

LATVIA

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Table 1: Housing stock in Latvia, by tenure

Ownership type	Number of dwellings	Percentage
Owner-occupied	515,791	63.6%
Private rental	118,405	14.6%
Social rental	20,275	2.5%
Other*	154,088	19.0%
Not identified	2,433	0.3%
Total	810,992	

Source: Spūle, S. (2024). *House for All: Access to Affordable and Quality Housing for All People*. Country fiche: Latvia. Luxembourg: ESPON EGTC.

Notes: The numbers in the tables are estimations by Spūle based on 2021 Census Data and OECD Data. Total number of dwellings refer to all inhabited dwellings, number of dwellings is estimated from data of the Official Statistics Portal of Latvia.

* Dwellings of other types of ownership are primarily dwellings in which the legal owner does not live, but at least one occupant has agreed with the owner the conditions for its use, or is a relative or spouse of the owner.

Brief historical overview

Latvia's housing policy has undergone significant transformations, shaped by historical and socio-economic shifts. During the Soviet period (1950s–1991), large-scale housing estates were constructed as part of centrally planned urban expansion. These estates, built primarily with prefabricated materials, were meant to address housing shortages and provide affordable accommodation. The Soviet Government prioritised mass housing, offering subsidised rents, which made homeownership rare. Housing estates were often built on the outskirts of cities, such as Riga, and included essential services like schools and shops.

Following Latvia's independence in 1991, a transition to a market economy led to the privatisation of state-owned housing. As a result, owner-occupied housing increased substantially. At the same time, the municipal rental sector shrank dramatically, leaving only a small share of housing under direct public control.¹

Today, a significant percentage of the population, especially in urban areas, still resides in Soviet-era apartment blocks. While

these housing estates remain an affordable option for many, they suffer from ageing infrastructure and require significant investment in modernisation.

Social housing provision is very limited, with municipal initiatives largely aiming to support vulnerable groups, including those displaced due to property restitution. Over the past decades, suburbanisation and in-fill development have introduced new housing types, but large-scale estates remain a dominant part of the urban landscape.²

What is meant by social housing?

Social housing in Latvia is primarily aimed at providing affordable living spaces for individuals and families facing economic and social difficulties. The system is managed through a combination of national policy oversight and local government administration—ensuring that housing assistance reaches those in need and aligns with national development objectives.

The Ministry of Economics (MoE) is the main governmental body responsible for housing policy in Latvia. It plays a key role in drafting relevant laws and guidelines, as well as

¹ Krišjāne et al. (2019). Residential Change and Socio-demographic Challenges for Large Housing Estates in Riga, Latvia. In: Hess, D. B., & Tammaru, T (eds.). *Housing Estates in the Baltic Countries*. Cham: Springer International Publishing.

² Drémaité, M. (2019). The Exceptional Design of Large Housing Estates in the Baltic Countries. In: Hess, D. B., & Tammaru, T (eds.). *Housing Estates in the Baltic Countries*. Cham: Springer International Publishing.

developing financial support mechanisms to enhance housing accessibility. While the MoE establishes the overarching framework, provision of social housing is handled by municipal authorities, who are tasked with addressing local housing needs.³

Municipalities acquire housing through multiple channels, including inheritance from the state, purchases, auctions, and new construction projects. Local governments are legally required to assist certain population groups in securing housing, particularly those classified as socially or economically vulnerable. In addition to fulfilling this obligation, some municipalities take further steps to develop local housing policies and expand affordable housing options within their (often limited) financial capacity.⁴

However, Latvia is now actively utilising international funding sources, complemented by national budget allocations, to strengthen its underdeveloped rental housing sector. Through the state development bank (Altum), municipalities are constructing low-rent dwellings, while a new public-private-partnership programme is being prepared, in order to provide affordable rental housing for workers in Riga, but also in other regional cities. This will be outlined later.

Despite some increase in public efforts in recent years, demand for social housing in Latvia remains high. Currently, approximately 5,000 individuals are on waiting lists for municipal rental units or social flats.⁵

Financing and supports

The financing of new social housing in Latvia relies primarily on European Union funds, complimented by national co-funding. The European Regional Development Fund (ERDF) provides the main funding for social and municipal rental housing renovations and reconstructions. The total funding in the current

funding period amounts to €60.9 million, with approximately €51.8 million sourced from the ERDF and at least €9.1 million from co-financing from municipal budgets.⁶

Meanwhile, the post-COVID Recovery and Resilience Facility (RRF) supports the construction of new social housing, aiming to expand the stock of affordable rental units. The new Housing Affordability Fund (*Mājokļu pieejamības fonds*) receives financial support from the Latvian RRF allocation, with an initial capitalisation of €42.9 million, supplemented by a potential state loan of up to €10 million through Altum; the Latvian state-owned investment fund.

