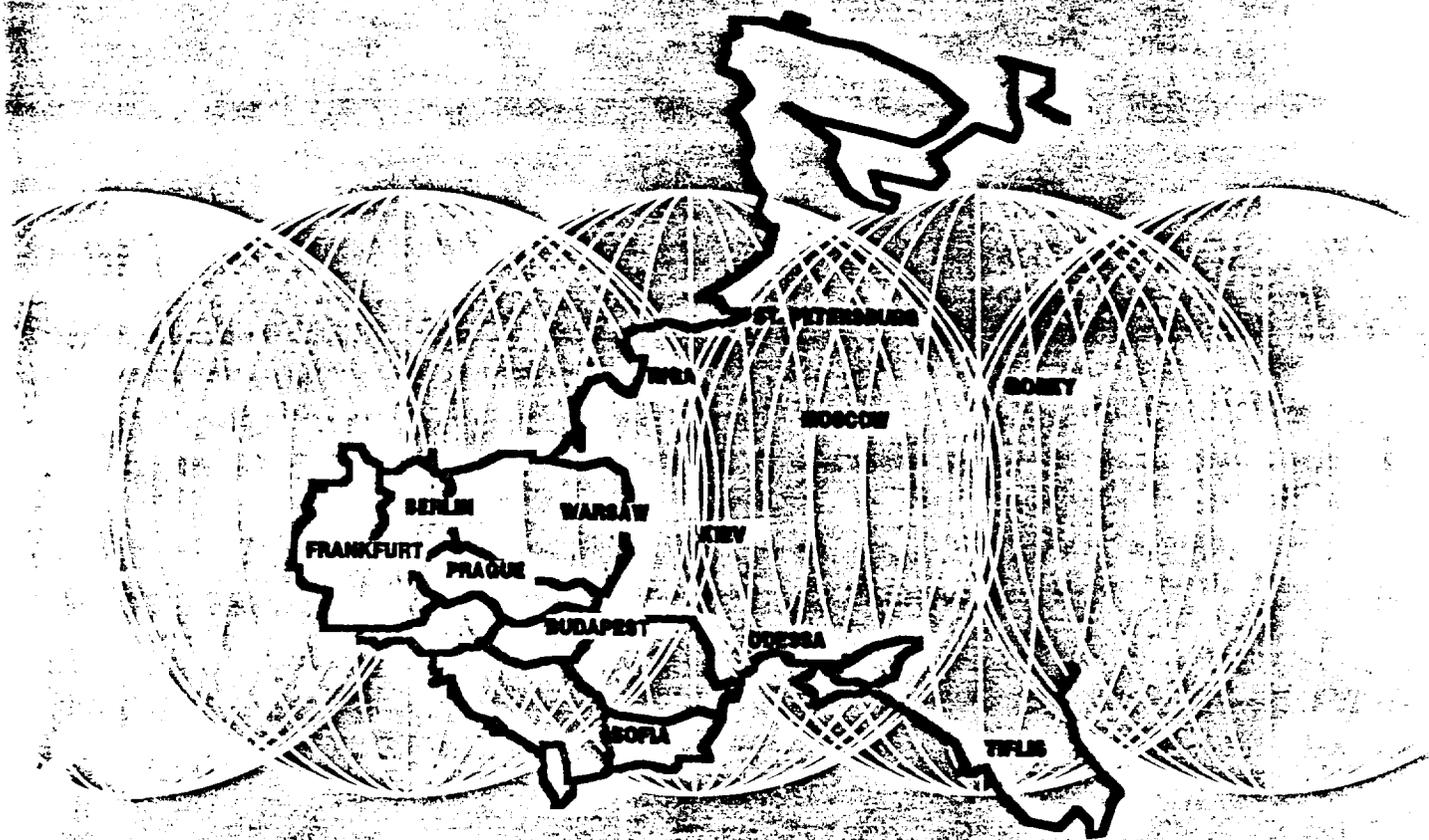


**AN INTERNATIONAL ACTIVITIES PROJECT**

**FROM PLANNING TO MARKETS  
HOUSING IN EASTERN EUROPE**

HOUSING ALLOWANCES:  
ASSESSING THE POTENTIAL  
FOR SLOVAKIA



THE HANSEN INSTITUTE

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**HOUSING ALLOWANCES:  
ASSESSING THE POTENTIAL  
FOR SLOVAKIA**

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## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	3
<b>SECTION 1: THE RENTAL SECTOR AND HOUSING ALLOWANCES</b> .....	12
Incomes .....	13
The Rental Sector .....	17
Housing Allowances .....	21
<b>SECTION 2: THE SOCIAL BENEFITS SYSTEM</b> .....	24
Recent Developments .....	24
Current Structure and Benefit Levels .....	25
Proposed Social Benefit Changes and Housing Allowances .....	27
Housing Allowances and the Safety-Net .....	29
<b>SECTION 3: HOUSING ALLOWANCE AND INCOME SUPPORT MODEL</b> .....	38
The HAIS Model and Base Data File .....	38
Simulation Parameters .....	39
HAIS Model Evaluation .....	40
<b>SECTION 4: HAIS MODEL SIMULATION RESULTS</b> .....	43
Simulation Parameter Assumptions .....	43
Simulation Results .....	45
Summary and Policy Implications .....	50
<b>REFERENCES</b> .....	52
<b>ANNEX A: HAIS Base Data</b>	
<b>ANNEX B: Hais Input Screens</b>	
<b>ANNEX C: Simulation Reports</b>	
<b>ANNEX D: List of Contacts</b>	

## EXECUTIVE SUMMARY

Rental housing in Slovakia is currently owned and operated by municipalities which must abide by a national law that sets rents for units according to dwelling size and amenities. As a consequence, a low-income household is required to pay exactly the same rent as a high-income household for a comparable unit. In addition, due to extremely strong tenant rights and a system of planned housing production, households in Slovakia cannot easily move from one rental unit to another. Because of this constraint on mobility, there is often no relationship among a household's size, the size of the unit it occupies, and the household's income. Furthermore, because of low and highly subsidized rents, the housing stock in Slovakia suffers from years of deferred maintenance.

In order to right these inequities and inefficiencies in the housing sector and promote market-oriented housing production, a formula-based housing allowance is needed. In general, a formula-based housing allowance system requires participants to pay a fixed share of their income for rent. The allowance fills the gap between this share of income and the rent for an appropriately sized housing unit of good quality. Under this scheme, a household is free to rent private as well as public housing since the allowance payment is tenant-based and can be used to cover housing costs regardless of who owns the unit. By implementing this type of housing allowance in conjunction with increasing rent for public units and uncontrolling rents for private rentals, Slovakia will be able to initiate housing sector reforms while protecting poor members of society from having to pay an excessive amount of income for housing.

A formula-based housing allowance scheme addresses six main policy objectives:

- protect low-income households from paying an excessive share of their income for housing;
- integrate government-owned and private rental housing in such a manner that households are free to locate from one type of housing to another without incurring excessive costs;
- use the price mechanism as a signal to allocate housing and housing services thereby, eventually, doing away with rent control;
- eliminate producer-based subsidies which have led to inefficient consumption or allocation of housing;

- raise revenue for much needed building maintenance of the rental housing stock by increasing rents; and
- stimulate the production of good quality housing by increasing the ability and willingness of households to pay for housing.

### Housing Allowances

A housing allowance fills the gap between what a household can reasonably pay and the cost of an adequate housing unit. The size of a housing allowance is determined by a household's income, the applicable maximum standard rent, and a predetermined maximum share of income devoted to housing costs. Analytically and administratively, formula-based allowances can be based on *total* housing costs, including utility payments. This type of allowance provides behavioral incentives for a more efficient and equitable consumption of housing. The formula for computing the housing allowance ( $A$ ) is given by:

$$A = MSR - (r * Y)$$

The right hand side of the equation determines a household's eligibility for allowances, where  $r$  is the maximum share of total household income,  $Y$  is household income, and  $MSR$  is the maximum standard rent. Income ( $Y$ ) in the formula is defined as gross income, including all sources such as income from jobs, social benefits, and non-wage earnings. The income definition can even include imputed income derived from wealth holdings such as real estate, investment bonds, foreign assets, etc. The maximum share of income ( $r$ ) ideally represents the maximum rent burden that is tolerable to households. This share can be incrementally raised over time as incomes rise.

The letters  $MSR$  in the formula stand for the maximum standard rent that is the amount necessary to lease a good quality unit sufficiently large for a household's size and composition. Ideally,  $MSRs$  are set according to typical market rents differentiated by unit size and location. In the case of Slovakia, the  $MSRs$  would initially be set according to housing categories and floor space norms. The maximum standard rent can even include utility costs, which would also be measured according to an area's norms.

In market-based economies where formula-based allowances are utilized, the  $MSR$  is set according to market rents, and is set high enough to provide a household with the ability to lease a good quality unit. The household may lease a unit for more than the  $MSR$ , but the difference must be paid by the household. If the allowance exceeds the actual rent, the households can keep the difference. However, the household might be required to pay a minimum share of their income towards housing costs in order to participate in the program, thereby providing some incentive for households to choose a minimally adequate housing unit. A household can also keep the difference between actual rent charged by the landlord and the allowance payment.

## Subsidies

Revenues from rent payments for public housing have never fully covered operating, maintenance, and capital costs. In the past, the state made up the shortfall in rental revenues but the subsidy was often inadequate to cover the costs associated with public housing.<sup>1</sup> In 1990, the last year that the state subsidy fully covered the gap between operating costs and rental income, the total subsidy for Slovakia amounted to Kcs 1.6 billion. Since then, ownership of public housing has been given to the municipalities, and they are now responsible for the subsidy. Accurate figures on the total subsidy paid since then are not available but it is likely (given constraints on local revenues) that operating and maintenance outlays have fallen behind the inadequate levels of 1990.<sup>2</sup>

The extent of implicit housing subsidies attributed to operating and maintaining rental housing is best illustrated by an example drawn from a typical municipality. In Bratislava's District 4 there are about 3,500 municipal housing units, currently managed by a (private) housing management company for a fixed fee of Sk 60 per unit per month. This management fee is paid directly out of the District's general operating revenues which, in turn, are supplemented by rent payments collected from the tenants on a monthly basis. If rent, on average, for these units is Sk 320 per month (based on an average size category I unit), then total rent revenue, less actual arrears of 2 percent, is approximately Sk 1.1 million per month. The fee for managing the units, based on Sk 60 per unit, is Sk 210,000. Assuming the true economic cost of managing and operating the units is equal to four times current rent revenues<sup>3</sup>, the implicit subsidy is about Sk 3.4 million per month. Given increasing losses from the municipal revenue base due to restructuring and the loss of state transfers to municipalities in 1993 for housing, the District's need for additional revenues for housing has accumulated over time.

Since rents are still regulated while subsidies for energy costs have almost been eliminated, utility charges constitute a significant share of total housing costs. Along with the general price liberalization initiated in 1991, subsidies for utilities have been gradually lifted. Starting in 1992 price controls for electricity, heat, and other fuels were partially lifted. At the beginning of 1993, price controls for electricity, gas, and other fuels were further lifted. This left heating as the only commodity still subsidized by the state budget for Sk 2.24 billion.

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<sup>1</sup> Between the years 1964 and 1991, rents (with the exception of cooperatives) did not change despite the fact that operation and management losses accumulated. Today, government estimates of neglected housing maintenance amount to Sk 40 billion or Sk 90,000 per unit.

<sup>2</sup> In January 1992, service charges for municipal units were increased by about 200 percent. Combined with the base rent for a municipal unit, this represented an increase of about 80 percent over the previous level (concurrently, rent discounts based on the number of children were abolished). As of July 1992, base rents for municipal housing have been doubled.

<sup>3</sup> The Association of Housing Management Companies estimates that rents would need to rise by anywhere between 400 to 600 percent to cover the costs of operating and maintaining housing units.

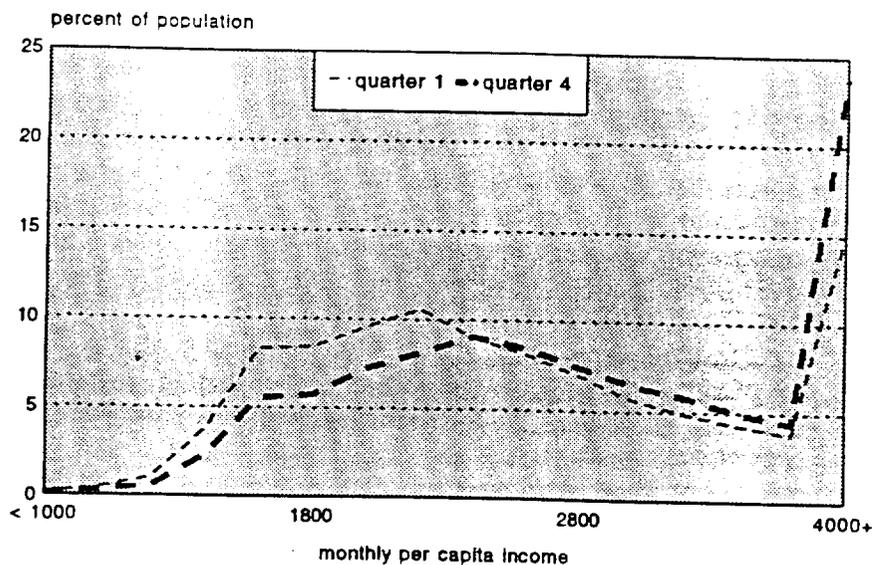
Today, utility payments make up well over 50 percent of housing costs for renter and owner households.

### Income and Housing Costs

To understand the implications of a housing allowance scheme, it is necessary to analyze the distribution of income, and housing costs relative to income. In the past, housing costs in Slovakia have constituted a very small percentage of a household's total budget, certainly negligible by a market-based economy's standards where households may typically pay close to 30 percent of their income towards housing costs. Since rent in Slovakia is still controlled, the rent burden relationship is widening because of the growing disparity between income classes.

There is good deal of variation in household income and, by all indications, this variation is increasing. Figure 1 shows the distribution of household income, on a monthly per-capita basis, during the first and last quarters of 1992.<sup>4</sup> This figure clearly reveals that incomes in Slovakia are not concentrated around an average. The uneven path of the two curves, over the income range shows the extent of the dispersion. Indeed, the number of persons with incomes greater than Sk 4,000 per month increased during 1992 by about 17 percentage points, while the number of persons with incomes of Sk 1,800 per month decreased by only about 3 percentage points. By the end of 1992, almost a quarter of the population had incomes over Sk 4,000.

Distribution of Income  
Slovakia - 1992  
Figure 1



<sup>4</sup> These data rely on the updated version of the 1988 Microcensus file used by the Ministry of labor and Social Affairs for policy analyses.

Though rents were doubled in July 1992, rent as a share of total household expenditure is still low. However, once utilities are factored into housing costs, the ratio dramatically increases. Based on data from the *Family Budget and Expenditure Survey*, in 1989 the average housing cost-to-expenditure ratio (where housing costs includes all communal services) was 9.3 percent. For 1992, this same survey showed an average housing cost-to-expenditure ratio for households of 13.2 percent. The portion of housing costs attributable to rent remained at about only 5 percent during both years. The share of total housing expenditures devoted to utility payments however, increased over the three year period from 65 percent to 73 percent. The gap between rent and utility expenditures is expected to increase further in 1993, as utility costs continue to outpace the growth in rents.

### Slovakia's Social Safety Net

Similar to other Eastern European countries, Slovakia has an extensive system of government cash transfers designed to aid needy individuals and households. Slovakia's safety net is currently divided into three major categories: (1) social security, (2) social welfare, and (3) unemployment. Combined, these programs offer a wide array of benefits and cost the government an amount equal to 25 percent of the Gross Domestic Product (GDP). Today, the government is reforming the social benefits programs to function better in a market economy. The proposed housing allowance could replace the housing component of the current social welfare benefit.

In response to the changing fiscal demands placed on the social safety net in a country undergoing major structural change, Slovakia's Ministry of Labor and Social Affairs began to modify the benefits program in 1992. The Ministry streamlined the funding mechanisms of various programs and attempted to target benefits more efficiently. In addition, the National Insurance Company was established to manage three social security funds: health care; sickness insurance; and pensions. A fourth fund was also established to manage unemployment benefits.

The government has proposed extensive revisions to the social safety net. It seeks to consolidate many overlapping programs while redefining others to be more inclusive of individual and family needs. There are three main components to the new system of benefits: (1) social insurance, including health insurance and pensions; (2) state social support, including child allowances, parenthood allowances, and housing allowances; and (3) state social assistance, including programs to benefit the poorest citizens. (While the unemployment benefit will be retained, this program is distinct from the three managed by the Ministry.) ~~In addition, the new proposed system relies on funding mechanism that is less dependent on the state budget.~~<sup>5</sup>

While the three proposed categories of assistance retain many of the current programs, a major distinction from the current system is found in the newly proposed social support category. The social support programs will become means-tested with an income eligibility

<sup>5</sup> State government expenditure exceeds revenue by Sk 15 billion.

threshold of either 1.5 or 2 times the established poverty level. The new proposed social support package also includes such programs as; child allowances, payments for incomplete families, parenthood allowance, birth grant, personal assistance for disabled, disability payments, and housing allowances.

Currently, the structure of the housing allowance component of the newly proposed state social support category is being debated. One issue centers around whether to make owners and renters eligible for housing assistance. Another issue focuses on whether utilities should be included in the calculation of the housing allowance and whether or not to base the allowance on a housing quality standard similar to the one used by the *MSR* in formula-based housing allowances. The proposals calls for housing allowances to be income based, though whether the payment is directed to the manager of the housing, the owner, or tenant is still being debated. Furthermore, local governments have been proposed as the administrators of the allowance, though program parameters would be set at the national level.

### **The HAIS Model and Simulation Results**

In order to help the Ministry of Labor and Social Affairs to determine program parameters and quantify the effects of a formula-based housing allowance scheme, the Housing Allowance and Income Support (HAIS) model was developed. The computer based simulation model not only determines the impacts of a housing allowance program but also calculates the number and size of unemployment and income support payments, given assumptions about future economic conditions over a user specified time period. In addition, the model is designed so that the user can change key policy parameters for any of the three social benefits programs it simulates.

A simulation model is only as good as the data with which it is supplied. The HAIS model uses the best and most up-to-date sample data available in Slovakia. Its base data file was constructed using data from the 1988 Microcensus and the 1989 Family Budget survey. Demographics and income data came from the Microcensus file while data on housing characteristics came from the Family Budget survey. The two files were linked by a statistical process that merged the data of one file with those in the other file based on household characteristics. Monetary values in the base file were updated to reflect conditions at the end of 1992.

Since the simulation takes place over an user-specified time period, the model simulation begins by taking the base data file and revising household income by updating earnings, pensions, and social benefits. Housing costs are also revised according to the inputs supplied to the model about predicted increases in rents and utility costs. The simulations start date corresponds to the base data (fourth quarter 1992) while the end of the simulation is user-specified (month and year). The HAIS model computes totals for the number of households and the amount of benefits paid for each program by the following categories:

- household employment status;
- housing type;

- number of persons in household;
- occupation type of household head; and
- household income.

The model also calculates changes in user-specified eligible housing costs (compared to the base data) faced by households. Reports are produced detailing the parameters used as inputs to the model and summarizing the results described above.

Three different housing allowance programs were simulated in which housing costs was defined to include utility costs. Under two scenarios, rent levels for all municipal and cooperative housing were raised by 100 percent while varying the maximum share of income ( $r$ ) in the allowance formula from 20 percent (the first scenario) to 15 percent (the second scenario). In a third scenario, rent levels were increased by 400 percent over their 1992 (fourth quarter) levels and the share of income devoted to housing was set at 20 percent. All three simulations were based on a 12 month period December 1992 to December 1993. Over this one year period, utility costs were increased, on average, by 50 percent. The simulation results show how alternative policy parameters could affect the number and composition of households eligible for each of the three programs. The end-period results also show the funding levels necessary to support each program.

Table 1 shows the simulation results for the three different housing allowance scenarios. These data show that the number of households eligible for housing allowances increases substantially when the maximum share of income devoted to housing costs decreases by only 5 percent, indicating how sensitive this program parameter is to the distribution of income. Following a 100 percent rent increase, only 18 percent of all households living in leased housing are eligible for allowances. Under the third scenario, about 50 percent of all households become eligible as rents are increased by 400 percent.

The amount of total outlays for housing allowances is roughly proportional to the program's participation levels under the first and third scenarios, assuming the maximum share of income is set at 20 percent. Under the first scenario, in which rents were increased 100 percent, Sk 64 million would be needed during the month of December to cover the costs of the housing allowance program if all eligible households participated. This figure rises to Sk 239 million under the third scenario where rents are raised by 400 percent, but no one in Slovakia would be required to pay more than 20 percent of their income towards *total* housing costs.

