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Policy Paper:

Comparative Analysis of Housing Policies in Selected WB Cities and EU Cities

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Executive Summary

Housing affordability in BiH and Montenegro has reached a critical point, with poor households spending over 40% of their income on housing. Many factors such as demand from diaspora and foreign investors, fragmented and poorly coordinated housing policies, have pushed prices beyond the reach of residents. Social housing systems remain underdeveloped, while informal rental markets induce tenants' vulnerability and deprive governments of tax revenue.

Comparative analysis with Denmark and the Netherlands demonstrates that well-regulated housing systems, built on principles of affordability, tenant protection, and transparent governance, can stabilize markets and provide long-term security. Both countries combine fiscal measures, social housing, and regulatory instruments to manage affordability and discourage speculative property ownership. These lessons are highly relevant to the Western Balkans context.

This paper offers a broad overview of housing affordability challenges in BiH and Montenegro and provides initial recommendations to inform future, more detailed research and policy development. A key finding is that social housing, while often presented as a solution, is currently not a viable instrument due to the limited number of units and weak governance structures. Instead, reforms should focus on increasing transparency, strengthening tenant rights, formalizing rental markets, and addressing vacancies and property hoarding through tax policies.

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Introduction

Housing affordability is an urgent challenge across Europe, particularly in the Western Balkans, where post-socialist transitions left housing systems fragmented and vulnerable to speculative investment. This paper analyzes Bosnia and Herzegovina and Montenegro as case studies of persistent unaffordability, despite nominally lower housing prices compared to Western Europe.

Drawing on lessons from EU countries like Denmark and the Netherlands, where proactive policies ensure more affordable and stable housing, this paper identifies actionable reforms that could be adapted to Western Balkan realities.

Methodology

In addition to desk research, this paper draws on insights from eight semi-structured interviews conducted with stakeholders in Bosnia and Herzegovina, Montenegro, Denmark, and the Netherlands. Interviewees included representatives from cantonal ministries, municipal governments, NGOs working on tenant rights and housing affordability, and researchers specializing in housing systems. These interviews provided practical perspectives on the challenges of social housing, informal rental markets, vacant properties, and affordability.

Limitations

This analysis is limited by the lack of comparable, up-to-date, and comprehensive data across the two countries. Additionally, a greater number of interviews were conducted in Bosnia and Herzegovina than in Montenegro. While invitations were extended to stakeholders in both countries, Bosnia and Herzegovina's more complex administrative structure resulted in more invitations and, consequently, more responses.

Problem Statement

Bosnia and Herzegovina and Montenegro were selected for this analysis because of their shared post-socialist legacy, ongoing housing challenges, and aspirations for EU integration. Denmark and the Netherlands were chosen for comparison as they consistently rank among the top four most affordable housing markets in Europe, according to Numbeo's Affordability Index since 2018.[1] According to the same Index, housing in Bosnia and Herzegovina and Montenegro has become increasingly

[1] https://www.numbeo.com/property-investment/rankings_by_country.jsp?title=2017&displayColumn=6&region=150

unaffordable, which puts homeownership and renting beyond the reach for an average citizen.

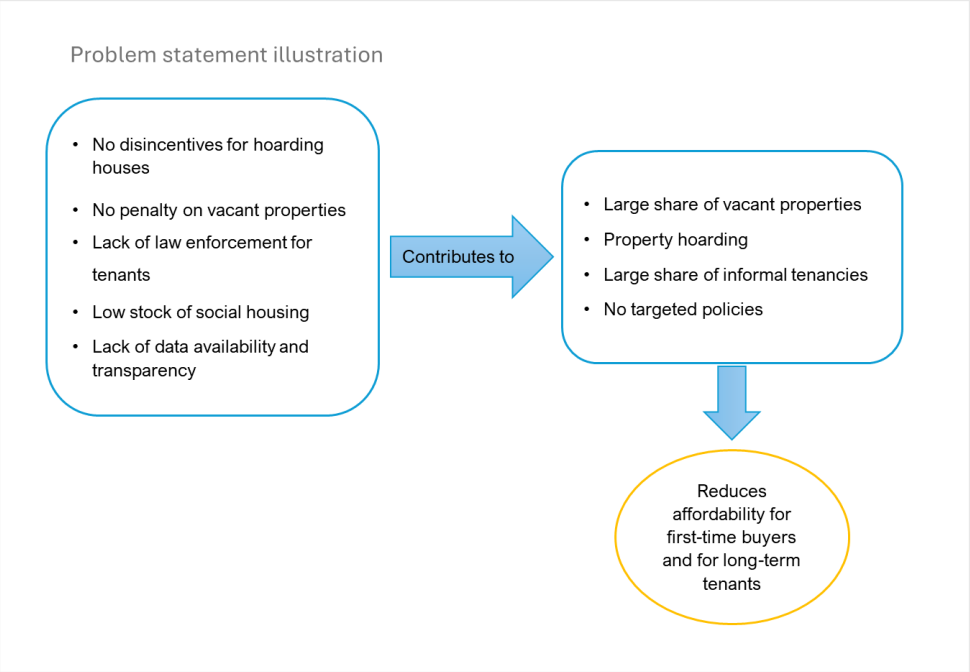
The stock of social housing declined sharply during the 1990s, which led to homeownership rates of approximately 90% in both countries. However, the current supply of social housing remains extremely limited, fragmented, poorly coordinated, and marked by a lack of transparency.

Despite these constraints, there continues to be significant demand for property ownership, driven by individuals seeking to relocate to more desirable areas or to enhance their housing circumstances. According to interviews with municipal officials, an increasing proportion of properties are owned by individuals who do not reside in them. This trend further intensifies affordability challenges, particularly for first-time homebuyers seeking entry into the housing market.

More than 80% of rental leases operate informally, which puts tenants in inadequate legal protection, and it undermines tax collection.

The absence of comprehensive and reliable data on the housing stock, vacant properties, and social housing units further restricts the potential for effective, evidence-based policymaking. Additionally, the lack of a clear legal distinction between short-term and long-term leases contributes to instability in the rental market.

