Access to Housing for Vulnerable Groups in Estonia

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The study is financed by the European Commission within the Community Action Programme on Combating Poverty and Social Exclusion. The study was undertaken to identify the most acute housing problems in Estonia and groups who suffer from inadequate housing or lack of housing.

According to the study, households most frequently experience lack of housing facilities, too little privacy and too high housing-related expenses. Due to financial barriers, large sections of young adults have restricted access to housing. Homelessness has become a serious problem in Estonia, affecting particularly larger cities.

In order to improve housing affordability and housing conditions, specific policy measures are proposed, e.g. providing more housing units with moderate price and rent level for vulnerable groups through public and public-private partnership programs. This should be accompanied by better targeting of subsistence benefits and introduction of additional support measures such as means-tested renovation grants.
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Introduction

The study “Access to Housing for Vulnerable Groups in Estonia” is undertaken within the European Union Community Action Programme that aims to fight against social exclusion. The current study helped to contribute to the preparation of the Joint Inclusion Memorandum. It will facilitate working out integrated measures to fight against poverty and social exclusion in Estonia.

The Joint Inclusion Memorandum (JIM) is a political document that was assigned between Estonia and the European Commission in December 2003. Its aim is to determine the causes and risk groups of poverty and social exclusion in Estonia and the key areas and activity trends for increasing social inclusion. In determining the key areas and planning the activities the priorities of the EU’s Lisbon strategy and the objectives set for reducing social exclusion set in Nice were taken into account.

In today’s Estonian housing market many social groups experience increasing difficulties in access to housing, and in keeping or improving their present housing standard. Homelessness has become a serious problem, affecting particularly larger cities. Many contemporary problems affecting access to housing and housing standards have been reinforced by societal reforms, including housing sector transformation. Especially vulnerable groups are single-parent households, large multi-children households, low-income, un-employed, disabled, persons addicted to alcohol or drugs, and the ’forced tenants’ in restituted housing.

The current study aims to identify vulnerable groups in the housing market who have difficulties in access to decent housing, and the causes and processes that lead to their social exclusion. The aim of the study is to identify the weaknesses of the current housing and social policy system which lead to housing-related social exclusion and poverty, and to propose policy recommendations and guidelines to overcome these weaknesses, and to improve accessibility to a decent housing in a good environment for all social groups.
1 Access to housing and housing standards: international agreements and recommendations

Access to housing: rights and obligations

Several international agreements on guaranteeing social and economic rights (European Human Rights Convention; the United Nations Covenant on Economic, Social and Cultural Rights; The United Nations Child’s Rights Convention; European Social Charter), to which Estonia has become a party to, recognise the right to housing and in relation to this set certain obligations for the countries party to the agreements.

- The European Human Rights Convention does not contain the right to housing, but the matters related to the housing right have been repeatedly discussed in relation to the right to the inviolability of private and family life (Art 8) and to the secure use of possession (Protocol 1, Art 1). Although the European Court of Human Rights has been careful in extending the cover of the convention to the homeless, declaring that “Article 8 in no case puts a positive obligation on the state to provide persons with housing”, the European Human Rights Commission has in the case of Guzzardi vs. Italy found that although the convention contains no obligation to provide housing the public authorities nonetheless cannot force unbearable living conditions on persons or families.¹

- The United Nations Covenant on Economic, Social and Cultural Rights obliges the countries to recognise everyone’s right to the sufficient living standard of themselves and their families, including the right to housing and the constant improvement of living conditions (Art 11 paragraph 1).

The United Nations Committee of Economic, Social and Cultural Rights, evaluating in November 2002 the fulfilment of obligations assumed under the pact in Estonia, expressed their concern over the fact that there are too few social housing facilities and other housing policy measures in Estonia for providing help for people who are unable to obtain decent housing for themselves and their family. The Committee recommended that the state would apply measures to alleviate housing problems and prevent homelessness².

¹ Application No 4560/70, 21 dec. May 1975. With reference to Annus and Aaviksoo, 2002: 34
² Committee recommendation No 45
As guaranteeing the right to housing also involves the right to protection from eviction, the Committee recommended enforcing the obligation to guarantee alternative housing, if necessary, for those evicted under court order with the aim to avoid homelessness. Although there have been cases in the Estonian court practice, in which the court has refused to evict persons from their homes due to absence of alternative housing, homelessness as a result of eviction is in the Committee’s opinion still not excluded.

- The UN Habitat Agenda (approved in Istanbul, 1996) recommends the member states to take measures to gradually guarantee the right to adequate housing and to ensure the risk groups access to adequate housing (Art 61).

- Pursuant to the UN Children’s Rights Convention every child has the right “to housing that meets the child’s physical, mental and ethical level of development”, and the state must in accordance with its resources support the persons responsible for the child in realising this right (Article 27).

- The European Social Charter (1966) stipulates the family’s right to social, economic and legal protection, which, *inter alia*, means that the parties to the agreement are obliged to guarantee housing for families (Art 16). Pursuant to this provision the parties to the agreement must help finance the construction of family dwellings and guarantee enough suitable subsidised housing facilities for families. The parties to the agreement must provide, if necessary, financial assistance to families upon acquiring housing, and guarantee that the housing fund meets the needs of families (sufficiently spacious dwellings equipped with necessary rooms).

- The European Revised and Improved Social Charter (1996) amended the charter by adding a new basic right – the right to appropriate housing at reasonable price (Art 31). Estonia has not ratified the said provision (see more in section ‘housing standard’).

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3 MSKÖP recommendation No 47
4 Pursuant to section 33(3) of the applicable Dwellings Act that only applies to dwellings used by tenants in restituted housing (so-called forced tenants), the court can evict a tenant and the persons living with the tenant who had a valid rent contract at the time of the dwelling being returned to owner upon the rent contract lapsing under subsections 2 and 3 of section 33(1), only if one of the following conditions is present:

1. the state institution, county or local government gives the tenant and the persons evicted with the tenant another housing with equal conditions;
2. the state institution, county or local government or the lessor reach an agreement with the tenant and the persons living with the tenant on giving them suitable housing. Agreement may also be the payment of pecuniary compensation for vacating the former dwelling.
5 European Social Charter, conclusion of the European Social Rights Committee’s case law (2001), pp 59.
• The right to housing is also closely related to the right to non-discrimination that is protected under the United Nations conventions on prohibiting all forms of discrimination of women and racial discrimination.

• The general social objectives stated in the provisions of the European Union Agreement are to advance employment, improve living and working conditions, adequate social protection and other such, but there are no legal grounds for applying measures in the housing sector on the European Union level. The housing problems have, however, become more evident on the Union level in relation to coordinating the measures against social exclusion.

The Union’s strategic objectives set for the next ten years at the EU Lisbon summit in March 2000 included achieving continuous economic development, creating more and better jobs and increase social involvement. It was decided at the Lisbon summit that for eliminating poverty and social exclusion by 2010 the so-called open coordination method is to be applied. At the following summit in Nice in December 2000 the common objectives in reducing social exclusion and poverty were laid down, two of which are directly related to the right to housing: (1) to implement measures that would ensure everyone with access to appropriate and sanitary housing and to services necessary for normal life (electricity, water, heating etc.), (2) prevent social exclusion risks, including homelessness. The objectives were also taken into account in the Joint Inclusion Memorandum (JIM).

Housing standard

The international agreements guaranteeing basic social and economic rights stipulate the right to adequate (appropriate) housing. Thus the right to housing is realised only in the event housing that meets certain requirements (the standard), and not just shelter, is guaranteed.

The UN has set relatively extensive requirements to housing that is considered adequate: protection from the forces of nature must be guaranteed, as well as clean drinking water and other sanitary conditions and safe environment; legal security of tenure and protection against

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6 Cooperation framework between member states where common objectives and the time schedule for achieving these objectives are first agreed and quantitative and qualitative indicators set for assessing the situation and progress in member states. The task of the member states then is to develop national strategies based on the objectives and instructions laid down on the European level. This is followed by the common monitoring of the strategies and developments in the member states, exchanging experience and promoting more successful experiences. For better achieving the set objectives the EU can also launch cooperation programmes.
discrimination must be guaranteed; location with good access to working and studying facilities and medical care must be guaranteed. Neither can the expenses on adequate housing exceed the expenses on satisfying other basic needs (e.g. food) (Habitat Agenda, Art 60).