Under the first scenario (100 percent increase in rent and a 20 percent maximum share of income) the total increase in rent is Sk 194 million per month over what would have been collected if rents remained at base period levels (end of 1992). This figure exceeds housing allowance outlays by Sk 130 million per month or Sk 1.56 billion per year. Moreover, the difference in utility payments (revenues) is even greater given only a 50 percent increase over the simulation period, amounting to 1.7 billion per month (just a little less than the current budgeted *yearly* heating subsidies).

**TABLE 1**  
**SLOVAKIA - HAI SIMULATION MODEL RESULTS**  
 (Housing Quality Standard: Category I)

Scenario Simulation Period	Rent Increase Over 1992	Share of Income		Eligible Renter Households Number	Percent of Mun. Renters and Coops	Total Monthly Allowances (Sk '000s)	Average Monthly Allowance (Sk)
December 1993	100 percent	20 percent	Mun. Renter:	87,267	18.87	34,441	395
			Coops:	62,250	17.07	29,678	477
			Total:	149,517	18.00	64,119	429
December 1993	100 percent	15 percent	Mun. Renter:	172,628	37.32	61,625	357
			Coops:	119,882	32.87	50,712	423
			Total:	292,510	35.30	112,337	383
December 1993	400 percent	20 percent	Mun. Renter:	238,922	51.66	132,670	555
			Coops:	186,992	51.28	107,267	574
			Total:	425,914	51.40	239,937	562

Note: Simulations assume 54 m2 unit for a family of four and utilities included in housing costs.

Some aspects of a housing allowance program cannot be estimated by the HAIS model. For example, the model does not estimate the number of households who chose to relocate because their allowance payment affords them the opportunity to move to housing that more appropriately corresponds to their household size. The model also does not estimate the number of eligible households which are over-consuming housing by living in a unit too large for their needs, and are willing to trade their housing with households whose size more closely matches the unit's size. In addition, it is difficult to estimate the number of good quality units that will be built in response to a higher level of effective demand for housing once formula-based allowances are implemented. These and other potential benefits of a housing allowance program are difficult to quantify but nonetheless would be a welcome result.

### Conclusions and Recommendations

Political acceptance of rent increases large enough to approximate market levels and provide resources for adequate housing operation and maintenance is unlikely without a formula-based housing program. A housing allowance program undermines the argument that the poor cannot afford to pay such high rents. Under the housing allowance system, the poor would be protected since no one would have to pay more than 20 percent of their income for rent. Only middle-income and high-income tenants of communal housing (and there are many of these) would have to pay substantially more out of their own pockets than they are paying at present. A housing allowance program is, therefore, the key to political acceptance of rent increases which, in turn, will be essential if an adequately maintained and managed housing stock is ever to be a reality in Slovakia.

The estimated annual housing allowance outlay required to protect the poor in cooperatives as well as in communal housing, associated with a 100 percent rent increase and a maximum 20 percent share of income devoted to housing expenditures in 1993, is only Sk 64 million per month. This is less than half of the actual state subsidy paid for communal housing in 1990. For municipal unit renters only, the HAIS model estimated that monthly allowance outlays would total Sk 34 million or Sk 408 million a year. Even with a 400 percent rent increase, only 50 percent of all municipal and cooperative tenants with an average Sk 562 per month allowance would be eligible for the program. Under this scenario, rents would approximate true cost of operating and maintaining apartment units.

The housing allowance concept is already built into the social support component of the draft social safety net proposals being reviewed by the Ministry of Labor and Social Affairs. We recommend that housing allowances be handled as a separate and clearly identifiable component of social support, rather than being buried in an indistinguishable general payment. We envision a formula-based housing allowance, one based on the household's ability to pay a reasonable share of its total gross income towards housing costs (including utilities). These allowances would not have to be limited to renter households. The political support necessary for rent increases will only be forthcoming if a formula-based housing allowance is implemented.

## SECTION 1

### THE RENTAL SECTOR AND HOUSING ALLOWANCES

Rental housing in Slovakia is currently owned and operated by municipalities which must abide by a national law that sets rents for units according to dwelling size and amenities. As a consequence, a low-income household is required to pay exactly the same rent as a high-income household for a comparable unit. In addition, due to extremely strong tenant rights and a system of planned housing production, households in Slovakia cannot easily move from one rental unit to another. Because of this constraint on mobility, there is often no relationship among a household's size, the size of the unit it occupies, and the household's income. Furthermore, because of low and highly subsidized rents, the housing stock in Slovakia suffers from years of deferred maintenance. The housing allowance scheme tries to address the inefficiencies and inequities found in Slovakia's housing sector.<sup>6</sup>

To understand the implications of a housing allowances scheme, it is necessary to analyze the distribution of income, and housing costs relative to income. Traditionally, housing costs in Slovakia have constituted a very small percentage of a household's budget (approximately 2 to 5 percent), certainly negligible by any market-based economy's standards where households may typically pay close to 30 percent of their income towards housing costs. All renter households in Slovakia live in low cost, subsidized housing. Today, the rent burden relationship is widening because of the growing disparity among income groups and the continuing policy of rent control.<sup>7</sup>

**Sources of Income.** Table 1.1 shows the number of households by primary income source in urban and rural areas. The table shows eight income source categories: (1) agriculture-coop; (2) agriculture-private; (3) wages-blue collar; (4) wages-white collar; (5) entrepreneur; (6) non-economically active pensioner; (7) economically active pensioner; and (8) other. These data are based on an updated version of the Microcensus file.<sup>8</sup> The table shows that 39 percent of approximately 1.7 million households live in rural areas. The remainder, about 1.1 million households, lives in urban areas. Since mobility in Slovakia was severely limited due in part to its housing allocation policy, this urban-rural distribution has not changed greatly over the last decade. Surprisingly, only 14.6 percent of agricultural workers live in rural areas. Another

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<sup>6</sup> The need to support low-income households with housing assistance has been recognized by the Government of Slovakia and articulated in the *Principles of National Housing Policy*, (Bratislava, September 1993).

<sup>7</sup> Rent control does not apply to newly constructed housing units.

<sup>8</sup> For information on this file and the updating process see Annex A.

**Table 1.1**  
**NUMBER OF HOUSEHOLDS BY PRIMARY INCOME SOURCE AND LOCATION**  
**SLOVAKIA, 1992**

	Primary Income Source of Head of Household								
	Agriculture			Wage Earner		Entre- pren.	Non-EA Pension	Ec Act Pension	Other
	Total	Coop.	Priv.	Bl.Col.	Wh.Col.				
<b>NUMBER OF DECLARED HOUSEHOLDS (000)</b>									
<b>Slovak Republic</b>									
Urban	1,081	39	0.3	357	445	1.8	194	38	4
Rural	697	101	0.4	244	105	0.5	196	48	1
Total	1,778	140	0.7	601	550	2.3	390	86	5
<b>DECLARED HOUSEHOLDS (Percent)</b>									
Urban	100.0	3.6	0.0	33.0	41.2	0.2	17.9	3.5	0.3
Rural	100.0	14.5	0.1	35.0	15.1	0.1	28.1	6.9	0.2
Total	100.0	7.9	0.0	33.8	30.9	0.1	21.9	5.1	0.3

Source: Updated Microcensus

statistic worth noting is the nearly equal share of households headed by a blue-collar worker in urban areas (33 percent) and rural areas (35 percent). Also, as a percentage of total households, proportionally more retired Slovaks reside in rural areas than in urban areas. In all, the distribution among the income groups resembles those in other former socialist economies of Eastern Europe, where the larger share of households are employed in industrial occupations than in Western Europe.

## INCOMES

Table 1.2 shows that, on average, rural households have higher incomes than urban households regardless of the primary income source. A large disparity between the regions is found in the economically active pensioner group where about Sk 7,000 separate urban and rural regions as well as for private agricultural workers, where the difference is about Sk 12,000. The

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**Table 1.2**  
**HOUSEHOLD INCOME BY PRIMARY INCOME SOURCE AND LOCATION**  
**SLOVAKIA, 1992, FOURTH QUARTER**

	Primary Income Source of Head of Household								
	Total	Agriculture		Wage Earner		Entre- pren.	Non-EA Pension	Ec Act Pension	Other
		Coop.	Priv.	Bl.Col.	Wh.Col.				
<b>MEDIAN MONTHLY HOUSEHOLD INCOME (Sk)</b>									
<b>Slovak Republic</b>									
Urban	10,388	10,388	9,598	10,202	10,608	13,745	3,603	12,209	4,225
Rural	19,284	19,284	22,186	16,058	15,657	17,695	4,723	19,949	6,203
Total	10,424	16,122	17,788	11,466	11,159	14,966	4,077	15,306	4,535
<b>INCOME BY SOURCE (Percent)</b>									
<b>Urban</b>									
Agric. income	2.3	36.8	27.4	0.7	0.5	0.6	0.3	1.6	1.7
Other wages	59.6	20.1	25.2	65.7	71.3	28.5	1.0	45.1	22.7
Pensions	10.3	3.6	5.6	4.3	3.8	1.5	66.9	26.4	1.0
Other Pub. Assist.	9.8	10.9	8.8	11.7	9.2	5.9	6.6	5.2	24.6
Other	16.5	28.3	32.9	16.0	13.2	61.9	25.1	21.2	50.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Rural</b>									
Agric. income	6.6	24.3	13.6	2.3	2.2	0.9	0.8	4.7	3.9
Other wages	29.2	9.3	18.0	41.9	44.1	19.3	0.3	27.0	15.5
Pensions	10.4	4.3	4.2	4.7	4.7	1.9	41.0	16.9	8.8
Other Pub. Assist.	6.2	6.2	3.4	7.1	6.2	4.2	4.5	4.1	15.5
Other	46.8	55.5	60.2	42.7	41.2	73.7	53.4	46.9	55.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Updated Microcensus

The rural agricultural category has the highest income among the various groups, outdistancing the urban median by almost 44 percent.

Table 1.2 also shows the composition of income according to income source. The amount of income derived from sources other than primary income is surprising. All groups receive

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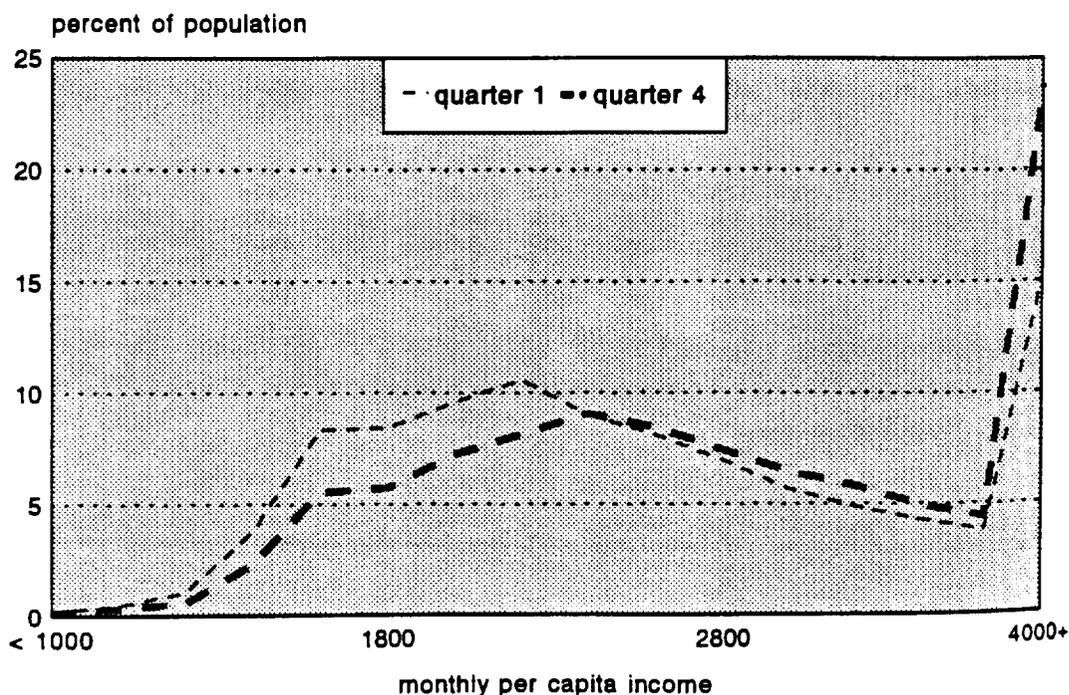
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sizable amounts of income from other sources, especially the rural households. A typical household headed by a white collar worker receives about 71.3 percent of its income through wages, while pensions and other social programs account for about 3.8 percent and 9.2 percent of income, respectively. Most of the remainder is made up of "other" sources which include interest or income from investments, and in-kind income. The typical rural household derives most of its income from either wages or "other" sources.

**The Income Distribution.** There is good deal of variation in household income and, by all indications, this variation is increasing. Figure 1.1 shows the distribution of household income, on monthly per-capita basis, during the first and last quarters of 1992. This figure clearly reveals that incomes in Slovakia are not concentrated around an average. The uneven path of the two curves over the income ranges shows the extent of the dispersion. Indeed, the number of persons with incomes greater than Sk 4,000 per month increased during 1992 by about 17 percentage points (greater than the inflation rate of about 11 percent), while the number of persons with incomes of Sk 1,800 per month decreased by only about 3 percentage points. By the end of 1992, almost a quarter of the population had incomes over Sk 4,000.

## Distribution of Income Slovakia - 1992

Figure 1.1

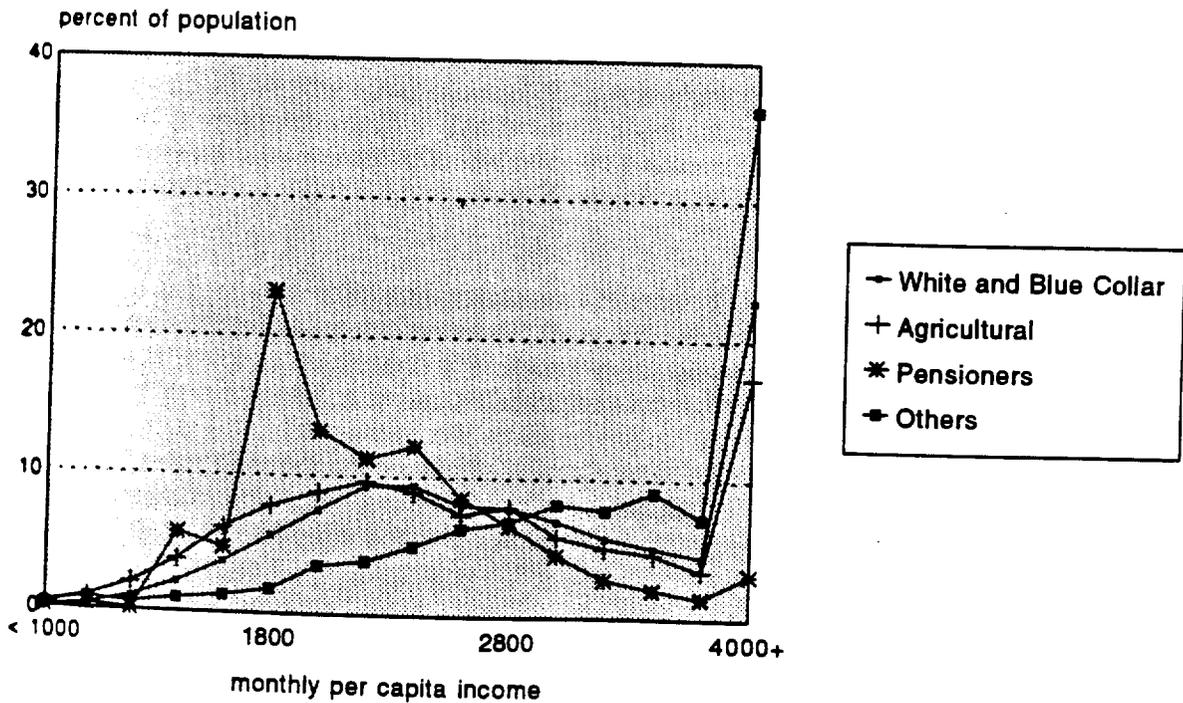


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Not only is income in Slovakia distributed unevenly, it also differs according to occupation type. Figure 1.2 shows the distribution of income during the last quarter in 1992 for four occupation groups in Slovakia: (1) white and blue collar; (2) agricultural; (3) pensioners; and (4) all other occupation groups. The white and blue collar wage earners curve in Figure 1.2 is very similar to the curve found in Figure 1.1, since the majority of the population is employed in these two occupation groups. The curve for agricultural workers is similar to the one for white and blue collar workers though only 17 percent of agricultural workers are in the highest income category. Pensioners, on the other hand, exhibit the most variation in incomes. For this group, income is more tightly concentrated around the average monthly pension payment (about 22 percent of the population falls in the Sk 2,800 category). The "other" occupation category includes income derived from entrepreneurial activity. This group's income curve starts off at the lowest point relative to the other three groups, and then it progressively increases, ending at a higher level (37 percent of persons in the highest income category) than the other three occupation groups.

Distribution of Income by Occupation Group  
Slovakia - 1992 Quarter 4  
Figure 1.2



located Microcensus Survey

## THE RENTAL SECTOR

Once the new housing privatization/condominium law is implemented in the fall of 1993, the rental sector will undergo a major change; it is expected that a percentage of the rental and cooperative housing will become owner-occupied. Following the transfer of ownership rights of state rental housing to municipal governments in May 1991 (Federal law 138/1991), there was little change in the sector until state controlled rents (unchanged since 1964) were doubled in July 1992. Coinciding with general price liberalization which began in 1991, utility payments for households have gradually risen to cover their full economic cost. Since rents are still controlled by national policy, households pay less than the cost of operating and maintaining their apartment units. The task of funding the rent shortfall has been borne by municipalities since state operating subsidies were discontinued.

Housing in Slovakia is broken into three major categories: (1) former state rental units; (2) cooperative units; and (3) private or family homes. Since late 1990, municipalities have assumed responsibility for all rental units other than cooperatives, which still operate under a quasi-ownership arrangement. Approximately 23 percent of the housing stock are rental units, the majority of which are located in major cities (rental units make up over 60 percent of the housing in Bratislava). Just over half of the housing stock, approximately 52 percent, in Slovakia is owner-occupied, while the cooperatives make up approximately 25 percent of the remaining housing stock.<sup>9</sup>

**Structural Quality.** Relative to Western European countries, the structural quality of rental units in Slovakia is poor. According to the 1991 Census, the average living area of an apartment in Slovakia is only 38.5 square meters of floor space. When this figure is compared with an average 37 square meters of floor space *per person* in the former West Germany (Struyk 1992), the difference is striking. Overcrowding and multiple-generation cohabitation is common in Slovakia.

The majority of households living in municipal rental units have access to basic amenities such as gas, water, heat, and sewage disposal. However, the quality of the infrastructure is poor because funding levels have always been insufficient to adequately cover maintenance costs. Specifically, 76 percent of the units have an installed gas line; 99 percent of the units have tap water in the apartment; 92 percent have a sewage line connected to the public system; and 87 percent have a source of hot water (1991 Census of Housing). Since Slovakia has cold winters, heating is an important amenity. Based on recent Census data, approximately 88 percent of rental housing units have some source of heating, either a city-boiler duct or a self-contained boiler unit located in the building.

Rental housing in Slovakia is classified into four categories based on amenities. Category I apartments have central heating plus basic fixtures such as a bathroom and a toilet, while

<sup>9</sup> Homeownership in Slovakia was promoted by highly subsidized loans (see Mikelsons, 1993). In addition, Slovaks have a strong tradition of home-building, especially in rural areas.

category II apartments are equipped with basic fixtures but have no central heating. Both category III and IV apartments lack heating and basic fixtures. The 1991 Census data show that about 89.9 percent of the municipal housing stock falls into the first or highest grade category while only 8.7 percent of the rental stock falls into the second category. A negligible number of units fall into the other two categories. About 99 percent of cooperative units fall into the first category while only 0.8 percent fall into the second category.

Through the end of 1991, rents in public units were set according to the former CSFR's Directive No. 60/1964, *Directive of the Central Body for Local Management Development for Using an Apartment and Payments for Services Related to Using an Apartment* (March, 1964). The directive's rent calculation mechanism is still in use today, whereby the base rent is determined by the size of the unit and four quality categories. From 1964 through 1991, base rent payments remained the same. In order to bring rents in municipal housing closer to rents for cooperatives, service charges for upkeep of common areas in municipal units were increased in January 1992 by about 200 percent. Combined with the base rent for a municipal unit, this represented an increase in total housing costs of about 80 percent over the previous level. Concurrently, discounts for children were abolished. As of July 1992, base rents for municipal housing were doubled (Slovak Republic directive no. 15/92). Rents, however, are not adjusted for location within a city or among cities and towns and rural areas.