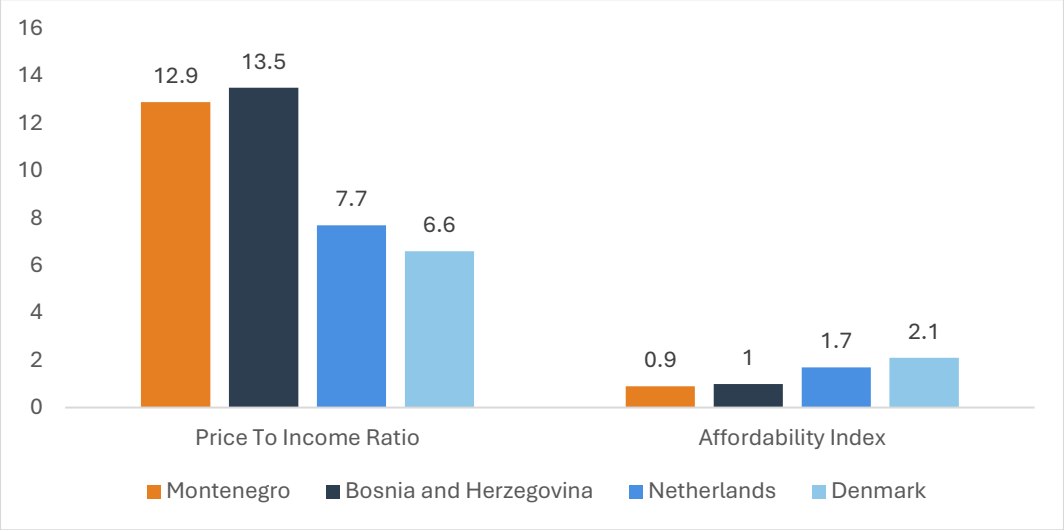
A further challenge is that tax policies in both countries fail to discourage property hoarding or the prolonged vacancy of housing units. All these factors create a structural housing crisis.



Affordable Housing: More Than Just Price-to-Income Metrics

Bosnia and Herzegovina and Montenegro rank among Europe's least affordable countries for housing, with average price-to-income ratios exceeding 13, which is far above Netherlands and Denmark.

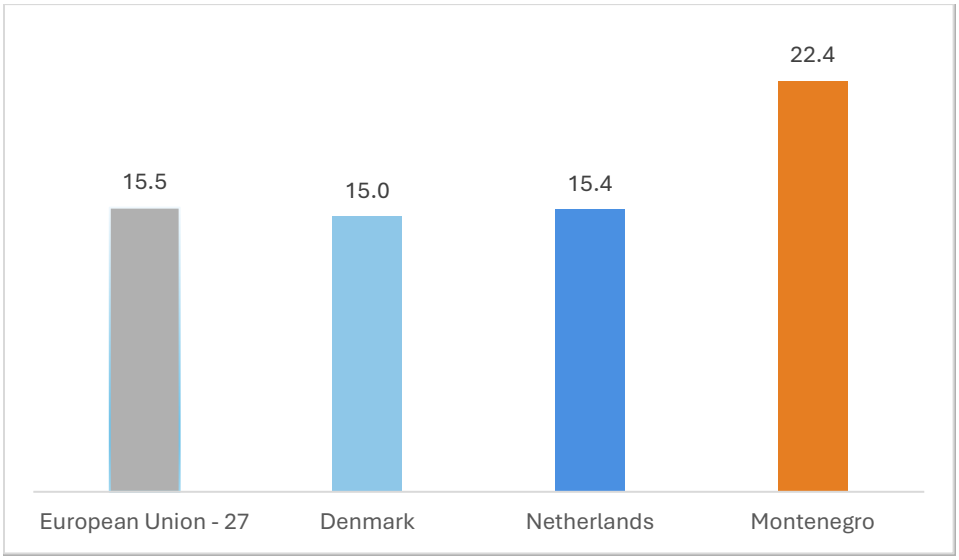
Figure 1 Comparative view of housing affordability



Affordability extends beyond price-income, and they also include housing quality, energy expenses, and access to essential services.

Available data shows serious deficiencies in housing quality. For example, in Montenegro, 22.4% of residents live in dwellings with leaking roofs, damp walls, or structural damage, which induces additional costs for maintaining (for additional data on affordability see Annex).

Figure 2 Total population living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor (%)



Source: Eurostat; Data for Montenegro 2020, others 2023.

Furthermore, poor accessibility to essential services increases the real cost of housing:

- In BiH, a third of households struggle to access banks (38%), primary healthcare (32%), grocery stores (20%), and public transport (25%).

- Rural areas are especially disadvantaged: over 50% face difficulties accessing healthcare, banking, and basic shops.

This demonstrates that location drives affordability: even if a dwelling is cheap, high costs to reach essential services make it effectively unaffordable.

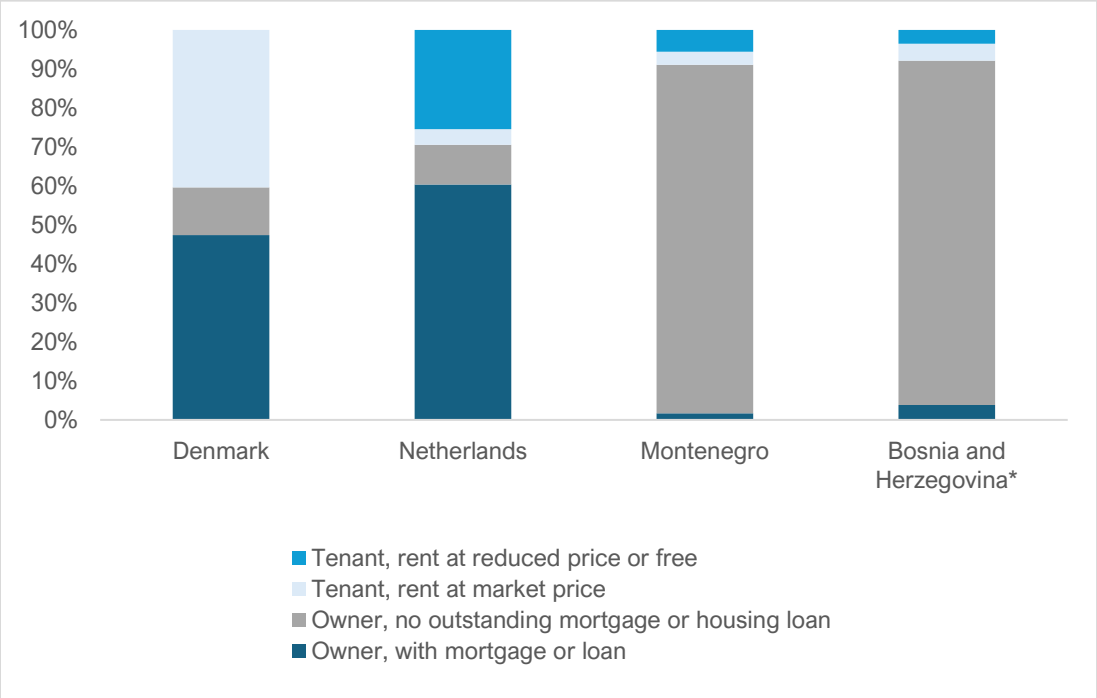
Tenure Structures, Tenents, and Informality

Two WB countries (BiH and Montenegro) are characterized with high share of home ownership, that without outstanding mortgage or housing loan. Additionally, both countries have low share of tenants but high share of informal tenant arrangements.