The European Social Charter (amended and supplemented) also provides quite explicit details for the right to housing: to make available housing meeting certain standards, to prevent and reduce homelessness with the aim to gradually eliminate it, to make the price of housing accessible for persons with no adequate income. “Housing meeting certain standards” here means housing on an adequate level, at which the relevant health care requirements have been met. As the right to housing is new in the Social Charter there is no relevant case law as at today and therefore the level of standard expected from the countries is unclear. The uncertainty of how high the required standard will be was one of the reasons Estonia did not ratify Article 31.

It derives from other provisions of the Social Charter that one of the conditions of adequate housing is also that it meets special needs. Article 23 – the right of the elderly to social protection – obliges the parties to the agreement to enable the elderly to lead “independent life in habitual environment until they so desire and are capable of, guaranteeing housing that meets their needs and health condition, or sufficient support for making adjustments to the dwelling.” Estonia has not ratified this provision as it can be presumed that the required standard will be very high (this has been ratified by just a few countries and the case-law is still practically non-existent). Estonia has, however, fully ratified Article 15 – the right of the disabled to lead independent life, integrate socially and take part in social life – that inter alia addresses the accessibility of housing for disabled people.

The European Union Social Protection Committee’s Sub-Workgroup on Indicators that developed the uniform social exclusion indicators comparable on the European level, admitted that although the housing characteristics are among the essential factors affecting social exclusion, it is still not possible or recommended to enforce a uniform European Union minimum standard. Considering the geographical and cultural differences between the countries and the considerable variation in housing expenses the workgroup preferred to keep to national definitions. The member states’ plans of activities for fighting social exclusion must, however, contain quantitative information on guaranteeing appropriate housing, housing expenses and on the extent of poor living conditions.7

7 Workgroup report
The above shows that on the international level there is no uniform and comparable standard of adequate or minimum housing. The European Council has recommended taking the standard provided in UN Habitat Agenda as the basis for defining adequate housing. The EC Group of Specialists on Access to Housing (CS-LO) has added as an additional criteria to this that adequate housing cannot be overcrowded (there can be one person more than there are rooms).\textsuperscript{8}

CS-LO has proposed basic criteria for developing the minimum housing standard: safe from the hygiene and health point of view, security of tenure until the resident needs it, but the dwelling satisfies only basic needs and is on the lowest level tolerated by the society.\textsuperscript{9}

The general recommendation is that every country develops its own housing standards considering the local situation and conditions.

The positive attitudes of the residents of Estonia towards the accession to the European Union are in a part based on social expectations. I.e. expectations related to the development of the labour market, wider employment opportunities, improvement of social protection and welfare. These expectations do not directly match the principles applied in the EU social policy (principle of subsidies, according to which the social protection is managed mainly on the national level), but at the same time they are not entirely empty, because in addition to direct impacts we must also take into account various indirect impacts involved in joining the European Union.

\textbf{International agreements and recommendations regulating access to housing and housing standards: summary}

The right to housing is recognised by several international agreements, to which Estonia has become a party to. The state is enforced to protect human dignity, ensure sanitary living conditions, and protect people’s health. Housing is an important factor in achieving these conditions.

\textbf{The European Human Rights Convention} discusses housing issues in relation to the right to the inviolability of private and family life.

\textsuperscript{8} CS-LO final report
\textsuperscript{9} CS-LO final report
The United Nations Covenant on Economic, Social and Cultural Rights obliges the countries to recognise everyone’s right to the sufficient living standard and its constant improvement, including the right to housing. The United Nations Committee of Economic, Social and Cultural Rights has expressed its concern over the fact that there are too few social housing facilities and other housing policy measures in Estonia for providing help for people who are unable to obtain decent housing for themselves and their family.

The UN Habitat Agenda (1996) recommends the member states to take measures to gradually guarantee the right to adequate housing and to ensure the risk groups access to adequate housing.

The UN Children’s Rights Convention states the right of every child to decent housing (that meets the child’s physical, mental and ethical level of development).

The European Social Charter (1966) stipulates the family’s right to social, economic and legal protection (including housing).

The European Revised and Improved Social Charter (1996) amended the charter by adding the right to appropriate housing at reasonable price (Art 31). Estonia has not ratified the said provision.

The European Union Agreement has set social objectives, including improvements in living conditions and adequate social protection. However, there are no legal grounds for applying measures in the housing sector on the European Union level. The housing issues have been tackled in relation to fight against social exclusion.

The Union’s strategic objectives set for the next ten years at the EU Lisbon summit in March 2000 included increasing social involvement. At the following summit in Nice in December 2000 the common objectives were set: (1) to implement measures that would ensure everyone with access to appropriate and sanitary housing and to services necessary for normal life (electricity, water, heating etc.), (2) prevent social exclusion risks, including homelessness. The objectives were also taken into account in the Joint Inclusion Memorandum (JIM).

The international agreements also stipulate the right to adequate (appropriate) housing. In the EU there are no set criteria for minimal housing conditions applicable to all member states.
The UN Habitat Agenda has set relatively extensive requirements to housing that is considered adequate, including sanitary conditions, safety, legal security of tenure, good location, etc.

The European Social Charter (amended and supplemented) also provides quite explicit details for the right to housing. The uncertainty of how high the required standard will be was one of the reasons Estonia did not ratify Article 31 and Article 23. Estonia has fully ratified Article 15, which protects the living conditions and social integration of the disabled to lead independent life, integrate socially and take part in social life, including their access to decent housing.

On the international level there is no uniform and comparable standard of adequate or minimum housing. The European Council has recommended taking the standard provided in UN Habitat Agenda as the basis for defining adequate housing. The EC Group of Specialists on Access to Housing (CS-LO) has added as an additional criteria to this that adequate housing cannot be overcrowded (there can be one person more than there are rooms). CS-LO has proposed basic criteria for developing the minimum housing standard.

The general recommendation is that every country develops its own housing standards considering the local situation and conditions.
2 Regulation of access to housing and housing standards in Estonia

Social rights and access to housing in Estonia

From the Constitution point of view, Estonia is a social state where the basic rights, liberties and obligations of people are determined based on the principles of a social and democratic state based on the rule of law. In the basic social rights the Estonian Constitution is based on the minimum concept of rights. The constitution of Estonia does not directly stipulate everyone’s right to housing. The constitution directly protects only the inviolability of the existing dwellings (§ 33 stipulate the inviolability of a home and forbid anyone from forcibly entering and searching it). However, the social state principle in the Constitution says: “the state cannot let a citizen down, it must take care of those who cannot earn a living themselves, as well as guarantee subsistence for them”. This state’s obligation corresponds to a person’s right to state assistance in the case of need (section 28(2)). The essence and extent of the guarantee is largely up to the legislator to determine, the constitutional principle only requires the guaranteeing of the essential minimum for staying. Based on this kind of a minimum concept a person would have the right to receive food, temporary shelter and clothing as assistance. The legal expert commission of the Constitution has also found that the constitutional right only covers the existential minimum, which means that citizens have a subjective right to the state providing them with shelter and food in the case of need to keep them alive. This corresponds to the state’s obligation not to let its citizens starve or freeze to death. The right to housing is also related to the constitutional right to the protection of health (section 28(1)), as unsuitable living conditions are one of the main reasons for falling ill and ill health.

The right to housing as a social right has in Estonian court practice been indirectly recognised by the Civil Chamber of the Supreme Court. Namely, it is forbidden to evict from a municipal dwelling in case the local government is obliged to provide social assistance to the person living in the apartment, and the rent debt has arisen for valid reasons. Whereas the court, in handling that matter of housing rights, also referred to section 28(3) of the Constitution, which stipulates that families with many children and persons with disabilities are under the

10 Commented edition of the Constitution
11 The legal expert commission of the Constitution (R. Alexy)
special care of the local governments. It is reasonable to presume that special care includes among other things also the obligation to guarantee housing for families with many children and persons with disabilities, as in the event of no housing decent life would be unthinkable.