**Housing Subsidies.** Revenues from rent have never covered the full operating costs of rental units. In the past, the state made up the shortfall in rental revenues, but the subsidy was often inadequate to cover costs. In 1990, the last year that the state subsidy fully covered the gap between operating costs and rental income, the total subsidy for Slovakia amounted to Kcs 1.6 billion. Since then ownership of communal housing has been given to municipalities, and they are now responsible for the subsidy. Since 1990, the amount of the state housing subsidy dropped sharply. In 1991 the republic allocated Sk 256 million for municipal housing operating costs, in 1992 the subsidy decreased to Sk 250 million, and in the 1993 it was eliminated altogether (Ministry of Finance). Municipalities which have become responsible for state-owned housing have been forced to continue subsidizing these units, using general revenues or revenues from commercial rents (which have been decontrolled).

The extent of implicit housing subsidies attributed to operating and maintaining rental housing is best illustrated by an example drawn from a typical municipality. In Bratislava's District 4 there are about 3,500 municipal housing units, currently managed by a private housing management company for a fixed fee of Sk 60 per unit per month. This management fee is paid directly out of the District's general operating revenues which, in turn, are supplemented by rent payments collected from the tenants on a monthly basis. If rent, on average, for these units is Sk 320 per month (based on an average size category I unit), then total rent, less actual arrears of 2 percent, is approximately Sk 1.1 million per month. Assuming the true economic cost of managing and operating the units is equal to four times current rent revenues<sup>10</sup>, the implicit

<sup>10</sup> The Association of Housing Management Companies estimates that rents would need to rise by anywhere between 400 to 600 percent to cover the costs of operating and maintaining housing units.

**Table 1.4**  
**UTILITY COSTS INDEX, 1991-1993**  
**SLOVAKIA**

YEAR (end of year):	1991	1992	1993
<b>UTILITY</b>			
ELECTRICITY	100	190	258
GAS	100	100	190
HEAT	100	424	652
OTHER FUEL	100	130	170

Source: Association of Housing Management Companies

subsidy is about Sk 3.4 million. Given increasing losses from the municipal revenue base due to restructuring and the loss of state transfers to municipalities in 1993 for housing, the District's need for additional revenues for housing has accumulated over time.

**Utilities.** Since rents are still regulated and subsidies for energy costs have been partially lifted, utility charges constitute a significant share of total housing costs.<sup>11</sup> Table 1.4 shows the changes in utility costs faced by households over the 1991 to 1993 period. In 1991, all utilities were heavily subsidized by the state but starting in 1992, price controls for electricity, heat, and other fuels (mainly used for heating and cooking) were partially lifted. At the beginning of 1993, price controls for electricity, gas, and other fuels were further lifted. Heating, in 1993, was the only commodity still subsidized by the state budget in 1993 for Sk 2.24 billion. It is expected that the costs of heating a dwelling, including hot water, and other utilities are expected to increase in late 1994.

**Tenant rights.** As in all Eastern European countries, renter households in Slovakia have a very wide range of rights vis-a-vis the local or state landlord. The civil code defines the legal requirements to evict tenants but in practice very few (legal) evictions take place. Households for example, may be evicted for not paying rent for three consecutive months; however, landlords are asked to provide other "suitable" housing to evicted tenants. Because housing is in short supply, landlords seeking to evict tenants have a difficult time finding alternative housing for them. Rent delinquency rates ranged from two to ten percent during the early part of 1993 (Association

<sup>11</sup> The relationship between rent, utility costs, and income is discussed by Pilkova and Danekova in *Economic and Social Acceptability of Costs for Housing from the Macroeconomic and Microeconomic Aspects and their Relationship*, Research Institute of the Ministry of Labor and Social Affairs, Bratislava, 1993.

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**Table 1.3**  
**AVERAGE RENT-TO-INCOME RATIO BY INCOME SOURCE, MUNICIPAL RENTAL UNITS**  
**SLOVAKIA, 1992 Q.4 (percent)**

	Primary Income Source of Head of Household						
	Total	Wage Earner		Agri.	Non-EA Pension	Ec Act Pension	Other
		Bl.Col.	Wh.Col.				
Rent/Income Ratio	4.9	4.0	4.2	4.7	10.5	3.5	5.3
Including Utilities	25.3	25.2	23.2	25.3	42.3	18.2	29.1

Source: Updated Microcensus

of Housing Management Companies, 1993).<sup>12</sup>

**Housing Costs.** An undeveloped private rental market makes it hard to determine market rents for different types of apartment. Private rental apartments exist, but with the exception of newly constructed units, their rents are controlled or unknown. Therefore it is difficult to determine the level of rent necessary to cover the full cost of operating and maintaining housing. Some government officials and housing maintenance practitioners have estimated that rents would need to be raised by 400 to 500 percent in order to cover full operating and maintenance costs.

Though rents were raised in July 1992 by 100 percent, rent as a share of total income is negligible. Table 1.3 shows the average rent-to-income ratios according to the primary income source of the head of household residing in a municipal rental unit. (These data rely on the

<sup>12</sup> The Association of Housing Management Companies reports that there have been about 320 eviction cases in Slovakia through mid-1993. A provision in the new privatization/condominium law requires all tenants choosing to purchase their unit to fully settle rent arrears before they purchase their units.

<sup>13</sup> Ms. Bonova, of the Ministry of Finance, recently released a position paper on rental housing costs proposing a 10 percent increase in the base rent, while officials at the Association of Housing Management Companies believe rents need to be raised by much more to cover full costs.

updated version of the Microcensus file used in these analyses of housing allowances.) The average ratio is only about 5 percent. For the higher income groups such as blue and white collar wage earners, the ratio is much smaller than the ratio for lower income groups such as non-economically active pensioners. Economically active pensioners actually pay the smallest share of their income on housing costs, either including or excluding utility costs.

Once utility costs are factored into housing costs, the ratio increases dramatically. Table 1.3 also shows housing cost-to-income ratios that include all communal payments and utility costs as of the last quarter in 1992 for tenants of municipal housing. The ratios are broken down by occupation category for wage earners, agricultural workers, non-economically active pensioners, economically active pensioners, and other. The average cost-to-income ratio is 25.3 percent for all groups. The economically active pensioner group has the lowest ratio at 18.2 percent, while households which rely on pensions, at 42.3 percent share the highest. For all income source categories, the average share of total housing costs attributable to utilities is 80 percent. These data highlight a need to implement a program that would protect vulnerable groups, such as pensioners, from housing costs that are higher than they can reasonably afford.

## HOUSING ALLOWANCES

In order to right these inequities and inefficiencies in the housing sector and promote market-oriented housing production, a formula-based housing allowance is needed. In general, a formula-based housing allowance system requires participants to pay a fixed share of their income for rent. The allowance fills the gap between this share of income and the rent for an appropriately sized housing unit of good quality. Under this scheme, a household is free to rent private as well as public housing since the allowance payment is tenant-based and can be used to cover housing costs regardless of who owns the unit. By implementing this type of housing allowance in conjunction with increasing rent for public units and freeing rents for private rentals, Slovakia will be able to initiate housing sector reforms while protecting poor members of society from having to pay an excessive amount of income for housing.

A formula-based housing allowance scheme addresses six main policy objectives:

- protect low-income households from paying an excessive share of their income for housing;
- integrate government-owned and private rental housing in such a manner that households are free to locate from one type of housing to another without incurring excessive costs;
- use the price mechanism as a signal to allocate housing and housing services thereby, eventually, doing away with rent control;
- eliminate producer-based subsidies which have led to inefficient consumption or allocation of housing;

- raise revenue for much needed building maintenance of the rental housing stock by increasing rents; and
- stimulate the production of good quality housing by increasing the ability and willingness of households to pay for housing.

A housing allowance fills the gap between what a household can reasonably pay and the cost of an adequate housing unit. The size of a housing allowance is determined by a household's income, the applicable maximum standard rent, and a predetermined maximum share of income devoted to housing costs. Analytically and administratively, formula-based allowances can be based on *total* housing costs, including utility payments. This type of allowance provides behavioral incentives for a more efficient and equitable consumption of housing. The formula for computing the housing allowance (*A*) is given by:

$$A = MSR - (r * Y)$$

The right hand side of the equation determines a household's eligibility for allowances, where *r* is the maximum share of total household income, *Y* is household income, and *MSR* is the maximum standard rent. Income (*Y*) in the formula is defined as gross income, including all sources such as income from jobs, social benefits, and non-wage earnings. The income definition can even include imputed income derived from wealth holdings such as real estate, investment bonds, foreign assets, etc. The maximum share of income (*r*) ideally represents the maximum burden that is tolerable to households. This share can be incrementally raised over time as incomes rise.

The letters *MSR* in the formula stand for the maximum standard rent, or the amount necessary to lease a good quality unit sufficiently large for a household's size and composition. *MSRs* are set according to typical market rents differentiated by unit size and location. In the case of Slovakia, the *MSRs* would initially be set according to housing categories and floor space norms. The maximum standard rent can even include utility costs, which would also be measured according to an area's norms.

In market-based economies where formula-based allowances are utilized, the *MSR* is set according to market rents, and is set high enough to provide a household with the ability to lease a good quality unit. The household may lease a unit for more than the *MSR*, but the difference must be paid by the household. If the allowance exceeds the actual rent, the households can use the difference. However, the household might be required to pay a minimum share of their income towards housing costs in order to participate in the program, thereby providing some incentive for households to choose a minimally adequate housing unit. A household can also use the difference between actual rent charged by the landlord and the allowance payment.

Simulations of the effects of a housing allowance program have been undertaken for Hungary (Hegedus *et al*; 1991), former Czechoslovakia (Telgarsky *et al*; 1992), and Russia

(Struyk *et al*; 1993). In all three cases, the simulations used available in-country data to show that if a formula-based allowance scheme is implemented and rents are raised, revenues for maintaining and operating rental housing increase, while the poor receive some protection from increases in housing costs. In other former socialist-countries, implementing a formula-based housing allowance has proved to be viable alternative to subsidized rental housing.

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## SECTION 2

### **THE SOCIAL BENEFITS SYSTEM: CURRENT STRUCTURE AND NEW PROPOSALS**

Similar to other Eastern European countries, Slovakia inherited an extensive system of government cash transfers designed to aid needy individuals and families. Before 1991, the public's social safety net consisted of two main categories: (1) social security, and (2) social welfare. Later, an unemployment benefit emerged as the third social benefits category. Combined, the three benefit categories offer a wide array of benefits and cost the government an amount equal to 25 percent of the Gross Domestic Product (GDP).<sup>14</sup> The government is reforming social insurance and social welfare programs to function better in a market economy. The proposed system radically alters the structure of the existing social benefits by redistributing many of the benefits among three social benefit categories. Included among the proposed social benefit programs is a provision for housing allowances.

### **RECENT DEVELOPMENTS**

The budget of independent Slovakia had to be put together quickly, under very challenging circumstances, and without good statistical information. In addition, the budget relied on a revenue forecast based on information for the federation as a whole and did not accurately predict proceeds from the new VAT and other taxes. Given the rapidly changing economic environment, fiscal imbalances developed. One of the most pressing areas of concern was a shortfall of revenues needed to finance the social benefits system.

In order to respond to the changing fiscal demands placed on the social safety net in a country undergoing major structural change, the Slovakian Ministry of Labor and Social Affairs streamlined the funding mechanisms of some programs and targeted benefits more efficiently. In addition, a National Insurance Company was established to manage three social security funds: health care, sickness benefits, and pensions. A fourth fund for unemployment benefits was also established, independent of the National Insurance Company. These funds brought greater fiscal discipline to the social programs and removed the programs from having to go through the state budgetary process.

As part of the process to streamline the safety net, the government reformed social security funding mechanism by doing away with the old wage tax. Contributions to the social security fund are now provided by the employer and the employee. Employers' social security

<sup>14</sup> In 1991, former Czechoslovakia's safety net expenditures as a percentage of GDP amounted to 11 percent, less than Hungary's share (at 16 percent of GDP) but above Poland's and Bulgaria's.

contributions were set at 38 percent of the wage bill while the employees' contributions were set at 12 percent.<sup>15</sup> In addition, the government mandated that small entrepreneurs pay 50 percent of their wages towards social security as part of the employee contribution (46 percent to National Insurance Company and 4 percent to the unemployment fund).

In 1992 the government made an effort to reduce the number of overlapping benefits and adjust programs to reflect the new macroeconomic environment. As a first step, two social safety-net programs were reformed: child benefits and unemployment insurance. The rent-reduction allowance based on the number of children in a family was abolished and the term for collecting unemployment compensation was shortened from 12 months to 6 months. In addition, the benefit reduction rate for the unemployment insurance program (the rate at which benefits are paid-out according to previous wages) was decreased. And, in response to a worsening economy pensions were increased by about 3 percent.

### CURRENT STRUCTURE AND BENEFIT LEVELS

The following section describes the current (as of late 1993) structure of Slovakia's safety net system. Where possible, a short historical sketch is also provided to show the evolution of the various programs. Table 2.1 (at the end of this section) lists each program, and summarizes eligibility criteria, and program coverage. The last part of this section summarizes the new proposed changes in the safety net and discusses how a formula-based housing allowance could be incorporated into the current and proposed system of social benefits.

**Social Welfare.** The social welfare benefit is designed to bring households in Slovakia with very-low incomes up to the poverty line. The federal Law on Living Minimum establishes minimum household income thresholds, including the poverty line. The poverty line is defined according to household composition criteria that includes number of children as well as number of household members. The basis used for calculating this benefit are the costs of the following commodity groups: (1) clothing, (2) food, (3) housing, and (4) other. The amount of the benefit equals the difference between a household's income and the established poverty line. Benefits falling under welfare can be distributed either as cash grants or in-kind transfers. For the household, cash benefits are reduced on a one-to-one basis for every crown earned over and above the poverty threshold.

In addition to the poverty-based welfare benefit, the social welfare system also provides many social services and in-kind benefits. These include: interest-free short term loans; attendance service aimed at individuals in need of continuous support; and institutional care such as juvenile and foster-care homes; temporary shelter; transportation; food stuffs; orthopedic devices; and even housing grants to secure barrier-free housing.

<sup>15</sup> Education, legal, culture, and health and social care employees are exempt and the government, as an employer does not pay these contributions.

**Social Security.** The existing social security system has not changed dramatically since 1975. In addition to pension benefits, the system pays benefits for sickness, maternity leave, work injury, and provides allowances for families and children.

Pensions, followed by health insurance and child allowances, represent the greatest share of expenditures among the different social insurance programs. Pensions are provided not only to the elderly but also for the disabled, widows/widowers, and orphans. Thus, the three main groups are:

- old-age pensions;
- disability pensions (including partial disability); and
- pensions for widows, widowers, and orphans.

Under the current system, two main criteria determine eligibility for old-age pensions: length of employment and age. Employees must work at least 10 years to collect partial pensions and 25 years to collect full pensions. Women may receive pensions after they turn 53 years old; men qualify after they become 65 years old. Pension benefit levels are based on the five best earning years in the 10 years prior to retirement. There is, however, a minimum benefit. In addition, small cash supplements are provided to pensioners with exceptionally long employment records. Pensioners can also earn unlimited income without incurring a reduction in their pensions.

Eligibility criteria for disability pensions are similar to those of old-age pensions. In order to qualify for disability pensions, the applicant must have been employed for a minimum of 10 years. The formula for computing the benefit is the same as for old-age pensions.

The third form of pension is applicable to widows, widowers, and orphans. The widows/widowers pension is currently collected by over 284,000 persons, and is the third largest source of net outlay, following old-age and disability pensions. Unlike other pensions, the widows/widower's pension is primarily a temporary income supplement since it is paid out for only one year after the death of the spouse.

Currently, there are various grants and allowances provided under the social security program. These include:

- sickness benefit;
- family care benefit;
- maternity allowance;
- birth grant;
- parenthood allowance;
- child allowance; and
- compensatory grants.

In addition to pensions, the other main social security program is the sickness benefit. This benefit provides income in case of absence from work due to: (1) sickness; (2) work accident; (3) maternity; and (4) care of sick dependent. The benefit covers 70 percent of daily wages for the first three days, and 90 percent of daily wages for subsequent days with a limit of one year.

The social security system also provides a comprehensive array of family benefits designed, in part, to encourage households to bear and support children. The birth grant is a cash payment of Sk 3,000 per child, intended to cover the costs associated with giving birth. Before 1992, the birth grant was Sk 2,000, which was unchanged from its 1975 level. The maternity benefit's criteria is similar to the sickness benefit in the way it is paid out. The parenthood allowance is a cash payment of Sk 1,200 per month paid for the first three months following birth, for a parent who does not work. While the family care benefit is provided for parents to attend to a disabled or sick family member.

Compensatory grants provide protection from the rapid price increases associated with the price liberalization initiated in 1990 throughout former Czechoslovakia. Originally, every person received compensation of Sk 140 per month. To offset higher energy costs, a Sk 80 per month was paid to all pensioners and dependent children. The energy program was later restricted to households with children and incomes below Sk 12,000 per month. At the same time, the grant was increased to Sk 220 per dependent child per month.

**Unemployment Insurance.** Unemployment compensation is a social safety net benefit carried over from former Czechoslovakia, originally mandated under Federal Law 1/1991. For applicants to receive benefits, he or she must: (1) register with an unemployment office; (2) be willing and able to accept a suitable job; (3) have been employed for at least 12 months within last three years; and (4) have attained at least 15 years of age. The benefits are calculated at the rate of 60 percent of the (prior) average net monthly earnings for the first three months, and 50 percent of earnings for the following three months, for a maximum of 6 months total. In addition, compensation is provided to individuals suffering unemployment due to economic restructuring and for recent school graduates who have not been part of the labor pool. Up through mid-1993, the state budget financed unemployment benefits thereby exempting employers from doing so. As of April 1993, there were about 107,000 people receiving unemployment benefits (out of 304,000 persons who were unemployed).

### PROPOSED SOCIAL BENEFIT CHANGES AND HOUSING ALLOWANCES

The majority of Slovakia's social programs in place today were designed under a system of central planning where worker's incentives were suppressed by state initiated policies designed to rationalize wages with subsidized production of consumer goods and services. This system, found in all socialist countries, relied on an employee wage tax. However, in the current climate of economic reform, the government of Slovakia has realized that existing social safety net policies need to be reevaluated in response to a labor market where wages are increasingly used to allocate labor.

The government has proposed to alter the social safety net to decrease government outlays, make the system more transparent, and make the social benefits system more responsive to the needs of a changing economy. The new proposal for revising the social safety net is extensive. It seeks to consolidate many overlapping programs while redefining others to be more inclusive of individual and family needs. There are three main components to the new system of benefits: (1) social insurance, including health insurance and pensions; (2) state social support, including child allowances, parenthood allowances, and housing allowances; and (3) state social assistance, including programs to benefit the poorest citizens. In addition, the new proposed system relies on a funding mechanism that is less dependent on the state budget.

**Proposed Social Insurance Benefits.** Under the newly proposed scheme, the category of social insurance retains many of the provisions found in the current social security programs. Health insurance would include compensation for lost wages. The sickness benefit would be very similar to the one in place today, although premiums would be paid by the employee as well as the employer. Sickness benefits would be granted for: lost wages due to illness (up to a maximum of one year); caring for an dependent child (up to 7 calendar days as opposed to the current limit of seven work days); a wage differential due to job relocation because of pregnancy (maximum of 28 weeks); and a maternity benefit (maximum of 28 weeks).

Under the new proposal, pensions would be limited exclusively to: the elderly; the disabled; survivors, and orphans. The proposal limits the pension benefit to a flat sum, and a supplement based on a formula that takes into consideration the number of years the person has worked and the person's previous wage level. In addition, the current inequitable age differential for eligibility between the sexes is redefined to narrow the current gap. The new proposed social insurance system also relies more on payments from the wage earner and employer, and less on the state budget. Contributions would be paid into one of the funds managed by the National Insurance Company.

**Proposed Social Assistance Benefits.** The newly proposed social assistance programs incorporate many of the features of the current social welfare system which protects the poorest of the poor. Eligibility under the new social assistance program is still established according to the official poverty line and takes family composition into consideration. The poverty line would still be determined by the cost of a basket of goods considered necessary for survival. In addition to taking into consideration household income, the new proposed social assistance benefit will be determined by the level of family wealth or assets.

**Proposed Social Support Benefits.** Many of the social support programs under consideration are carry-overs from the current social security category of benefits. Nine programs are currently under consideration: child allowances; compensation for one-parent families; parenthood allowances; birth grant; foster parent compensation; loans for newly formed families; general compensation for unexpected financial need; physical defect compensation; and housing allowances. Eligibility for social support would be based on an income threshold set according to a multiple of the poverty line.