A major challenge in Bosnia and Herzegovina's rental sector is the lack of reliable data. There is no official estimate of how much the rental market operates informally, but it is widely acknowledged that informality dominates. Neither the Federation of BiH Tax Administration nor the Tax Administration of Republika Srpska keeps separate records

distinguishing types of rental income[2]. During interviews with representatives from the Ministry of Communal Affairs, Infrastructure, Spatial Planning, Construction and Environmental Protection of Sarajevo Canton, it was noted that certain policies aimed at improving housing affordability, particularly those related to rental subsidies, have proven ineffective in practice. One key reason cited is the high level of informality in the rental sector. Since a significant proportion of rental agreements are not formally registered, tenants often cannot demonstrate official rental contracts, which is typically a requirement for accessing state subsidies or support programs. Similar situation is in Montenegro, as well. According to the interview with the NGO representative from Montenegro, 80% of tenants do not have signed contract in Montenegro. This widespread informality produces legal and financial insecurity for both parties. Landlords often avoid registering leases to evade taxation, while tenants, without notarized or legally valid contracts, lack protection from eviction, sudden rent increases, or disputes. As a result, the rental market remains largely unregulated and unattractive, and it discourages formal participation. The absence of enforceable rights undermines housing stability and revenue collection.

Figure 3 Distribution of population by tenure status, 2022



Source: Eurostat for the EU and Montenegro, Agency for statistics BiH and author's calculations for Bosnia and Hercegovina.

*Note: *For Bosnia and Herzegovina, estimates are based on the author's calculations using the Household Budget Survey (HBS) 2015 to determine the share of owner-occupied households with a mortgage. It is assumed that*

[2] https://forbes.n1info.ba/biznis/koliko-miliona-su-poreske-uprave-u-bih-prikupile-od-poreza-na-kiriju-jedni-iznajmljivaci-placaju-drugi-izbjegavaju-obaveze

households with a mortgage are using it for their primary residence. Data for 2022 in Bosnia and Herzegovina are sourced from the Agency for Statistics, based on HBS 2021/2022. According to the report, 92.1% of households were owners (with or without a mortgage); it is assumed that the share of households with a mortgage within is the same as in 2015

Table 1 A comparative overview of rental protections shows stark differences between countries

Bosnia and Herzegovina	Montenegro	Netherlands	Denmark
Rental Market Protections			
Weak, limited regulation	Weak, limited regulation	Strong, rent regulated	Strong, rent regulated
Rent Cap / Price Regulation			
None	None	Yes	Yes
Short-term versus Long-term Rental Regulation			
Not regulated[3]	Not clearly addressed[4]	Yes	Yes

Vacant Housing - Untapped Potential

Bosnia and Herzegovina and Montenegro are both characterized with the large share of vacant properties, unlike Netherlands and Denmark.

According to the 2013 Census[5], approximately 24% of BiH's housing units, which is equivalent to about 385,000 dwellings, are vacant. In municipalities like Centar Sarajevo, every fourth dwelling is empty despite high demand. Lack of clear data distinguishing urban/rural or house/apartment types complicates targeted interventions. This data is the most recent publicly available, and it may not fully reflect current conditions, therefore

[3] The only mentioning of length of leases: Leasing (renting) of residential premises, houses, apartments, etc., for periods longer than 60 days is **exempt from VAT** (https://taxsummaries.pwc.com/bosnia-and-herzegovina/corporate/other-taxes)

[4] Similar like in BiH, exempt from VAT are periods of renting longer than 60 days long-term rentals (https://adriacom.me/montenegro-vat/)

[5] This data is the most recent publicly available, and it may not fully reflect current conditions. Updated assessments are needed but are currently unavailable through official sources.

updated assessments are needed. The issue of vacant apartments was also highlighted during an interview with Senior Advisor in the Sector for Management, Project Implementation and Supervision in the Housing Sector at the Cantonal Ministry of Utility Services, Infrastructure, Spatial Planning, Construction, and Environmental Protection of Sarajevo Canton. She noted that they frequently face significant challenges related to vacant apartments, as confirmed by building managers[6]. According to current legislation, any building repairs or upgrades require the approval of apartment owners, but many owners do not live in these properties and are unreachable.

Montenegro has conducted and published the data on latest Census 2023. The latest Census data shows that in Montenegro there are 71,204 units that are completely empty (housing that has not been rented out or used by its owners for a long time), which represents, 25% of total property units. Since the last census that was conducted 12 years ago, this represents an increase for around 12,000 properties. One if five vacant properties is in Podgorica.

According to the interviews with the experts, there are almost no vacant properties in Denmark and Netherlands. In the Netherlands, “there is almost no issue with vacant housing," explained Prof. Jos van Ommeren during the interview. "The reason is quite simple, the housing market is under significant pressure, demand is very high, and properties, once built, are immediately put to use”. Even if someone owns multiple properties, they usually rent them out because taxation on additional properties is strict. Owners are taxed through the so-called Box 3 wealth tax, which applies whether the property is occupied or not. There’s no incentive to keep apartments empty; it simply costs to much money.

In BiH and Montenegro, large stock of vacant homes represents a major opportunity. Proper incentives and tax reforms, owners could be encouraged to bring empty properties back into the market for rental or sale which would expand the supply and improve affordability.

Social Housing Systems are Scarce and Not Well Managed

In the Netherlands, social housing makes up 34.1% of the total housing stock, based on data from 2021[7]. Denmark also has a significant share of social housing, accounting for 21.3% of its housing stock in 2022.[8] In contrast, Bosnia and Herzegovina has a very low

[6] Original: “*Upravitelji zgrada”*

[7] OECD Questionnaire on Social and Affordable Housing 2023, 2021, 2019, 2016; Institut Bruxellois de Statistique et d’Analyse (2019);

[8] Ibid.

share, with only 0.6% of the housing stock classified as social housing according to the 2013 Census[9]. This figure is not expected to have changed significantly in last 12 years.

