

# LITHUANIA

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**Table 1: Tenure structure of dwellings, Lithuania (2021)**

Ownership type	Number of dwellings	Percentage
Owner-occupied	1,107,741	77.1
Other tenure status	105,656	7.3
- of which: municipal housing	39,700	2.8
o of which: rented as 'social housing'	12,100	0.8
Unoccupied / Non-primary residence	224,283	15.6
<b>Total</b>	<b>1,437,680</b>	

Source: Based on Population and Housing Census 2021; and 'OECD Affordable Housing Database'

Notes: According to the OECD, the true size of the private rental market is likely larger, in light of the shadow rental market, which persists, and is exacerbated by lenient regulatory provisions, including the continued use of oral contracts.

### Brief historical overview

Housing policy in Lithuania can be divided into two distinct eras. The first covers the Soviet period (1940–1991), when a centrally planned approach prioritised rapid urbanisation and industrial needs. During this time, the state controlled housing provision, leading to the predominance of standardised utilitarian high-rise apartment blocks.

The second era began with Lithuania's independence in the early 1990s. This period marked a dramatic shift to a market economy and the extensive privatisation of publicly owned housing assets. Most state housing was transferred to private hands, leaving only a small stock of 'municipal housing'.

Since the early 1990s, Lithuania's housing system has evolved in parallel with profound demographic and economic shifts. The country's population declined from about 3.7 million in 1990 to below 2.9 million in 2024; driven by large-scale emigration and persistently low fertility.<sup>1,2</sup> This demographic contraction has deeply shaped the housing system: while major cities such as Vilnius, Kaunas, and Klaipėda have retained or even gained population, peripheral and rural regions have suffered severe depopulation, leaving behind underused

or abandoned housing and deteriorating infrastructure.<sup>3</sup>

The first major reform was the mass privatisation of state-owned dwellings in the early 1990s. This transferred almost the entire public housing stock to sitting tenants at symbolic prices, creating a society of homeowners almost overnight. By the end of the decade, over 90% of dwellings were privately owned, one of the highest ratios in Europe.<sup>4</sup> However, privatisation did not solve the problems that had been inherited from the Soviet era. In effect, it shifted responsibility for building maintenance and modernisation to individual households, many of whom lacked financial and organisational capacity. Homeowners' associations remained weak, and the physical condition of the housing stock continued to deteriorate, particularly in the old prefabricated apartment blocks.<sup>5,6</sup>

Municipalities retained only a small and low-quality residual stock of homes, typically in less attractive locations. Today, the municipal and social housing sector accounts for less than 2% of total dwellings, one of the smallest shares in the EU. In Vilnius and Kaunas, the municipal stock is around 3,000 dwellings; mostly older buildings in need of renovation.<sup>7</sup> Limited capacity means that municipalities can influence housing

<sup>1</sup> Statistics Lithuania (2024). Housing and Population Data. Vilnius.

<sup>2</sup> OECD. (2023). Policy Actions for Affordable Housing in Lithuania. OECD Publishing, Paris.

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

<sup>4</sup> United Nations Economic Commission for Europe (UNECE) (2004). Country Profile on the Housing Sector: Lithuania. Geneva.

<sup>5</sup> World Bank (1998). *Housing Reform and Finance in the Baltic States*. Washington, D.C.

<sup>6</sup> OECD. (2023)

<sup>7</sup> Vilnius and Kaunas municipal data, 2023

outcomes only marginally. Waiting lists for social dwellings remain long, and the sector functions mainly as a safety net for vulnerable households.