The structure of the housing allowance component of the newly proposed state social support category is being debated. One issue centers around whether to make both owners and renters eligible for housing assistance. Another issue focuses on whether utilities should be included in the calculation of the housing allowance and whether to base the allowance on a housing quality standard similar to the one used in formula-based housing allowances (MSR). The proposal calls for eligibility for housing allowances to be income based, though whether the payment is directed to the manager of the housing, the owner, or tenant is still being debated. Furthermore, local governments have been proposed as the administrators of the allowance though the program's parameters would be set at the national level.

### HOUSING ALLOWANCES AND THE SAFETY-NET

A formula-based housing allowance program can be incorporated within the existing or proposed framework of the safety-net. Since income is used to establish program limits for many social programs, establishing housing allowance eligibility could be accomplished in-tandem with existing verification and administration procedures. Housing allowances would stand alone as a clearly distinguishable program - distinct from the current welfare payment. This payment is based on a poverty line calculation which is established, in part, on a category III rental housing standard. Income verification to determine household eligibility can be accomplished through non-duplicative procedures, taking into consideration all sources of income to the household before the benefit is calculated. The social welfare program is currently administered by the Ministry of Labor and Social Affairs through district offices. This network of offices would provide the necessary infrastructure for administering a housing allowances program nationwide.<sup>16</sup>

**Housing Allowances and the Current Safety-Net.** One way to illustrate how a formula-based housing allowance scheme would be implemented within the existing and proposed safety-net system is to show an example using calculations based on average income and housing cost figures for a three member household living in a municipal rental unit. This fictitious household consists of two adults and one six year old child.

Under one scenario both adults are employed. In this case total household income amounts is Sk 9,820 or just below the average monthly household income in Slovakia (see section 1, table 1.2). This sum is derived by adding two average incomes (Sk 4,700) with current means-tested compensatory grant payment of Sk 220 per month per household (for which they qualify) and a Sk 200 child allowance provided under social insurance to any family with a child under seven years. If the household lives in a unit appropriate for their household size under current floor space norms, their rent amounts to 320 per month, and their utility and communal costs are Sk 1,120. Thus, the household's combined housing payment is Sk 1,400. This figure represents 14.3 percent share of their total monthly income. If the share of income devoted to housing costs (including utilities) in the housing allowance formula was set at 20 percent, and the

<sup>16</sup> Administration issues concerning the implementation of a housing allowance program in former Czechoslovakia are discussed by Bawden and Holcomb in *Administration of a Housing Allowance by Social Care Offices in Czechoslovakia* (1992).

WFA standard was based on category I units and current floor space norms, under this scenario, the household would not qualify for a housing allowance.

If the same three member household lost income due to work loss, they would qualify for a housing allowance in addition to unemployment compensation. Given that the benefit reduction rate for unemployment compensation is currently 60 percent, both working members would receive Sk 2,900 per month as unemployment compensation (Sk 5,800 total). Given that the income limit for compensatory grants is Sk 12,000 per month, under this scenario the household would continue receiving the grant along with the child allowance (Sk 200). Therefore, their combined income would amount to Sk 6,220 per month. If their housing costs remained the same as those in the first scenario, they would have to pay 22.5 percent of their income towards housing costs. If housing allowance parameters are kept the same as those in the first scenario, the household qualifies for a housing allowance payment of Sk 156 per month (the difference between Sk 1,400 and 20 percent of their income, or Sk 1,244).

Under yet a third scenario, the household's income declines even further. In this case, the household relies on welfare payments because their unemployment benefits collected under the second scenario expired. By using the provision in the current social welfare system, benefits are calculated according to household composition. For a three member household composed of two adults and one child, the total welfare payment is Sk 4,200 (Sk 800 per household, Sk 200 per adult, and Sk 1,000 per child). The household would not retain the compensatory grant for the child allowance and still qualify for welfare. Total household income under this scenario is almost half of the figure under the first scenario, where both adults were employed. Housing allowances payments would now amount to Sk 560 per month, ensuring a continual stream of payments for the municipality and utility companies. More importantly, the household's access to adequate shelter would be guaranteed.

**The Welfare Benefit and Housing Assistance.** Once formula-based housing allowances are introduced, the portion of the current poverty line used to calculate welfare payments, should be revised. Currently, the poverty line is computed based on the costs of a basket of goods necessary for survival and further adjusted for family composition. This calculation takes into consideration the costs of three necessary commodities: food, clothing, and housing. In order to compute the benefit two surveys (the *Family Budget and Expenditure* and the *Microcensus*) were used to measure costs and distribution of expenditures according to norms. The poverty line was calculated as 50 percent of the average per capita income and distributed according to the following commodity shares: 64 percent for food, 8 percent for clothing, 12 percent for housing, and 15 percent for other goods. The state budget for social welfare in 1993 amounts to Sk 2.4 billion. In theory, approximately Sk 28.8 million are implicitly allocated for housing assistance for families with incomes below the poverty line. That poverty line has not changed since its formulation in November 1990 as a standard for the CS federation as whole.

The administration of welfare benefits is also in need of reform. The current system of welfare assistance is discretionary, relying on local officials to determine need arbitrarily. Occasionally, officials at local welfare offices dole-out one-time cash grants earmarked for

housing. In this manner, housing assistance is often delivered in an erratic and inconstant manner. By given discretionary use of welfare funds, the current system ensures that similar individuals living in different locations will not be treated similarly. In addition, the basis for calculating the housing portion of the poverty line relies on a low standard of housing (category III) and is based on outdated 1990 data in a high inflation economy. Housing assistance in Slovakia is currently inadequate to serve the needs of the population.

**Housing Allowances and the Proposed Safety-net.** Similar to the existing social welfare benefit, the proposed social assistance program under the restructured safety-net system is based on the poverty line. If the poverty line includes housing costs and a formula-based housing allowance is adapted under the proposed social support system, housing assistance will be duplicated under two programs. Once a formula-based housing allowance is adapted under the proposed social support category of the safety-net, the program would be clearly distinguishable and well targeted, using income and housing quality standards to determine eligibility. Alternatively, under the proposed social assistance, the poverty line benefit would implicitly incorporate housing assistance and eligibility would be based on an absolute income threshold and an extremely low housing quality standard. If the two programs would be adopted at the same time, government housing assistance would be inefficiently administered as well as overlapping. Thus, defeating the goals of the proposed social safety-net.

The proposed social safety-net attempts to develop social programs that respond to the particular social needs of individuals and families in a more systematic fashion than did the system devised under socialism. It combines some overlapping programs under one means-tested social support category. Nonetheless, there are opportunities for better coordination and improvement between social support programs and those proposed under social assistance. A formula-based housing allowance program, whether it includes homeowners as well as renters should be the dominate form of housing assistance, independent of a social assistance payment based on the poverty line. Housing allowances should be conditioned on total household income by a single means test and implemented through the current social agencies located in each district. In this manner, housing allowances payments will be considered as income when calculating a household's social support payment.

**Table 2.1**  
**Slovakia's Social Safety Net**

Program	Eligibility	Benefit/Coverage	Notes
<b>1. Welfare Benefits</b>			
Poverty Level Benefit	Households with after-tax income less than the sum of: Per person per month: Sk900 - under age 6 Sk1,000 - ages 6-10 Sk1,200 - ages 11-15 Sk1,300 - ages 16-26 Sk1,200 - adults Plus per month: Sk500 - household of 1 Sk650 - household of 2 Sk800 - households of 3-4 Sk950 - households of 5+	Benefit paid is difference between poverty level (as defined at left based on household size and composition) and after-tax income  Benefits may be granted either in cash or as in-kind transfers	The poverty line is defined by legislation passed in October, 1991 when new poverty levels were established (Act. 469/91)  Program is administered by Slovak Ministry of Labor and Social Affairs through local offices  Local governments did provide some income support benefits
<b>2. Unemployment Insurance Benefits</b>			
Basic Unemployment (person available for work)	Employed 12 months in previous 3 years, at least 15 years old and capable of working.	60% of previous average wage for first 3 months  50% of previous average wage for the following 3 months (6 months total)	Benefits currently paid from Slovak budget though administered by new Unemployment Agency.  Maximum benefit is Sk3,500/month

Table 2.1 (continued)

Program	Eligibility	Benefit/Coverage	Notes
<b>2. Unemployment Insurance Benefits (continued)</b>			
Unemployment (due to restructuring)	Must have been employed 12 months in previous 3 years	60% of previous average wage for first 3 months	Maximum monthly payment of Sk3,500
		50% of previous average wage for following 3 months	Average wage based on previous 12 months' wages  Refusal to accept employment can result in 6 month suspension of benefits and cancellation from records
Unemployment (recent school graduates)	Recent graduates of university and secondary schools	Sk1,440/month (secondary), Sk2,000/month (university) for 12 months after graduation	Graduates account for about 15% of all unemployed
Unemployment/Retraining	Person enrolled in eligible re- training program	70% of previous average wage for duration of re-training program (maximum 6 months)	Only about 1% of unemployed were in re-training programs at the end of 1992  Maximum monthly payment of Sk3,500

3 Social Security Benefits

Program	Eligibility	Benefit/Coverage	Notes
Old-Age Pension	<p>25 years employment (including education, national service, maternity leave, and registered unemployment since age 18)</p> <p>Women: age 57 (no children); age 56 (1 child); age 55 (2 children); age 54 (3-4 children); age 53 (5 or more children)</p> <p>Men: age 60; age 55 for Category I occupations</p>	<p>Average monthly earnings (AME):</p> <p>100% of first \$k2,500</p> <p>33% of next \$k2,500-6,000</p> <p>10% of next \$k6,000-10,000</p> <p>0% over \$k10,000</p> <p>Pension levels:</p> <p>Category I: 60% of AME</p> <p>Category II: 55% of AME</p> <p>Category III: 50% of AME</p>	<p>AME calculated based on average gross taxable earnings in 5 best years of previous 10 years. Pensioners can earn unlimited amount of earning over and above pension payment</p> <p>National Insurance Company; subsidiary offices on district level. Source of funds: 12% employee, 38% employer, deficit is government paid.</p>
Old-Age Pension (continued)	<p>Occupational categories:</p> <p>Category I: miners, pilots, sailors, and metal, chemical, and nuclear workers</p> <p>Category II: occupations with health risks</p> <p>Category III: other occupations</p>	<p>Supplements:</p> <p>2% for each year worked over 21 years in Category I</p> <p>1.5% for each year worked over 21 years in Category II</p> <p>1% for each year worked over 26 years in Category III</p> <p>Minimum monthly pension:</p> <p>\$k1,980 (individual)</p> <p>\$k3,360 (couple)</p> <p>Maximum monthly pension:</p> <p>\$k4,100 (Category I)</p> <p>\$k3,600 (Category II)</p> <p>\$k3,100 (Category III)</p>	<p>As of February 1993, 697,709 persons received old-age pensions</p>

Table 2.1 (continued)

Other Pensions

Pensions are also provided for: handicapped and partially-handicapped persons; widows and widowers; and orphans  
 Total or partial disability plus 5 years of employment in last 10 years.

Base for computing pension payments relies on the old-age formula of previous wages.  
 Disability pension: 50% of average earnings plus 1% of earnings per year of actual and credited employment between 26 and 35 years.

Minimum full pension Sk550 plus amount necessary to raise total income to Sk1,980 plus dependents' supplements.

Survivor pension: 60% of pension of insured (minimum Sk450)

As of February 1993, the following frequency of payments applied:

Handicapped	215,378
Partially handicapped	60,422
Widows	284,406
Orphans	40,454

Table 2.1 (continued)

Social Security/Insurance Benefits (continued)

Program	Eligibility	Benefit/Coverage	Notes
Sickness Benefit	All eligible contributors	70% of daily wage for first 3 days (base is Sk180/day), 90% of daily wage for following days (maximum 162 Sk/day) up to 1 year	Percentage paid by employer, with partial contribution by employee; also self-employed pay Sk1,100/month or 46 percent of minimum wage or Sk2,200/month through June 1994.  Administered by National Insurance Company; subsidiary offices on district level.
Family Care Benefit	All eligible contributors	70% of daily wage for first 3 days (maximum Sk126/day)  90% of daily wage for following 4 days (maximum Sk162/day), maximum 13 days for single parent.	Same as sickness benefit.  Administered by National Insurance Company; subsidiary offices on district level.
Maternity Allowance	All eligible female contributors	90% of daily wage (maximum Sk135/day)  28 weeks (married mothers) 37 weeks (single mothers)	Same as sickness benefit.  Administered by National Insurance Company; subsidiary offices on district level.
Compensatory Grant (Food)	All households with children and income below Sk12,000 month	Sk220/month/per dependent child	Paid by wage tax  Self-employed and other non-employees must apply for grant through 38 district insurance offices

Table 2.1 (continued)

Program	Eligibility	Benefit/Coverage	Notes
Birth Grant	All household with at least 1 eligible contributor	Sk3,000 per birth  Sk5,000 supplement for birth of 3 or more children	
Parenthood Allowance	All eligible couples	Sk1200 per month for 3 years from birth (7 years for handicapped child)	Parenthood allowance cannot be received at the same time as maternity allowance
Child Allowance		Monthly benefit: 1 child: Sk200 2 children: Sk650 3 children: Sk1,210 4 children: Sk1,740 Additional child: Sk350	Only parents with income limits of Sk16,800 month regardless of family size  Paid by employer; rebated from Government  Children up to age 15 are classified as dependent children (up to age 26 if the child is in school)

16

1. The amount of the birth grant is determined by the number of children born to the mother during the period of her pregnancy. The grant is paid to the mother or to the father if the mother is deceased or unable to receive it. The grant is paid in three instalments: one at birth, one at the age of 12 months and one at the age of 24 months. The grant is paid to the mother or to the father if the mother is deceased or unable to receive it. The grant is paid in three instalments: one at birth, one at the age of 12 months and one at the age of 24 months.

## SECTION 3

**HOUSING ALLOWANCE AND INCOME SUPPORT MODEL (HAIS)**

The Housing Allowance and Income Support (HAIS) model was originally developed to assist the government of former Czechoslovakia in quantifying the impacts of a housing allowance program. The model is a comprehensive analytic tool designed to not only determine the impact of a housing allowance program but also quantify the size and extent of outlays in the unemployment and income support (welfare) programs, given assumptions about future changes in economic conditions. Furthermore, the model is designed so that the user can change key parameters for each of the three types of social benefit programs. Changes in policy parameters will result in new estimates of participation and funding levels.

**THE HAIS MODEL AND BASE DATA FILE**

**The HAIS Base Data File.** A simulation model is only as good as the data with which it is supplied. The HAIS model uses the best and most up-to-date sample data available in Slovakia. Its base data file was constructed using data from the 1988 Microcensus and the 1989 Family Budget and Expenditure survey. Demographics and income data came from the Microcensus file while data on housing characteristics came from the Family Budget and Expenditure survey. The two files were linked by a statistical process that merged the data from one file with those in the other file based on household characteristics. Monetary values in the base file were updated to reflect conditions at the end of 1992.<sup>17</sup>

**The HAIS Model Structure and Output.** The HAIS model was designed so that the user can alter parameters for anticipated macroeconomic conditions, as well as for the housing allowance, unemployment insurance, and income support programs. Each set of HAIS model parameters represents a unique economic environment and program scenario. The model uses these inputs to calculate the number of program participants and the amount of funds necessary to support each program.

Since the simulation takes place over an user-specified time period, the model simulation begins by taking base data file and revising household income by updating earnings, pensions, and social benefits. Housing costs are also revised according to the inputs supplied to the model about predicted increases in rents and utility costs. The simulation's start date corresponds to

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<sup>17</sup> Refer to Annex A for a more detailed description of these files including the process used to combine data from the base file and update income and housing costs variables. In the fall of 1993, a new Microcensus file will be released, containing sample data collected in April 1993.

40

the base data while the end of the simulation date is user-specified (month and year). The HAI S model computes totals for the number of households and the amount of benefits paid for each program by following categories:

- household employment status;
- housing type;
- number of persons in household;
- occupation type of household head; and
- household income.

The model also calculates changes in eligible housing costs (compared to the base data) faced by households. Reports are produced detailing the parameters used as inputs to the model and summarizing the results described above.<sup>18</sup>

### SIMULATION PARAMETERS

**Macroeconomic and Unemployment Parameters.** In order to compute end-period aggregate income, the model requires estimates of future price inflation and changes in real earnings for each occupation type defined in the base data file. Forecasts of nominal changes in other income sources (pensions, social benefits, and other income) are required by the model for income updating.

The HAI S model also requires estimates of future unemployment rates. Aggregate household income is affected by the number of households that are expected to be unemployed. The model allows the user to specify the percentage of the labor force that is unemployed. When the model computes aggregate income it requires the user to specify what portion of the unemployed will exhaust their benefits and what portion will still be entitled to compensation by the end of the simulation period. It also requires the user to specify the replacement rate and minimum benefit level as well as the average participation rate in the program. The replacement rate (i.e., the share of income that is replaced by the program) declines the longer a person receives benefits. The model uses an average replacement rate.

**Housing Parameters.** The HAI S model requires the user to specify the rent and utility payments as inputs. Because the housing price structure is complex there are many parameters. Base rents for each category of municipal rental housing and coops are set for both "living" and "non-living" (i.e. service) space. Other fees (related mainly to the equipment in an apartment and building services such as janitorial service, elevator service, trash removal, and others) are specified on a per housing unit basis. Another category, "other services", is included as an option.

<sup>18</sup> See Annex B for complete complement of replicas of the simulation parameter input screens used by the model.

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Future increases in utility costs (electricity, gas, heat, and fuel) can be estimated and used in the model when calculating housing allowances. In this manner, the model is extremely flexible in making simulations of both increases in rent levels and increases in utility costs.

**Housing Allowance Parameters.** The HAIS model allows the user to alter the parameters of the housing allowance program. The user may include households living in cooperative apartments in the housing allowance calculations along with households currently residing in municipal rental units. The user may also modify the way the maximum standard rent is calculated. By choosing the current quality category schedule (I or II), the user selects which rent is used in calculating the *MSR*. Floor space norms for both living and service space are also user options. The model uses total floor space for each housing unit to calculate the *MSR*. In addition, the model allows the user to include or exclude utility costs in the allowance formula.

The user may manipulate a second set of housing allowance parameters. The three parameters are: the maximum share of income devoted to housing costs, the minimum share of income devoted to housing costs (to discourage occupancy of sub-standard housing), and the participation rate in the housing allowance program. These parameters, along with the housing allowance parameters determine whether a household is eligible for a housing allowance.

**Income Support Parameters.** As previously mentioned, the HAIS model allows the user to change the input parameters for the income support program. The user can specify the income eligibility threshold for various household groups based on the ages of household members and the number of household members. The model also provides the opportunity to vary payments to prices. In addition to the income eligibility threshold, the user may alter the benefit reduction rate and participation rate.

**Income Distribution Parameter.** The model tabulates households and benefits paid-out based on pre-benefit income (i.e., not including unemployment insurance, housing allowances, and income support payments). The model requires the user to specify the initial pre-benefit income distribution. As the model evaluates the effects of unemployment, the distribution of income changes. The user can specify the income ranges, over which the participation rates and program outlays are reported, on either a per-capita or household basis.

### HAIS Model Evaluation

The model builds its forecast using the following four steps (see Figure 3.1):

1. update incomes, and housing costs;
2. allocate unemployment and calculate wage loss, social benefit loss and unemployment insurance payments;
3. Calculate housing allowances; and

4/10

- 
- Calculate income support payments.

The model revises household incomes by updating earnings, pensions, and social benefits according to user specifications. Housing costs are also revised according to the inputs supplied to the model about predicted increases in rents and utility costs. Once incomes and housing costs have been brought up to date, the HAIS model simulates the effects of unemployment on households. To determine if a household qualifies for a housing allowance, the standard four space allowance along with the housing costs are calculated. This figure is then subtracted from the maximum share of income devoted towards housing costs.