Models of social housing in both countries are significant, well managed and very transparent. In the case of Denmark, as explained by the Prof.Ismir Mulalic during the interview, every municipality has to ensure that at least 20% of the housing stock is non-profit or public housing. Further he explained that these apartments are allocated through long waiting lists, and the population signs up from the age of 15. It's considered completely normal to wait 10 or 20 years for affordable housing, especially in good locations and in cities like Copenhagen. Above all, the right to use the apartment doesn't expire even if a person later becomes property owner; *"the system is designed to give people long-term security."*

Prof. Jos van Ommeren explained during the interview that if social housing is a strategic priority for the country that the country has to be prepared for huge investments for a long period of time in order to ensure large share of social houses.

In WB countries, the share of social houses is substantially lower. The study "Municipal apartments in the area of the City of Sarajevo and the possibilities of their use in the context of solving the housing issue for young people" [10]highlighted the stark reality of social housing in Sarajevo. Very few properties are publicly owned, and those that exist are not managed through a unified system. For example, institutions such as the Institute for Construction of the Canton Sarajevo[11] own apartments, but the exact number remains unknown due to the absence of transparent records.[12] Although the Housing Rights Regulation[13] confirms that the Institute holds the right of disposal over the apartments and defines criteria for allocation, interviews with municipal officials (e.g., in Ilijaš) revealed a lack of coordination between municipal authorities and institutions like the Institute. Communication appears limited to interactions with certain federal ministries, mostly to prevent individuals from unjustly receiving double benefits, but broader coordination is practically non-existent.

Further complications emerge from municipal practices themselves. For instance, a recent public call for social housing in Novo Sarajevo showed that this municipality owns apartments in the neighboring municipality of Hadžići, yet eligibility requires continuous residence in Novo Sarajevo for at least two years. There is no indication of inter-municipal communication or mechanisms to coordinate eligibility and prevent inconsistencies. Additionally, criteria in public calls often list vague categories, like municipal employees

[9] Bosnia and Herzegovina Census 2013.

[10] *"Općinski stanovi na području grada Sarajeva i mogućnosti upotrebe u kontekstu rješavanja stambenog pitanja mladih" by CENSOR*

[11] Zavod za izgradnju Kantona Sarajevo

[12] Also, during the interview with the City Sarajevo official, emerged that they have couple of apartments in their own possession.

[13] *Pravilnik o pravu stanovanja* (Official Gazette of Sarajevo Canton, no. 10/24)

or socially vulnerable groups, without clear point systems, transparent scoring, or publicly available lists of beneficiaries. This lack of transparency creates fertile ground for arbitrary decision-making which trust in social housing processes.

Given these findings, it is evident that before introducing new policies or expanding the social housing stock in Sarajevo or other parts of the Federation of BiH (FBiH), establishing a unified, publicly accessible registry of all social housing units is an essential first step. This registry should clearly identify property owners, allocation criteria, and current users.

In FBiH there is no comprehensive legal framework that regulates social housing. Existing initiatives are mostly ad hoc, small-scale, and limited to individual cantons or municipalities. There is no centralized institution responsible for monitoring social housing implementation or preventing misuse of benefits.

Conversely, Republika Srpska (RS) has taken steps forward by adopting the Law on Social Housing in 2019[14]. This law established a legal and strategic framework for providing housing to vulnerable groups, including young couples, people in scarce professions, and those unable to secure adequate housing due to social, economic, or health factors. Implementation is coordinated between the RS government, the Republic Secretariat for Refugees and Migrations, and municipal authorities. However, it was not possible to find any additional information on implemented programs.

In Montenegro, the situation is legally more structured but practically still challenged by weak transparency. The Law on Social Housing[15] regulates the conditions and rights related to social housing, defining it as housing of an appropriate standard provided to individuals or households unable to solve housing issues independently due to social or economic reasons. The law establishes key principles, including legal security, accessibility for people with disabilities, health and environmental protection, and energy efficiency.

Priority groups explicitly defined in Montenegro's law include single parents, persons with disabilities, the elderly, former children without parental care, families with children with developmental difficulties, Roma and Egyptian populations, displaced and internally displaced persons, as well as victims of domestic violence. The law obligates the Montenegrin government to adopt a national social housing program every three years, outlining development goals, priority groups, financial frameworks, and usage criteria for housing funds. Municipalities must then develop their own local programs aligned with the national strategy, defining local priority groups, financial conditions, and criteria for determining rents.

However, despite this relatively comprehensive legal framework, Montenegro is insufficient transparency in implementation. There are no publicly available registries of

[14] Official Gazette RS no. 54/19

[15] *Zakon o socijalnom stanovanju*, Official Gazette CG no. 35/2013

social housing units or beneficiaries, making it difficult to monitor allocations and ensure fair distribution.

Interviews with housing officials in Podgorica raised similar concerns to those in Sarajevo: administrative procedures are ambiguous, communication between local and central authorities is limited, and social housing lists are not regularly updated or shared with the public.

In Bosnia and Herzegovina and Montenegro, the central challenge remains the same. Despite existing legal or institutional frameworks, fragmented governance, poor inter-institutional coordination, and lack of transparency undermine the effectiveness of social housing policies. Above that, in both countries the size of social housing is not substantial to contribute to the affordability.

Table 2 Comparative view of social housing policies

Bosnia and Herzegovina	Montenegro	Netherlands	Denmark
Share of social housing			
Very low up to 1%	Unknown	Very high around 30%	Very high around 25%
Access to Social Housing Data & Transparency			
Poor; no any registry of public housing	Poor; no any registry of public housing	High transparency; publicly available data	High transparency: registry of social housing units exists

Property Taxes and Fiscal Instruments

Progressive tax policies in Denmark and the Netherlands discourage speculative investment and multiple-property hoarding, stabilizing housing markets and improving affordability. In contrast, Bosnia and Herzegovina and Montenegro lack tax disincentives for owning multiple properties which allows speculative demand to flourish.