The Constitution does not, however, require that the state build housing for or give existing housing to use for free to everyone who needs it. The right to housing is realised also when the state compensates a person for housing expenses. Whereas the state may limit the extent of expenses compensated, as the state has no obligation to provide luxurious housing facilities.

Would the right to housing be guaranteed with accommodation in a shelter? At the same time the basic social rights (incl. the right to housing) are based on the principle of human dignity, which in turn suggests that the state must guarantee decent life. The legislator’s right to decide in what extent to guarantee rights is therefore still limited. Adequate standard of living (decent life) in a given society is not just life on the boundaries of existential minimum. The minimum concept would contradict the meaning, which the Constitution gives to human dignity and a person’s free self-realisation.

In formulating the social rights as one of the basic definition of social policy the meaning assigned to the definition of justice in the society is very important. In Estonia efforts have been made in defining the meaning of justice from the medical care point of view, less in regards to other parts of the social policy. It must be admitted that political philosophies more than legal philosophy affect the Estonian public opinion:

1. Liberalism (neo-liberalism), according to which the availability of housing is one of the rewarding systems in a society. People with the appropriate economic resources should have chances for acquiring better housing (housing service) than those with no resources.

2. Utilitarianism, according to which the benefits should be divided in a manner that most benefits the members of society. Housing is a benefit consumed individually, offering solutions for individuals is not justified from the utilitarianism point of view, and only interventions in the housing sector serving the interests of a group or a collective are acceptable here.

The direct result of these political philosophies in the housing policy is Homer Hoyt’s filtration theory (also known in urban sociology as the urban growth model). According to

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12 Annus, Aaviksoo 2002
13 Annus, Aaviksoo 2002
Hoyt the habitation picture of towns is determined by the behaviour and selection of housing by high status households. Real estate is filtered down in the social scale, households are filtered up (in other words, wealthier households sell their real estate to the less wealthy, thus helping to satisfy their housing needs and supporting their raising in the social scale). Up to 1930s the British housing policy was based on the filtration theory, after WW II it was the basis of the USA’s official housing policy (Hoyt, 1939, see Knox, 1996). Although the basis of the Estonian housing policy have not been very expressly agreed, the few formulated principles (Estonian Housing Development Strategy, 2003) acknowledge the neo-liberalism as the dominating basic principle in developing the policy. The mechanisms applied to influence the construction of housing and financing the construction is based directly on the ideas of the filtration theory.

Unfortunately the analyses show that the filtration theory does not work in the Estonian conditions (Social trends 2, 2001). The advantages given wealthy households do not enable to ‘involve’ the next social groups and thus no chain causing general social upheaval is formed. The Estonian housing market is increasingly more clearly divided into separate sectors (detached houses and apartment buildings, outskirts and suburbs, owned and rental housing, concentration areas of households with high, medium and low status).

The principles and the measures of the Estonian housing policy do not reflect social values in a more general way, but have been agreed and set by the political and economic elite.

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% in 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.

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. There is a lack of adequate standard housing in larger urban areas, and often more than one generation have to

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14 The Estonian Housing Development Strategy was approved in the Central Government in February 2003.
occupy the same dwelling due to the lack of access to housing for young people. 67% of dwellings are located in multi-apartment buildings.

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 (see below for more on this issue). 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.

Rent level

The Dwelling Act stipulates that the housing rent has to cover housing costs needed for housing maintenance (‘cost-rent’) plus the owner is allowed to gain a profit up to 10% of the rent. Municipalities can apply upper rent limits within the territory of their municipality (many municipalities have abolished the rent control, but where it still exists, allowed rents remain often lower than the ‘cost-rent’). Rent level in most of the private rental housing stock has been raised up to the market level. In some municipalities rent level is legally controlled – a condition that applies to municipal flats and restituted dwellings where ‘old’ rental contracts are still in force. Many municipalities still subsidise a rent or defer necessary expenditures on housing (which has led to the deterioration of housing) in the public housing stock. The municipal housing is mostly of very low quality and directed only to marginal groups.

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 (1995). 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 clientele 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.

Municipalities have not started to buy social housing from the private market, and the construction of new social housing almost does not exist. Only in 2002, the municipality of Tallinn approved the housing programme, which aims to construct 2,000 new municipal dwellings, and to renovate a part of the existing municipal housing stock during 2002-2007. The largest target group for these new and renovated apartments is formed by tenants in restituted housing. In Tallinn, a few municipal buildings have been rehabilitated, but these flats are normally rented out with higher rents (to cover the costs on renovation), and low-income people have difficulties in access to them.
Regulating access to housing through demand-side incentives

Covering housing expenses with subsistence benefit

The right to housing (right to state assistance in the case of need) is also realised with the mechanisms supporting directly the users of housing in case they lack resources (stipulated in the Social Welfare Act (1995)):

The right to apply for subsistence benefit covering also the housing (maintenance) and utilities expenses in the extent of the socially justified standard in case a person’s own resources do not enable to pay the costs needed\(^\text{15}\). The standards are set by the local governments.

According to the Social Welfare Act, the amount of subsistence benefit in each individual case depends on the expenses of the permanent dwelling that a person occupies, and it is supposed to sustain the former level of living conditions and life quality. Thus, in principle, nobody should become homeless due to lack of money, because the benefit is paid on the basis of presented bills before the payment date of housing expenses.

In reality there are several shortcomings in the current system. Some of the housing expenses are withheld from the benefit payment (e.g. needed payments into the building renovation fund). Both tenants and owners are entitled to receive this benefit, but normally a rent that can be included in applying for compensation remains several times below the rent level in the private market. Thus, this type of benefit does not provide a security to private tenants. The further restriction is created by a fact that private tenants often do not have an official tenancy contract as private landlords prefer to hide their rent income. Also, often the standardised costs do not cover all housing expenses that are needed for essential housing maintenance.

The subsistence level is too low to enable the recipient households to live a normal decent life (the level is currently EEK 500 (EUR 32) per the first household member, and EEK 400 (EUR 26) per each following person in the household)\(^\text{16}\). The system of subsistence benefits used in Estonia is severely criticised by specialists (Kuddo, et al., 2002), politicians (the government coalition agreement) as well as by the public opinion.

\(^\text{15}\) Low-income groups are since 1994 paid various types of social benefits: housing benefit, subsistence benefit, and additional social benefits. In 1997 the two main state social benefits (housing and subsistence) were combined into one single subsistence benefit. Unlike the rest of the country the Tallinn City Council continued to pay housing benefits in 1997-2000. Housing benefits were in 1994-1996 paid to those households whose housing expenses exceeded 30% of the household’s income, 40% in Tallinn in 1997-2000.

\(^\text{16}\) 1 EUR is equal to 15,6 EEK.
The change in the principles of paying benefits has changed the target groups receiving benefits. 1994-1996 the largest target group receiving housing benefits was the pensioners, since 1997 families with children, and at the moment (middle of 2003) families with an unemployed person (forming 55% of all receivers of the benefit in 2002). The structure of those receiving benefits was changed in 2001-2002 by the students being added to those applying for benefit. Considering students as a risk group is problematic both from the viewpoint of general subsistence as well as from the housing market point of view\textsuperscript{17}. In the specialists’ opinion the existing social benefits have a positive effect first of all on the financial standing of families with children (households with many children and single parent families) (Kudo, et al., 2002).

To guarantee the level of subsistence 69,346 families were paid benefits in 2002. This forms approximately \textbf{12\%} of the total number of families in Estonia. To compare, approximately 20\% of households received housing and subsistence benefits in 1994.

\textit{Other tools to regulate demand in the housing market}

Other incentives that are applied in the housing market by the state or local governments are mostly not targeted to the most poor in the society, but to rather wealthier – those who buy a dwelling with a loan. Access to home-ownership is somewhat facilitated by the tax policy\textsuperscript{18}, and special groups (e.g. young families) receive some advantages in receiving housing loan from commercial banks\textsuperscript{19}.