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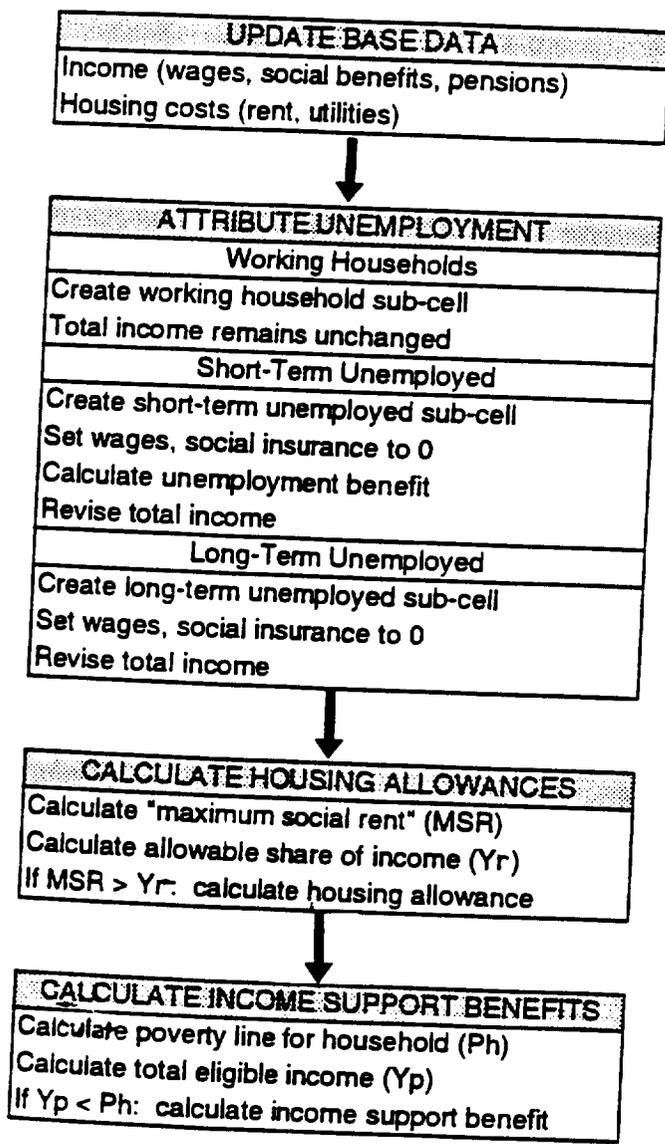


Figure 3.1  
HHS Model Forecast Flowchart

SECTION 4

## HAIS MODEL SIMULATION RESULTS

Once the data base for the HAIS model was assembled, simulations were conducted using three different housing allowance program scenarios. All three simulations were based on a 12-month period, spanning 1993. The simulation results show how alternative policies could affect the number and composition of households eligible for programs. The results also show the funding levels necessary to support the allowance program. The following section describes and analyzes the results of the simulations (Annex B includes all the reports generated by the model under the three scenarios).<sup>19</sup>

### SIMULATION PARAMETER ASSUMPTIONS

**Macroeconomic Conditions.** All HAIS model simulations were conducted holding macroeconomic conditions constant. The macroeconomic parameters relied on the best available information for the economy. Given that the simulations were for a 12 month period in 1993, some of the assumptions were based on historical data available for the first part of the year.

The macroeconomic assumptions for the HAIS model simulations are listed in Table 4.1. It was assumed that the overall prices will increase by 30 percent during 1993. Though this inflation rate might seem high relative to previously documented rates, the recent devaluation of the Slovakian currency is expected to increase the price of imported goods. The devaluation will especially affect the terms of trade with Slovakia's largest trading partner, the Czech Republic. In addition, if Slovakia's demand for imports from West Europe accelerates as expected, prices should rise even faster.

The parameters for real earnings growth and unemployment rates (see Table 4.1) rely on current GDP data for the first quarter in 1993 and recent forecasts<sup>20</sup> for the economy. Over the course of the simulation period, the model assumes real earnings will decrease by 10 percent. This figure was derived from forecasts which were largely predicated on trends in 1992, and the negative growth associated with reduction in output from manufacturing. Slovakia is especially vulnerable in this area since industrial output constitutes a large share of total domestic output. The overall unemployment rate for 1993 was set at 14.8 percent. The share of the unemployed who

<sup>19</sup> The program parameters and other assumptions used for the simulations do not necessarily reflect the official position of the government concerning the economy nor proposed changes in the social programs.

<sup>20</sup> Forecasts were derived from the *Economist Intelligence Reports* and *PlanEcon Monthly Monitor*.



The rates in Table 4.1 for utilities are applied to the HAIS model's base data (end of 1992), and the rates in Slovakia will equal true economic cost of providing the services.

**Housing Allowance Program Parameters.** Three housing allowance scenarios were simulated. Only two program parameters were varied while the remainder were kept constant for all three simulations. Utility costs were included in the housing allowance formula. Once utility costs stabilize in Slovakia, the major portion of an allowance should subsidize the rent increase, but since utility costs have risen faster than rent, utility costs were factored into the market-based allowance.

**Maximum Standard Rent.** The maximum standard rent (*MSR*) parameters were kept constant for the three simulations so that the impact of changes in the other program parameters could be better measured. Within the HAIS model, the *MSR* varies according to floor space and rental housing categories I or II. The *MSR* was set according to the current norm for rental housing (6 square meters per household plus 12 square meters per person) and rental housing base space and service space rents. Since the majority of rental housing falls into category I, it was decided not to alter this parameter. The current floor space norm is also being maintained even though it is low according to consumption patterns in market-based economies. Changes in unit sizes in rental housing will only take place over the long run.

**Utility Fees.** The HAIS model calculates utility fees for each household in the data base by multiplying the standard floor space allotted to the household by an average utility payment, based on a per square meter basis. The data for this parameter were derived from the 1992 version of the Microcensus file used to construct the base data. The average costs (at the base period) for each utility were used as model parameters. The annual rates varied from 100 Sk per square meter for "other fuels" to Sk 180 per square meter for the heating.

**Share of Income Devoted to Housing Costs and Rent Increases.** The simulations simulated three different combinations of the share of income devoted to total housing costs ( $r$ ), and rent parameters. In the first two simulations, rent was increased by 100 percent over the end of 1992 base line. The share of income devoted to housing was set at 15 percent for one simulation and 20 percent for the other. Rent was increased in the third simulation by 400 percent to approximate the effect of full cost rents, while the share of household income devoted to housing was set at 20 percent. In all three cases, the program participation rates were assumed to be 100 percent. In addition, it was assumed that households living in cooperative units were eligible for the program.

## SIMULATION RESULTS

Table 4.2 shows the simulation results for the three housing allowance program scenarios described above. The following analysis focuses on allowance eligible households and the program costs. (see Annex C for a complete listing of the HAIS model simulation reports, including detailed breakdowns of unemployment and income support program results).

46

**TABLE 4.2**  
**SLOVAKIA - HAIS SIMULATION MODEL RESULTS**  
 (Housing Quality Standard: Category I)

Scenario Simulation Period	Rent Increase Over 1992	Share of Income		Eligible Renter Households Number	Percent of Mun. Renters and Coops	Total Monthly Allowances (Sk '000s)	Average Monthly Allowance (Sk)
December 1993	100 percent	20 percent	Mun. Renter:	87,267	18.87	34,441	395
			Coops:	62,250	17.07	29,678	477
			Total:	149,517	18.00	64,119	429
December 1993	100 percent	15 percent	Mun. Renter:	172,628	37.32	61,625	357
			Coops:	119,882	32.87	50,712	423
			Total:	292,510	35.30	112,337	383
December 1993	400 percent	20 percent	Mun. Renter:	238,922	51.66	132,670	555
			Coops:	186,992	51.28	107,267	574
			Total:	425,914	51.40	239,937	562

Note: Simulations assume 54 m2 unit for a family of four and utilities included in housing costs.

**Housing Allowance Households.** Under the conditions scenario one and two, the results show that the number of households eligible for housing allowances increases substantially when the maximum share of income devoted to housing costs decreases. In the third simulation, a 400 percent rent increase translates into an increase in the number of eligible households from 149,517 households to 425,914 households. Following a 100 percent rent increase only 18 percent of all households living in leased housing are eligible for allowances. About 50 percent become eligible when rents are raised by 400 percent as they are in the third simulation.

**Housing Allowance Costs.** The amount of total outlays for housing allowances is roughly proportional to the program's participation levels under the first and third scenarios, assuming the maximum share of income is set at 20 percent. Under the first scenario, in which rents are increased 100 percent, Sk 64 million would be needed during the month of December to cover the costs of the housing allowance program if all eligible households participated in the program. This figure rises to Sk 239 million under the third scenario where rents are raised by 400 percent, but no one in Slovakia would be required to pay more than 20 percent of their share towards total housing costs.

The HAIS model calculates the total amount of revenue derived from rent increases. Under the first scenario (100 percent increase in rent and a 20 percent maximum share of income) the total increase in rent is Sk 194 million per month over what would have been collected if rents remained at base period levels. This figure exceeds housing allowance outlays by Sk 130 million per month or Sk 1.56 billion per year. Moreover, the difference in utility revenues (revenues) is even greater given only a 50 percent increase for all but one utility over the simulation period, amounting to 1.7 billion per month (just a little less than the current required annual yearly heating subsidies). As this one case illustrates, the fiscal imbalances currently exist in the housing sector could be reduced by implementing rent increases and reducing any remaining supplier-based subsidies to the households in need of support.

The HAIS simulations estimated that about 18.0 percent of all households would be eligible for a housing allowance under the 100 percent rent increase scenario. This figure almost doubled (35.3 percent) when the share of income devoted to housing decreased by 5 percentage points. Further, under a 400 percent rent increase, the number of household eligible for allowances increased to 425,914, representing about 51.4 percent of all households living in areas of cooperative housing. A comparison of the first and second scenarios shows that by keeping the rent increase constant and decreasing the maximum share of income devoted to housing, the average monthly allowance decreases from Sk 429 to Sk 383 (a decrease of 11.0 percent). Moreover, the average benefit under the 400 percent rent increase scenario was 562, which is 33 percent higher than the average benefit in the first scenario with a 100 percent rent increase.



**Household Composition.** Table 4.3 shows the size and occupation characteristics of households under the three scenarios. The largest group of households eligible to receive allowances are single person households representing roughly a quarter to a third of all eligible households. The next largest group of households are four person households. (Under the 400 scenario increase, this group outnumbers single persons households.) The group of households unable to afford housing at a reasonable cost are two person household since the difference between the total number of households in this category and those in the allowance category falls, on average, by a full 9.0 percent points. More importantly, when the number of eligible households increases, the distribution among the household size groups shifts, favoring large households.

The distribution of eligible households according to occupation group (Table 4.3) shows that the group with the highest incidence of eligibility under all scenarios is blue-collar workers. Among the non-economically active pensioners only make-up 22 percent of all households, the number of pensioners households receiving allowances in the first scenario is 32.5 percent. This indicates the need for housing assistance for households living on a fixed incomes. In addition the share of white-collar workers increase more dramatically than the share for other occupation groups when the overall number of eligible household increase.

**Allowance Program Costs and Revenues.** Table 4.4 shows the amount of municipal revenues (rent increases over and above those if rent remained at end of 1992 levels), average allowance payment, revenues from increased utility costs, and government outlays for the housing allowance program (less administrative costs). The difference between the gains from rent increases and government outlays is striking. Under the first scenario, revenues accruing to municipalities exceed government outlays by about a factor of three. Under the second scenario, revenue to outlay gains decrease by a half and then increases under the third scenario. Moreover, the monthly increases in utility revenues under all three scenarios are a little less than the state yearly heating subsidy. Under the conditions of the first scenario when rent revenues are combined with utility revenues (accruing to the utility companies) and contrasted with program outlays, the result is even more dramatic since receipts exceed outlays by a factor of 30.

The difference between the average rent and the average allowance is almost double under all three scenarios. Given the high share of utility costs in total housing costs, the average allowance incorporates only small portion dedicated towards rent per se. Based on the data presented in Table 4.4, if, on average, utility costs currently make-up approximately 80 percent of housing costs then, only Sk 113 per month are earmarked for rent out of the average Sk 562 monthly housing allowance (the average allowance in the third scenario).

Some aspects of a housing allowance program cannot be estimated by the HAIS model. For example the model does not estimate the number of households who chose to relocate. The allowance payment affords them the opportunity to move to housing that more adequately corresponds to their household size. The model also does not estimate the number of households which are over-consuming housing by living in a unit too large for their

holds  
of Costs  
0 Pct  
0 Pct

425.914

56.10

43.90

100

100.00

22.48

15.98

13.80

32.61

15.30

100.00

38.57

30.48

4.00

24.00

1.88

0.54

100.00

**Table 4.4**  
**HAIS SIMULATION - Monthly Outlays and Revenues**  
**December 1993**

	Scenario		
	Rent Increase and Income Share of Costs		
	(1)	(2)	(3)
	100 Pct. 20 Pct.	100 Pct. 15 Pct.	400 Pct. 20 Pct.
Municipal Revenues (000's SK)	194,184	194,187	776,748
Average Rent (Sk) (excluding utilities)	640	640	1,280
Average Allowances (Sk)	429	383	562
Utility Revenues (000's SK)	1,707,160	1,707,160	1,707,160
Housing Allowances (000's Sk)	64,119	112,337	239,937

Source: HAIS model

needs, and are willing to trade their housing with households whose size more closely matches the unit's size. In addition, it is difficult to estimate the number of good quality units that will be built in response to a higher level of effective demand for housing once formula-based allowances are implemented. These and other potential benefits of a housing allowance program are difficult to quantify but nonetheless would be a welcome result.

### SUMMARY AND POLICY IMPLICATIONS

Political acceptance of rent increases large enough to approximate market levels will not provide resources for adequate housing operation and maintenance is unlikely without a housing allowance program. A housing allowance program undermines the argument that the poor cannot afford to pay high rents. Under the housing allowance system, the poor would obviously be protected since no one in Slovakia would have to pay substantially more than 20 percent of their income for rent. Only middle- and high-income tenants of rental housing (and there are many of these) would have to pay substantially more out of their own pockets than they are currently paying. A housing allowance program is, therefore, the key to political acceptance of rent increases which, in turn, will be essential if an adequately maintained and managed housing system is ever to be a reality in Slovakia.

Slovakia's safety-net is undergoing much needed revision. Given the initiation of a new structure, the provision for housing assistance should be explicitly identified. In this regard, a housing allowance concept is already built into the social support component of the draft safety-net proposal being reviewed by the Ministry of Labor and Social Affairs. A formula-based housing allowance program should be handled as a separate and clearly identifiable component of the new social support category of the safety-net rather than being buried in an unrecognizable general social assistance payment. Moreover, the housing component of social support could be administered in conjunction with other programs at the local level, though the program's income share parameters would apply universally to all households in Slovakia while the maximum standard rent would be adjusted according to market rents in each city, town, or village.

The creation of a market-based system of housing provision will not be an easy or simple task. It will take a concerted effort on the part of state and local governments to educate the public about a new relationships between tenants and owners of housing, including housing management responsibilities. In this regard, rent control and the requirement that landlords provide alternative housing to a tenant that is being evicted undermines a market-based housing system. Developers are inhibited because of the risks associated with building or purchasing housing units with little hope of gaining a return on the investment. Local governments, in particular, need the resources to develop land and necessary infrastructure so that communities can thrive and economic development can take place.

The provision of housing would be more equitable and efficient if a formula-based housing allowance program were adopted in Slovakia along with a rent increases. As the HAI model results show, the program can provide protection from unaffordable housing costs for poor households independent of a poverty-based assistance benefit. Rents in private rental housing should be freely negotiated between the consumer and the landlord, not dictated by law. As a national policy, rents for public units need to be raised to approximate market levels in order to reduce subsidies, and provide much-needed revenues for operating and maintaining municipal housing. In an environment of controlled rent, demand for housing is masked since households cannot adjust their housing consumption in response to changes in household composition and alternative employment opportunities. Because of these distortions, the production of housing according to unit size and location cannot be accurately gauged. Experience in market-based economies has shown that the cost of providing a month of housing services is much less if landlord-side measures such as housing allowances are implemented than if construction or rehabilitation of units is subsidized. In addition, freeing rent from control would help motivate owners to privatize their units.

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**ANNEX A**

**HAIS MODEL BASE DATA**

## HAIS DATA FILE

The HAIS data file was constructed using the 1988 Microcensus and 1989 Family Budget data files.<sup>1</sup> The file was updated to reflect household conditions as of the end of 1992 (4th Quarter).

The 1988 Microcensus was a two percent random sample of all households in the former CSFR. The sample contained approximately 101,000 observations of which 31,603 belonged to the Slovak Republic. The file included data on the demographic, social, and income characteristics of households as of the end of 1988. Unfortunately, the Microcensus contained only limited information about housing characteristics; most notably, there was no information on rent and utility charges paid by each household.

The 1989 Family Budget survey, however, contained more housing information than the Microcensus. The survey covered approximately 5,500 households in the former CSFR, but the sample was not selected randomly.<sup>2</sup> The Family Budget survey contained information on the demographic and social characteristics of households, their incomes and expenditures, and housing situation (such as tenure, size of unit, and expenditures on rent and utilities). Since the Microcensus had limited information on housing, it was necessary to match the housing information from the Family Budget survey to similar households in the Microcensus.

With the assistance of two visiting statisticians familiar with the files—Mr. Dlouhý, of the former Federal Ministry of Labor and Social Affairs, and Mr. Hajnovič, of VUSIEAR (a Slovak statistical institute, now employed by Infostat)—the 1988 Microcensus income data were adjusted to 1989 levels.

To merge housing information from the Family Budget survey with records in the Microcensus, sample households in each file were grouped by key variables common to both files. Households from the Family Budget survey were then matched randomly with Microcensus household records having the same values for the key variables. Use of many keys can result in more accurate matching, but fewer records actually being matched between the two data sets. For example, when six characteristics were used only 40 percent of the records in the Microcensus could be matched with Family Budget households. Use of only two keys allowed all records in the Microcensus to be matched, but with much less accuracy. A matching procedure was developed which matched as many records as possible using all six keys, then matched the remaining unmatched records using five keys, and so on, dropping a key each round until all records were matched. Table A.1 shows the matching keys used and the success rate for each matching pass.

The Microcensus contained six occupation categories—the four shown in Table A.1 plus pensioner households with economically-active persons (EA Pensioner) and a residual "other"

<sup>1</sup> The data files for the 1988 Microcensus and the 1989 Family Budget survey were provided through the kind cooperation of the Central Statistical Office of the former CSFR.

<sup>2</sup> The Family Budget survey is a panel survey of households throughout Slovakia that collects information on household expenditures and incomes on a monthly basis. These data are compiled quarterly and used to report expenditure patterns for Slovakia. Published material is available from the National Statistics Office in Bratislava.

**Table A.1**  
**Matching Pattern for Constructing HAIS Data File**

Pass Number	Keys	Records Matched (percent of total)
1	Housing Type; Income Quantile; Household Size; Sub-Region; Occupation; Age of Household Head	40,126 (40%)
2	Housing Type; Income Quantile; Household Size; Sub-Region; Occupation	23,108 (23%)
3	Housing Type; Income Quantile; Household Size; Region	34,215 (34%)
4	Housing Type; Income Quantile; Household Size	3,870 (4%)
5	Housing Type; Income Quantile	190 (<1%)

**Notes**

<i>Housing Type</i>	Rental (4 categories); Cooperative; Other
<i>Income Quantile</i>	15 per capita income quantiles
<i>Region</i>	5 regions (Prague; Other Czech; Moravia; Bratislava; Other Slovakia)
<i>Sub-Region</i>	12 sub-regions (6 Czech; 2 Moravian; 4 Slovak)
<i>Occupation</i>	Blue-Collar; White-Collar; Agricultural; Non-Economically Active Pensioner
<i>Age of Household Head</i>	Less than 30; 30-39; 40-49; 50-59; More than 59

occupation type. In order to match the two data sets, households in two categories had to be assigned to one of the other four occupation categories. The assignment was based on the following rules:

- If the household occupation was EA Pensioner and the household head was age 60 or older, the household was reclassified as a Non-Economically Active (NEA) Pensioner.
- If the household occupation was EA Pensioner and the household head was under age 60, the household was randomly reclassified to one of the other three categories with the following probabilities: blue-collar, 48 percent; white-collar, 43 percent; and agricultural, 9 percent.
- If the household occupation was "Other", the household was randomly reclassified to one of the four categories according to the following probabilities: blue-collar, 36 percent; white-collar, 33 percent; agricultural, 7 percent; and (NEA) pensioner, 24 percent.

The reassignment of household occupations was a temporary measure only for the purpose of matching the two data sets. The original household occupation groups from the Microcensus were retained for use in creating the HAIS data files.

Once the Microcensus and Family Budget survey data files were combined, their data reflected the situation of households in 1989. It was then necessary to adjust income and expenditure data to account for changes between 1989 and the end of 1992.<sup>3</sup> Adjustments were based on anticipated changes in:

- earnings (including minimum wages);
- average and minimum pensions;
- other social benefits;
- new social benefits (such as the compensatory grants for energy and food price increases);
- the number of economically active persons in agriculture and the average growth of the agriculture bonus; and
- the number of entrepreneurs and their earnings.