Table 3 Comparing tax rates relevant to housing ownership in BiH, Montenegro, Denmark, and the Netherlands

Bosnia and Herzegovina	Montenegro	Netherlands	Denmark
Inheritance Tax			
Canton/entity level 2–10%; spouses/children exempt	Flat 3% on inherited property value; exempt for spouses, children	Spouse: 0%; Children: 10–20%; Others: up to 40% (Varies by relationship)	Spouse: 0%; Children: 15%; Others: ~36% (via 15% estate duty + 25% inheritance tax) (privatrevision.dk)
Property Tax preventing hoarding			
No	No	Yes, wealth tax in Box 3 on imputed return (~36%) [16]	Yes, Property tax: 0.44–1.1% of assessed value; land tax: 1.6–3.4%
Vacant Property Policy			
No	No national. (exemption: Kotor, Budva) impose higher local taxes on unused homes	No dedicated vacant tax: wealth (Box 3) tax applies to empty homes	Municipalities can enforce occupancy of long-term vacancies

Policy Options

Option 1: No new policies

The main advantage of this option is that it involves no immediate financial cost. However, it carries significant disadvantages, including worsening housing affordability, growing social and economic inequality, the persistence of informal rental practices, and potentially accelerated emigration as people seek more stable housing opportunities. It also deepens inequality within society. Additionally, continuous construction of buildings reduces

[16] According to the rulings of the Supreme Court in Netherlands: tax is on the actual return if it is lower than the fictitious return https://www.hogeraad.nl/actueel/nieuwsoverzicht/2024/juni/hoge-raad-box-3-heffing-steeds-discriminerend

opportunities for developing essential public spaces such as parks, playgrounds, and other community infrastructure.

Option 2: Partial, fragmented reforms

This option would involve pursuing partial and fragmented reforms that target only isolated aspects of the housing system, such as tenants' rights, social housing, hoarding, or vacant properties, without addressing the housing crisis in a comprehensive and coordinated manner. While such reforms may be politically easier and less costly in the short term, they are unlikely to deliver long-term improvements.

For example, focusing solely on strengthening tenant protections might require governments to forgo a portion of the revenues they are accustomed to, in order to incentivize more landlords to formalize rental agreements. However, for such a policy to be effective, it should ideally be combined with measures that make it more difficult or costly to keep properties vacant. In this way, governments would not necessarily lose revenue but could generate income through other channels, such as vacancy taxes. On the other hand, if policymakers choose to adopt overly strict measures targeting informal renting, this could discourage landlords from offering formal contracts altogether, potentially leading to an increase in vacant apartments, and it might raise the renting prices due lower supply. Targeting only property hoarding through taxes or regulations also falls short, as it would not improve tenant protections, and weak enforcement risks might have limited impact. Finally, focusing solely on vacant properties may help bring some housing back to use, but it does not address broader issues such as, informal rentals, or market stability, and vacant units are often located in less desirable areas. In summary, fragmented reforms fail because the housing crisis in both countries is structural and interconnected.

Option 3: Comprehensive policy reform (Recommended)

Reform Tax Policies to Discourage Vacancy, Prevent Property Hoarding, and Encourage Formal Tenancy Agreements

Tax policy reforms are essential for addressing housing affordability challenges. Both countries need to revise their tax systems concerning property ownership. Unlike in Denmark and the Netherlands, where tax policies are explicitly designed to discourage speculation and property hoarding, similar measures do not exist in Bosnia and Herzegovina and Montenegro. In these countries, primary residence is often exempt or lightly taxed, while additional properties are taxed progressively. Moreover, in Denmark and the Netherlands there are policies that discourage vacant properties, which helps

maintain the housing supply for those who need it. Without similar reforms, housing market will continue to be distorted.

A large share of rental arrangements currently operates informally, which leaves tenants without legal safeguards. Formalizing tenancy agreements and strengthening legal protections, especially for long-term tenants, will improve housing security and reduce informal market practices.

The reform of the tax system could combine both incentives and deterrents. Higher taxes on multiple properties could discourage property hoarding, vacancy does not necessarily need to be addressed through taxation alone. Other policy tools could be used, such as enabling local authorities to manage vacant properties through temporary use.

At the same time, tax incentives (such as lower taxes or deductions) could be introduced to encourage landlords to offer long-term, formal rental contracts. Also, it should consider to implement a tax deduction on their personal income for the tenants.

Changes to the system should be introduced gradually, based on thorough analysis and expert recommendations. Government should establish a working group that would bring together tax, housing, and social policy experts (in the case of BiH to include different levels of government) to design an appropriate mix of measures tailored to the specific market conditions.

Recommendations

To Government

Level of government	Law / Policy Name	Necessary Change
FBiH	Adopt law on property tax	Introduce an annual property tax law, with progressive rates for 2+, 3+ properties.
RS, Montenegro	Property tax laws already exist	Strengthen progression for ownership of 2+, 3+ properties. Consider not to have property tax on the primary property.
FBiH, RS	Interoperability of property registers between entities	Establish interoperability between entity-level property registers for ownership transparency.
FBiH / Cantons	Cantonal laws on tax on real estate transactions, inheritance, and gifts	Exempt first-time home buyers from the tax. Increase transfer tax on purchase of 2+ properties to discourage property hoarding.
Montenegro, FBiH, RS	Law on Personal Income Tax (FBiH, RS, Montenegro)	Lower tax rates and simplify procedures to encourage landlords to report rental income. Introduce tenant-side tax benefits (e.g., personal deductions for rent).
Montenegro, FBiH, RS	Law on Obligations (FBiH, RS, Montenegro)	Explicitly regulate short-term rentals and provide incentives for long-term rental agreements. Define clear rights for long-term tenants
Montenegro, FBiH, RS	Vacant properties policy	Define what constitutes a "vacant property" and distinguish by location (municipality, urban areas). Consider tax penalties or local government use for such properties. This policy should be adopted in combination with the Law on Personal Tax. The point is to motivate landlords to formalize tenure
FBiH / Cantons	Cantonal regulations	Harmonize minimum legal standards at the FBiH level. Cantons can apply stricter standards but not lower than the federal minimum.

Special note should be made in case of Bosnia and Herzegovina. If these recommendations were implemented only in one canton, the effects would likely be limited to localized improvements in transparency, tenant protection, and modest progress on housing affordability. However, without broader coordination at the entity or state level, such measures could create regulatory fragmentation because the investors and landlords would be shifting their activities to neighboring cantons or entity that has less strict policies. This could undermine the intended effects and further distort the housing market across administrative borders. Effective housing reform must be designed with a focus on harmonization and alignment across jurisdictions in order to prevent displacement effects and to ensure a consistent and sustainable impact. Additionally, during an interview with a municipal official from Ilijaš, it was noted that public calls for social housing often face various forms of misuse, particularly by individuals residing in other municipalities.

