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# MINIMUM DECENT WAGE 2024

To what extent can wages solve the housing crisis?

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Press Conference April 22th 2025



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# INTRODUCTION

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# THIS YEAR'S THEME: (DECENT) WAGES AND THE HOUSING CRISIS

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## Why are we talking about a housing crisis?

**Owner-occupied housing:** long term main access to stability -> worst affordability in Europe / 13.3 gross annual wages for a 70 m<sup>2</sup> apartment.

**Rental housing** is growing in importance: **a quarter of households** (x 2020: 21%), with growth especially for **young households (with and without children):**

- Households headed by a person under **35** - in larger cities: **two-thirds rented:**  
68 % Prague, 61 % regional cities
- Families with **children under 10 years of age increase by half in the last 5 years:**  
31% -> **44% Prague**, 23% -> 39% regional cities

**157 thousand people** in housing need

**860,000 people** (190,000 children, 210,000 seniors) excessive housing costs

# WHY IS MDW RELEVANT TO THIS DEBATE?

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**"Every worker has the right to a fair and satisfactory remuneration which ensures for himself and his family a livelihood adequate to human dignity."**

Article 23 (3) Universal Declaration of Human Rights

**"A decent minimum wage is the remuneration for work during normal working hours provides workers and their households with enough money to live on, which is perceived by most of society as a certain basic standard."**

[dustojnamzda.cz](http://dustojnamzda.cz)

Developed as an alternative to poverty measurement: a focus on **the experience of workers** / on **dignity** and full participation in society / (economic) stability

# IN WHAT WAYS CAN AND CANNOT DECENT WAGES RESPOND TO THE HOUSING CRISIS?

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- In context of decent wages, it is important to talk not only about **income** (how high wages are in the Czech Republic), but also about **expenses** (the possibility and costs of providing basic needs according to standards)
- The importance of public policies that influence the setting of this expenditure
- A more general debate - the relationship between **income** and **wealth inequalities**
- **Can wages compensate for the inequalities that arise in society around assets (in this case housing)?**

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# MDW 2024 UPDATE

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# WHAT ARE WE COUNTING?

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- **gross monthly wage**
- ensuring a dignified life for **1+1 person**
- is based on **an estimate of the expenditure required** by consumption category
- **backward indicator of** working poverty/low labour income
- **regularly updated methodology** according to new available sources and facts