Developers are also expected to contribute their own investment, covering a minimum of 5% of eligible project costs, while further financing can come from Altum loans or commercial bank loans.

A capital rebate grant of up to 30% of eligible project costs is available for projects completed before August 2026, reducing financial burdens on developers. The Housing Affordability Fund is aiming to create a revolving fund scheme where rental income plays a role in sustaining the funding mechanism, with a portion allocated toward loan repayments and building maintenance.⁷

Accessing social housing

Eligibility for social housing in Latvia is primarily determined by income levels and specific social criteria outlined in national regulations. Households seeking assistance must register on municipal waiting lists, with housing allocated based on the order of application.

Priority is often given to particularly vulnerable groups, such as low-income families, individuals with disabilities, and senior citizens. While applicants can decline up to two suitable housing offers without losing their position in the queue,

³ Spüle, S. (2024). *House for All: Access to Affordable and Quality Housing for All People. Country fiche: Latvia*. Luxembourg: ESPON EGTC.

⁴ *Ibid.*

⁵ Ministry of Economics of Latvia. (2023, September 19). Funding available for municipalities for the renovation and construction of social housing. Available

at: <https://www.em.gov.lv/en/article/fundingavailable-municipalities-renovation-and-construction-social-housing>. Retrieved: 17/02/2025.

⁶ *Ibid.*

⁷ OECD. (2023). Strengthening Latvia's Housing Affordability Fund.

the current system does not fully address the needs of elderly residents who require age-friendly housing adaptations.

Municipalities play a key role in managing the application process, ensuring that households receive a home that meets their specific needs, while adhering to non-discrimination principles. The Law on Assistance in Solving Apartment Matters⁸ requires municipalities to review if the households are still eligible for social housing every six months, though the extent to which this is enforced is unclear.⁹

Rents for newly built social housing units by the Housing Affordability Fund are regulated to maintain affordability, with a maximum allowable 'base rent' charge of €5.87 per square meter per month. This base rent is supplemented by building-specific additional costs, including local property taxes, insurance, and utility expenses. To ensure the long-term maintenance of housing stock, tenants must also contribute €0.25 per square meter monthly to a repair and maintenance fund (i.e., €210 per year for a 70sqm apartment). This is the same as the approach used in the Austrian limited-profit housing sector.

Rent increases are permitted annually, in line with inflation. Tenants are also required to provide a security deposit equivalent to two months' rent upon signing their lease agreements, helping to guarantee financial sustainability and proper upkeep of the housing units.¹⁰

The management and operation of social housing in Latvia are the responsibility of municipal authorities, leading to variations in how housing is allocated and maintained across different cities and regions. While national policy provides a general framework for eligibility, rent limits, and tenants' rights, municipalities have

significant discretion in setting specific rent levels, managing waiting lists, and identifying priority target groups based on local needs.

This decentralised approach means that access to social housing, as well as the quality and affordability of available units, can differ considerably from one municipality to another.¹¹

Service delivery

Latvia's approach to new social housing developments involves both the construction of new affordable rental units and the renovation of existing properties. Social housing in Latvia is delivered through a combination of different methods, depending on funding availability and municipal strategies.

New housing developments are often constructed directly by municipal authorities or supported through public-private partnerships, where real estate developers receive financial incentives such as partial loan rebates to participate in affordable housing projects. Some municipalities also acquire existing housing units, either through purchase or by repurposing state-owned properties, to expand the social housing stock more quickly.

Latvian municipalities typically use existing public land and housing—primarily those assets that were retained after the 1990s restitution process or reverted to state ownership—for housing projects, with new construction usually taking place on municipal land to lower costs. Since land supply is generally not a major barrier, policy efforts focus instead on mobilising financial resources and incentives (via ERDF, RRF, or the Housing Affordability Fund) to build or renovate social housing rather than creating mechanisms to secure more land.¹²

Altum implements a range of national development programmes, including housing and regional investment schemes. One of its key ongoing initiatives is the 'Low-Rent Housing Construction Programme' (*Zemas īres maksas*

⁸ Available at : <https://likumi.lv/ta/en/id/56812-law-on-assistance-in-solving-apartment-matters>

⁹ Gajewski, G. (2024). *Social Housing and Beyond: Operational toolkit on the use of EU funds for investments in social housing and associated services*. Directorate-General for Employment, Social Affairs and Inclusion. Luxembourg: Publications Office of the European Union.

¹⁰ OECD. (2023). Strengthening Latvia's Housing Affordability Fund.