Additionally, in the case of Bosnia and Herzegovina, it is important to consider that many displaced persons from the war did not return to their pre-war residences. This factor should be considered when designing policies related to vacant properties, as some vacant units may hold specific historical or emotional significance, or reflect unresolved property rights issues.

In the case of Montenegro, it is important to implement policies that would protect the tenants, especially in costal parts of the country and the capital.

In both countries, although there is no research to confirm this, it is possible that due to the limited protection systems for the elderly (such as the lack of adequate public care homes or non-profit housing for pensioners), individuals purchase additional properties as a form of financial security for the future. For this reason, when proposing a progressive property tax, it is recommended that taxation should apply from the second property onward (2+), or at a minimum from the third property (+1 beyond the primary residence).

To NGOs

Advocate for Evidence-Based Housing Reforms

NGOs working in the fields of housing, social inclusion, poverty reduction, and related areas, should actively promote comprehensive, coordinated housing policies based on reliable data and proven international practices, rather than fragmented, short-term measures.

Strengthening Public Awareness of Informal Rental Markets

Through public campaigns and policy advocacy, NGOs should highlight the risks of informal rental markets and promote tenant rights, encouraging both landlords and tenants to formalize rental agreements.

To Media

Investigation and Report on Housing Inequalities

Media outlets should focus on investigative reporting that exposes inequalities in housing access, and the impacts of property hoarding on affordability for ordinary citizens.

Promote Dialogue on Long-Term Housing Solutions

Encourage public debate and inform audiences about successful housing policies in comparable countries, helping shape a more informed public discussion on realistic, long-term solutions.

Additional Recommendation to Media: Investigate Links Between Construction and Money Laundering

While this paper does not directly address the issue of money laundering through real estate and construction, it is important to acknowledge that such practices, as outlined in investigations like Balkan Insight, 2023[17], may significantly contribute to housing unaffordability, particularly in the context of property sales. Media outlets should be encouraged to investigate potential links between speculative construction, illicit financial flows, and inflated property prices. Greater transparency on this issue is essential for understanding why many properties remain unaffordable or vacant.

[17] https://balkaninsight.com/2023/09/29/concrete-and-cash-the-dirty-money-behind-a-balkan-building-boom/

Conclusion

This paper confirms that comparing housing systems between countries was a valuable approach, as it reveals how different policies, when combined strategically, can serve as incentives ("carrots") and deterrents ("sticks") to create more balanced and affordable housing markets. The lessons from Denmark and the Netherlands, particularly regarding integrated social housing systems, progressive taxation, and strong tenant protections, provide useful models for potential reforms in Western Balkan countries.

A key conclusion is that the housing policy aiming at affordability must not focus narrowly on a single population segment or rely on isolated policy measures. Affordability challenges affect a wide spectrum of people, not only those seeking to buy a home but also tenants that are facing insecure or unaffordable rental conditions.

Comprehensive strategies should include protections for tenants, with clear rights, formalized rental agreements, and safeguards against sudden rent increases or evictions. Reducing informality and strengthening the legal and institutional frameworks for tenants is a necessary step toward.

Policies should also discourage property hoarding and prolonged vacancies while encouraging owners to bring properties into the rental market. Such measures would expand the available housing supply and improve affordability, particularly for those seeking homes for primary residence rather than investment.

Another crucial point is that housing policies, especially tax reforms, should be implemented gradually to avoid sudden market disruptions. Sharp, immediate measures targeting speculative ownership could lead to mass selloffs, risking a destabilizing drop in property prices. This would particularly endanger households with outstanding mortgages.

An important finding is that social housing, as a tool for improving housing affordability, is currently not a viable option — primarily due to the very limited housing stock, but also because of poor transparency and weak institutional coordination.

Given the existing data limitations, any policy reform must follow a careful, phased approach to minimize unintended consequences while steadily improving market conditions.

Finally, it is important especially in Bosnia and Herzegovina to carefully adopt policies on vacant dwellings, especially since the refugees and internally displaced persons during the war did not return to their pre-war residence, and the process is still ongoing. [18]

Data gaps are one of the obstacles to effective policymaking. Updated, detailed, and policy-relevant housing assessments are needed to create the future policies that are targeted and evidence-based.

[18] Some 17,694 Bosnian refugees live abroad, while 32,145 households (96,830 people) remain internally displaced in Bosnia and Herzegovina (Ministry of Human Rights and Refugees of Bosnia and Herzegovina. (2018).

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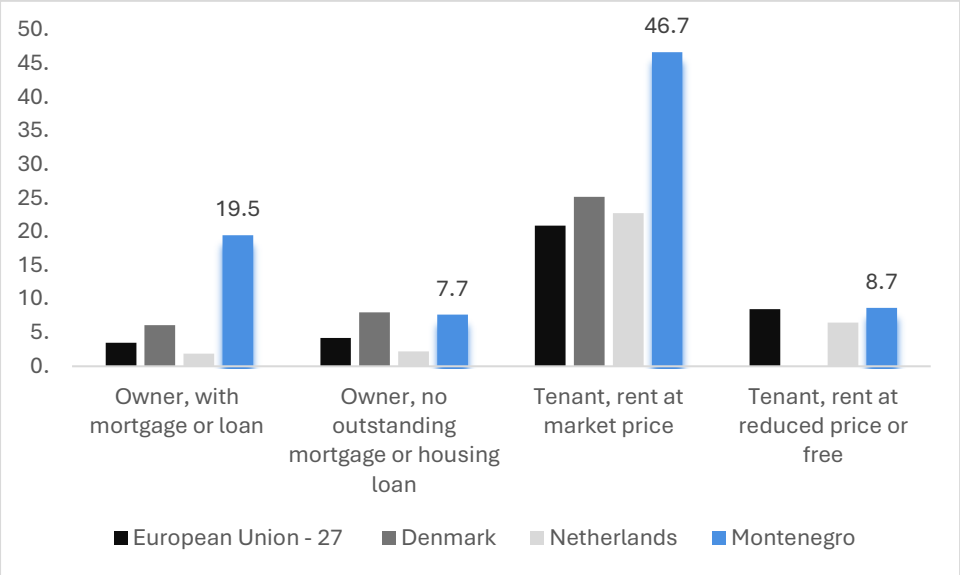
List of Interviewees