# MINIMUM DECENT WAGE IN 2024

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45 865 CZK

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**\*IN PRAGUE AND BRNO**

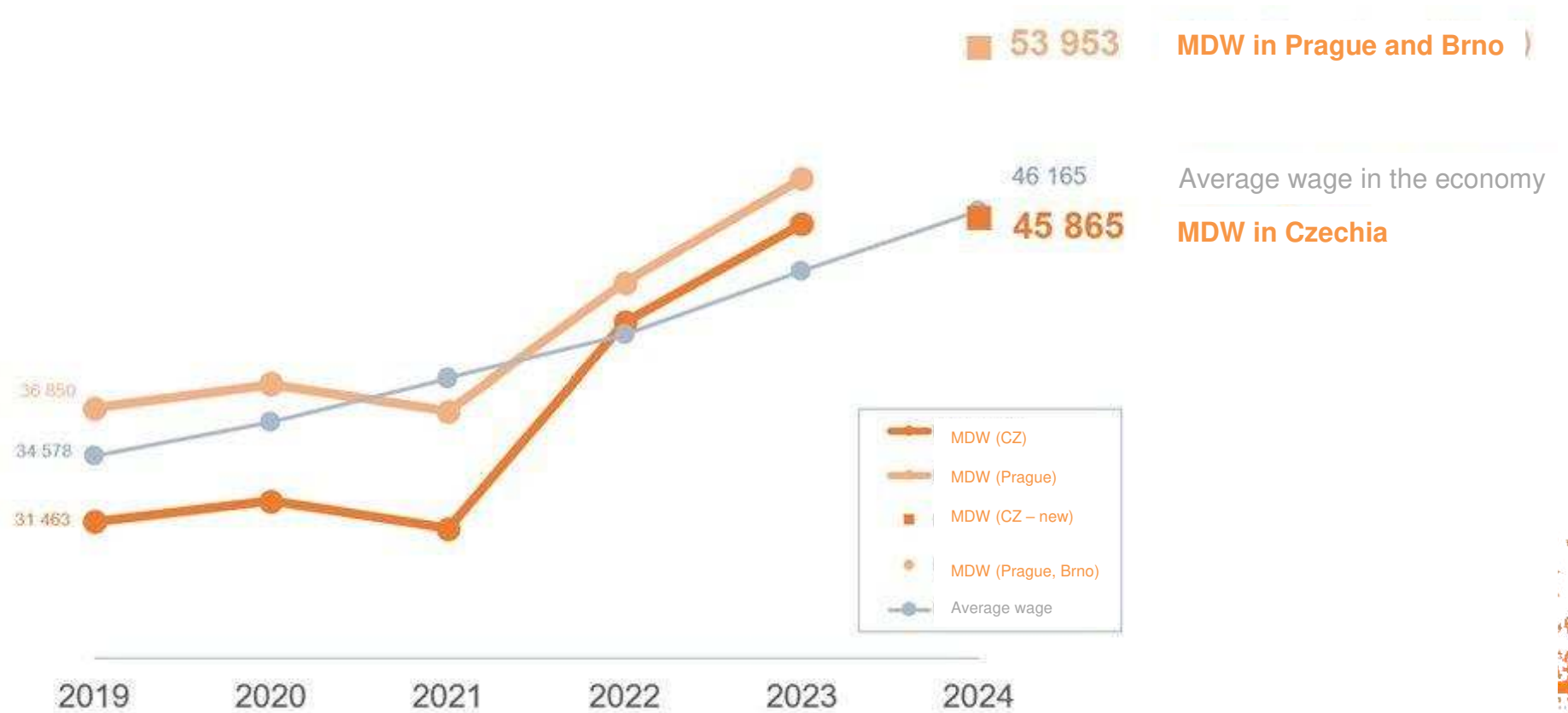
53 953 CZK



# MINIMUM DECENT WAGE 2024

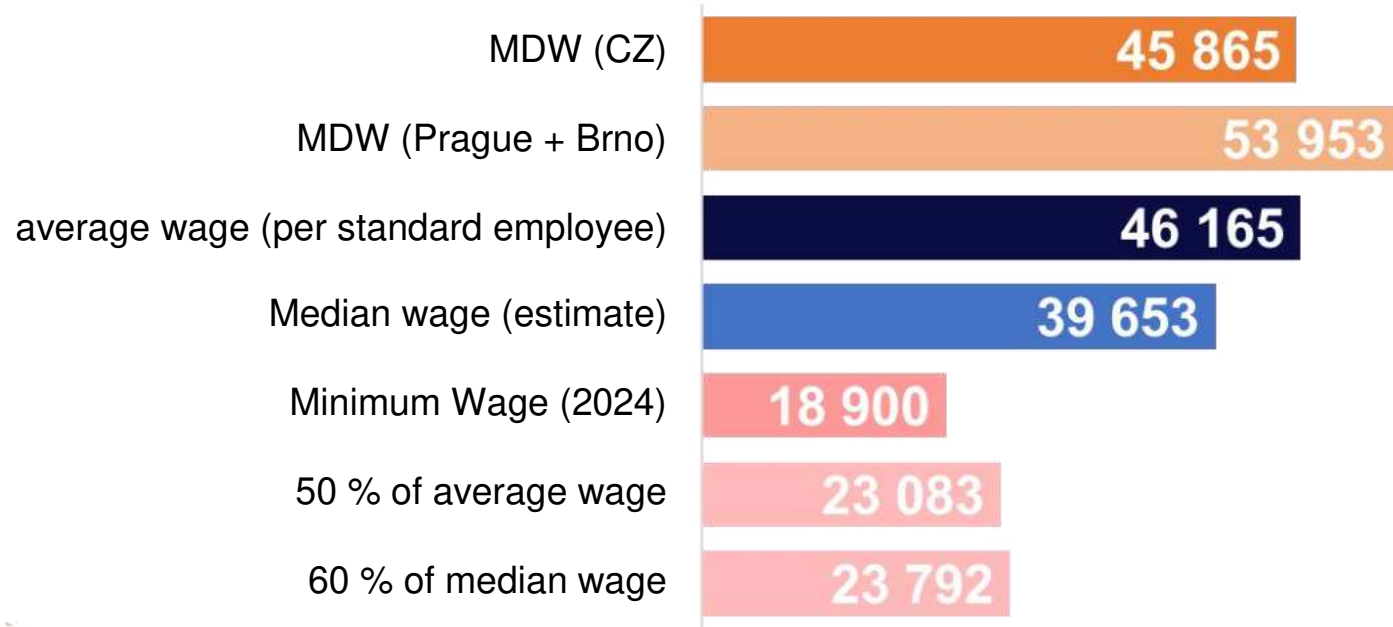
	Expenditures (Czechia)	(Prague+Brno)
Housing	14 373	20 066
Food	8 199	8 443
Clothing+ shoes	1 496	1 496
Transport	1 846	1 846
Health and hygiene	1 412	1 412
Telecommunications	1 323	1 323
Free time	3 996	3 996
Savings	4 856	4 856
<b>Gross wage</b>	<b>45 865</b>	<b>53 953</b>