Other income variables were updated to reflect recent changes in the laws governing social benefits, and income distribution patterns for various occupation categories. The updating process used auxiliary information such as laws, amendments to laws, tax records, bank statements, etc. For example, pensions in the file were updated according to the most recent law governing pensions that was passed by the Slovakian Parliament (see section 3 of the report for an explanation of the current structure of the social safety-net.) Child allowances were updated by determining the number of children for each sample household and applying the current allowance payment schedule. A more complicated method was developed to allocate income for entrepreneurs. Information about entrepreneur activity was derived by a method that used ancillary sources of information on business activity and an assumption that the distribution of entrepreneur wages was log-normal. The updating process used to change the rent and utility cost variables in the file (that originally were allocated from the Family Budget survey) to late 1992 levels used information obtained from local sources in Bratislava.<sup>4</sup>

Household records in the updated master HAIS data file for 1992 were aggregated into "cells" consisting of households that have identical characteristics. The cells were defined using the following variables:

- Per capita income quantiles (15);
- Housing category (Rental, Cooperative, Other);
- Household size (1 - 5 or more);
- Number of dependent children (0 - 3 or more);
- Number of economically active persons (0 - 3 or more);
- Number of non-economically active persons (0 - 2 or more)

<sup>3</sup> The methodology to accomplish this task was developed by Ms. Myslikova, a mathematician with Infostat (a research office associated with the National Statistics Office). No changes were made to the demographic characteristics distribution as these were judged to be so small as to be insignificant for the purposes of the HAIS Model. However, the weight associated with each sample household in the file was scaled according to the distribution of housing types (rental, coop, private) found in the 1991 Census data.

<sup>4</sup> The information used for updating housing costs (rent and utilities) were generously provided by Ms. Zapletalova (senior researcher at the Housing Institute in Bratislava) and Mr. Janik (general manager of the Slovakian Association of Housing Management Companies).

- Occupation of household head (Blue-collar, White-collar, Agricultural, NEA Pensioner, EA Pensioner, Other)

This process produced a file with 2,260 records. Each record in the HAIS file carried with it a weight or coefficient that determined the total number of households represented by that record in the base file.<sup>5</sup>

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<sup>5</sup> The HAIS model was written by Jeff Teigarsky of the Urban Institute.

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**ANNEX B**

**HAI MODEL INPUT SCREENS**

3

**HOUSING ALLOWANCE & INCOME SUPPORT MODEL  
PRICES, WAGES, AND OTHER SOCIAL BENEFIT PROGRAMS**

**Time Period of Analysis**

Base Period

31.12.91 (DD.MM.YY)

Forecast Period

01.01.93 (DD.MM.YY)

Price Inflation

10.0 %

**Real Earnings Growth**

Total Labor Force

-5.9 %

White-Collar

-5.0 %

Blue-Collar

-8.0 %

Agriculture

-2.0 %

Other

-2.0 %

Working Pensioners

-2.0 %

**Average Change in Other Social Benefits and Income**

Pensions

0.0 %

Universal Benefits

0.0 %

Social Insurance

0.0 %

Other Income

0.0 %

Is this data correct? (A/N)

5A

**HOUSING ALLOWANCE & INCOME SUPPORT MODEL  
UNEMPLOYMENT & UNEMPLOYMENT INSURANCE PROGRAM**

Unemployment	Rate	Share of Unemployed:	
		Short-Term	Long-Term
Total Workforce	6.9 %	80.0 %	20.0 %
White-Collar Workers	5.0 %	80.0 %	20.0 %
Blue-Collar Workers	10.0 %	80.0 %	20.0 %
Agricultural Workers	3.0 %	80.0 %	20.0 %
Other Workers	3.0 %	80.0 %	20.0 %
Working Pensioners	2.0 %	80.0 %	20.0 %

**Unemployment Insurance Program**

Average Replacement Rate 65.0 %  
 Minimum Benefit 1,440.00 Kcs/month

Average Participation Rate 100.0 %

Is this data correct? (A/N)

**HOUSING ALLOWANCE & INCOME SUPPORT MODEL  
HOUSING CONDITIONS & HOUSING ALLOWANCE PROGRAM**

**Living Space Rent (Annual)**

	Base Rent	Increase
Category I	26.00 Kcs/m2	0.0 %
Category II	18.00	0.0 %
Category III	14.00	0.0 %
Category IV	11.20	0.0 %
Cooperative	20.00	0.0 %

**Service Space Rent (Annual)**

	Base Rent	Increase
Category I	12.0 Kcs/m2	0.0 %
Category II	10.0	0.0 %
Category III	10.0	0.0 %
Category IV	8.0	0.0 %
Cooperative	10.0	0.0 %

**Service Charges (Annual)**

	Base Charges	Increase
Category I	0.0 Kcs/m2	0.0 %
Category II	0.0	0.0 %
Category III	0.0	0.0 %
Category IV	0.0	0.0 %
Cooperative	0.0	0.0 %

Is this data correct? (A/N) (Enter 'U' to update base rent data.)

61

**HOUSING ALLOWANCE & INCOME SUPPORT MODEL  
HOUSING CONDITIONS & HOUSING ALLOWANCE PROGRAM**

Other Fees (Annual)	Base Fee	Increase
Category I	26.00 Kcs/m2	0.0 %
Category II	18.00	0.0 %
Category III	14.00	0.0 %
Category IV	11.20	0.0 %
Cooperative	20.00	0.0 %

Child Rent Discount	
1 Child	5.0 %
2 Children	15.0 %
3 Children	30.0 %
4 or More Children	50.0 %

Utility Increases (from Base Period)	
Electricity	0.0 %
Gas	0.0 %
Heat	0.0 %
Other Fuel	0.0 %

Is this data correct? (A/N) (Enter 'U' to update base rent data.)

12

**HOUSING ALLOWANCE & INCOME SUPPORT MODEL  
HOUSING CONDITIONS & HOUSING ALLOWANCE PROGRAM**

**Housing Allowance Program**

Rentals Eligible (A/N)	A	
Cooperatives Eligible (A/N)	A	
MSR Category	2	
Living Space Base	8.0	m2/household
Service Space Base	2.0	m2/household
Living Space Standard	8.5	m2/person
Service Space Standard	1.5	m2/person

Housing Share of Income	20.0	%
Minimum Housing Income Share	0.0	%
Program Participation Rate	100.0	%

**Annual Utility Allowances**

Electricity (A/N)	A	10.00	Kcs/m2
Gas (A/N)	A	15.00	
Heat (A/N)	A	20.00	
Other Fuel (A/N)	A	10.00	

**Floor Space Base**

- T T - Total area
- T L - Living area
- T S - Service area
- T

Is this data correct? (A/N)

**HOUSING ALLOWANCE & INCOME SUPPORT MODEL  
INCOME SUPPORT PROGRAM**

**Income Support Program**

**Minimum Household Income  
(Calculation)**

Child (Age 0-5)	900	Kcs/month
Child (Age 6-10)	1,000	
Child (Age 11-15)	1,200	
Child (Age 16+)	1,300	
Adult	1,200	

Household of 1	500	Kcs/month
Household of 2	630	
Household of 3+	800	

Price Indexation (A/N) **A**

**Income Support Parameters**

Benefit Reduction Rate	100.0	%
Participation Rate	100.0	%

**Eligible Income (A/N)**

Earnings	A
Pensions	A
Universal Benefits	A
Social Insurance	A
Unemployment Benefit	A
Housing Allowance	A
Other Income	A

Is this data correct? (A/N)



**ANNEX C**

**HAS MODEL SIMULATION RESULTS**

**SCENARIO ONE**

**100 PERCENT RENT INCREASE AND 20 PERCENT SHARE OF INCOME**

MACROECONOMIC CONDITIONS

Time Period of Analysis	
Base Period	01.01.93 (DD.MM.YY)
Forecast Period	31.12.93 (DD.MM.YY)
Price Inflation	30.0 %
Real Earnings Growth	
Total Labor Force	-10.0 %
White-Collar	-10.0 %
Blue-Collar	-10.0 %
Agriculture	-10.0 %
Other	5.0 %
Working Pensioners	-10.0 %
Average Changes in Other Social Benefits and Income	
Pensions	5.0 %
Universal Benefits	0.0 %
Social Insurance	0.0 %
Other Income	0.0 %

UNEMPLOYMENT INSURANCE PROGRAM

Unemployment		Share of Unemployed:	
Total Workforce	Rate	Short-Term	Long-Term
White-Collar Workers	14.8 %	42.8 %	57.2 %
Blue-Collar Workers	7.0 %	50.0 %	50.0 %
Agricultural Workers	20.0 %	40.0 %	60.0 %
Other Workers	15.0 %	50.0 %	50.0 %
Working Pensioners	5.0 %	60.0 %	40.0 %
	30.0 %	0.0 %	100.0 %
Unemployment Benefit Program			
Average Replacement Rate	55.0 %		
Minimum Benefit	1,200.00 Kcs/month		
Average Participation Rate	100.0 %		

INCOME SUPPORT PROGRAM

Minimum Household Income (Standards)		Income Support Parameters	
Child (Age 0-5)	900 Kcs/mo	Benefit Reduction Rate	100.0 %
Child (Age 6-10)	1,000	Participation Rate	100.0
Child (Age 11-15)	1,200		
Child (Age 16+)	1,300	Eligible Income (A/N)	
Adult	1,200	Wages	A
Household of 1	500 Kcs/mo	Pensions	A
Household of 2	650	Universal Benefits	A
Household of 3	800	Social Insurance	A
Household of 4	800	Unemployment Benefit	A
Household of 5+	950	Housing Allowance	A
		Other Income	A
Price Indexation (A/N)	N		

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HOUSING SECTOR CONDITIONS

	Base Level	Increase
Living Space Rent (Annual)		
Category I	52.00 Kcs/m2	100.0 %
Category II	36.00 Kcs/m2	100.0 %
Category III	28.00 Kcs/m2	100.0 %
Category IV	22.00 Kcs/m2	100.0 %
Cooperative	20.00 Kcs/m2	100.0 %
Non-Living Space Rent (Annual)		
Category I	24.00 Kcs/m2	100.0 %
Category II	20.00 Kcs/m2	100.0 %
Category III	20.00 Kcs/m2	100.0 %
Category IV	16.00 Kcs/m2	100.0 %
Cooperative	10.00 Kcs/m2	100.0 %
Service Charges (Annual)		
Category I	13.30 Kcs/m2	100.0 %
Category II	12.06 Kcs/m2	100.0 %
Category III	9.80 Kcs/m2	100.0 %
Category IV	8.88 Kcs/m2	100.0 %
Cooperative	12.50 Kcs/m2	100.0 %
Other Fees (Annual)		
Category I	100.00 Kcs/unit	0.0 %
Category II	100.00 Kcs/unit	0.0 %
Category III	100.00 Kcs/unit	0.0 %
Category IV	100.00 Kcs/unit	0.0 %
Cooperative	100.00 Kcs/unit	0.0 %
Child Rent Discount		
1 Child	0.0 %	
2 Children	0.0 %	
3 Children	0.0 %	
4 or More Children	0.0 %	
Utility Increases (over Baseline)		
Electricity	50.0 %	
Gas	50.0 %	
Heat	100.0 %	
Other Fuel	50.0 %	

HOUSING ALLOWANCE PROGRAM

Rentals Eligible (A/N)	A	
Coops Eligible (A/N)	A	
MSR Category	1	
Living Space Base	6.0 m2/household	
Service Space Base	0.0 m2/household	
Living Space Standard	12.0 m2/person	
Service Space Standard	0.0 m2/person	
Housing Share of Income	20.0 %	
Minimum Housing Income Share	5.0 %	
Program Participation Rate	100.0 %	
Annual Utility Allowances		
Electricity (A/N) A	33.84 Kcs/m2	Floor Space Base
Gas (A/N) A	12.84 Kcs/m2	T T - Total area
Heat (A/N) A	180.00 Kcs/m2	T L - Living area
Fuel (A/N) A	5.28 Kcs/m2	L S - Service area
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Heat (A/N) A 180.00 Kcs/m2  
 Fuel (A/N) A 5.28 Kcs/m2

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HOUSING ALLOWANCE/INCOME SUPPORT MODEL - Version CZ1.03  
 RUN: SRZ00012

DATE: 14.10.93

BENEFITS REPORT  
 TOTALS FOR MONTH: 12.93

TIME: 14:35:06

Household Type/Group	Total Households	Pre-Benefit Income	UI Households	UI Benefit	HA Households	HA Benefit	IS Households	IS Benefit
ALL HOUSEHOLDS Total	1,778,689	21,782,352	97,162	412,637	149,517	64,119	51,160	77,492
HOUSING TYPE								
Rental - Category I	438,995	4,224,300	20,839	97,302	82,554	32,897	24,649	37,366
- Category II	19,344	163,243	804	3,805	3,007	1,368	950	1,625
- Category III	4,002	20,351	81	201	1,702	175	119	112
- Category IV	168	2,365	8	48	4	1	0	0
Cooperative	364,661	3,525,626	18,346	86,734	62,250	29,678	22,176	35,376
Owner-Occupied	951,518	13,846,467	57,083	224,547	0	0	3,266	3,013
HOUSEHOLD SIZE								
1 person	373,717	1,699,144	18,233	32,618	50,384	6,464	6,372	4,024
2 persons	415,906	4,436,606	22,406	64,364	22,402	6,283	6,446	6,607
3 persons	315,316	4,432,344	16,283	82,850	19,681	11,435	11,035	16,646
4 persons	410,427	6,044,865	23,764	133,571	36,265	26,293	18,877	34,982
5 persons or more	263,323	5,169,393	16,475	99,234	20,785	13,644	8,429	15,234
OCCUPATION TYPE OF HOUSEHOLD HEAD								
Blue-Collar	601,229	8,012,350	48,098	238,948	62,538	39,769	34,206	54,543
White-Collar	551,423	7,227,815	19,296	101,612	27,281	14,336	13,123	19,161
Agriculture	141,588	2,638,162	10,613	48,771	5,669	2,776	1,947	2,558
NEA Person	391,236	2,375,647	19,006	22,862	48,621	4,911	69	31
EA Pensioner	85,749	1,450,938	0	0	3,959	1,773	1,322	930
Other	7,464	77,438	148	444	1,449	554	494	269
PER CAPITA MONTHLY HOUSEHOLD INCOME								
0 - 500	31,380	38,234	13,628	62,192	26,821	21,715	18,925	36,226
500 - 1,000	44,171	105,638	18,780	98,687	33,473	28,392	25,512	39,219
1,000 - 1,500	19,201	76,625	6,018	27,631	10,548	5,492	6,386	2,009
1,500 - 2,000	49,154	329,207	9,322	44,564	27,502	4,252	337	39
2,000 - 2,500	111,643	720,543	7,784	42,211	44,610	4,147	0	0
2,500 - 3,000	151,367	1,447,376	7,045	35,688	6,563	121	0	0
3,000 - 3,500	238,959	2,066,766	11,113	38,912	0	0	0	0
3,500 - 4,000	152,082	1,824,636	4,281	18,542	0	0	0	0
4,000 - 4,500	220,283	2,704,478	7,086	15,579	0	0	0	0
4,500 - 5,000	149,899	2,047,394	4,126	10,479	0	0	0	0
5,000 - *****	610,550	10,421,455	7,979	18,151	0	0	0	0

Kcs thousands

HOUSING ALLOWANCE/INCOME SUPPORT MODEL - Version CZ1.03  
 RUN: SRZ00012

DATE: 14.10.93

BENEFITS REPORT  
 TOTALS FOR MONTH: 12.93

TIME: 14:35:06

Kcs thousands

Household Type/Group	Total Households	Pre-Benefit Income	UI Households	UI Benefit	HA Households	HA Benefit	IS Households	IS Benefit
<b>WORKING HOUSEHOLDS</b>								
Total	1,528,247	20,129,155	0	0	77,854	9,910	1,745	825
<b>HOUSING TYPE</b>								
Rental - Category I	386,874	4,077,566	0	0	45,181	5,422	615	202
- Category II	17,295	157,504	0	0	1,659	352	107	43
- Category III	3,764	19,854	0	0	1,501	87	0	0
- Category IV	150	2,228	0	0	0	0	0	0
Cooperative	320,674	3,418,279	0	0	29,513	4,049	406	30
Owner-Occupied	799,490	12,453,723	0	0	0	0	616	550
<b>HOUSEHOLD SIZE</b>								
1 person	331,667	1,571,264	0	0	42,750	3,910	0	0
2 persons	356,552	4,007,044	0	0	12,876	1,731	379	112
3 persons	267,565	4,108,793	0	0	4,340	1,056	514	371
4 persons	351,372	5,699,865	0	0	9,438	2,008	416	62
5 persons or more	221,091	4,742,189	0	0	8,449	1,205	436	281
<b>OCCUPATION TYPE OF HOUSEHOLD HEAD</b>								
Blue-Collar	480,983	7,329,186	0	0	16,523	2,190	495	249
White-Collar	512,832	7,079,985	0	0	9,518	1,921	750	348
Agriculture	120,361	2,402,612	0	0	2,063	362	0	0
NEA Person	346,828	2,080,991	0	0	48,285	4,847	64	25
EA Pensioner	60,025	1,160,694	0	0	81	38	0	0
Other	7,218	75,687	0	0	1,385	512	436	203
<b>PER CAPITA MONTHLY HOUSEHOLD INCOME</b>								
0 - 500	0	0	0	0	0	0	0	0
500 - 1,000	361	1,208	0	0	104	104	361	479
1,000 - 1,500	3,757	15,763	0	0	3,357	2,033	1,384	346
1,500 - 2,000	25,677	177,137	0	0	24,358	3,578	0	0
2,000 - 2,500	91,377	555,275	0	0	43,708	4,079	0	0
2,500 - 3,000	132,363	1,275,386	0	0	6,326	115	0	0
3,000 - 3,500	211,358	1,845,281	0	0	0	0	0	0
3,500 - 4,000	138,351	1,675,212	0	0	0	0	0	0
4,000 - 4,500	199,279	2,500,930	0	0	0	0	0	0
4,500 - 5,000	137,720	1,917,837	0	0	0	0	0	0
5,000 - *****	588,003	10,165,124	0	0	0	0	0	0

Kcs thousands

Household Type/Group	Total Households	Pre-Benefit Income	UI Households	UI Benefit	HA Households	HA Benefit	IS Households	IS Benefit
<b>SHORT-TERM UNEMPLOYED HOUSEHOLDS</b>								
<b>Total</b>	97,162	592,120	97,162	412,637	18,902	5,833	1,299	447
<b>HOUSING TYPE</b>								
Rental - Category I	20,839	53,650	20,839	97,302				
- Category II	804	2,030	804	3,805				
- Category III	81	171	81	201				
- Category IV	8	57	8	48				
Cooperative	18,346	42,721	18,346	86,734	9,590	2,851	684	212
Owner-Occupied	57,083	493,491	57,083	224,547	361	115	31	12
<b>HOUSEHOLD SIZE</b>								
1 person	18,233	55,270	18,233	32,618	55	12	9	1
2 persons	22,406	157,178	22,406	64,364	0	0	0	0
3 persons	16,283	92,346	16,283	82,850	8,896	2,855	377	121
4 persons	23,764	127,750	23,764	133,571	0	0	199	101
5 persons or more	16,475	159,576	16,475	99,234	0	0	0	0
<b>OCCUPATION TYPE OF HOUSEHOLD HEAD</b>								
Blue-Collar	48,098	273,266	48,098	238,948	1,577	189	325	49
White-Collar	19,296	73,915	19,296	101,612	1,402	293	226	70
Agriculture	10,613	117,775	10,613	48,771	3,575	837	258	156
NEA Person	19,006	126,113	19,006	22,862	8,583	2,831	456	132
EA Pensioner	0	0	0	0	3,764	1,682	33	39
Other	148	1,051	148	444	12,561	4,249	863	269
<b>PER CAPITA MONTHLY HOUSEHOLD INCOME</b>								
0 - 500	13,628	16,369	13,628	62,192	5,209	1,209	285	124
500 - 1,000	18,780	44,345	18,780	98,687	1,081	355	140	49
1,000 - 1,500	6,018	23,551	6,018	27,631	19	4	0	0
1,500 - 2,000	9,322	61,012	9,322	44,564	0	0	0	0
2,000 - 2,500	7,784	63,858	7,784	42,211	32	16	10	6
2,500 - 3,000	7,045	64,527	7,045	35,688	9,413	2,862	1,173	378
3,000 - 3,500	11,113	84,847	11,113	38,912	8,821	2,888	121	69
3,500 - 4,000	4,281	42,989	4,281	18,542	651	81	4	0
4,000 - 4,500	7,086	60,862	7,086	15,579	17	0	0	0
4,500 - 5,000	4,126	41,471	4,126	10,479	0	0	0	0
5,000 - *****	7,979	88,287	7,979	18,151	0	0	0	0

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HOUSING ALLOWANCE/INCOME SUPPORT MODEL - Version CZ1.03  
 RUN: SRZ00012