¹¹ Dobariya et al. (2024). Regulatory and Policy Framework for Social Housing in Latvia: Current State and Future Directions. *Baltic Journal of Real Estate Economics and Construction Management* 12, pp. 276–284 <https://doi.org/10.2478/bjreecm-2024-0018>.

¹² OECD. (2023). Strengthening Latvia's Housing Affordability Fund.

mājokļu būvniecības programma), launched under the EU Recovery and Resilience Facility (RRF) and operated in partnership with municipalities to expand affordable rental supply, particularly outside Riga.

The programme addresses long-standing market failures in regional rental housing by offering long-term, low-interest loans (0.69% for up to 30 years) and capital rebates of up to 30% of project costs upon completion and rental. Developers may also access a VAT loan to cover liquidity gaps during construction.¹³

Projects must comply with income and rent caps: the rent ceiling is set at approximately €6.40–6.47/m² per month. Gross household incomes may not exceed €1,681 per month for a one-room, €2,896 for a two-room, and €4,433 for a three-room apartment, as defined by Cabinet Regulation No. 459 (2022). These rules ensure that the dwellings remain accessible to lower- and middle-income households, without being classified as “social housing.”

By early 2025, ALTUM had signed seven loan agreements covering 446 apartments, while six additional projects (233 units) were under evaluation. In April 2025, the Cabinet of Ministers approved €29 million in new funding and up to €5 million in VAT support to extend the programme through 2026. Ongoing construction or planning covers municipalities such as Valmiera, Bauska, Jelgava, Tukums, Ventspils, Cēsis, and Alūksne, together representing more than 420–446 new apartments.

Example projects include Valmiera (120 units, €12.1m total cost; €11.6m ALTUM loan, 30% rebate) and Jelgava (116 units, €13.1m total cost). The new housing is typically energy-efficient, multi-family stock designed for stable long-term rental, rather than speculative resale.¹⁴

The 2025 funding decision effectively renewed and scaled up the low-rent housing programme, signalling sustained political and fiscal commitment to the approach. ALTUM’s 2025–

2027 strategy further prioritises affordable rental housing as part of its broader regional-development and social-investment portfolio, combining financial discipline with public-policy objectives. The programme demonstrates a sustainable model for bridging the gap between social and market housing segments, one that may inspire similar institutional solutions in neighbouring countries such as Lithuania.¹⁵

Integration with social policy

Social housing in Latvia has been continuously diminishing since the Soviet period. Over the last three decades, the Latvian government has prioritised private homeownership by providing various loans and grants to citizens while investing less in the expansion of social housing. However, in recent years, investments in expanding the social housing sector have begun with the support of various European funding programmes, namely the ERDF and RRF. Below is a brief summary of the different housing policy instruments introduced by the Latvian government in recent years:¹⁶

- Housing guarantee program expansion: Increased loan guarantees for large families and professionals, allowing families with four or more children to reapply if their housing needs change;
- ‘Balsts’ housing subsidy: Financial support of up to €12,000 for families with three or more children to buy or build a home;
- Housing benefit reforms: Raised income thresholds and benefit amounts in 2021, with further adjustments in 2022 to expand access; standardised calculation and eligibility criteria across municipalities under the renamed *Mājokļa pabalsts*.
- Residential tenancy law reform: Enacted in 2021 to create a fairer balance between tenant and landlord rights, streamline

¹³ ALTUM (2023). *Loans for Low-Rent Housing Construction – Programme Description*. <https://www.altum.lv/en/services/enterprises/loans-for-low-rent-housing-construction> Ministry of Economics of Latvia (2024).

¹⁴ Ministry of Economics of Latvia. (2025). *Six Affordable Rental Housing Projects Being Built Across Latvia with ALTUM Support*.

<https://www.em.gov.lv/en/article/six-affordable-rental-housing-projects-being-built-across-latvia-altum-support>

¹⁵ *Low-Rent Housing in the Regions Will Heat Up the Construction Market*.

ALTUM (2025). *Strategy 2025–2027 (Short Version)*. Riga: ALTUM.

¹⁶ Based on : OECD. (2023). *Strengthening Latvia’s Housing Affordability Fund*.

- dispute resolution, and encourage private rental investment to support labour mobility.
- Multi-apartment renovation support: Homeowners and legal entity landlords can apply for Altum loans to improve multi-apartment buildings and surrounding areas.
 - Energy efficiency grants: Financial aid available since 2021 for families with children to upgrade single-family homes, including up to EUR 1,000 for technical assistance and EUR 5,000 for energy-efficient improvements.
 - Altum loan programme expansion: Additional funding for developers to support the construction of rental and for-sale housing under market conditions, introduced at the end of 2021.