In the late 1990s and early 2000s, Lithuania introduced the legal and financial framework for mortgage lending—including a unified property register and the Law on Mortgages (2003)—which enabled private banks to expand long-term housing finance. After EU accession in 2004, mortgage lending increased sharply, driven by rising incomes, low euro-based interest rates, and the entry of Swedish-owned banks (Swedbank, SEB, DnB Nord).<sup>8,9</sup> Between 2001 and 2007, the mortgage portfolio grew more than twentyfold, and housing prices in Vilnius and Klaipėda doubled or tripled. Unlike in several other Central European countries, this boom was almost entirely market-driven, with virtually no state subsidies or interest-rate support schemes.<sup>10</sup>

The 2008 financial crisis abruptly ended this expansion. Lithuania's GDP fell by nearly 15% in 2009, housing prices dropped by 30–40%, and new construction almost stopped.<sup>11</sup> Many households faced negative equity, and construction firms collapsed, while municipalities lacked financial means to intervene. The banking system, however, remained stable thanks to support from Nordic parent banks. Since then, housing policy has been largely reactive, focused mainly on EU-funded energy-efficiency renovation programmes, rather than on proactive provision of new housing.<sup>12</sup>

As a result, Lithuania's housing system today remains highly privatised, socially polarised, and spatially uneven: a dynamic, mortgage-based urban segment coexists with an ageing, shrinking, and under-invested housing stock in rural regions. Public policy continues to rely

more on private initiative and external (EU) funding than on a coherent, long-term national strategy.

### What is meant by social housing?

Social housing (*socialinis būstas*) is defined in the Law on Support for the Acquisition or Rental of Housing<sup>13</sup> as a dwelling owned by a municipality and approved for use as social housing by the municipal council, forming part of the Municipal Housing Fund (*Savivaldybės būsto fondas*).<sup>14</sup>

This somewhat complex definition reflects the dual structure of municipal housing management: while all social housing is municipally controlled, not all municipally controlled housing is legally defined as social housing. Only a limited part of the municipal stock—about 12,000 dwellings, representing less than 1% of the national housing stock—is officially recognised as “social housing”.<sup>15</sup>

Under the law, two categories of municipally managed dwellings are distinguished. (1)

- **Municipal housing (*savivaldybės būstas*):** dwellings owned or leased by municipalities, but rented to households that do not qualify for social housing. Currently, rents for these dwellings are set at market-based levels, except where the municipal council decides on partial subsidies or exemptions;
- **Social housing (*socialinis būstas*):** dwellings owned or leased by municipalities and rented under regulated, non-market conditions to eligible households meeting strict criteria on income and other factors.<sup>16</sup>

<sup>8</sup> IMF (2008). Republic of Lithuania: Financial System Stability Assessment. IMF Country Report No. 08/128.

<sup>9</sup> Lietuvos Bankas (2008). Financial Stability Review. Vilnius.

<sup>10</sup> OECD (2009). Economic Survey: Lithuania. OECD Publishing, Paris.

<sup>11</sup> IMF (2009). Republic of Lithuania: 2009 Article IV Consultation. IMF Country Report No. 09/305.

<sup>12</sup> OECD. (2023)

<sup>13</sup> Law on Support for the Acquisition or Rental of Housing of the Republic of Lithuania, 2014 m. spalio 9 d. Nr. XII-1215, Teisės aktų registras (TAR), 2014-10-30, i. k. 2014-15180 (consolidated version effective 2025-07-01 to 2025-12-31).

<sup>14</sup> Law on Support for the Acquisition or Rental of Housing of the Republic of Lithuania (2014)

<sup>15</sup> OECD. (2023)

<sup>16</sup> Law on Support for the Acquisition or Rental of Housing of the Republic of Lithuania (2014)

Since 2019, municipalities may also lease dwellings from private owners and let them to eligible households; i.e., a social rental agency type model. Despite these provisions, enforcement is inconsistent, and the supply of social housing remains below demand.<sup>17</sup>

While the rent for social housing varies widely between local authorities, they are far below market levels. Municipal rents have been gradually indexed to inflation since

### Financing and supports

Financing for the development, acquisition, or leasing of homes for use as social housing has typically come from a combination of central government and municipal funds, as well as structural funds from the European Union.

As central government has gradually wound down its support for capital investment in social housing, EU financing has played a crucial role. Over the 2016–2020 period, approximately €50 million in EU structural funds were allocated to social housing programmes, supplemented by around 15% in municipal co-financing (€8.8m).<sup>18</sup> These funds have mainly supported refurbishment, conversions, and small-scale acquisitions rather than new large-scale construction.