Supply and demand side housing policy incentives as provided today are presented in Figure 2.

\textsuperscript{17} According to the new legislation students are regarded as belonging to the same household with their parents, and due to this they are mostly excluded from the receivers of social benefits (from 2003).

\textsuperscript{18} The income from housing sale is not taxed (in case the housing was used for living by the same person, or it was restituted to him/her), the interest of housing loans is permitted to be subtracted from a taxable income.

\textsuperscript{19} According to the Estonian Housing Development Strategy for 2003-2008 the main target groups of the state’s housing policy are besides tenants in restituted houses also the young families and persons under 35 years who are employed civil servants with a higher or a vocational education. In cooperation with the foundation KredEx, which is a self-managing institution within the administrative field of the Ministry of Economics and Communication, the guarantees are provided to commercial loans for those target groups.
Definition of housing standards in Estonia, compliance with international requirements

The group of lawyers (Annus and Aaviksoo, 2002, with reference to S. Leekie) have established the legal essence of the right to housing: it is formed by the security of tenure (protection from forceful eviction); availability of housing (affordability of housing expenses); non-discriminating treatment in the housing market; living standard of housing; access to public services related to housing (clean drinking water, sewerage system, electricity, heating, infrastructure, roads, lighting and other such). In other words, the basis here is the United Nations definition of adequate housing standard.

There are no legal definitions in Estonia for ‘minimal’ and ‘adequate’ housing standard at the moment.

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 shelter 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.

The Social Welfare Act stipulates that the social care provided by law is carried out in the extent of financial resources allocated from the state budget and local governments’ budgets and other sources, which among other things means that although those in need cannot be left without housing, the level of living standard provided is the matter of local government resources and priorities.

Based on Paragraph 7 of the Dwellings Act the Government’s regulation has enforced:

- The socially reasoned housing standard and the special conditions in applying it;
- Requirements set to dwellings: including mainly requirements for physical qualities of dwellings that can be applied in case of new constructions and renovations.
The first regulation stipulates that a dwelling is a residential house or an apartment used for permanent living. The socially reasoned standard of dwellings is 18 m² of the general area of dwelling per every member of the family, plus an additional 15 m² per family.\(^{20}\)

The aim of the requirements set for residential dwellings is to ensure people with safe and healthy living environment. A dwelling must enable a person to stay there round the clock, have sufficient lighting as well as natural or mechanical ventilation that guarantee the quantity of air necessary for living and the air circulation. Requirements also include that the dwelling must be separated from other dwellings, which means that every dwelling must have a separate entrance and every living, working and bedroom and a separate kitchen of the dwelling must have at least one door. The requirements also include the minimum size of the rooms and internal climate requirements.

### Regulation of access to housing and housing standards in Estonia: summary

The Constitution of Estonia does not directly stipulate everyone’s right to housing. The access to housing is indirectly related to the inviolability of the existing dwellings. Also, the state is obliged to guarantee subsistence minimum for citizens (guaranteeing shelter and food). However, the level of the minimum is not defined. The right to housing is also related to the constitutional right to the protection of health, as unsuitable living conditions are one of the main reasons for falling ill and ill health. The minimum concept would contradict the meaning, which the Constitution gives to human dignity and a person’s free self-realisation.

There are a very few governmental means to influence directly the housing distribution and living conditions. By estimation, 82% of households live in owner-occupation sector (or co-ops). The share of public rental stock (so called social housing) is 4%, whereas the rest is owned by private owners. The obligation to provide affordable housing to those not able to compete in the private market has been transferred to local authorities. They also set exact criteria for who are eligible for municipal housing. Rent level is mostly uncontrolled, except a few municipalities which still control the rent level (applies to municipal apartments and to restituted dwellings where ‘former’ rent contracts are still in force). Rent control and rent

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\(^{20}\) In addition the following special conditions have been established: 1) In allocating subsistence benefits the living space is considered acceptable if the number of rooms equals the number of persons permanently living in the dwelling, even if the general area of the dwelling exceeds the socially justified standard; 2) The standard area for pensioners living alone can upon allocating subsistence benefits be up to 51 m\(^2\).
level is up to each municipality. By law, the housing rent has to cover housing costs needed for housing maintenance (‘cost-rent’) plus the owner is allowed to gain a profit up to 10% of the rent.

The low-income households can receive subsistence benefits. The benefit covers also the housing (maintenance) and utilities expenses in the extent of the socially justified standard. These standards are set by the local governments. Approximately 12% of the households received this subsidy in 2002.

‘Forced’ tenants in restituted housing can receive a loan in favourable conditions; some municipalities also provide grants for moving.

Access to home-ownership is somewhat facilitated by the tax policy; young people and families can receive housing loan from commercial banks on favourable conditions.

There are no legal definitions in Estonia for ‘minimal’ and ‘adequate’ housing standard at the moment. The socially reasoned standard of dwellings is 18 m² of the general area of dwelling per every member of the family, plus an additional 15 m² per family. The requirements are existing that should be followed when new dwellings are constructed, and when dwellings are being renovated.
3 Housing conditions and poverty in Estonia: vulnerable groups in the housing market

The amount of expenditure households spend on inevitable expenses (i.e. food and housing) measures indirectly the households’ wealth - the larger part they form of the expense structure the smaller the household’s freedom to use their resources for other things. Inevitable expenses formed 72% of all inevitable expenses in the first income decile and 31% in the last income decile. The percentage of expenses on food varied by three times in different income deciles, while the housing expenses varied only by 4%. This shows the limited nature of the Estonian housing market (Household Living Niveau, 2000).

The following research is based on the data of the Household Income and Expenditure Survey of 2000 (if not referred differently) conducted by the Statistical Office of Estonia, which contains data on 7,851 households that represents all the 570,000 households in Estonia. The report uses population estimates calculated based on this data.

Data on municipal housing applicants is based on a special survey that was carried out within the current study.

Housing conditions in Estonia in 2000

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).

A very important facility is the water supply and sewage. 87% of the households get water from the house and 12% can fetch it from a nearby well or spring. However, just three quarters of households have sewage system in their dwelling; half of the rest have either a septic tank or a soak away pit. Running warm water is available to approximately three quarters of the households, but almost half of them have a local warm water supply. Housing conditions lacking running water and sewage, and also nearby well or a spring can be considered as extremely poor. Households living in such conditions form less than one percent of all households (in total approximately 3,600 households).

The availability of toilets is quite poor – a quarter of households do not have a flash toilet in their dwelling. However a majority of those households do have a dry toilet (or it might be used jointly), the toilets of 8% of households are outside.

One of the important indicators that determine the satisfaction with the dwelling is washing possibilities. Two thirds of households have their own bath- or shower-room; an additional 6% have the possibility to use a bath or a shower. Although one fifth of the households have their own sauna or the possibility to use a sauna, one eighth of the households lack any named washing facility at home (ca 13%).

Size of dwellings and its suitability for households

Satisfaction with the dwelling depends on the available space per household member in the dwelling, and the level of privacy. The majority of households in Estonia have 1—3 members (the average size of a household is 2.3 members), one fifth of the households have at least four members and almost 7% have five or more members. 17% of households claim that their dwelling is too small for them and that the number of rooms is not sufficient. The main housing-related problem for 11% of the households is the size of living space, for 12% of the households the small number of rooms and for 4% that the dwelling is not separate. Just 3% of the households regard their dwellings as too big, and one percent of the households regard it as a problem.
Housing-related problems

In addition to the mismatch between the size of the housing and the size and composition of the household, there are several other aspects concerning the dwelling that worry the households.

- 43% of the households regard their housing as too expensive, it is a very important problem for 31%;
- 19% of the households claim the lack of conveniences, it is a very important problem for 11%;
- 21% of the households say that the dwelling is in a poor condition, it is a very important concern for 10%;
- 19% of the households are worried about the lack of security of the housing; it is a very important problem for 9% of households.

The households have several other housing-related problems, which will be provisionally called the second level problems.