No.	Name	Title / Role	Affiliation	Interview Format	Date	Time
1	Zuhra Trkić	Retired (Formerly employed in SIZ during SFRJ)	—	In person	20 May 2025	10:00
2	Ismir Mulalić, Prof.	Professor	Copenhagen Business School	Online	2 June 2025	10:30
3	Dragan Živković	Director of the NGO	Tenants Association of Montenegro "Moj Dom"	Online	10 June 2025	09:00
4	Jasminka Tadić-Husanović	Director of the NGO	NGO "CENSOR"	Email correspondence	14 June 2025	—
5	Adha Masnopita	Secretary of Municipal Administration	Municipality Ilijaš	Online	18 June 2025	09:30
6	Amela Kulenović	Expert Advisor, Sector for Housing Management, Project Implementation & Supervision	Ministry of Communal Affairs, Infrastructure, Spatial Planning, Construction and Environmental Protection, Sarajevo Canton	In person	18 June 2025	14:30
7	Jos Van Ommeren	Professor	Vrije Universiteit Amsterdam	Online (scheduled)	20 June 2025	16:30
8	Nermina Suljević	Assistant Mayor for Sustainable Development	City of Sarajevo	Online (scheduled)	4 July 2025	09:00

Annex

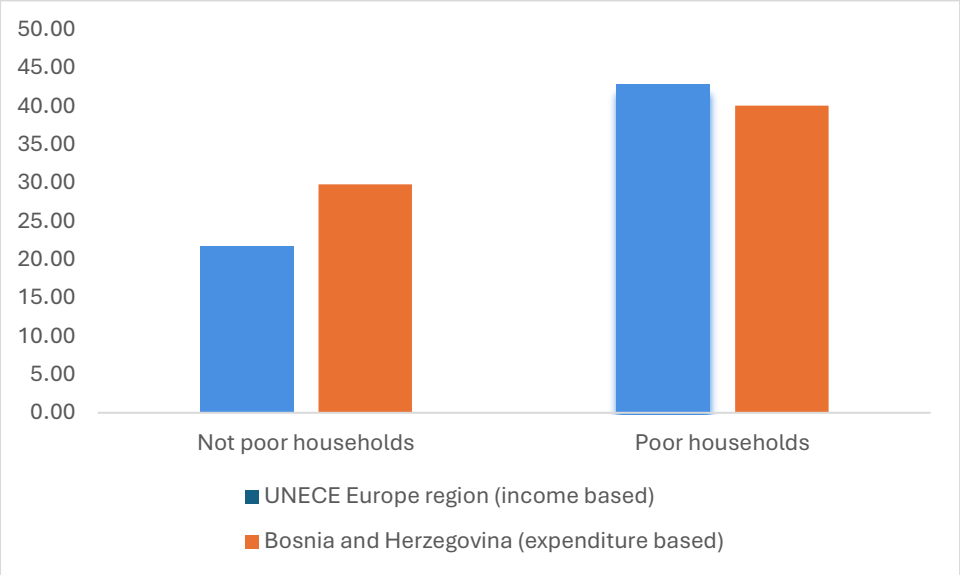
Additional Figures

Figure A 1 Housing cost overburden rate by tenure status - EU-SILC survey [tessi164]



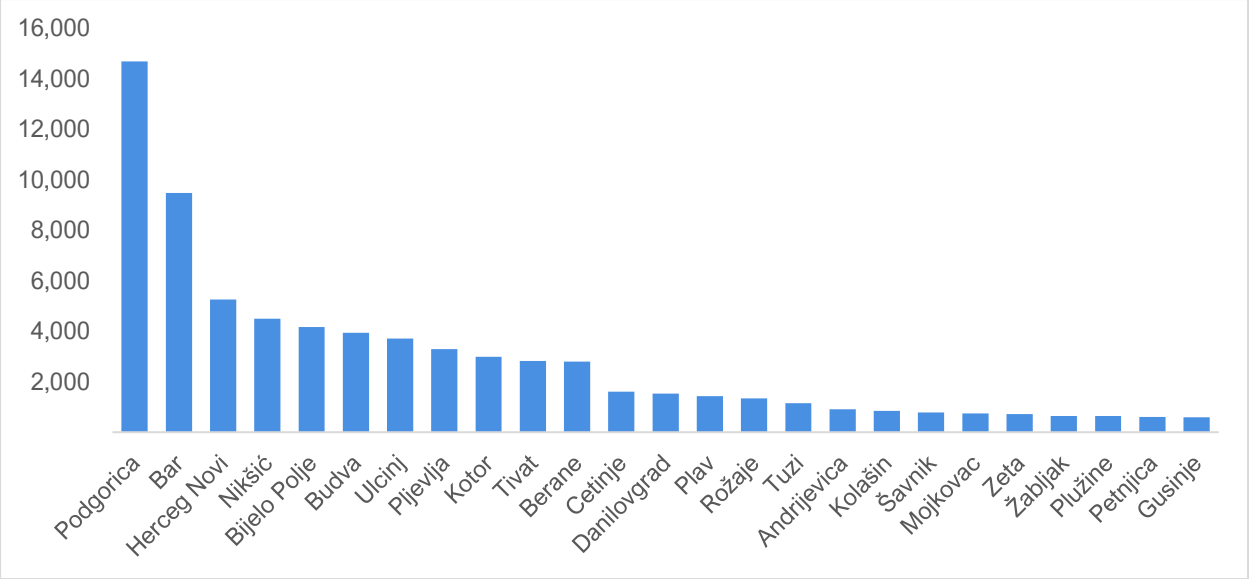
Source: Eurostat, last update 30/04/2025