DATE: 14.10.93

BENEFITS REPORT  
 TOTALS FOR MONTH: 12.93

TIME: 14:35:06

Household Type/Group	Total Households	Pre-Benefit Income	UI Households	UI Benefit	HA Households	HA Benefit	IS Households	IS Benefit
<b>LONG-TERM UNEMPLOYED HOUSEHOLDS</b>								
Total	153,281	1,061,077	0	0	52,761	48,377	48,116	76,220
<b>HOUSING TYPE</b>								
Rental - Category I	31,282	93,084	0	0	27,784	24,625	23,349	36,952
- Category II	1,246	3,709	0	0	987	900	811	1,570
- Category III	157	326	0	0	145	76	111	111
- Category IV	11	80	0	0	4	1	0	0
Cooperative	25,641	64,626	0	0	23,840	22,774	21,394	35,225
Owner-Occupied	94,944	899,253	0	0	0	0	2,451	2,362
<b>HOUSEHOLD SIZE</b>								
1 person	23,817	72,610	0	0	6,057	2,366	6,047	3,974
2 persons	36,949	272,384	0	0	8,124	4,259	5,842	6,425
3 persons	31,467	231,205	0	0	11,765	9,542	10,264	16,118
4 persons	35,291	217,250	0	0	18,243	21,454	18,005	34,788
5 persons or more	25,756	267,629	0	0	8,572	10,756	7,960	14,914
<b>OCCUPATION TYPE OF HOUSEHOLD HEAD</b>								
Blue-Collar	72,148	409,899	0	0	33,454	33,330	32,848	54,026
White-Collar	19,296	73,915	0	0	12,553	11,206	12,087	18,689
Agriculture	10,613	117,775	0	0	2,526	2,058	1,807	2,509
NEA Person	25,401	168,543	0	0	317	21	5	6
EA Pensioner	25,724	290,244	0	0	3,879	1,735	1,322	930
Other	99	700	0	0	33	26	47	59
<b>PER CAPITA MONTHLY HOUSEHOLD INCOME</b>								
0 - 500	17,752	21,865	0	0	17,409	18,853	17,752	35,848
500 - 1,000	25,030	60,084	0	0	24,547	25,399	25,030	38,671
1,000 - 1,500	9,425	37,310	0	0	6,540	3,378	4,998	1,662
1,500 - 2,000	14,156	91,059	0	0	3,126	674	337	39
2,000 - 2,500	12,482	101,410	0	0	902	67	0	0
2,500 - 3,000	11,959	107,462	0	0	237	6	0	0
3,000 - 3,500	16,488	136,638	0	0	0	0	0	0
3,500 - 4,000	9,450	106,435	0	0	0	0	0	0
4,000 - 4,500	13,917	142,685	0	0	0	0	0	0
4,500 - 5,000	8,054	88,086	0	0	0	0	0	0
5,000 - *****	14,568	168,044	0	0	0	0	0	0

Kcs thousands

HOUSING ALLOWANCE/INCOME SUPPORT MODEL - Version CZ1.03  
 RUN: SRZ00012

DATE: 14.10.93

TIME: 14:35:06

RENT/UTILITIES REPORT  
 TOTALS FOR MONTH: 12.93

Kcs thousands

Household Type/Group	Total Households	Post-Benefit Income	Base Period		Forecast Period		Total Increase Rents	Total Increase Utilities
			Rents	Utilities	Rents	Utilities		
ALL HOUSEHOLDS								
Total	1,778,689	22,336,600	248,790	2,163,773	442,977	3,870,933	194,187	1,707,160
HOUSING TYPE								
Rental - Category I	438,995	4,391,866	158,557	694,621	289,110	1,335,193	130,553	640,572
- Category II	19,344	170,040	5,026	12,650	10,005	20,742	4,978	8,092
- Category III	4,002	20,840	656	1,526	1,408	2,411	752	885
- Category IV	168	2,414	26	103	63	155	37	52
Cooperative	364,661	3,677,414	84,524	690,234	142,392	1,338,402	57,867	648,168
Owner-Occupied	951,518	14,074,026	0	764,639	0	1,174,030	0	409,391
HOUSEHOLD SIZE								
1 person	373,717	1,742,250	41,708	286,188	69,775	516,031	28,067	229,843
2 persons	415,906	4,513,859	47,324	443,482	85,283	781,947	37,959	338,465
3 persons	315,316	4,543,274	48,708	424,578	88,249	759,393	39,541	334,815
4 persons	410,427	6,239,711	78,261	632,858	139,321	1,158,510	61,060	525,652
5 persons or more	263,323	5,297,505	32,790	376,667	60,349	655,052	27,559	278,385
OCCUPATION TYPE OF HOUSEHOLD HEAD								
Blue-Collar	601,229	8,345,611	83,731	812,666	151,109	1,456,921	67,378	644,255
White-Collar	551,423	7,362,924	114,011	810,367	203,111	1,493,132	89,101	682,765
Agriculture	141,588	2,692,267	11,879	162,762	20,639	273,267	8,760	110,506
NEA Person	391,236	2,403,452	31,110	274,453	53,386	472,622	22,276	198,169
EA Pensioner	85,749	1,453,641	6,930	94,743	12,656	158,881	5,726	64,138
Other	7,464	78,705	1,129	8,782	2,075	16,109	946	7,327

**SCENARIO TWO**

**100 PERCENT RENT INCREASE AND 15 PERCENT SHARE OF INCOME**

1  
D

MACROECONOMIC CONDITIONS

Time Period of Analysis	
Base Period	01.01.93 (DD.MM.YY)
Forecast Period	31.12.93 (DD.MM.YY)
Price Inflation	30.0 %
Real Earnings Growth	
Total Labor Force	-10.0 %
White-Collar	-10.0 %
Blue-Collar	-10.0 %
Agriculture	-10.0 %
Other	5.0 %
Working Pensioners	-10.0 %
Average Changes in Other Social Benefits and Income	
Pensions	5.0 %
Universal Benefits	0.0 %
Social Insurance	0.0 %
Other Income	0.0 %

UNEMPLOYMENT INSURANCE PROGRAM

Unemployment			
Total Workforce	Rate	Share of Unemployed:	
White-Collar Workers	14.8 %	Short-Term	Long-Term
Blue-Collar Workers	7.0 %	42.8 %	57.2 %
Agricultural Workers	20.0 %	50.0 %	50.0 %
Other Workers	15.0 %	40.0 %	60.0 %
Working Pensioners	5.0 %	50.0 %	50.0 %
Unemployment Benefit Program	30.0 %	60.0 %	40.0 %
Average Replacement Rate	55.0 %	0.0 %	100.0 %
Minimum Benefit	1,200.00 Kcs/month		
Average Participation Rate	100.0 %		

INCOME SUPPORT PROGRAM

Minimum Household Income (Standards)		Income Support Parameters	
Child (Age 0-5)	900 Kcs/mo	Benefit Reduction Rate	100.0 %
Child (Age 6-10)	1,000	Participation Rate	100.0
Child (Age 11-15)	1,200	Eligible Income (A/N)	
Child (Age 16+)	1,300	Wages	A
Adult	1,200	Pensions	A
Household of 1	500 Kcs/mo	Universal Benefits	A
Household of 2	650	Social Insurance	A
Household of 3	800	Unemployment Benefit	A
Household of 4	800	Housing Allowance	A
Household of 5+	950	Other Income	A
Price Indexation (A/N)	N		

HOUSING SECTOR CONDITIONS

	Base Level	Increase
<b>Living Space Rent (Annual)</b>		
Category I	52.00 Kcs/m2	100.0 %
Category II	36.00 Kcs/m2	100.0 %
Category III	28.00 Kcs/m2	100.0 %
Category IV	22.00 Kcs/m2	100.0 %
Cooperative	20.00 Kcs/m2	100.0 %
<b>Non-Living Space Rent (Annual)</b>		
Category I	24.00 Kcs/m2	100.0 %
Category II	20.00 Kcs/m2	100.0 %
Category III	20.00 Kcs/m2	100.0 %
Category IV	16.00 Kcs/m2	100.0 %
Cooperative	10.00 Kcs/m2	100.0 %
<b>Service Charges (Annual)</b>		
Category I	13.30 Kcs/m2	100.0 %
Category II	12.06 Kcs/m2	100.0 %
Category III	9.80 Kcs/m2	100.0 %
Category IV	8.88 Kcs/m2	100.0 %
Cooperative	12.50 Kcs/m2	100.0 %
<b>Other Fees (Annual)</b>		
Category I	100.00 Kcs/unit	0.0 %
Category II	100.00 Kcs/unit	0.0 %
Category III	100.00 Kcs/unit	0.0 %
Category IV	100.00 Kcs/unit	0.0 %
Cooperative	100.00 Kcs/unit	0.0 %
<b>Child Rent Discount</b>		
1 Child	0.0 %	
2 Children	0.0 %	
3 Children	0.0 %	
4 or More Children	0.0 %	
<b>Utility Increases (over Baseline)</b>		
Electricity	50.0 %	
Gas	50.0 %	
Heat	100.0 %	
Other Fuel	50.0 %	
<b>HOUSING ALLOWANCE PROGRAM</b>		
Rentals Eligible (A/N)	A	
Coops Eligible (A/N)	A	
MSR Category	1	
Living Space Base	6.0 m2/household	
Service Space Base	0.0 m2/household	
Living Space Standard	12.0 m2/person	
Service Space Standard	0.0 m2/person	
Housing Share of Income	15.0 %	
Minimum Housing Income Share	5.0 %	
Program Participation Rate	100.0 %	
<b>Annual Utility Allowances</b>		
Electricity (A/N) A	33.84 Kcs/m2	Floor Space Base
Gas (A/N) A	12.84 Kcs/m2	T T - Total area
Heat (A/N) A	180.00 Kcs/m2	T L - Living area
Fuel (A/N) A	5.28 Kcs/m2	L S - Service area
		L

HOUSING ALLOWANCE/INCOME SUPPORT MODEL - Version CZ1.03  
 RUN: SRZ00011

DATE: 14.10.93

BENEFITS REPORT  
 TOTALS FOR MONTH: 12.93

TIME: 13:55:44

Household Type/Group	Total Households	Pre-Benefit Income	UI Households	UI Benefit	HA Households	HA Benefit	IS Households	IS Benefit
ALL HOUSEHOLDS Total	1,778,689	21,782,352	97,162	412,637	292,511	112,337	49,333	72,762
HOUSING TYPE								
Rental - Category I	438,995	4,224,300	20,839	97,302	160,322	58,421	23,505	34,757
- Category II	19,344	163,243	804	3,805	9,398	2,666	919	1,550
- Category III	4,002	20,351	81	201	2,904	536	119	105
- Category IV	168	2,365	8	48	4	2	0	0
Cooperative	364,661	3,525,626	18,346	86,734	119,882	50,712	21,524	33,336
Owner-Occupied	951,518	13,846,467	57,083	224,547	0	0	3,266	3,013
HOUSEHOLD SIZE								
1 person	373,717	1,699,144	18,233	32,618	78,566	14,009	6,326	3,854
2 persons	415,906	4,436,606	22,406	64,364	49,970	12,780	6,116	6,232
3 persons	315,316	4,432,344	16,283	82,850	41,374	17,773	10,504	15,779
4 persons	410,427	6,044,865	23,764	133,571	74,261	41,633	18,231	33,053
5 persons or more	263,323	5,169,393	16,475	99,234	48,340	26,142	8,155	13,844
OCCUPATION TYPE OF HOUSEHOLD HEAD								
Blue-Collar	601,229	8,012,350	48,098	238,948	116,697	61,805	33,334	51,347
White-Collar	551,423	7,227,815	19,296	101,612	70,163	26,350	12,590	18,097
Agriculture	141,588	2,638,162	10,613	48,771	10,338	5,221	1,852	2,342
NEA Person	391,236	2,375,647	19,006	22,862	85,900	14,827	69	24
EA Pensioner	85,749	1,450,938	0	0	7,189	3,164	1,157	705
Other	7,464	77,438	148	444	2,224	971	330	247
PER CAPITA MONTHLY HOUSEHOLD INCOME								
0 - 500	31,380	38,234	13,628	62,192	30,358	25,873	18,512	35,050
500 - 1,000	44,171	105,638	18,780	98,687	39,336	35,742	25,491	36,234
1,000 - 1,500	19,201	76,625	6,018	27,631	11,920	7,804	4,994	1,438
1,500 - 2,000	49,154	329,207	9,322	44,564	27,783	13,517	337	39
2,000 - 2,500	111,643	720,543	7,784	42,211	91,303	21,897	0	0
2,500 - 3,000	151,367	1,447,376	7,045	38,912	69,331	6,029	0	0
3,000 - 3,500	238,959	2,066,766	11,113	38,912	21,564	1,466	0	0
3,500 - 4,000	152,082	1,824,636	4,281	18,542	916	10	0	0
4,000 - 4,500	220,283	2,704,478	7,086	15,579	0	0	0	0
4,500 - 5,000	149,899	2,047,394	4,126	10,479	0	0	0	0
5,000 - *****	610,550	10,421,455	7,979	18,151	0	0	0	0

Kcs thousands

HOUSING ALLOWANCE/INCOME SUPPORT MODEL - Version CZ1.03

RUN: SRZ00011

DATE: 14.10.93

TIME: 13:55:44

BENEFITS REPORT

TOTALS FOR MONTH: 12.93

Kcs thousands

Household Type/Group	Total Households	Pre-Benefit Income	UI Households	UI Benefit	HA Households	HA Benefit	IS Households	IS Benefit
<b>WORKING HOUSEHOLDS</b>								
Total	1,528,247	20,129,155	0	0	206,204	43,633	1,067	691
<b>HOUSING TYPE</b>								
Rental - Category I	386,874	4,077,566	0	0	115,332	23,261	344	110
- Category II	17,295	157,504	0	0	7,654	1,386	107	31
- Category III	3,764	19,854	0	0	2,680	425	0	0
- Category IV	150	2,228	0	0	0	0	0	0
Cooperative	320,674	3,418,279	0	0	80,539	18,561	0	0
Owner-Occupied	799,490	12,453,723	0	0	0	0	616	550
<b>HOUSEHOLD SIZE</b>								
1 person	331,667	1,571,264	0	0	69,372	10,912	0	0
2 persons	356,552	4,007,044	0	0	36,443	6,748	327	97
3 persons	267,565	4,108,793	0	0	22,627	4,537	351	336
4 persons	351,372	5,699,865	0	0	43,547	11,416	144	22
5 persons or more	221,091	4,742,189	0	0	34,214	10,020	245	236
<b>OCCUPATION TYPE OF HOUSEHOLD HEAD</b>								
Blue-Collar	480,983	7,329,186	0	0	64,264	15,508	273	194
White-Collar	512,832	7,079,985	0	0	48,047	10,435	457	294
Agriculture	120,361	2,402,612	0	0	5,765	1,818	0	0
NEA Person	346,828	2,080,991	0	0	84,955	14,709	64	18
EA Pensioner	60,025	1,160,694	0	0	1,032	246	0	0
Other	7,218	75,687	0	0	2,141	917	273	185
<b>PER CAPITA MONTHLY HOUSEHOLD INCOME</b>								
0 - 500	0	0	0	0	0	0	0	0
500 - 1,000	361	1,208	0	0	104	126	361	457
1,000 - 1,500	3,757	15,763	0	0	3,357	2,748	706	234
1,500 - 2,000	25,677	177,137	0	0	24,358	12,108	0	0
2,000 - 2,500	91,377	555,275	0	0	89,170	21,363	0	0
2,500 - 3,000	132,363	1,275,386	0	0	66,765	5,813	0	0
3,000 - 3,500	211,358	1,845,281	0	0	21,543	1,466	0	0
3,500 - 4,000	138,351	1,675,212	0	0	906	10	0	0
4,000 - 4,500	199,279	2,500,930	0	0	0	0	0	0
4,500 - 5,000	137,720	1,917,837	0	0	0	0	0	0
5,000 - *****	588,003	10,165,124	0	0	0	0	0	0

NA

Household Type/Group	Total Households	Pre-Benefit Income	UI Households	UI Benefit	HA Households	HA Benefit	IS Households	IS Benefit
<b>SHORT-TERM UNEMPLOYED HOUSEHOLDS</b>								
Total	97,162	592,120	97,162	412,637	30,064	13,756	864	342
<b>HOUSING TYPE</b>								
Rental - Category I	20,839	53,650	20,839	97,302	14,781	6,852	375	150
- Category II	804	2,030	804	3,805	561	245	26	9
- Category III	81	171	81	201	72	23	9	1
- Category IV	8	57	8	48	0	0	0	0
Cooperative	18,346	42,721	18,346	86,734	14,650	6,637	256	81
Owner-Occupied	57,083	493,491	57,083	224,547	0	0	199	101
<b>HOUSEHOLD SIZE</b>								
1 person	18,233	55,270	18,233	32,618	3,073	480	280	39
2 persons	22,406	157,178	22,406	64,364	3,094	732	170	51
3 persons	16,283	92,346	16,283	82,850	6,009	2,173	149	90
4 persons	23,764	127,750	23,764	133,571	12,383	6,623	29	34
5 persons or more	16,475	159,576	16,475	99,234	5,505	3,748		
<b>OCCUPATION TYPE OF HOUSEHOLD HEAD</b>								
Blue-Collar	48,098	273,266	48,098	238,948	18,671	9,367	526	206
White-Collar	19,296	73,915	19,296	101,612	9,282	3,453	220	99
Agriculture	10,613	117,775	10,613	48,771	1,998	900	108	31
NEA Person	19,006	126,113	19,006	22,862	70	13	0	0
EA Pensioner	0	0	0	0	0	0	0	0
Other	148	1,051	148	444	42	23	10	5
<b>PER CAPITA MONTHLY HOUSEHOLD INCOME</b>								
0 - 500	13,628	16,369	13,628	62,192	12,949	5,934	760	288
500 - 1,000	18,780	44,345	18,780	98,687	14,685	7,271	100	53
1,000 - 1,500	6,018	23,551	6,018	27,631	2,022	517	4	0
1,500 - 2,000	9,322	61,012	9,322	44,564	298	27	0	0
2,000 - 2,500	7,784	63,858	7,784	42,211	109	8	0	0
2,500 - 3,000	7,045	64,527	7,045	35,688	0	0	0	0
3,000 - 3,500	11,113	84,847	11,113	38,912	0	0	0	0
3,500 - 4,000	4,281	42,989	4,281	18,542	0	0	0	0
4,000 - 4,500	7,086	60,862	7,086	15,579	0	0	0	0
4,500 - 5,000	4,126	41,471	4,126	10,479	0	0	0	0
5,000 - *****	7,979	88,287	7,979	18,151	0	0	0	0

Kcs thousands

HOUSING ALLOWANCE/INCOME SUPPORT MODEL - Version CZ1.03

RUN: SRZ00011

DATE: 14.10.93

TIME: 13:55:44

## BENEFITS REPORT

TOTALS FOR MONTH: 12.93

Kcs thousands

Household Type/Group	Total Households	Pre-Benefit Income	UI Households	UI Benefit	HA Households	HA Benefit	IS Households	IS Benefit
<b>LONG-TERM UNEMPLOYED HOUSEHOLDS</b>								
Total	153,281	1,061,077	0	0	56,243	54,949	47,402	71,729
<b>HOUSING TYPE</b>								
Rental - Category I	31,282	93,084	0	0	30,209	28,309	22,786	34,497
- Category II	1,246	3,709	0	0	1,184	1,035	785	1,510
- Category III	157	326	0	0	153	89	111	104
- Category IV	11	80	0	0	4	2	0	0
Cooperative	25,641	64,626	0	0	24,694	25,515	21,268	33,255
Owner-Occupied	94,944	899,253	0	0	0	0	2,451	2,362
<b>HOUSEHOLD SIZE</b>								
1 person	23,817	72,610	0	0	6,120	2,618	6,047	3,815
2 persons	36,949	272,384	0	0	10,433	5,300	5,620	6,083
3 persons	31,467	231,205	0	0	12,738	11,063	9,917	15,315
4 persons	35,291	217,250	0	0	18,330	23,594	17,938	32,940
5 persons or more	25,756	267,629	0	0	8,620	12,374	7,881	13,574
<b>OCCUPATION TYPE OF HOUSEHOLD HEAD</b>								
Blue-Collar	72,148	409,899	0	0	33,762	36,929	32,535	50,947
White-Collar	19,296	73,915	0	0	12,834	12,462	11,914	17,704
Agriculture	10,613	117,775	0	0	2,575	2,503	1,744	2,311
NEA Person	25,401	168,543	0	0	875	105	5	6
EA Pensioner	25,724	290,244	0	0	6,157	2,918	1,157	705
Other	99	700	0	0	40	31	46	57
<b>PER CAPITA MONTHLY HOUSEHOLD INCOME</b>								
0 - 500	17,752	21,865	0	0	17,409	19,939	17,752	34,762
500 - 1,000	25,030	60,084	0	0	24,547	28,346	25,030	35,724
1,000 - 1,500	9,425	37,310	0	0	6,540	4,539	4,284	1,204
1,500 - 2,000	14,156	91,059	0	0	3,126	1,383	337	39
2,000 - 2,500	12,482	101,410	0	0	2,025	526	0	0
2,500 - 3,000	11,959	107,462	0	0	2,566	216	0	0
3,000 - 3,500	16,488	136,638	0	0	21	0	0	0
3,500 - 4,000	9,450	106,435	0	0	10	0	0	0
4,000 - 4,500	13,917	142,685	0	0	0	0	0	0
4,500 - 5,000	8,054	88,086	0	0	0	0	0	0
5,000 - *****	14,568	168,044	0	0	0	0	0	0