- 11% of the households say that the housing is far from the important places (services, commercial facilities), it is very important concern for 4%;
- 14% of the households claim that the housing is in a noisy neighbourhood, it causes a lot of problems for 6%;
- 10% of the households feel that the area is polluted; it worries a lot 4% of households.

In total, 31% of the households find that their dwellings are suitable for their household, 46% find that their dwellings are more or less suitable, 15% find that they are partly suitable, and just 9% of the households find that the dwellings are unsuitable for the household, whereas 2% (ca 10,000 households) consider their dwellings as completely unsuitable.

The dependency of a housing-related problem on the type of dwelling

Particular housing problems are related to particular types of housing.

- For households living in farm-houses the main worries are the lack of conveniences (27%), the distance (15%) and the poor condition (5%).
• The dwellers of family houses have fewer problems, yet 16% indicate the lack of conveniences.

• The dwellers of two-family houses (that often have been originally built as one-family houses) claim the lack of conveniences (27%), the poor condition (15%) and the co-habitation of several families (7%).

• There are least problems in terraced houses; just 10% would like to have more conveniences.

• The problems of apartment block dwellers include a high price (42%), lack of rooms (14%), small size (12%) and lack of security (10%).

• The dwellers of dormitories have the highest number of problems: they lack conveniences (42%), dwelling is not separated (37%), poor condition (36%), not enough rooms (31%), noise (30%).

Households living in terraced houses and family houses are the most pleased with their dwellings (in the first case 85% of the households are pleased with it, in the second case 83% of the households are pleased). 75% of the households living in apartment blocks, and 73% of the farm dwellers are satisfied with their dwellings. 68% of households living in the two-family houses are satisfied with their dwellings, but 5% regard this type of housing unsuitable for their household. Just half of the households living in dormitories are satisfied with their dwellings and an eighth regards their dwelling as completely unsuitable.

The connection between the housing type and the income decile, describing the wealth of the household is rather weak. In the wealthier income deciles the share of the apartment owners increases mainly at the expense of a decrease in the share of farm dwellers. The households in the 5th – 8th income deciles live most often in private houses.

The typology of dwellings (housing layers)

The quality of dwellings is determined by several factors. The most important ‘quality conditions’ include (based on the ‘objective’ criteria and residents’ evaluations):

• The existence of conveniences;

• Housing and utilities’ costs (relative to income);

• Level of crowdedness/ privacy (how many households occupying same dwelling, size and number of rooms relative to number of household members).
The ownership form of the dwellings is not significantly correlated with any other quality indicators of the dwelling. As the major differentiation exists within the main types of dwellings (like single-family dwellings can vary from having no modern conveniences at all to high-quality houses with all the modern facilities), housing types alone do not correlate significantly with the variables describing the quality of housing and households’ satisfaction with them (rather the pockets of good quality and low quality housing can be found within these largely defined housing types).

In the following, the typology of dwellings is defined, considering the significant characteristics that determine the quality of dwellings. The following list includes the absolute number of households living in the type of dwellings, the average space of the dwellings, the average number of rooms per household member and the average suitability rating given by the households (on the scale from 1-5, 1 — the lowest, 5 — the highest mark).

**Good family house:** Farm houses, (semi)detached, and terraced houses that have a water supply and where just one household lives per dwelling belong into this category. The number of households living in such dwellings is 84,000 (15%), the average space is 40.2 m² and there are 1.8 rooms per household member, the suitability rate 4.3.

**Good apartment:** Apartments that have a warm water supply, and where only one household lives per dwelling, belong into this category. The number of households living in good apartments is 325,000, i.e. 57%. The average space is 25.7 m² and there are 1.2 rooms per household member, the suitability rate is 4.1.

**Shared house:** A house that accommodates more than one household (usually it is a good family house). Approximately 22,000 households (4%) live in this type, the average space is 24.0 m², there are 1.3 rooms per household member, the suitability rate is 3.7.

**Poor house:** Either a farm house, one-, two-family or a terraced house that lacks the water supply (usually a farmhouse with one household living there). There are over 60,000 households (10%) households in such dwellings. The average space is 42.8 m² and there are 1.9 rooms per household member, the suitability rating 3.7.

**Poor apartment:** An apartment with one household, but the dwelling has no warm water supply. There are 44,000 households (8%) households in such dwellings, the average space is 27.0 m² and there are 1.3 rooms per household member, the suitability rate 3.5.
**Shared apartment:** An apartment with several households. Approximately 24,000 households (4%) live in this type, the average space is 21.3 m² and there are in average 1.0 rooms per household member, the suitability rate is 3.3.

**Dormitory:** Approximately 5,000 households (1%) live in this type, the average space is 17.9 m² and there are 0.9 rooms per household member, the suitability rate is 3.4.

**Poverty risk groups in Estonia and their living conditions**

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.

However, the housing problems and needs of these groups somewhat differ from the rest of the risk groups, therefore they will also be studied separately (in economic sense, these groups
belong quite to the average income groups in Estonia, young people belong even in average to the 6th income and expenditure decile).

Families with multiple risks are also analysed separately (e.g. low-income single parent families). In calculation of the multiple risk families, the category of ‘young adults/ young families’ was excluded.

To complement the analyses on risk groups in the housing market, we also provide analyses on *social and municipal housing clients* (and applicants). This is a group which lives in a very insecure tenure – the risk of insecurity of tenure is usually combined with other combined risks, such as belonging to the lowest income decile and having an unemployed family head, etc. This group is highly in the risk of falling out of the housing market, and becoming homeless (due to the current social and municipal housing allocation principles). This group should be paid particular attention in the fight against homelessness, and for minimal decent housing standards.

*Single parent families as a risk group*

Based on the Household Survey the share of single parent families is 3.8% of all households in Estonia, and the estimate of the total number is 21,200 households. In the single parent families the income per household member forms 75%, and expenditure 79% from the average in Estonia. The dwellings of single parent families differ quite considerably by their type and ownership form. Merely 10% of the single parent families live in a family house (i.e. 2.5 times less than the average), and they live in apartments with no modern conveniences almost twice as often as other families (12%). They live more often in the status of forced tenant (in restituted housing). The dwellings are ‘too expensive’ for these households 7% more often than in case of other families.

*Families with many children as a risk group*

Based on the Household Survey the share of families with many children (at least 3 under-aged children) is 1.5% of all households, and the estimate of the total number is 8,200 households. Families with many children live more often in the farm-houses than the population in average (by a third more). The biggest problem of large families is that the dwelling is too small. The lack of conveniences causes problems for this group 6% more frequently than for other households.
Pensioner families as a risk group

The share of households consisting of only pensioners (mainly with one or two members) forms over one quarter (25.8%) of all households, the total number is over 143,000. Their income forms 85%, and expenses 87% from the average in Estonia. The pensioner households live in older houses compared with the other households, and they live in old single-family houses or farmhouses without conveniences twice as often compared with the other households. Thus their housing-related problems include more often the lack of conveniences and washing possibilities. The pensioners are also concerned about the high price of the dwellings. They are more frequently tenants in restituted housing (by one quarter). However, they tend to have considerably more space per person than other households.

Families belonging to the first income decile as a risk group

The first income decile (ca 10% of households) is the poorest population group by their income (the income forms 25% of the average, and expenses 52% of the average in Estonia). However, the housing differences are not very significant compared with the other households. Households belonging to the first decile live in single family houses or farmhouses by a seventh more often than the other households, the houses being mostly old and with no conveniences. The share of forced tenants among them is bigger by one third compared with the average. The households belonging to the first income decile complain slightly more often about the poor condition of their housing, as well as about small size of dwellings, lack of conveniences, especially about the lack of water supply.

Households with a disabled household head as a risk group

There are 3.2% such families of all the households – i.e. almost 18,000. The households’ income and expenditure per household member form respectively 66% and 74% of the average in Estonia. One third of them live in single family houses, but almost two thirds live in houses where there are no modern conveniences (often farmhouses). Also, the apartments they live in are more often without conveniences (no warm water). In comparison with other families, these households live more often in dormitories, and they are more often tenants in restituted housing.