Despite this, the municipal housing sector remains financially constrained and stagnant. The Law on Support for the Acquisition or Rental of Housing defines the municipal housing fund (*savivaldybės būsto fondas*), but provides no stable or earmarked central funding for its expansion.

Local governments must, therefore, finance both maintenance and new investments from their own budgets and rental revenues. As rents for social dwellings are administratively capped far

below market levels, the sector usually operates with negative cash flow. There is no state-level equalisation or subsidy to compensate these losses.<sup>19</sup>

Consequently, little new social housing has been built in recent decades. Additions occur mainly through acquisition and conversion, not through new construction. For instance, Vilnius purchased 180 dwellings for social use in 2023.<sup>20</sup> The municipal housing companies (e.g. *Vilniaus miesto būstas*) act mainly as property managers, covering maintenance and tenant administration, with limited capacity for development. In 2024, *Vilniaus miesto būstas* reported sales revenues of €6 million, while total major operational and financial expenses amounted to €6.1 million, resulting in a net loss of around €100,000.<sup>21</sup>

Efforts to expand the social housing stock currently follow three policy axes:

1. A new law on territorial planning grants a “*density bonus*”—allowing additional floor area—to developers who allocate at least 10% of project area to social housing;
2. New allocation rules (2021 amendments) strengthen the priority for households in greatest need when assigning municipal housing;
3. A long-term rental sublease scheme, introduced in 2019, allows private owners to lease their dwellings to municipalities for use as social housing, with municipalities paying part of the rent directly to the owner.<sup>22</sup>

In addition to modest efforts to enlarge the municipally controlled stock, the state has expanded rental supports for low-income households in the private sector, providing partial rent compensation to eligible tenants.

<sup>17</sup> OECD. (2023)

<sup>18</sup> FI-Compass (2022). Everybody Deserves a Healthy, Affordable, and Sustainable Home. European Commission / EIB.

<sup>19</sup> Law on Support for the Acquisition or Rental of Housing (2014); OECD. (2023)

<sup>20</sup> Vilniaus miesto būstas. (2023, June). Vilniaus miesto savivaldybė socialinio būsto reikmėms perka 180 būstų [Vilnius municipality purchases 180 housing units for social housing needs].

<https://www.vmb.lt/2023/06/vilniaus-miesto-savivaldybe-socialinio-busto-reikmėms-perka-180-bustu/>

<sup>21</sup> Vilniaus miesto būstas. (2025). Metinių finansinių ataskaitų teikimas [Submission of annual financial statements]: 2024 financial year report (Report No. FS0332). Vilnius: Juridinių asmenų registras.

<https://www.vmb.lt/wp-content/uploads/2025/05/2024-m.-Metines-finansines-ataskaitos.pdf>

<sup>22</sup> OECD. (2023). Policy Actions for Affordable Housing in Lithuania. OECD Publishing, Paris.

However, the scheme's effectiveness is limited by Lithuania's large informal (unregistered) rental market. The result is that many tenants cannot apply because their rental contracts are not officially registered, and most landlords in major cities still avoid paying taxes on rental income.<sup>23</sup>

### Accessing social housing

Due to the very limited size of the social housing stock in Lithuania, access is tightly regulated by national law and local procedures. Eligibility, allocation, and contract renewal are governed by the Law on Support for the Acquisition or Rental of Housing and related municipal decrees.

#### Eligibility criteria

To qualify for social housing, households must meet income and asset thresholds set annually by government. For instance, a single person living in Vilnius must have gross annual income not exceeding 46 VRP (state-supported income, currently €221)<sup>24</sup> and assets not exceeding 93 VRP. In addition, applicants must not own suitable residential property. Exceptions may be granted if an existing dwelling is declared unfit for habitation, structurally unsafe, or severely overcrowded.<sup>25</sup>

Municipalities must verify applicants' eligibility using official income and asset declarations and confirm their residency within the municipality. To prevent abuse, eligibility is reassessed every year. If a household's income exceeds the threshold (plus an allowance equal to 35% or 50% of the limit, depending on the target group), the municipality may terminate the tenancy.<sup>26</sup>

#### Application and waiting lists

Allocations procedures are governed by national legislation, but implemented locally. Applications are submitted to the municipal social housing departments, which compile waiting lists (*eilės*

*sąrašai*) according to legally defined categories, such as young or large families, or persons with disabilities<sup>27</sup>.