# A MINIMUM DECENT WAGE OVER TIME

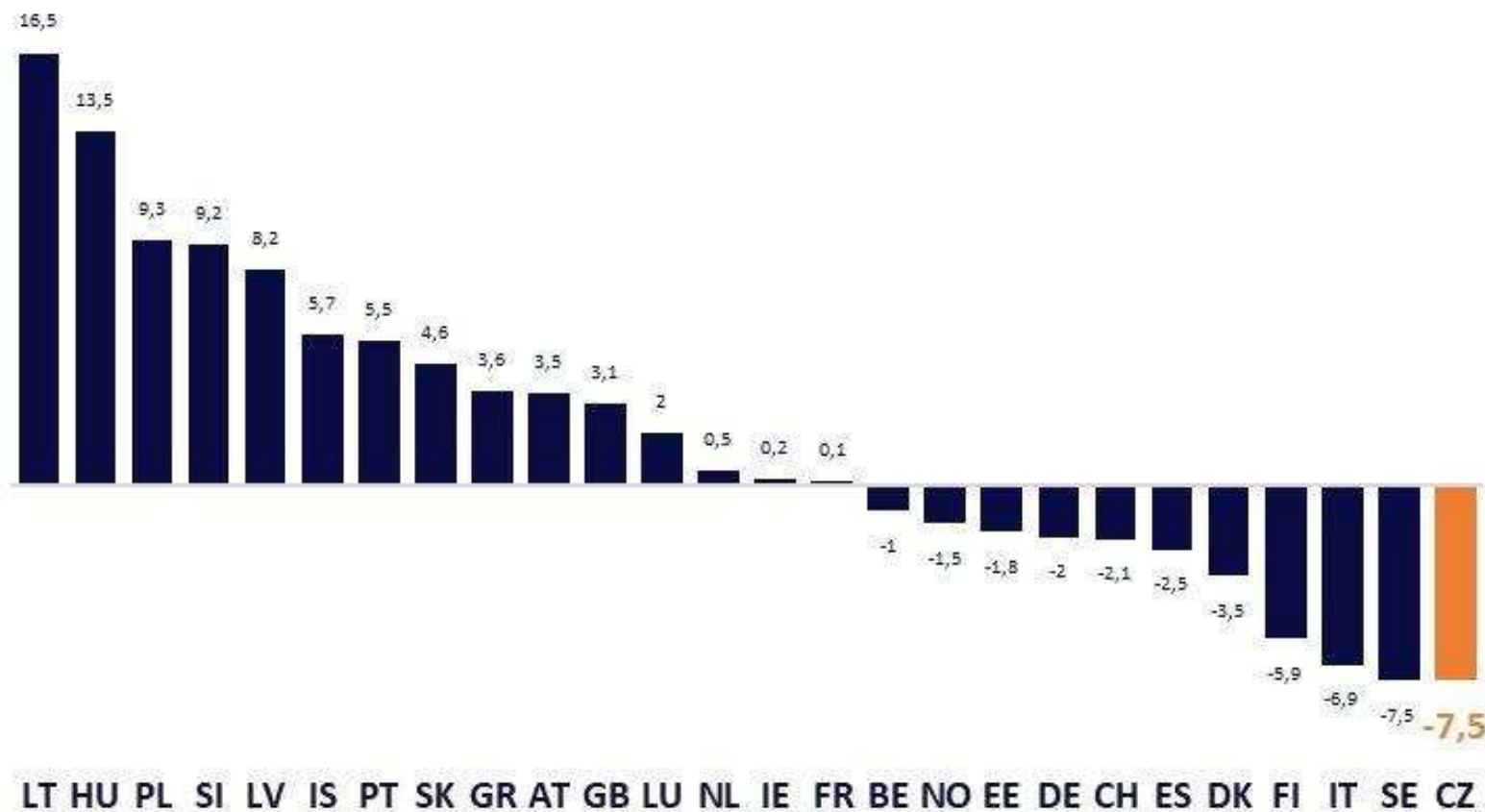


# MDM IN WAGE DISTRIBUTION IN CZK

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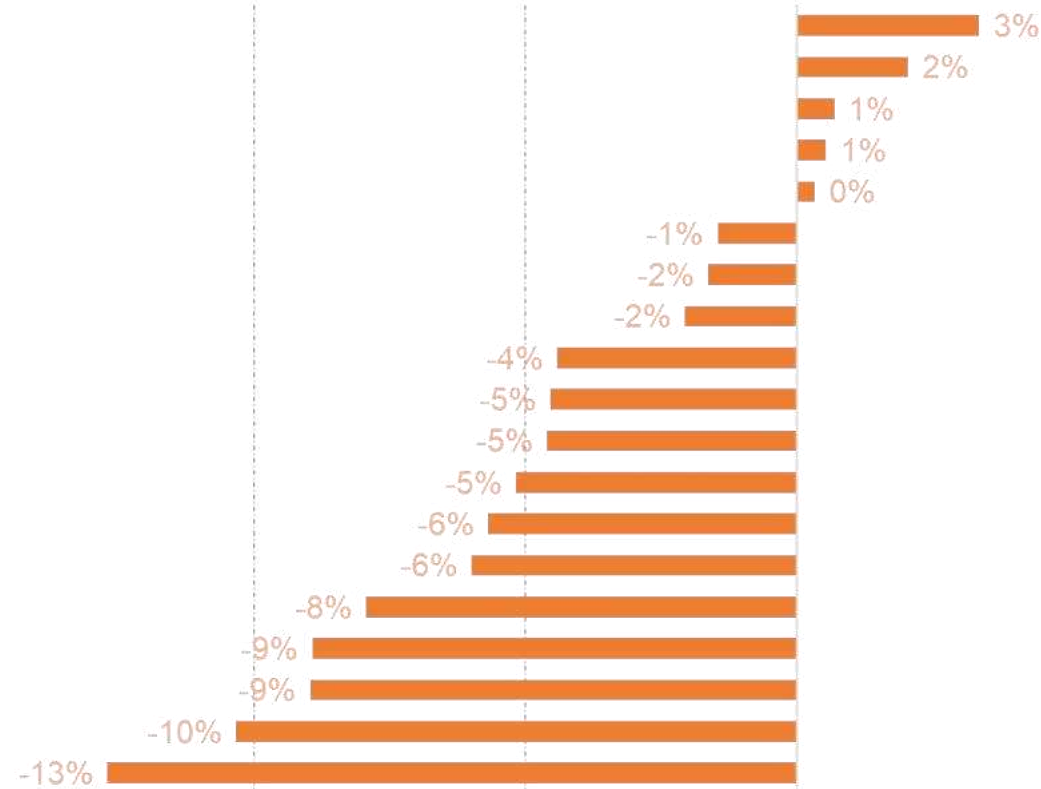
# CUMULATIVE CHANGE IN REAL WAGES IN OECD COUNTRIES BETWEEN Q4 2019 AND Q1 2024 (%)



Source:  
National Control Office  
according to OECD data

## INCREASE IN REAL AVERAGE WAGES IN CZ-NACE SECTIONS, 2024 TO 2019, IN %

Production and distribution of electricity and gas  
Administrative and supportive jobs  
Jobs in real estate  
Information and communication services  
Other jobs  
Water supply, waste services  
Science and technology  
Health and social services  
Mining and Quarrying  
Trade, repairs  
Transport and storage services  
Manufacturing industry  
Accommodation, catering and hospitality  
Construction  
Finance and insurance  
Agriculture, forestry and fishing  
Culture, entertainment and recreation  
Education  
Public administration and defence



Source.