Non-worker’s families as a risk group

There are approximately 12,000 non-worker’s families (households with no working members). The average income and expenditures form respectively 53% and 61% of the average in Estonia. Among these families, the share of private houses is by one third bigger,
the majority of them are, however, older houses with a few or no modern conveniences. They claim about the poor condition of their dwellings, lack of conveniences, and lack of space slightly more than the rest of the families.

**Subjectively poor families as a risk group**

This group includes those families who consider themselves as poor in economical terms (they claim they are in a very difficult situation and lack the money to buy basic necessary food items). There are 6.7% of such families. Compared to the average they live more often in bigger towns. Their housing conditions tend to be poorer; the number of rooms and the living space is much less than the average. This risk group complains often about the too high regular housing costs and lack of washing possibilities. In this group just 15% of the households live in a family house, others live in apartments (55% live in apartment with modern conveniences).

**Families with combined risks as a risk group**

The number of households that belonged simultaneously to several risk groups was over 13,000 - 90% of them had two risks and 10% had three risks. 43% of such families belong among the `subjectively poor` risk group. A family with combined risks lives on average more often in the country; 28% of such families live in family houses. Just 42% of such families live in apartments with modern conveniences. The most often mentioned housing-related problems include the poor condition of dwellings, their unsuitability for the household, lack of conveniences, and remote location.

**Sitting tenants in restituted housing**

The housing situation of this group as a risk group is quite peculiar and needs a special attention by public authorities. As a result of the ownership reform, this part of rental tenure has become quite insecure. Firstly, the rent level in these dwellings has been gradually raised up to the market level, and many (even `average-income` tenants) have been forced to leave due to insolvency. Secondly, many owners to whom the property was restituted are interested in vacating the dwellings for their own use, or for transforming their tenure. This forces many former tenants to leave their homes.

Most often the forced tenants live in poor apartments, dormitories, poor houses or houses shared by many households.
The results of studies conducted so far to analyse the situation of the named group, can be summarised as follows (Toomla et al 2002):

- The average size of a rented apartment is approximately the same as the size of an average dwelling in Estonia. Most of the dwellings are in need of repair, many of them also need major repairs. Living conditions have deteriorated, rather than improved, after houses were returned to owners;
- The financial income of tenants is below the average in Estonia, but contrary to expectations the difference is not very substantial;
- The relations between tenants and owners are good rather than conflictual;
- 5% of tenants have been offered compensation for vacating the residential rooms, 23% of tenants have been offered an opportunity to buy the residential rooms;
- Upon wishing to buy the apartment practically all of the tenants have to take a loan, only 14% of the households are capable of borrowing a sufficient amount of money;
- People in the capital are most active in changing their living conditions (housing market is more active);
- Wealthier tenants get on better with owners, whereas the dissatisfaction of poor people with the owner and with the conditions in apartments is higher;
- The most efficient institution supporting tenants is SA Tartu Eluasemefond (The Foundation of Tartu Housing Fund).

Municipal housing clients (applicants of municipal housing) as a risk group

The following analysis is based on interviews conducted with 124 people applying for municipal housing in Tartu (the second biggest city in Estonia); the total number of applicants for municipal housing was 167. The interviews were processed by using the method of inductive content analysis.

The applicants for municipal housing include also sitting tenants in restituted housing, who have a right to apply for a rental dwelling from the municipality in case they are not able to find it by themselves. This group differs quite considerably from the rest of the applicants in terms of income and other characteristics, as the rest of the applicants for social housing form a marginal group in the society, having usually many economic and social risks accumulated.
Most of the applicant households for municipal housing are formed by single men (or men with children) – altogether 52%, and single women or women with children – altogether 41%; there are fewer families with two adults (7%).

The applicants for municipal housing can also be distinguished from the rest of the people by their low income. 17% of the applicants have no income from work at all; the main source of income is social insurance benefits (old age pension, incapability for work pension) or social assistance (various benefits for people with disabilities, benefits for children and families, subsistence benefit, inevitable and crisis assistance).

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 (53%);
2) The reason for application is household’s financial standing (36%);
3) Insufficient physical abilities or special mental needs are the bases for applying municipal social housing (11%).

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.

A bit of an exception in this list are the people with (moving) disabilities, who formally have housing (their parent’s housing), but they wish to have a separate specially adapted dwelling, and people who live in the same dwelling with another household or in an overcrowded
dwelling (5 or more persons in one room). There are practically no people among those needing social housing who would be working under an official contract of employment (there are single mothers on maternity leave, those who do odd jobs, and those who work on fields just for food and shelter).

‘Incapability for work and disability’ tends to be the reason that underlines the need for social and municipal housing (44% of all occasions). The need is amplified by other factors that usually accompany the main reason.

Young households as a risk group

When talking about the housing-related risks the young adults have to be mentioned as well, who live in the household and dwelling of their parents because they do not have a dwelling, and the entry into the housing market is difficult. This is even in the case of an average income, since the number of cheaper apartments for rent is limited, yet the purchase or building of a dwelling requires considerable investment possibilities even with favourable loan conditions.

Until the age of 24 more than 50% of the young belong to the households of their parents (or grandparents). Age 25 is a breakthrough, but one fifth to one third of the young continues living with their parents during the next five years, being in the child status. Women start their independent life slightly earlier and men remain with their parents for somewhat longer. The young men who have started an independent life usually regard themselves as responsible for the household; young women are more often the wives of those responsible. Young people living on their own are not very widespread in Estonia. Presumably the main reason for this is difficulties in access to housing. Approximately one quarter of the young has not created their own home by the time they are 30.

In the current research the households are regarded as young if the head of the household is up to 26 years old – these include the young living on their own as well as the households, usually couples or couples with children, in total 40,000. In an economic sense these are not risk families, because they on average belong to the sixth income and expenditure decile and the income and expenditure on average per household member is respectively by EEK 600 and by EEK 800 higher than the rest of the households. The housing-related risks of the young are mostly related to the form of ownership of the housing – approximately half of the young have their own dwelling and more than one third rents the housing from a private
person. In addition the young households have on average less space and rooms per dwelling, and their housing is more often not separated from other households.

**Housing risk levels**

In determining the quality levels of the dwellings, and households’ access to these levels, a number of conditions are taken into account that on the one hand accrue from the international standards and on the other hand show the cultural background and traditions of Estonian people. To sum up, the conditions can be grouped as follows.

**The need for space.** The dwellings should satisfy the space necessary for each household member, while also enabling elementary separation. To determine the need of space, adults were given the weight 1 and children up to the age of 15 weights 0.5. The size of the dwellings is calculated based on two figures: the size of the dwellings and the number of rooms per weighed household member.

**The conveniences necessary for dwelling.** The conveniences include electricity, clean water, heating possibilities, washing possibilities and toilet. Since all the dwellings in the sample had heating possibilities, this condition is not used. An important weakness of housing is no electricity, also if there was no water supply and any well or spring in the vicinity. The washing possibilities included a bath or a shower in the dwellings as well as the sauna owned by the family or shared with other families. A significant shortcoming was the lack of a toilet or it being situated away from the house.

**Privacy.** It has resulted from all the surveys that Estonians consider it very important that a household can live on its own. In the current study privacy is regarded a problem both if it was objective (several households lived in one dwelling, used communal kitchen) and subjective (the lack of privacy was a very important problem).

**The ownership of the housing.** Renting a dwelling from a private person as a ‘forced tenant’ in restituted housing causes an additional risk in the housing market. This tenure is associated with insecurity and psychological tensions.

**The condition of the housing.** The level of the living conditions is determined by the subjectively rated condition of the dwelling (basically the level of repairs/ reconstruction), of which the most negative form is ‘the place is uninhabitable’.
The minimum and adequate housing quality levels

Using the above-mentioned variables the following housing levels were defined that characterise the suitability of dwellings (quality layers).

**Level 1.** The dwelling is minimally inhabitable, it has electricity and some heating possibility, the possibility to get water from at least nearby, the toilet is either in- or outdoors. There are over 6,000 households (1.2%) living in dwellings that do not meet these requirements.