Municipalities may assign priority status to certain groups. Allocation takes place strictly by order of registration within each category, though urgent cases can be handled through exceptional decisions of the municipal council. Scarcity of municipal housing leads to lengthy waiting periods, often stretching over 5-7 years in large cities such as Vilnius or Kaunas. In 2020, around 10,000 households were waiting for social housing.<sup>28</sup>

#### Contract conditions

Social housing is rented for an indefinite period, subject to the annual income review. Rent levels are cost-based, reflecting maintenance expenses and municipal tariffs. Certain circumstances such as not declaring assets and income, or arrears exceeding six months of rent can result in contract termination. Subletting and commercial use of social housing are prohibited.<sup>29</sup>

#### Regional differences and practical challenges

Implementation varies substantially among municipalities. While some cities (Vilnius, Klaipėda) have more formalised allocation procedures, other municipalities often lack basic structures; e.g., an up-to-date database of applicants.

Monitoring and decision-making regarding empty dwellings are not always consistently applied due to staff shortages and administrative capacity limits.<sup>30</sup> Furthermore, because of the tight supply, many eligible households must continue renting privately while remaining on the waiting list—often without access to official rent-compensation schemes due to unregistered leases.<sup>31</sup>

<sup>23</sup> OECD. (2023); Law on Support for the Acquisition or Rental of Housing of the Republic of Lithuania (2014)

<sup>24</sup> GIDAS. (2025). Valstybės remiamų pajamų dydis (Amount of state-supported income).

<https://www.tagidas.lt/savadai/9008/>

<sup>25</sup> OECD. (2023); Law on Support for the Acquisition or Rental of Housing of the Republic of Lithuania (2014)

<sup>26</sup> *Ibid.*

<sup>27</sup> *Ibid.*

<sup>28</sup> *Ibid.*

<sup>29</sup> Vilniaus Minesto Būstas. (2025). Socialinio būsto nuoma [Social housing rental].

<https://www.vmb.lt/socialinio-busto-nuoma/>

<sup>30</sup> National Audit Office of Lithuania. (2020). Management of Municipal Real Estate.

<https://www.valstybeskontrole.lt/EN/Post/15545>

<sup>31</sup> OECD. (2023)

## Service delivery

In practice, very little new social housing has been built in recent years. According to the OECD, one reason for this is that Lithuanian municipalities bear most of the operational responsibilities for social housing, but they face severe capacity constraints. Local governments are expected to simultaneously manage the social and municipal housing stock, administer the rent-compensation scheme, and support the implementation of the multi-apartment building modernisation programme, tasks that exceed their fiscal and human resource capabilities.<sup>32</sup>

To carry out these responsibilities, some municipalities have established housing management companies, such as *UAB Kauno butų ūkis*. UAB handles day-to-day service delivery, including administration, maintenance and small-scale refurbishment. It is 100% municipally owned. Despite this semi-corporate model, their financial and human resources remain modest and they typically act as service providers, focusing on maintenance rather than development.

## Integration with social policy

The relationship between social housing and social policy is shaped by a fragmented welfare system, in which housing support interacts with a range of social assistance, family, and care programmes—rather than forming a coherent sub-system of its own. While the municipal social housing fund provides a residual safety net for low-income or vulnerable households, much broader housing-related assistance is delivered through income support, family subsidies, and social care measures.<sup>33,34</sup>

A key policy domain connecting housing and social welfare is support for young and large

families. The ‘Financial Incentive for Young Families’ scheme offers subsidies for the purchase or construction of a first home, targeted at families where at least one adult is under 36 years old. The subsidy level depends on household size—15% of the mortgage amount for childless couples, 20–25% for those with one or two children, and up to 30% for families with three or more children. Municipalities may top up these subsidies through local measures, often prioritising rural or depopulating areas.<sup>35</sup> This form of housing support is fiscally separate from social housing, but functionally it substitutes for it, as it helps middle- and lower-income families access ownership, rather than rely on rental housing.

