



Estonia - National Report

Housing Solutions for People who are homeless

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Housing and Homelessness

Housing conditions in Estonia

The supply of housing is in average relatively good in Estonia, although the structural distribution of the housing stock does not correspond to the social need.

93% of households in Estonia live in one-household occupied dwellings, whereas 6% share their dwelling with another household. In addition up to one fifth of dwellings are occupied by households consisting of several families (most often they are households of two adult generations).

69% of households live in apartments, 19% occupy single- or two-family houses or terraced houses, 10% live in farm-houses, and 2% elsewhere (e.g. in dormitories). One third of the dwellings are at least 40 years old, 40% were built 20–40 years ago and just 3% up to 10 years ago. However, only one tenth of the households regard the condition of their dwelling as poor, more than 40% of the households regard the conditions of their dwellings as good, and almost a half of the households think it is satisfactory.

The quality of housing and thus the satisfaction with the dwelling depends on the facilities in dwellings. Electricity is missing for less than 0.2% households. One of the main basic indicators, which also determine the living expenses, is the heating system in the dwelling. It results that 36% of the dwellings have a local stove heating, 55% have central heating and the rest have either local central heating, electricity-based heating or combined heating. A very important condition for satisfaction with the housing is a private kitchen. 94% of the households have a kitchen (either as part of a room or separately).

Housing and homelessness

Homelessness means more than the physical lack of housing – homelessness involves also other phenomena, like severing social networks (people mostly communicate only with others in the same status), minimum chances of participating in the labour market, personal degradation, and addiction problems often occur or are enhanced.

Homelessness is caused by a set of individual and structural (social) factors. The prevention and reduction of homelessness requires both individual (a person's own) and social efforts. I.e. from one side, the homeless must be counselled and supported as social work customers, so that they would use their existing resources for subsistence, but from the other side more substantial social efforts (costs) must be made to help that group. People at the risk of becoming homeless and the homeless people make up a specific group, whose problems cannot be solved with the housing policy alone. It is necessary to

change the general aims and base points of the social policy. Homelessness can be reduced only through cooperation between local governments and the state. Every local government is not able to offer essential services to the homeless; in many cases it is the lack of political will, or the lack of resources. The state has an important role to play in the labour market policy and the alcohol policy.

There are three main reasons for getting evicted from an existing dwelling (with right of occupancy):

- 1) *Accumulation of rent or payment debts*: due to loss of job or being unemployed leads to all kinds of debts such as banking debts, bailiffs claims, services debts and etc.;
- 2) *Addiction problems*: Alcohol and drug addiction usually leads to loss of job and family problems, which often get people to jail or to the street;
- 3) *Disfunctional families*: stresses such as divorce or violence may be the starting point for drug/alcohol addiction or depression, which can also lead to loss of job and home;

One of the mechanisms causing homelessness is also the activities of the so-called false brokers, who take advantage first of all of people with addiction problems and mental disabilities by cheating them and “taking away” their dwelling in a legally correct manner. According to these problems different measures should be taken to prevent homelessness. For preventing homelessness, changes must be made to the legislation, which currently offers tenants little protection from eviction and does not much encourage the prevention of homelessness.

Regulating access to housing through supply-side incentives

In 2000, housing provision was divided between sectors as such: 81% were in owner occupied sector, 4% co-ops, 11% in private rentals, and only 4% in public rentals. Such distribution of the housing stock has been the result of the large-scale privatisation and restitution programmes that took place in the 1990s. The share of public housing dropped from 61% in 1992 to 4% by 2000. As a result, the public sector has retained only a minimal opportunity to directly influence housing provision by offering affordable rental dwellings.

There is a lack of adequate standard housing in larger urban areas, and often more than one generation have to occupy the same dwelling due to the lack of access to housing for young people. 67% of dwellings are located in multi-apartment buildings.

Rent level

The housing market, that started to develop after 1995, was a new phenomenon in Estonia, with different allocation principles from the former system. The housing prices, rent level and maintenance costs (which used to be greatly subsidised) were gradually liberalised, and started to reflect market prices. Rent level remained regulated for longer period only in municipal rental sector, and in a part of the restituted housing stock, which were occupied by sitting tenants. As most of the households live in owner occupied sector, they only have to cope with increasing housing expenses related to maintenance costs. In somewhat more difficult situation there are those households for whom the only opportunity to obtain independent housing is to rent it in the free market, but where the rent level in average standard flats is not affordable for the average household. The (more affordable) municipal housing stock is only available for the most marginalised groups, and not for the 'average' households.

The status of tenants in restituted housing

Rental contracts at the time of restitution were usually extended by the central legislation, and even now legal owners of restituted housing (restitutees) do not often have a right to evict 'old' tenants. However, rent level in these restituted units has been raised up to the market level in most cases (in municipalities where rent control is abolished), and many lower income tenants have been forced to move out for economic reasons.

