renewal challenges. Its mandate includes acquiring, planning, and developing land to support the development of housing options for those on low and moderate incomes.

KOAG’s remit covers:

- **Identification and Acquisition:** Locating and securing suitable state-owned lands.
- **Urban Renewal & Housing Projects:** Planning and executing urban regeneration and affordable housing initiatives.
- **Collaboration:** Working with municipal authorities, private investors, and international partners.
- **Sustainable Development:** Enhancing land use efficiency while promoting environmental sustainability.

The organisation is primarily financed through government allocations, with additional support from European Union structural funds and public-private partnerships.

Key achievements of KOAG include:

- Conversion of idle state lands into residential and commercial developments;
- Delivery of affordable housing projects benefiting low- and middle-income households;
- Promotion of local regeneration schemes;
- Accessing available EU funding to support its core mission.

Currently, KOAG is focused on further expanding affordable housing initiatives, driving urban regeneration, and developing new land management strategies. Looking ahead, KOAG plans to increase the number of affordable homes made available for purchase, as well as developing its first ‘affordable rent’ schemes.

## Conclusions

There is no social rental housing in Cyprus at present. Over time, the government has implemented several housing schemes with the purpose of assisting various social groups; mainly by facilitating access to housing for purchase at an affordable price, but there has been no comprehensive policy framework to date. Most recently, new schemes have been introduced that also aim at creating supply of affordable rental housing, but they are still at an early stage.