Housing affordability is also linked to income maintenance policies. Under the ‘Law on Cash Social Assistance to Low-Income Families and Single Persons’, households whose income falls below the state minimum consumption threshold are eligible for monthly cash benefits and compensations for heating and utilities.<sup>36,37</sup> These payments, administered by municipalities, represent one of the most significant direct housing cost supports in the Lithuanian welfare system. They have become particularly relevant after the energy price increases of 2022-23.<sup>38</sup>

Another important area of overlap is social care and homelessness prevention. Lithuania’s deinstitutionalisation policy aims to replace large residential institutions for the elderly, children, and people with disabilities with community-based housing and small group homes. These are formally part of the social care sector, but in practice they provide long-term housing for individuals who would otherwise face homelessness or institutionalisation.<sup>39</sup>

<sup>32</sup> Ibid.

<sup>33</sup> OECD. (2023). Policy Actions for Affordable Housing in Lithuania. OECD Publishing, Paris.

<sup>34</sup> Aidukaitė, J. (2024). Housing Policy in Lithuania: A Qualitative Study of Social Housing Problems. *Filosofija. Sociologija*, 35(2). 173-182.

<sup>35</sup> OECD. (2023); Law on Support for the Acquisition or Rental of Housing of the Republic of Lithuania (2014)

<sup>36</sup> Aidukaitė, J. (2024). Housing Policy in Lithuania: A Qualitative Study of Social Housing Problems. *Filosofija. Sociologija*, 35(2). 173-182.

<sup>37</sup> Law on Support for the Acquisition or Rental of Housing of the Republic of Lithuania (2014)

<sup>38</sup> OECD. (2023).

<sup>39</sup> Human Rights Monitoring Institute. (2023, September 1). Lithuanian social care system should prepare individuals to live outside of care homes. Liberties – Democracy & Justice. <https://www.liberties.eu/en/stories/lithuania-social-care-homes-should-prepare-individuals-to-live-in-community/44881>

Similarly, municipalities are responsible for providing temporary shelter (*nakvynės namai*) and emergency accommodation to homeless persons, often within the same administrative departments that manage the social housing fund.<sup>40</sup> The absence of a dedicated Housing First or supported housing programme means that housing and social care remain loosely coordinated, but structurally separate.

Youth and child-protection policies also intersect with housing. Young adults leaving state care institutions are eligible for priority access to municipal housing, and several municipalities

run small-scale transitional housing schemes combining rent subsidies with social worker-based supports. These initiatives, though limited in scope, demonstrate attempts to link housing provision to broader social integration.<sup>41</sup>

Finally, some occupational or sector-based housing initiatives exist—for instance housing loans or rent compensation for public-sector workers (teachers, police officers, health professionals) in smaller towns with acute staff shortages. These measures are funded locally and implemented on an *ad hoc* basis, rather than through a national policy framework.<sup>42</sup>

#### CASE STUDY / KEY POLICY FEATURE

##### Building Renovation and Energy Efficiency Programmes

Although Lithuania's social and municipal housing sectors have remained small, the country has been relatively successful in implementing building renovation and energy-efficiency programmes, which have become a cornerstone of housing policy since the mid-2000s. These initiatives target mainly multi-apartment buildings constructed during the Soviet period (about two-thirds of Lithuania's housing stock).<sup>43</sup>

The national renovation effort began with the 2005 Housing Modernisation Programme, expanded under the 2007–2013 “JESSICA” initiative co-financed by the European Investment Bank (EIB), with support from EU structural funds. In 2014, it was consolidated under the Multi-Apartment Building Renovation (Modernisation) Programme, administered by the national agency *Būsto energijos taupymo agentūra* (BETA). The programme operates through low-interest lending and grant schemes, combining EU Cohesion Funds, the national budget, and loans issued by commercial banks under state guarantees.<sup>44</sup>

Between 2014 and 2020, approximately €1 billion in EU funding and national co-financing supported the renovation of over 3,000 apartment buildings, improving the living conditions of nearly 100,000 households. The average energy savings per renovated building are estimated at 50–70%, substantially reducing heating bills and mitigating energy poverty among low- and middle-income households.<sup>45,46</sup> These outcomes make the Lithuanian programme one of the most effective in the region, often cited as a model for integrated housing-energy policy.