**Level 2.** The dwelling meets the requirements of the first level, but an additional requirement is the size (the size of dwellings is at least 8 m² per weighed household member and at least half a room per weighed household member). There are almost 40,000 households (6.8%) living in dwellings that do not meet these requirements.

**Level 3.** The dwelling meets the requirements of the second level, but additionally meets the minimum hygiene requirements, that comprise of the minimum level of washing possibilities (the dwelling has a tap, some sort of sewage and washing possibilities – shower or bath or the possibility to go to a sauna) and the minimum level of toilet (the toilet is in the house). There are over 130,000 households (23.3%) living in dwellings that do not meet these requirements.

**Level 4.** The dwelling meets the requirements of the third level, but additionally meets the minimum privacy (if a household regards privacy as very important then they wouldn’t share the dwellings or the kitchen with other households) and ownership security (the household is not a compulsory tenant) requirements. There are almost 150,000 households in Estonia (25.8%) living in dwellings that do not meet these requirements.

**Level 5.** The dwelling meets the requirement of the fourth integrated level, whereas the minimal size requirement has been replaced by satisfactory spacious dwelling requirement (the size of the dwelling is at least 12 m² and at least 0.75 rooms per weighed household member). There are almost 200,000 households (35.1%) living in dwellings that do not meet these requirements.

The comparison of the poor and the rich households in falling below the minimum quality level

‘Poor’ households are those in the first income decile, ‘rich’ are the households in the tenth decile. In order to determine to what extent are the housing risks related to the income of the
households, the chances of the poor and the rich households to be living in dwellings below
the reference quality levels are compared.

Table 1. The odds’ ratio (OR) of the poor and rich households for living in dwellings not in compliance with the
level requirements

<table>
<thead>
<tr>
<th>Level</th>
<th>OR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Oo</td>
</tr>
<tr>
<td>1</td>
<td>2.837</td>
</tr>
<tr>
<td>2</td>
<td>3.887</td>
</tr>
<tr>
<td>3</td>
<td>2.632</td>
</tr>
<tr>
<td>4</td>
<td>3.626</td>
</tr>
</tbody>
</table>

An odd $O$ is the ratio of probabilities of a certain event (in this case living in a dwelling below
a minimal level) taking place and not taking place: $O = p/(1-p)$. It can be seen from Table 1
that the risk of being below the minimal level is considerably greater for the poor household
than it is for the rich. There are no rich families living below the first level.

The housing risk models

In order to determine the factors determining the housing risk the logistic regression
techniques is used, where the function variable is the chance of a household to be below a
certain housing risk level and the arguments are the variables characterising the household $X_i$:

$$\ln\left(\frac{p}{1-p}\right) = \sum_{i=1}^{k} \beta_i X_i + \beta_0.$$ 

The model coefficients that transpired to be statistically significant ($p<0.05$) are presented in
Table 2.

As expected, it can be seen that in the case of every level, the type of town, the income and
expenditure decile and the working status of the head of the household are very important
arguments. In most cases the age and education of the head of the household are also very
important, but not the gender and nationality. The plausible reason for the relatively low level
### Table 2. Housing risk model coefficients

<table>
<thead>
<tr>
<th>Argument</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of town</td>
<td>0.378</td>
<td>-0.133</td>
<td>0.289</td>
<td>0.238</td>
<td>0.053</td>
<td>Risks are generally greater in the country, except for the size of dwelling (level 2)</td>
</tr>
<tr>
<td>Expenditure decile</td>
<td>-0.306</td>
<td>-0.089</td>
<td>-0.078</td>
<td>-0.064</td>
<td>-0.072</td>
<td>Families with smaller expenditures have bigger risk</td>
</tr>
<tr>
<td>HH* head working</td>
<td>-0.892</td>
<td>-0.664</td>
<td>-0.556</td>
<td>-0.552</td>
<td>-0.251</td>
<td>The non-workers have bigger risk</td>
</tr>
<tr>
<td>Number of HH members</td>
<td>-0.261</td>
<td>0.257</td>
<td>-0.097</td>
<td>-0.142</td>
<td>0.188</td>
<td>The bigger families have greater risk in the case of per capita size of dwelling, not otherwise</td>
</tr>
<tr>
<td>HH* head’s special education</td>
<td>-0.059</td>
<td>-0.067</td>
<td>-0.062</td>
<td>-0.051</td>
<td></td>
<td>The risk is bigger in case of lower education</td>
</tr>
<tr>
<td>HH head’s general education</td>
<td>-0.059</td>
<td>-0.249</td>
<td>-0.224</td>
<td>-0.222</td>
<td></td>
<td>The risk is bigger in case of lower education</td>
</tr>
<tr>
<td>HH head’s age</td>
<td>-0.026</td>
<td>-0.009</td>
<td>-0.013</td>
<td></td>
<td></td>
<td>Younger families have bigger risk</td>
</tr>
<tr>
<td>Income decile</td>
<td>-0.041</td>
<td>-0.038</td>
<td>-0.053</td>
<td></td>
<td></td>
<td>Families with smaller income have bigger risk</td>
</tr>
<tr>
<td>Level of description</td>
<td>0.134</td>
<td>0.086</td>
<td>0.163</td>
<td>0.135</td>
<td>0.111</td>
<td>Level of description is less than 20%</td>
</tr>
</tbody>
</table>

* - HH = household
of significance of the models is that the distribution of the housing stock in Estonia is to large extent determined by the Soviet housing policy. On the one hand the idiosyncrasy of the housing market (Tii 1996), and on the other hand the lack of economic opportunities have caused the households to be quite conservative concerning their dwelling and they do not rush to change a dwelling that would meet the needs of the household better.

Vulnerable groups in the housing market: summary

The most important problems affecting large sections of population are the lack of conveniences in dwellings, low state of repair of dwellings, too high housing maintenance and utilities’ costs, and lack of living space. The ‘risk groups’ can be identified who experience these problems more than other groups. Newly formed households often experience a problem of entering the housing market.

Partly caused by housing reforms, but also by the marketisation and transformation processes in general, the next distinct vulnerable groups can be identified in relation to access to decent housing:

- Households who belong to the economic risk groups in the society, such as single parent families, families with many children, pensioner families, low-income families, households with a disabled family head, non-worker’s families;
- ‘Sitting’ tenants in restituted housing;
- Young newly formed households.

These groups face different problems regarding access to housing. The first group is quite a mixture of different problems and needs. The most important problems relate to too expensive housing costs, lack of housing conveniences, and lack of space. Remarkably, all the named groups experience and suffer from the lack of conveniences (inside toilet, washing facilities, sewerage, water supply) relatively often compared to other groups. Too expensive living space is a problem for elderly and low-income people. The lack of living space is the most urgent problem for families with many children, whereas older people have more space than the average household in Estonia. This demands that similar and also specific means are to be applied by the public sector to tackle with these multifaced problems of the economic risk groups. Many of the problems can be solved ‘in-place’, by applying initiatives to raise the
level of conveniences in dwellings, and improving the physical quality in general to change dwellings in accordance to the ‘accepted’ housing standards. In other cases, like need for more space in some cases, and too expensive housing conditions, the situation can best be solved by the facilitation of re-allocation of households.

The risk group with the worst position in access to housing is the one with multiple risks (e.g. a household has a disabled household head, and it belongs to the lowest income decile at the same time).

Municipal housing applicants and clients is a group who is in quite a high risk of falling out of the housing market and becoming homeless (or they already are). Thus, dealing with this group is quite an urgent need if the aim is the prevention of homelessness. The income situation is very poor for those families, and they are highly dependent on social welfare support (excluding the ‘forced’ tenants in restituted housing, who are also in the list of applicants for municipal housing quite often).

A group with specific housing problem is ‘sitting tenants’ in restituted housing, whose housing situation tends to be worse, compared to other households.