Latvia's social housing strategy aims to ensure that all households have access to adequate and

affordable housing, while improving overall housing quality. By 2050, the goal is to meet high standards in energy efficiency, safety, and construction; supported by a legal framework that encourages both public and private investment in housing.¹⁷ The Government's plan prioritises expanding social housing and financial assistance for low-income and vulnerable groups, with particular incentives for large families.

Many recent investment initiatives are directed toward increasing the supply of 'affordable' rental housing, while also promoting better real estate management and energy-efficient upgrades. Additionally, efforts are being made to strengthen the rental market through regulatory, tax, and property management reforms.

CASE STUDY / KEY POLICY FEATURE

The Latvian PPP Programme “Rental Housing for Latvian Professionals” (2024–2030)

The Rental Housing for Latvian Professionals initiative marks Latvia's first nationwide attempt to deliver affordable housing through a public-private partnership (PPP) model. The programme was launched in 2024, following preparatory work by the Ministry of Finance, the Ministry of Economics, and the State Real Estate Company (Valsts nekustamie īpašumi, VNI), with advisory support from the European Investment Bank (EIB) under the InvestEU Advisory Hub.

The programme's strategic aim is to create modern, energy-efficient rental housing for public-sector and professional workers, including teachers, doctors, police, municipal employees, and other key-workers in regional cities where housing shortages constrain labour mobility. The national plan foresees the construction of up to 2,260 rental dwellings by 2030, with an initial pilot phase of around 1,000 units under preparation.

The PPP structure follows a design–build–finance–maintain–operate (DBFMO) model. The private partner is responsible for design, construction, financing, and maintenance over a 25–30-year period, while the state and municipalities provide land, local co-funding, and ensure long-term payment commitments. Upon completion of the concession period, the housing assets will be transferred into municipal ownership, ensuring public control over the long-term use. Payments from the public side will be made through an availability-payment mechanism.

In 2025, after a national screening and technical assessment, nine municipalities were selected for the first “lot” of projects: Feasibility studies proposed a total of 1,129 apartments, ranging from 48 units in smaller towns to over 200 in Liepāja. By autumn 2025, seven municipalities had confirmed formal participation (Gulbene, Tukums, Jēkabpils, Liepāja, Daugavpils, Cēsis, and Rīga) representing an estimated 924 dwellings in the initial implementation pipeline.

¹⁷ Spüle, S. (2024). *House for All: Access to Affordable and Quality Housing for All People. Country fiche: Latvia*. Luxembourg: ESPON EGTC.

The financial and economic models are still under refinement, including the exact size of public co-financing, rent-level formulas, and the allocation of inflation and maintenance risks. Preliminary estimates indicate that rents will be set 20–30% below regional market levels, to remain affordable for middle-income workers while ensuring cost recovery through the availability payments.

The EIB provides advisory support on value-for-money assessment, risk allocation, and procurement design, ensuring that the projects comply with EU and national PPP regulations. Despite this, it should be noted that some policymakers have raised concerns about the scheme, citing a lack of clarity on the long term impact on municipal budgets as a result of the obligation to make availability payments and the overall final cost of the programme.¹⁸

As of late 2025, the programme remains in the pre-procurement and structuring stage, but it represents a step forward in developing an additional scalable affordable housing delivery model in Latvia. If successfully implemented, the first PPP lot—around 900 to 1 000 new units—could double the annual output of affordable rental housing and establish a template for future regional and thematic expansions.¹⁹

Conclusions

Latvia's social housing sector has undergone significant changes over the past three decades, shifting from a state-controlled housing model during the Soviet era to a market-driven system emphasizing private homeownership. This transition led to a decline in social housing availability, with municipalities left as the primary providers of affordable rental housing.

In recent years, the government has begun reinvesting in social and affordable housing, leveraging European funding sources such as the ERDF and RRF to renovate and expand the sector. The establishment of the Housing Affordability Fund in 2022 marked an important step in creating a sustainable financing model, drawing inspiration from successful European examples.

Moving forward, Latvia aims to balance national oversight with local implementation, ensuring that investments in social housing contribute to long-term affordability, energy efficiency, and housing security. However, the sector still faces challenges, including high demand, regional disparities, and the need for continued investment to modernise an ageing housing stock. Addressing these issues will require ongoing collaboration between national and municipal authorities, as well as a sustained commitment to expanding affordable housing options for vulnerable groups.

¹⁸ For example: Dieziņa, S. (2025, 4 August). Municipalities mull participation in affordable rental housing programme. Riga: LSM+

¹⁹ Ministry of Finance of Latvia, 2024–2025; VNĪ / State Real Estate Company, 2024–2025; European Investment Bank, 2024.)