**BELOW THE MDW THRESHOLD IS**

**63 %**

**IN PRAGUE AND BRNO 59 %**

**= 2.5 MILLION EMPLOYEES**

Source: own calculation according  
to Trexima

**BELOW THE MDW THRESHOLD ARE**

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**56 %**

**MALE EMPLOYEES**

**72 %**

**FEMALE EMPLOYEES**

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Source: Trexima

**BELOW THE MDW THRESHOLD ARE**

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**65 %**

**56 %**

**IN THE PRIVATE SPHERE**

**IN THE PUBLIC SPHERE**

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Source: Trexima

**BELOW THE MDW THRESHOLD ARE**

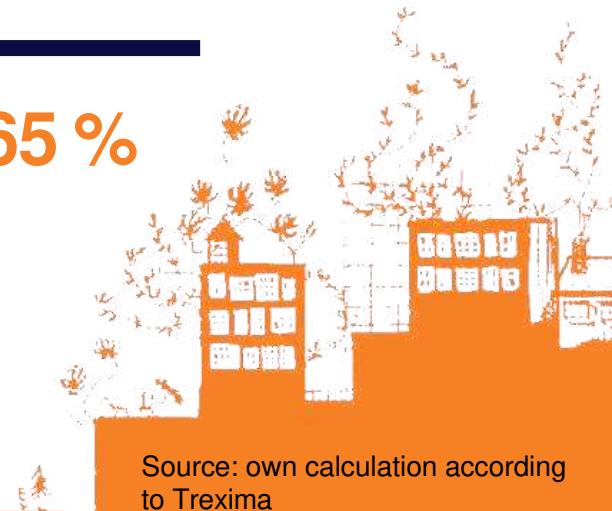
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**68 %**

**YOUNG PEOPLE UP TO 35 YEARS OF AGE**

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**IN PRAGUE AND BRNO 65 %**

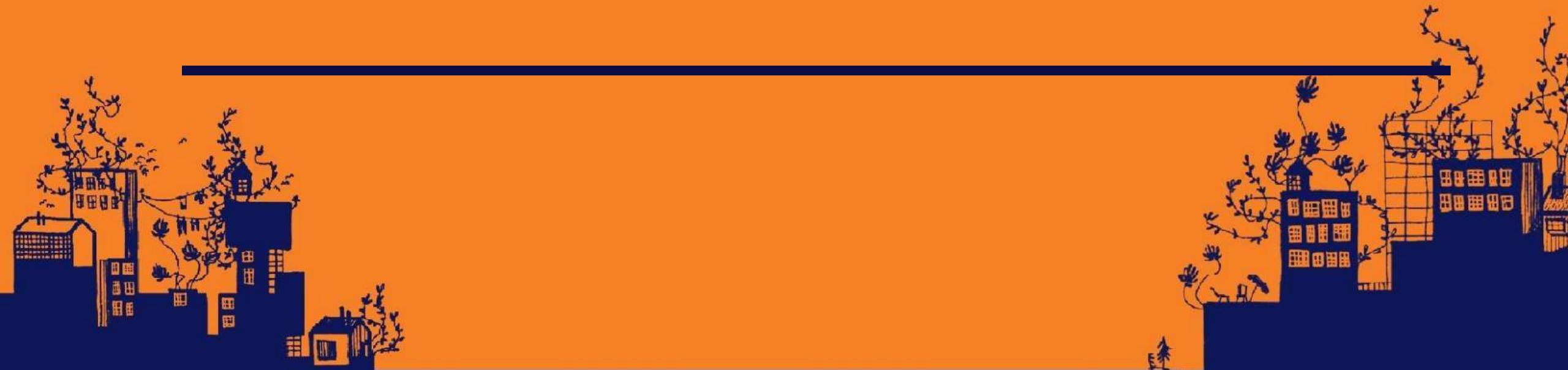


Source: own calculation according  
to Trexima

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# MDW and decent housing

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# WILL PEOPLE WITH MDM ACHIEVE STABLE HOUSING?