Figure A 2 Housing cost/Household income by poverty



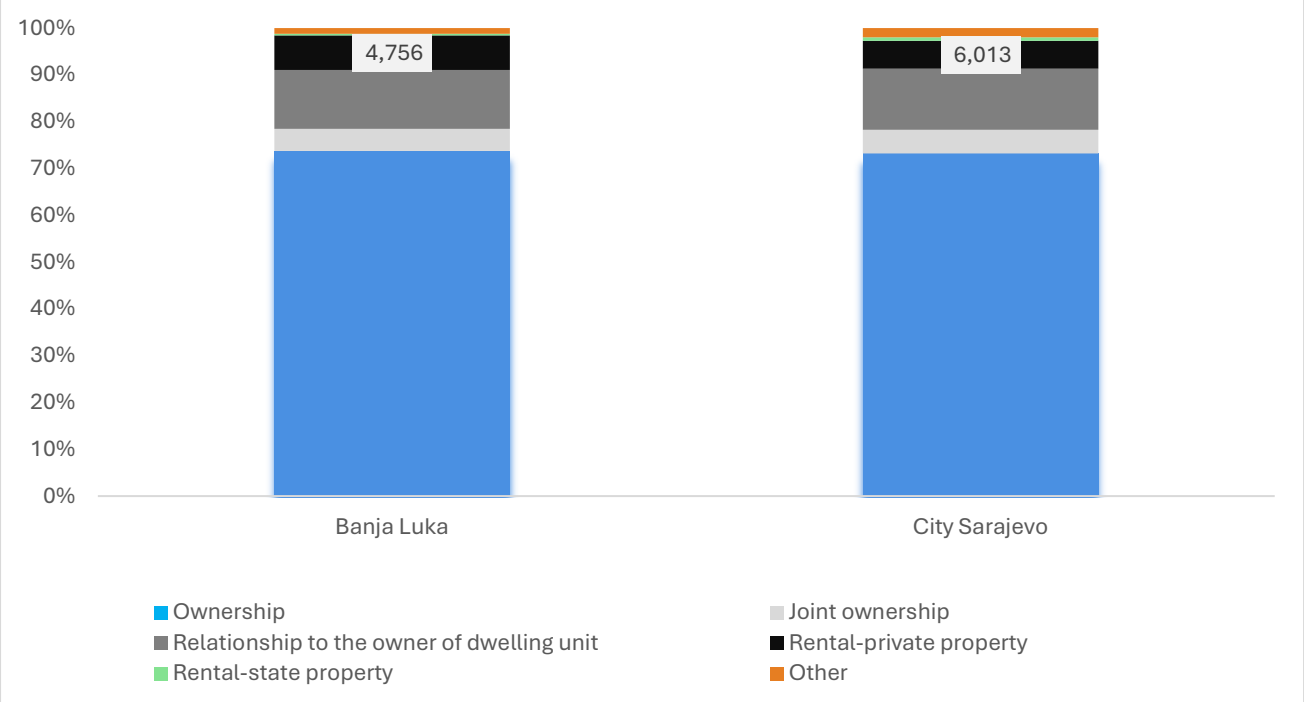
Source: United Nations Economic Commission for Europe (2024). Challenges and priorities for improving housing affordability in the UNECE region. Informal document ECE/HBP/2024/Inf.2 based on EU-SILC, Eurostat 2004-2020. The dataset includes all EU member states, and five additional non-EU countries: Iceland, Norway, Switzerland, Serbia, and the United Kingdom

Figure A 3 Vacant dwellings by municipalities in Montenegro



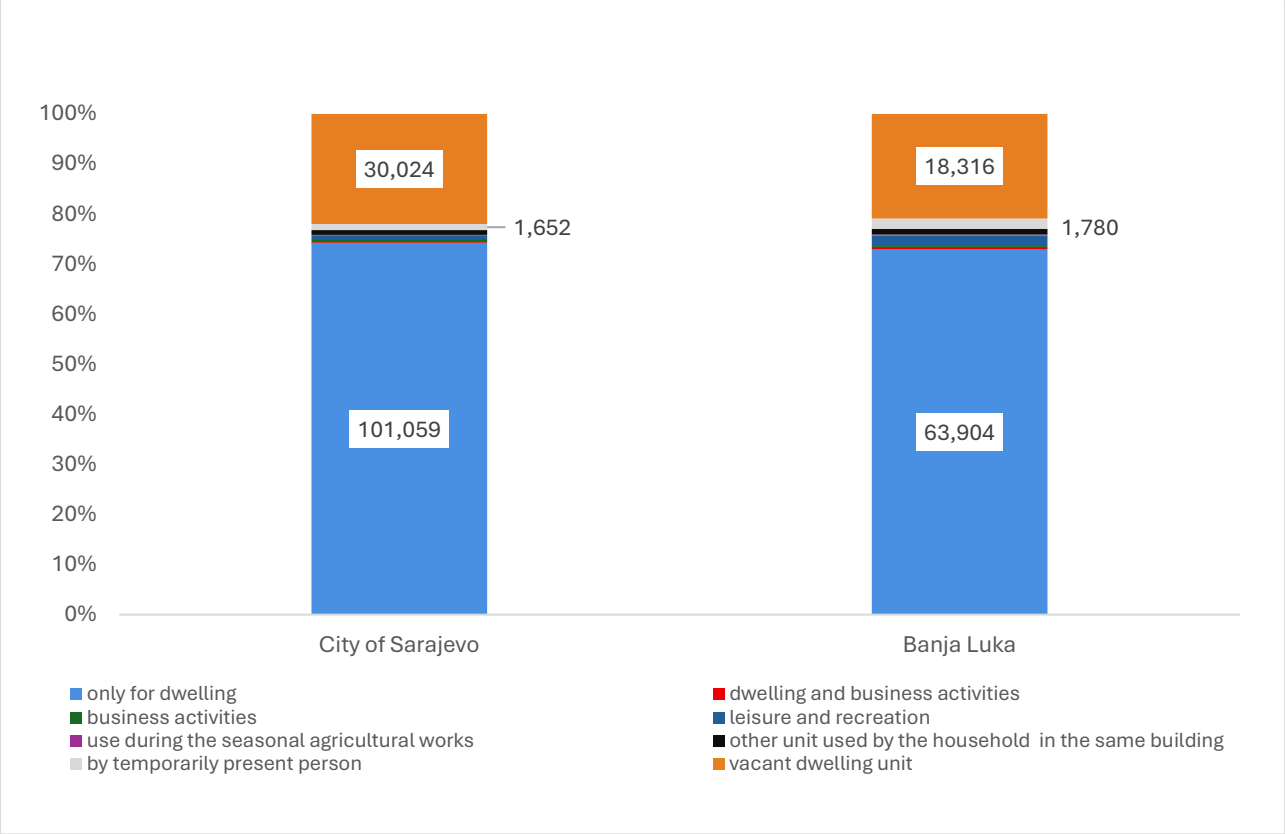
Source: Census 2023, Monstat

Figure A 4 Occupied dwellings by tenure status of dwelling unit, by municipalities/cities



Source: Census 2013, Agency for Statistics BiH

Figure A 5 Dwelling by purpose



Source: Census 2013