Household Type/Group	Total Households	Post-Benefit Income	Base Period Rents	Base Period Utilities	Forecast Period Rents	Forecast Period Utilities	Total Rents	Total Increase Utilities
ALL HOUSEHOLDS Total	1,778,689	22,380,088	248,790	2,163,773	442,977	3,870,933	194,187	1,707,160
HOUSING TYPE								
Rental - Category I	438,995	4,414,781	158,557	694,621	289,110	1,335,193	130,553	640,572
- Category II	19,344	171,264	5,026	12,650	10,005	20,742	4,978	8,092
- Category III	4,002	21,194	656	1,526	1,408	2,411	752	885
- Category IV	168	2,415	26	103	63	155	37	52
Cooperative	364,661	3,696,408	84,524	690,234	142,392	1,338,402	57,867	648,168
Owner-Occupied	951,518	14,074,026	0	764,639	0	1,174,030	0	409,391
HOUSEHOLD SIZE								
1 person	373,717	1,749,625	41,708	286,188	69,775	516,031	28,067	229,843
2 persons	415,906	4,519,981	47,324	443,482	85,283	781,947	37,959	338,465
3 persons	315,316	4,548,746	48,708	424,578	88,249	759,393	39,541	334,815
4 persons	410,427	6,253,122	78,261	632,858	139,321	1,158,510	61,060	525,652
5 persons or more	263,323	5,308,614	32,790	376,667	60,349	655,052	27,559	278,385
OCCUPATION TYPE OF HOUSEHOLD HEAD								
Blue-Collar	601,229	8,364,451	83,731	812,666	151,109	1,456,921	67,378	644,255
White-Collar	551,423	7,373,874	114,011	810,367	203,111	1,493,132	89,101	682,765
Agriculture	141,588	2,694,496	11,879	162,762	20,639	273,267	8,760	110,506
NEA Person	391,236	2,413,360	31,110	274,453	53,386	472,622	22,276	198,169
EA Pensioner	85,749	1,454,807	6,930	94,743	12,656	158,881	5,726	64,138
Other	7,464	79,100	1,129	8,782	2,075	16,109	946	7,327

Kcs thousands

**SCENARIO THREE**  
**400 PERCENT RENT INCREASE AND 20 PERCENT SHARE OF INCOME**

MACROECONOMIC CONDITIONS

Time Period of Analysis	
Base Period	01.01.93 (DD.MM.YY)
Forecast Period	31.12.93 (DD.MM.YY)
Price Inflation	30.0 %
Real Earnings Growth	
Total Labor Force	-10.0 %
White-Collar	-10.0 %
Blue-Collar	-10.0 %
Agriculture	-10.0 %
Other	5.0 %
Working Pensioners	-10.0 %
Average Changes in Other Social Benefits and Income	
Pensions	5.0 %
Universal Benefits	0.0 %
Social Insurance	0.0 %
Other Income	0.0 %

UNEMPLOYMENT INSURANCE PROGRAM

Unemployment		Share of Unemployed:	
Total Workforce	Rate	Short-Term	Long-Term
White-Collar Workers	14.8 %	42.8 %	57.2 %
Blue-Collar Workers	7.0 %	50.0 %	50.0 %
Agricultural Workers	20.0 %	40.0 %	60.0 %
Other Workers	15.0 %	50.0 %	50.0 %
Working Pensioners	5.0 %	60.0 %	40.0 %
	30.0 %	0.0 %	100.0 %
Unemployment Benefit Program			
Average Replacement Rate	55.0 %		
Minimum Benefit	1,200.00 Kcs/month		
Average Participation Rate	100.0 %		

INCOME SUPPORT PROGRAM

Minimum Household Income (Standards)		Income Support Parameters	
Child (Age 0-5)	900 Kcs/mo	Benefit Reduction Rate	100.0 %
Child (Age 6-10)	1,000	Participation Rate	100.0
Child (Age 11-15)	1,200		
Child (Age 16+)	1,300	Eligible Income (A/N)	
Adult	1,200	Wages	A
Household of 1	500 Kcs/mo	Pensions	A
Household of 2	650	Universal Benefits	A
Household of 3	800	Social Insurance	A
Household of 4	800	Unemployment Benefit	A
Household of 5+	950	Housing Allowance	A
Price Indexation (A/N)	N	Other Income	A

HOUSING ALLOWANCE/INCOME SUPPORT MODEL - Version CZ1.03

RUN: SRZ00013

DATE: 14.10.93

TIME: 15:06:36

HOUSING SECTOR CONDITIONS

	Base Level	Increase
Living Space Rent (Annual)		
Category I	52.00 Kcs/m2	400.0 %
Category II	36.00 Kcs/m2	400.0 %
Category III	28.00 Kcs/m2	400.0 %
Category IV	22.00 Kcs/m2	400.0 %
Cooperative	20.00 Kcs/m2	400.0 %
Non-Living Space Rent (Annual)		
Category I	24.00 Kcs/m2	400.0 %
Category II	20.00 Kcs/m2	400.0 %
Category III	20.00 Kcs/m2	400.0 %
Category IV	16.00 Kcs/m2	400.0 %
Cooperative	10.00 Kcs/m2	400.0 %
Service Charges (Annual)		
Category I	13.30 Kcs/m2	400.0 %
Category II	12.06 Kcs/m2	400.0 %
Category III	9.80 Kcs/m2	400.0 %
Category IV	8.88 Kcs/m2	400.0 %
Cooperative	12.50 Kcs/m2	400.0 %
Other Fees (Annual)		
Category I	100.00 Kcs/unit	0.0 %
Category II	100.00 Kcs/unit	0.0 %
Category III	100.00 Kcs/unit	0.0 %
Category IV	100.00 Kcs/unit	0.0 %
Cooperative	100.00 Kcs/unit	0.0 %
Child Rent Discount		
1 Child	0.0 %	
2 Children	0.0 %	
3 Children	0.0 %	
4 or More Children	0.0 %	
Utility Increases (over Baseline)		
Electricity	50.0 %	
Gas	50.0 %	
Heat	100.0 %	
Other Fuel	50.0 %	

HOUSING ALLOWANCE PROGRAM

Rentals Eligible (A/N)	A	
Coops Eligible (A/N)	A	
MSR Category	1	
Living Space Base	6.0 m2/household	
Service Space Base	0.0 m2/household	
Living Space Standard	12.0 m2/person	
Service Space Standard	0.0 m2/person	
Housing Share of Income	20.0 %	
Minimum Housing Income Share	5.0 %	
Program Participation Rate	100.0 %	
Annual Utility Allowances		Floor Space Base
Electricity (A/N) A	33.84 Kcs/m2	T T - Total area
Gas (A/N) A	12.84 Kcs/m2	T L - Living area
Heat (A/N) A	180.00 Kcs/m2	L S - Service area
Fuel (A/N) A	5.28 Kcs/m2	L

Household Type/Group	Total Households	Pre-Benefit Income	UI Households	UI Benefit	HA Households	HA Benefit	IS Households	IS Benefit	Kcs thousands
ALL HOUSEHOLDS									
Total	1,778,689	21,782,352	97,162	412,637	425,914	239,937	44,648	43,619	
HOUSING TYPE									
Rental - Category I	438,995	4,224,300	20,839	97,302	224,283	125,938	20,605	19,902	
- Category II	19,344	163,243	804	3,805	11,328	5,538	757	995	
- Category III	4,002	20,351	81	201	3,307	1,191	107	61	
- Category IV	168	2,365	8	48	4	3	0	0	
Cooperative	364,661	3,525,626	18,346	86,734	186,992	107,267	19,914	19,648	
Owner-Occupied	951,518	13,846,467	57,083	224,547	0	0	3,266	3,013	
HOUSING SIZE									
1 person	373,717	1,699,144	18,233	32,618	95,729	28,283	5,025	2,541	
2 persons	415,906	4,436,606	22,406	64,364	67,943	27,842	5,313	3,975	
3 persons	315,316	4,432,344	16,283	82,850	58,061	36,598	9,727	10,255	
4 persons	410,427	6,044,865	23,764	133,571	138,886	89,123	17,388	19,824	
5 persons or more	263,323	5,169,393	16,475	99,234	65,295	58,091	7,195	7,023	
OCCUPATION TYPE OF HOUSEHOLD HEAD									
Blue-Collar	601,229	8,012,350	48,098	238,948	165,992	126,416	30,536	30,577	
White-Collar	551,423	7,227,815	19,296	101,612	129,881	61,455	11,873	11,171	
Agriculture	141,588	2,638,162	10,613	48,771	17,024	11,411	1,362	1,375	
NEA Person	391,236	2,375,647	19,006	22,862	102,199	32,501	5	4	
EA Pensioner	85,749	1,450,938	0	0	8,418	6,326	553	262	
Other	7,464	77,438	148	444	2,400	1,827	319	231	
PER CAPITA MONTHLY HOUSEHOLD INCOME									
0 - 500	31,380	38,234	13,628	62,192	30,652	42,735	18,072	23,525	
500 - 1,000	44,171	105,638	18,780	98,687	41,406	60,385	24,483	19,288	
1,000 - 1,500	19,201	76,625	6,018	27,631	12,346	13,661	1,756	767	
1,500 - 2,000	49,154	329,207	9,322	44,564	28,167	26,558	337	39	
2,000 - 2,500	111,643	720,543	7,784	42,211	42,211	26,558	0	0	
2,500 - 3,000	151,367	1,447,376	7,045	35,688	91,475	50,486	0	0	
3,000 - 3,500	238,959	2,066,766	11,113	38,912	127,355	37,428	0	0	
3,500 - 4,000	152,082	1,824,636	4,281	18,542	76,383	7,610	0	0	
4,000 - 4,500	220,283	2,704,478	7,086	15,579	11,975	923	0	0	
4,500 - 5,000	149,899	2,047,394	4,126	10,479	6,156	153	0	0	
5,000 - *****	610,550	10,421,455	7,979	18,151	0	0	0	0	

75

HOUSING ALLOWANCE/INCOME SUPPORT MODEL - Version CZ1.03  
 RUN: SRZ00013

DATE: 14.10.93

TIME: 15:06:36

BENEFITS REPORT  
 TOTALS FOR MONTH: 12.93

Kcs thousands

Household Type/Group	Total Households	Pre-Benefit Income	UI Households	UI Benefit	HA Households	HA Benefit	IS Households	IS Benefit
<b>WORKING HOUSEHOLDS</b>								
Total	1,528,247	20,129,155	0	0	334,660	123,218	616	550
<b>HOUSING TYPE</b>								
Rental - Category I	386,874	4,077,566	0	0	176,126	65,880	0	0
- Category II	17,295	157,504	0	0	9,486	3,365	0	0
- Category III	3,764	19,854	0	0	3,078	1,003	0	0
- Category IV	150	2,228	0	0	0	0	0	0
Cooperative	320,674	3,418,279	0	0	145,970	52,970	0	0
Owner-Occupied	799,490	12,453,723	0	0	0	0	616	550
<b>HOUSEHOLD SIZE</b>								
1 person	331,667	1,571,264	0	0	85,950	23,104	0	0
2 persons	356,552	4,007,044	0	0	52,392	17,135	220	66
3 persons	267,565	4,108,793	0	0	38,147	13,895	251	310
4 persons	351,372	5,699,865	0	0	107,311	38,345	47	4
5 persons or more	221,091	4,742,189	0	0	50,861	30,739	99	171
<b>OCCUPATION TYPE OF HOUSEHOLD HEAD</b>								
Blue-Collar	480,983	7,329,186	0	0	111,721	48,958	93	124
White-Collar	512,832	7,079,985	0	0	106,401	34,174	249	242
Agriculture	120,361	2,402,612	0	0	12,110	5,400	0	0
NEA Person	346,828	2,080,991	0	0	99,931	32,097	0	0
EA Pensioner	60,025	1,160,694	0	0	2,189	856	0	0
Other	7,218	75,687	0	0	2,308	1,734	273	185
<b>PER CAPITA MONTHLY HOUSEHOLD INCOME</b>								
0 - 500	0	0	0	0	0	0	0	0
500 - 1,000	361	1,208	0	0	104	207	257	420
1,000 - 1,500	3,757	15,763	0	0	3,357	4,662	359	130
1,500 - 2,000	25,677	177,137	0	0	24,358	23,836	0	0
2,000 - 2,500	91,377	555,275	0	0	89,170	49,306	0	0
2,500 - 3,000	132,363	1,275,386	0	0	124,330	36,609	0	0
3,000 - 3,500	211,358	1,845,281	0	0	75,576	7,546	0	0
3,500 - 4,000	138,351	1,675,212	0	0	11,642	900	0	0
4,000 - 4,500	199,279	2,500,930	0	0	6,123	152	0	0
4,500 - 5,000	137,720	1,917,837	0	0	0	0	0	0
5,000 - *****	588,003	10,165,124	0	0	0	0	0	0

Household Type/Group	Total Households	Pre-Benefit Income	UI Households	UI Benefit	HA Households	HA Benefit	IS Households	IS Benefit
<b>SHORT-TERM UNEMPLOYED HOUSEHOLDS</b>								
Total	97,162	592,120	97,162	412,637	33,785	27,769	351	153
<b>HOUSING TYPE</b>								
Rental - Category I	20,839	53,650	20,839	97,302	17,337	13,933	112	37
- Category II	804	2,030	804	3,805	633	488	6	4
- Category III	81	171	81	201	72	42	0	0
- Category IV	8	57	8	48	0	0	0	0
Cooperative	18,346	42,721	18,346	86,734	15,743	13,306	34	11
Owner-Occupied	57,083	493,491	57,083	224,547	0	0	199	101
<b>HOUSEHOLD SIZE</b>								
1 person	18,233	55,270	18,233	32,618	3,302	994	128	21
2 persons	22,406	157,178	22,406	64,364	4,356	1,653	64	16
3 persons	16,283	92,346	16,283	82,850	7,119	4,633	90	71
4 persons	23,764	127,750	23,764	133,571	13,198	13,171	45	30
5 persons or more	16,475	159,576	16,475	99,234	5,809	7,317	24	14
<b>OCCUPATION TYPE OF HOUSEHOLD HEAD</b>								
Blue-Collar	48,098	273,266	48,098	238,948	20,339	18,440	233	94
White-Collar	19,296	73,915	19,296	101,612	10,639	7,346	86	51
Agriculture	10,613	117,775	10,613	48,771	2,308	1,884	28	5
NEA Person	19,006	126,113	19,006	22,862	449	57	0	0
EA Pensioner	0	0	0	0	0	0	0	0
Other	148	1,051	148	444	49	43	3	3
<b>PER CAPITA MONTHLY HOUSEHOLD INCOME</b>								
0 - 500	13,628	16,369	13,628	62,192	13,244	11,426	320	133
500 - 1,000	18,780	44,345	18,780	98,687	16,755	14,797	27	20
1,000 - 1,500	6,018	23,551	6,018	27,631	2,448	1,316	4	0
1,500 - 2,000	9,322	61,012	9,322	44,564	682	165	0	0
2,000 - 2,500	7,784	63,858	7,784	42,211	280	43	0	0
2,500 - 3,000	7,045	64,527	7,045	35,688	376	22	0	0
3,000 - 3,500	11,113	84,847	11,113	38,912	0	0	0	0
3,500 - 4,000	4,281	42,989	4,281	18,542	0	0	0	0
4,000 - 4,500	7,086	60,862	7,086	15,579	0	0	0	0
4,500 - 5,000	4,126	41,471	4,126	10,479	0	0	0	0
5,000 - *****	7,979	88,287	7,979	18,151	0	0	0	0

Kcs thousands

HOUSING ALLOWANCE/INCOME SUPPORT MODEL - Version CZ1.03  
 RUN: SRZ00013 DATE: 14.10.93

TIME: 15:06:36

BENEFITS REPORT  
 TOTALS FOR MONTH: 12.93

Kcs thousands

Household Type/Group	Total Households	Pre-Benefit Income	UI Households	UI Benefit	HA Households	HA Benefit	IS Households	IS Benefit
<b>LONG-TERM UNEMPLOYED HOUSEHOLDS</b>								
Total	153,281	1,061,077	0	0	57,469	88,950	43,681	42,916
<b>HOUSING TYPE</b>								
Rental - Category I	31,282	93,084	0	0	30,820	46,125	20,493	19,865
- Category II	1,246	3,709	0	0	1,209	1,685	750	992
- Category III	157	326	0	0	157	146	107	61
- Category IV	11	80	0	0	4	3	0	0
Cooperative	25,641	64,626	0	0	25,279	40,991	19,880	19,637
Owner-Occupied	94,944	899,253	0	0	0	0	2,451	2,362
<b>HOUSEHOLD SIZE</b>								
1 person	23,817	72,610	0	0	6,476	4,185	4,897	2,520
2 persons	36,949	272,384	0	0	11,195	9,054	5,030	3,892
3 persons	31,467	231,205	0	0	12,795	18,070	9,386	9,875
4 persons	35,291	217,250	0	0	18,377	37,607	17,296	19,790
5 persons or more	25,756	267,629	0	0	8,626	20,035	7,072	6,839
<b>OCCUPATION TYPE OF HOUSEHOLD HEAD</b>								
Blue-Collar	72,148	409,899	0	0	33,932	59,018	30,210	30,360
White-Collar	19,296	73,915	0	0	12,841	19,935	11,537	10,878
Agriculture	10,613	117,775	0	0	2,606	4,128	1,333	1,370
NEA Person	25,401	168,543	0	0	1,819	348	5	4
EA Pensioner	25,724	290,244	0	0	6,229	5,470	553	262
Other	99	700	0	0	42	51	42	43
<b>PER CAPITA MONTHLY HOUSEHOLD INCOME</b>								
0 - 500	17,752	21,865	0	0	17,409	31,308	17,752	23,393
500 - 1,000	25,030	60,084	0	0	24,547	45,381	24,200	18,848
1,000 - 1,500	9,425	37,310	0	0	6,540	7,683	1,393	636
1,500 - 2,000	14,156	91,059	0	0	3,126	2,556	337	39
2,000 - 2,500	12,482	101,410	0	0	2,025	1,137	0	0
2,500 - 3,000	11,959	107,462	0	0	2,650	797	0	0
3,000 - 3,500	16,488	136,638	0	0	807	65	0	0
3,500 - 4,000	9,450	106,435	0	0	332	23	0	0
4,000 - 4,500	13,917	142,685	0	0	33	1	0	0
4,500 - 5,000	8,054	88,086	0	0	0	0	0	0
5,000 - *****	14,568	168,044	0	0	0	0	0	0

Household Type/Group	Total Households	Post-Benefit Income	Base Period		Forecast Period		Total Increase	
			Rents	Utilities	Rents	Utilities	Rents	Utilities
ALL HOUSEHOLDS Total	1,778,689	22,478,546	248,790	2,163,773	1,025,538	3,870,933	776,748	1,707,160
HOUSING TYPE								
Rental - Category I	438,995	4,467,443	158,557	694,621	680,769	1,335,193	522,212	640,572
- Category II	19,344	173,581	5,026	12,650	24,940	20,742	19,914	8,092
- Category III	4,002	21,804	656	1,526	3,663	2,411	3,006	885
- Category IV	168	2,416	26	103	174	155	148	52
Cooperative	364,661	3,739,275	84,524	690,234	315,993	1,338,402	231,469	648,168
Owner-Occupied	951,518	14,074,026	0	764,639	0	1,174,030	0	409,391
HOUSEHOLD SIZE								
1 person	373,717	1,762,587	41,708	286,188	153,977	516,031	112,269	229,843
2 persons	415,906	4,532,787	47,324	443,482	199,160	781,947	151,836	338,465
3 persons	315,316	4,562,047	48,708	424,578	206,874	759,393	158,166	334,815
4 persons	410,427	6,287,384	78,261	632,858	322,501	1,158,510	244,240	525,652
5 persons or more	263,323	5,333,742	32,790	376,667	143,026	655,052	110,237	278,385
OCCUPATION TYPE OF HOUSEHOLD HEAD								
Blue-Collar	601,229	8,408,292	83,731	812,666	353,243	1,456,921	269,511	644,255
White-Collar	551,423	7,402,053	114,011	810,367	470,413	1,493,132	269,511	682,765
Agriculture	141,588	2,699,719	11,879	162,762	46,921	273,267	35,042	110,506
NEA Person	391,236	2,431,014	31,110	274,453	120,213	472,622	89,103	198,169
EA Pensioner	85,749	1,457,527	6,930	94,743	29,835	158,881	22,906	64,138
Other	7,464	79,941	1,129	8,782	4,913	16,109	3,784	7,327

Kcs thousands

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