**Ownership housing as the main path to stability in the current public policy setting (x rent - cost + uncertainty)**

- 46% of tenants: lease for less than two years
- Short-term contracts / frequent moves -> secondary costs

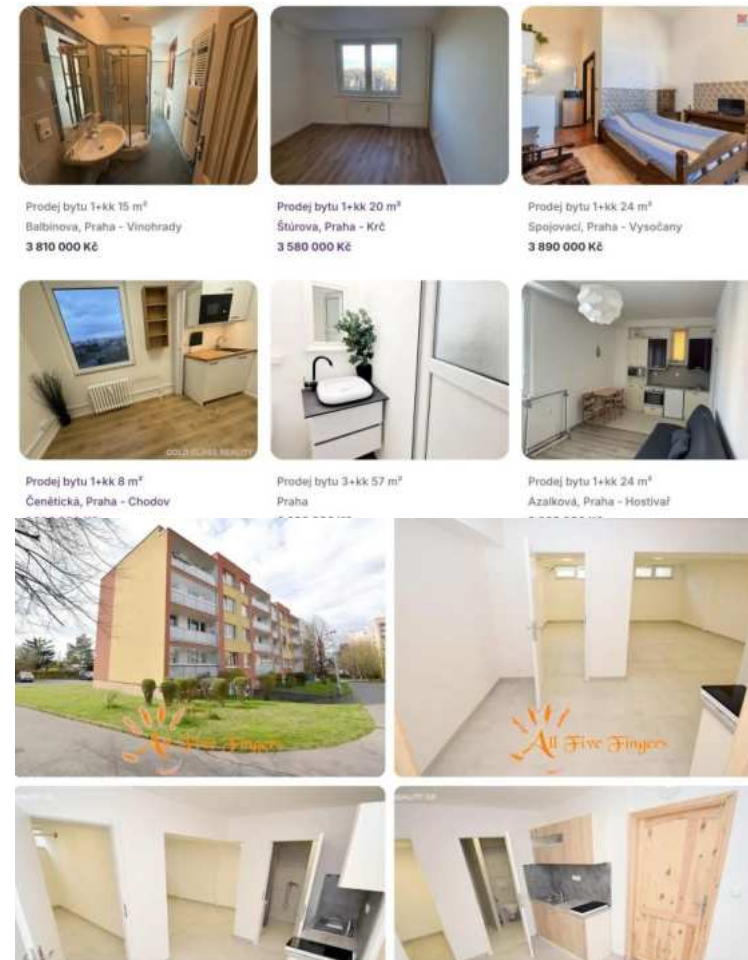
**MDM enables in Prague individuals reach to mortgage for substandard housing in a basement/pre-renovation, but not to save**

/ MDM does not count on savings for a mortgage

**If a person with MDM has savings from elsewhere** (family support, inheritance)

- 1 person with MDM in Prague: mortgage for 3.5 million
- 1 person with MDM, 2. on parental leave in Prague: mortgage for 4.7 milion

Mortgage for 3+kk in Prague: 2 people with net income of 46.5 thousand each



Sources: MMR 2024, CSU 2025, Novinky.cz 2025, Seznam reality 2025

# WILL PEOPLE WITH MDM ACHIEVE STABLE HOUSING?

## ONLY THOSE WHO ARE BORN WELL

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**A decent wage is high, but it will not bring housing stability to those who do not have an apartment/do not inherit in the current setup**

**However:** growing inequalities around housing - unaffordability and instability for some groups, especially the young - **are an effect of wealth (not income) inequalities**

**Inequalities in housing are difficult to make up from employment income in the current setting -> policies must be considered to reduce inequalities in costs**

Inherited (privatized) property -> greater willingness to work for low wages?