However, tenants living in restituted housing are entitled to receive a new rental dwelling. Alternatively, in some municipalities they can apply for financial support for resettlement or for the purchase of a dwelling they occupy (if landowner agrees). The state government is obliged to assist financially local authorities if they have difficulties finding a substitute dwelling for tenants. In reality, municipalities often lack resources, but the central government has long kept aside in providing any help (instead, the duration of 'forced tenancy' has been extended to prevent large-scale evictions). Luckily, the new Housing

Development Strategy for Estonia (the Estonian Housing Development Strategy (EHDS) for 2003-2008, 2003) foresees the state subsidy in the extent of 50% in providing new or renovated municipal rental housing for tenants who have otherwise difficulties in reallocation from restituted housing.

This is expected to bring solution for solving housing problems for this particular vulnerable group (however, although the EHDS has been approved by the State Government, the allocation of state funds for the named purposes, and the implementation of the strategy, is not guaranteed).

Access to social and municipal housing

Providing social housing by the public sector is one of the strongest tools to influence general price level in the housing market, and to ensure that every citizen is provided with a minimal standard or decent housing. An alternative form of providing social housing is provision by the non-governmental organisations (NGOs) or public-private partnership projects.

Unfortunately, neither of the latter options is today in use in Estonia (except a very few social houses or apartments, implemented as pilot projects). As stated above, the provision of municipal housing today is only 4%.

The right to housing (right to state assistance in case of need) is realised with mechanisms set in place under the Social Welfare Act. These include:

- 1) The right to apply for social housing from the local government in case the person or family is not able to ensure it for themselves; and
- 2) The right to receive inevitable social assistance that also includes the opportunity to use temporary shelter.

According to the legislation, a distinction should be made between the social housing (which is also in a municipal ownership) and municipal housing in general (includes dwellings which have not yet been privatised as well as 'social dwellings'). Usually, the same rent level and rental conditions apply to both social dwellings and other dwellings in a municipal ownership.

The users of social and municipal housing varies between municipalities. Every municipality can set exact rules about who are eligible for public housing. In the municipality of Tartu, local residents who fall in the following categories can apply to become registered as those needing municipal housing:

- 1) Those, who due to insufficient physical abilities or mental special needs are unable to ensure themselves or their families with the opportunity to use housing;
- 2) Those who due to their financial standing are unable to ensure themselves or their families with the opportunity to use housing.

Social housing is meant to include a special package of social services if necessary for a client's subsistence (Social Welfare Act). Housing service in this sense is provided in institutions (care home, orphanage, rehabilitation centre and other such). Housing service can also be provided as a combined municipal (social) housing and home care service. These combinations of different services are usually provided to people living in social dwellings.

This approach is being applied in a few cases in Tallinn. Persons who receive such services usually belong to certain risk groups (e.g. tenants of houses returned to owners, those released from detention institutions, orphans or other such).

The need for affordable public housing for low-income groups exceeds the existing supply, especially in the main towns. The public housing stock consists mostly of the residual of the housing privatisation and is mostly of low quality (often not adequate for decent living). Due to strict rules of public housing allocation, the sector is also socially biased towards socially weak and disadvantaged groups. The clientele of municipal housing is the same as in case of social housing, and it can in large part be considered as a 'risk group' in access to decent housing and integration in the housing market.

Poverty risk groups in Estonia and their living conditions

Living in poor conditions that pose a threat to health and life quality, and with uncertainty of the right to use the dwelling amplifies social problems both on the individual level and the society level (social exclusion). This also contradicts with the statements in the Constitution of Estonia, and the Social Welfare Act, as well as with international agreements.

In housing matters the minimum standard can be acceptable as a temporary solution in a crisis situation (evictions, loss of home due to accident) and in providing emergency social

assistance to the homeless, but in addition to shelter other services are quite evidently needed here as well – counselling, rehabilitation, treatments, employment measures and other such.

In Estonia, the next risk groups can be identified in access to housing (their exclusion is strongly related to their household budget: income and expenditure):

Based on the composition of households:

- Single parent families;
- Families with many children (i.e. families with at least three children);
- Families, where the head of the household is disabled (and therefore does not work).

Based on the work-related activity:

- Pensioner families;
- Families, where the head of the household is unemployed (since the definition of the head of the household presumes that the person is the biggest earner in the household, there are usually no other employed members in the household either).

Determined by the income of households:

- Families belonging to the first income decile;
- Families that are subjectively poor (they estimate their own material situation as poor).

In addition to the listed groups, two other large groups can be considered as belonging to the 'risk groups' in the Estonian housing market (due to their special situation caused by the ownership reform and marketisation process). These groups are:

- The sitting tenants in the restituted housing stock;
- The young adults/ young families.