The financing model combines three main components<sup>47</sup>:

1. EU grants (covering 30–40 % of renovation costs for most households, and up to 100% for vulnerable groups);

<sup>40</sup> FEANTSA. (2020). Country Fiche: Lithuania.

FEANTSA. <https://www.feantsa.org/en/country-profile/2020/11/25/country-profile-lithuania>

<sup>41</sup> OECD. (2023); Law on Support for the Acquisition or Rental of Housing (2014)

<sup>42</sup> OECD. (2023).

<sup>43</sup> IEB. (2020). Residential energy efficiency financial instruments in Lithuania: Case Study. FI Compass

<sup>44</sup> EIB. (2020); OECD. (2023)

<sup>45</sup> EIB. (2020)

<sup>46</sup> Benabdelaziz-Tair, F. (2017, March 30). Energy-saving renovation: Good for the planet... and for the wallet. European Investment Bank.

<https://www.eib.org/en/stories/elena-energy-saving-renovation>

<sup>47</sup> EIB. (2020); OECD. (2023)

2. Low-interest loans to homeowner associations via the *JESSICA* or *Daugiabučių namų modernizavimo fondas* revolving fund;
3. National or municipal co-financing, typically covering design, project management, and technical supervision.

The programme's success has been attributed to its centralised management, financial engineering model, and the strong role of the EIB in risk-sharing. The EIB, through the JESSICA II Fund (2014–2023), channelled long-term financing via commercial banks and the public development institution INVEGA, allowing projects to combine grants and repayable instruments within a single framework.<sup>48</sup>

In policy terms, the renovation drive has had broader social impacts. Firstly, it has indirectly supported affordability by reducing household energy expenses. Secondly, it has improved building safety and lifespan, mitigating the need for costly demolitions. Thirdly, it has stimulated the construction sector and municipal economic recovery.<sup>49</sup>

While the renovation programme is not formally part of social housing policy, it plays a central role in sustaining the broader housing stock and reducing energy poverty. The combination of grants, soft loans, and EU-backed financial instruments effectively makes the programme a functional equivalent to “affordable housing investment”, even though it operates through private and homeowner channels rather than municipal ownership.

## Conclusions

Among Central and Eastern European countries, Lithuania represents one of the most market-dominated housing systems, characterised by very limited public intervention and a strong reliance on private ownership. Three main features define its effectiveness in comparison with regional peers.

- Very low social/municipal housing share: large affordability gap, long waiting lists, and a public rental sector that mostly functions as a safety net, leaving many low-income households dependent on family or informal arrangements;
- The private market (housing finance and construction) works relatively efficiently: stable since the 2000s, free of distortionary subsidies, and—together with targeted family supports—has enabled lower-middle-class access to homeownership. From a macroeconomic standpoint, the system is fiscally disciplined and financially resilient, with limited public debt exposure and strong bank supervision.<sup>50</sup>
- Large EU-co-financed renovation and energy-efficiency programmes have improved housing quality and cut running costs, indirectly easing affordability despite not being targeted exclusively at low-income tenants.

In sum, Lithuania's housing system combines a minimalist public rental sector, a well-functioning private market, and a successful renovation policy. This model performs well in financial and technical terms, but less so in social inclusiveness. Compared to other post-socialist countries, Lithuania stands out as an efficient yet highly residual system—one that ensures macro-stability and an improving quality, but leaves the affordability burden primarily to households themselves.

<sup>48</sup> EIB. (2020)

<sup>49</sup> EIB. (2020); OECD. (2023)

<sup>50</sup> European Commission. (2022). Country Report – Lithuania. European Commission.