2020: only a quarter of young homeowners did not receive any help from their parents/grandparents to buy a flat or house  
Institute of Sociology 2021

# GROWING INEQUALITIES BETWEEN OWNERS AND TENANTS

**Households that give more than 40% of their income to housing:**

Owners 9-10 %

Owners with a mortgage 29-34%

Tenants 41-49 %

**How much do households save per month?:**

Owners 6800-7500 CZK

Owners with mortgage 6500-9500 CZK

Tenants 3400-4100 CZK

**They cannot afford the unexpected expense of 15,600 CZK:**

Owners 14 %

Tenants 35 %

Čisté jmění domácností ČR podle právní formy užívání bytu (v tis. Kč)

	Medián čistého jmění			Průměr čistého jmění		
	2021	2022	2023	2021	2022	2023
Vlastnictví bez hypotéky (včetně družstevního vlastnictví)	3 492,0	3 961,4	4 460,0	4 684,8	5 170,1	5 850,6
Vlastnictví s hypotékou	2 856,4	3 698,1	4 155,8	4 198,6	5 169,7	5 516,9
Pronájem a ostatní formy užívání	160,0	201,8	165,1	679,1	665,1	601,2

Zdroj: FSD 2021, FSD 2022, FSD 2023

Sources: Život k nezaplacení,  
ČSÚ 2025.

# PUBLIC POLICIES ACCELERATE THESE INEQUALITIES

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Most public policies around housing send money to owners, and mostly to high-income

**Housing Benefit (PnB)** 20 billion/2024: transfer of public money to owners (owners of multiple properties)

**Tax credits ( interest)** 7.9 billion/2024: high-income owners

**New Green Savings (Grandma's House),** 40 billion/by 2030: higher income/savings owners

**Building Savings,** 4.2 billion/2024: all groups except low-income

Cancel **Taxes z Transfer Real Estate** 13,6 billion/year (forecast for 2021): very  
high earnings / owner-investors

**Property taxation:** regressive to property value / more impact on low-income households

Low effective **taxation of rentals** benefits high income earners (PO, deductions, etc.)

# PUBLIC POLICIES ACCELERATE THESE INEQUALITIES

## (SPECIFICATION OF FIGURES AND SOURCES)

**Housing Benefit (Housing Allowance)** 20 billion/2024, 270 thousand households - up from 6.7 billion/2021, 153 thousand households (MoLSA 2025)

- The increase follows the growth in the number of households at risk of high costs, but covers about half (2023: 510,000 households over 40% of housing income)
- mostly goes to tenants () -> at the same time **transfer of public funds to owners** (mostly owners of multiple properties)

**Tax credits (mortgage interest deduction)** 7.9 billion/2024 (Public Finance Centre 2025)

- high-income **owners**
- **higher income - higher deduction** up to 22,5/45 thousand) x low income - low / no deduction
- MDM 48,685: after child tax credit and tax per taxpayer 3 thousand

**New Green Savings** (Grandma's House, 40 billion by 2030 / NZU Light up to 6 billion?)

- **owners with higher income/savings** (50% support, max support 1. million)
- Light, support up to 100% - more limited spectrum, total amount

### **Building Savings**

- the most open, but the condition of saving 20 thousand/year
- 58% of households in the bottom decile, 40% of households in the 2nd decile are unable to pay an unexpected expense / 40% of households with children below the median income have the same/lower income than expenses (CSO, Life Priceless)

### **Taxation of real estate x income**

- Abolition of the **real estate transfer tax** (2020) -13.6 billion/year (2021 outlook) -> purchase affordable for **high income/owners**
- **Property taxation**: regressive to property value / more impact on low-income (PAQ 2025)
- Low effective **taxation of rents** / again favouring high income (taxation) PAQ 2025)

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# Tenants' initiative: a practical perspective

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# TENANTS' INITIATIVE (INN)

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- *"As a PhD student in the humanities, I started my research career quite successfully, but to earn money I combine this with positions as an accountant and secretary in smaller organisations. Yet the last time my washing machine broke, my parents paid for it."*
- *"We are at the mercy of landlords who can raise the rent at any time, just on a whim - which is a situation we encountered last year."*

# WHAT INN REQUIRES:

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**We demand greater protection for tenants.**

- **The end of short-term contract chaining**  
Denmark, Germany, the Netherlands, Sweden use open-ended contracts and short-term contracts only in justified cases.
- **Regulating rents according to clear rules**  
In Sweden and Italy, maximum rent increases are governed by the results of collective bargaining between tenants' and landlords' unions.
- For more suggested measures and good practice, see [iniciativanajemniku.cz](http://iniciativanajemniku.cz)

# TENANTS' INITIATIVE

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No dignity be built without a roof over your head.



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**THANK YOU FOR YOUR ATTENTION**  
**dustojnamzda.cz**

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