The reasons for registering a person as an applicant for municipal housing are divided as follows:

- 1) *The most numerous group is formed by households with combined risks: insufficient physical abilities or special mental needs, and the financial standing;*
- 2) *The reason for application is household's financial standing;*
- 3) *Insufficient physical abilities or special mental needs are the bases for applying municipal social housing.*

This list shows that the economic and social factors are intertwined and are a combined reason for the inability to adapt, and the need for assistance. The major part of the people registered as applicants are in the risk of homelessness or homeless. They either

- Have no stable housing (they spend their nights at shelters or rehabilitation institutions, in odd places like sheds or hallways, or at their acquaintances and relatives);
- Have no valid rental contract for the dwelling they occupy, and the owner demands that they vacate the dwelling;
- Have a dwelling which is in a very bad state of repair or unsuitable for living;
- Have a dwelling but this is burdened with a reasonably large rent debt that owner is demanding to be paid.

Chain of events leading to homelessness: the accumulation of social and economic factors as the cause for loss of housing

The Ministry of Social Affairs conducted a survey among employees in shelter institutions in 2003. The respondents were supposed to indicate the most likely chains of events leading to homelessness (from among the given options). The total of 13 versions was presented. In case social clients did not fit under any of the presented event chains the respondents could add them according to the respective life stories of the persons they referred to.

Loss of employment due to alcohol abuse, the resulting rent debts and loss of a place to live are the dominating reasons for homelessness in Estonia. This is followed by alcoholism resulting from unemployment, which results in rent debts and loss of a place to live. Being released from a detention institution, incapability of finding employment and renting housing in the housing market due to no income is also among the most common chain of

events leading to homelessness based on the information received in the poll. Mainly two institutions among the respondents were providing services to this group.

The next common causes are being rejected from family due to drug addiction and ending up on the streets. In some cases the reasons for homelessness are domestic violence, leaving home and then becoming homeless, also migration to town in the hope to find employment, then not finding it and ending up on the streets.

The typical chains of events leading to becoming homeless are as follows (Ministry of Social Affairs, 2003):

Alcohol abuse -> unemployment -> rent debts -> eviction or sale of apartment (29% of cases);

Release from a detention institution -> incapability to find employment -> incapability to rent housing in the private market due to no income and the social background (25% of cases);

Unemployment -> alcohol abuse -> rent debts -> eviction or sale of apartment (15% of cases);

Unemployment -> alcohol abuse -> family falling apart or end of partnership -> loss of housing (15% of cases).

Main problems in finding a regular place to live

As it reveals from the survey conducted by the Ministry of Social Affairs (in 2003), the most commonly stated problem in finding a regular place to live is *alcohol and drug addiction*.

Low motivation and feeling of hopeless is the other main type of problem. The obstacles also include the society's negative attitude towards the homeless, distrust and unwillingness to employ such people or rent housing to them. Due to the lack of jobs and due to the homeless being unable to compete in the labour market it is hard for them to find employment and regular income. Many have no income at all or only a small one. At the same time there are no cheap rental apartments they would be able to afford from their financial resources.

Keeping a job could also be a problem for the long-time unemployed in case they manage to find one. Lacking education and poor official language skills also pose an obstacle to finding a place to live and a job. It is difficult for people who have problems with drugs and alcohol to find employment. And many homeless do not have personal identification documents. This has been mentioned as a problem mostly by respondents from the Ida-Virumaa District as there are many non-Estonians living in that region.

Summary

On one hand, the creation of the property market has widened housing opportunities for many households. On the other hand, the constant increase in rent and real estate prices and the very few housing policy measures targeted at ‘medium’ and lower income groups have created difficulties in access to housing for a part of households. Large sections of population have problems in paying for their housing expenses, or are forced to live in very low quality of housing (lacking washing facilities, toilet, etc.) due to economic reasons. Increased maintenance and utilities’ costs have forced many economically disadvantaged households to look for cheaper dwellings. The most vulnerable have become homeless.

The most vulnerable groups in access to housing are households with subsistence problems, young people and ‘sitting’ tenants in restituted housing. These groups are more exposed to different housing related problems than other households.

In order to improve access to housing, it is necessary to raise affordability of housing (especially for vulnerable groups). From the supply side the most important tools to influence housing prices are land policy (through public-partnership programs), favourable housing construction loans for private investors, grants for housing construction/renovation, municipal housing construction, and tax policy. The ‘subsidised’ units should be targeted to vulnerable groups.

The Joint Inclusion Memorandum (JIM) should be aimed at achieving access to basic goods and services in the society (focussing especially on vulnerable groups), and at fighting against social exclusion. Housing policy means should be considered as an integrated part in achieving the goal.



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