The largest ‘risk group’ is young people and young families who often lack resources for entering the housing market and starting an independent life. Nearly 30% of young adults (in age of 30 years and over) stay with their parents or with another household (or as part of household of older generation), restricted access to housing market being obviously the most important reason for them not leaving home. With today’s housing market conditions, the access to private rental and ownership sector has become impossible for large share of newly formed households. Young people belong in average to the 6th income decile. The access will remain restricted for them, as far as no substantial policy incentives are applied by the state and local governments.
4 Homelessness in Estonia

Homelessness was not entirely unknown in Estonia before the 1990s, but still a relatively rare phenomenon. Homelessness became more evident in the middle of the 1990s. The years 1994-1995 were the most difficult in Estonia’s development in the last decade, when many social indicators reached their lowest level.

Analyses so far prove that the background of housing problems is for many individuals made up of weak social ties, incl. the absence of a spouse (partner) or a not legalised or unstable partner relationship.

Pursuant to §28 of the Constitution of Estonia the citizen of Estonia is entitled to the state assistance in case of old age, incapability for work, loss of provider and need. With the Social Welfare Act (1995) the state delegates the task of assisting those in need to the local governments:

- Local government bodies are obliged to provide housing for persons or families who are themselves unable and incapable to provide it for them or their families, creating, if necessary, the opportunity to rent social housing.
- Persons, who have gotten into a socially helpless situation due to loss or lack of means of subsistence, will be provided inevitable social assistance (food, clothing and, if necessary, shelter).

Homelessness: the definition and extent

There is a wide recognition in Europe that homelessness, as a component of social exclusion, needs to be seen as more than an absence of shelter (Edgar et. al., 1999: 54). Homelessness should be seen as a relational rather than an absolute concept (ibid. 3). Tosi (1997, referred to in Edgar et. al., 1999: 2-3) sees that homelessness has two principal meanings:

“/…/ on the one hand lack of space – a shelter – and on the other hand the absence of social relations or ties which in turn would reveal situations of social exclusion or marginalisation.”

UN’s definition of homelessness and relative homelessness (1987) sets high requirements to housing to be considered normal: protection from forces of nature must be guaranteed; the
availability of clean water and sanitary equipment must be guaranteed; safe environment and personal safety must be guaranteed; location with good access to working and studying opportunities and medical care must be guaranteed. Housing expenses must not exceed expenses made to satisfy other basic needs (food). In Estonia there is no official definition of a homeless person. Comparing the definitions of homelessness of different countries (USA, Germany, Sweden, Finland and others) it can be said that the definition used in Sweden would be the most suitable one for Estonia:

“A homeless person is a person, who has no personal or rented housing or permanent accommodation and who has been directed to temporary alternative housing or spends nights outdoors.” (Hallik 2001)

In the census of 2000 dwellings counted included houses, apartments and rooms, accommodation rooms, rooms meant for temporary residence, as well as institutions (hostels, hospitals, orphanages and care homes, barracks, prisons etc.). The persons considered homeless were those who didn’t have any housing enabling permanent shelter at night. (The census held in 2000…., 1999). Based on this definition only 369 persons, or 0.03% of the population considered themselves as homeless in Estonia according to the census. Although the principles and definitions used in the poll were compliant with EUROSTAT, the number of homeless arrived at in the census is still unreliable.

Experts who have evaluated the social protection in East European countries (Eatwell and others, 2002) claim that homelessness in these countries is mostly a problem in capitals. Capitals are the most dynamic places, and at the same time the social relations and networks of their residents are weaker and more superficial than those of the residents of small towns and rural communities. Capitals attract people with different social backgrounds from all over the country. A more detailed analysis shows that in besides the capital (Tallinn, 398,000 residents, nearly 2,000 homeless according to expert evaluation, or 0.5%) marginalisation and homelessness pose a problem also in other Estonian towns: Tartu (101,000 residents, up to 300 homeless according to expert evaluation), Narva (69,000 residents, 300 homeless according to expert evaluation), Kohtla-Järve (48,000 residents, 200 homeless according to expert evaluation), Pärnu (45,000 residents, 50 homeless according to expert evaluation). For smaller towns and rural communities homelessness is not such a big problem. The total number of homeless people in Estonia according to the expert evaluation of social workers is 3,000-3,500, or 0.25-0.3% of the population. The Ministry of Economy and the Ministry of Social Affairs in their evaluations take the number of homeless to be 5,000, or 0.4% of the
population. This can be construed as the estimated top limit of the number of homeless people.
In the European Union approximately 3 million people have no fixed home of their own, while a further 15 million people live in sub-standard or overcrowded accommodation (Edgar et. al., 1999: 4). In other words, one person in every hundred can actually be described as homeless on any particular night, while something like a further 4% of the population are denied access to decent housing.

**Reasons for homelessness**

During the entire duration of the Soviet occupation there was a shortage of dwellings in Estonia. In the 1989 census the number of households exceeded the number of dwellings by 2%. At the time of the 2000 census the number of dwellings exceeded the number of households by 5% (Hendrikson et al, 2000). The reason for homelessness today is not the lack of dwellings, but low or no income, high rent and social problems (being part of a risk group), which render the person incapable to act in the free housing market or unfit as a tenant for the owner of the dwelling.

According to the definition by the Ministry of Social Affairs (2003) a social problem is inability to cope that affects a large part of the society. This approach enables to classify only a few matters as social problems. Common citizens view homelessness as a problem and this for three kinds of reasons:

1) On practical, day-to-day life based considerations (the homeless cause them inconvenience);
2) On organisational considerations (as tax payers the citizens find that the elected and hired persons are not fulfilling their tasks, as the homeless – a very evident group – prove the existence of big problems);
3) On humane considerations (all people have the right to satisfy certain basic needs, like for food, clothing, and housing).

However, the society in Estonia tends to hold a rather negative attitude and pre-assumptions towards homeless; people do not support them either in material or moral terms. Due to the un-aesthetic appearance of homeless, contacts with homeless are avoided if possible.
In identifying the reasons for homelessness several different viewpoints are applied in Estonia. Influenced by the liberal worldview our politicians are largely partial to the American theory of *poverty as the culture* and the theory of *homelessness as the culture*. In day-to-day social work practice the homeless are widely divided into two categories: the so-to-say innocent sufferers, who deserve support and assistance (women suffering from family violence or other such) and the so-called hopeless cases (drug addicts and alcoholics, recidivists etc.).

Unlike in America, the most widely accepted theory explaining homelessness in Europe is the marginalisation theory, which divides the reasons for this into two large groups: 1) reasons arising from the individual and 2) structural reasons related to the distribution of social resources (Swärd, 1999). Social workers list structural rather than individual factors as reasons for homelessness.

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

Within the current project, 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 to 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 (see Figure 1). 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.

In rare cases the stated reasons for becoming homeless included accident or eviction from the squat.

A reason also stated was not living at home because of old age – the old people either do not have a family or the family has neglected them.

In conclusion it must be stressed again that the problems resulting from alcohol abuse play a significant role in the most common chains of events leading to homelessness. Alcoholism and other addictions are also the most commonly stated obstacles to the homeless returning to the normal society.

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).

During the project interviews were conducted with homeless in the shelters of three Estonian towns – Tallinn, Narva and Pärnu (interviews were conducted by Ardo Matsi (in Pärnu) and Raili Sildnik (in Tallinn and Narva). 8 shelters or organisations providing assistance to the homeless were selected for the study - the total of 18 people in the age group between 29-69 were interviewed.

The results of the study refer to the same causes for homelessness, as listed above - the abuse of alcohol being among the first causes. There were also cases in which people had been swindled out of their homes, as they have been incapable of standing for their rights. According to the study, people generally don’t tend to go straight to the shelter, but spend nights at their friends, acquaintances, even in the streets. They learn about shelters also from their acquaintances or by chance and only then go to shelters.

Political statements refer to the housing reform and the returning of illegally expropriated houses and apartments (restitution) as causes for a part of the people losing their homes in Estonia. Specialists do not confirm this claim. Loss of housing is on one hand caused by the increasingly more dynamic and extensive housing market, on the other hand by the formerly unfamiliar values (characteristics) now related to housing as real estate property – for instance housing as loan security that is realised (sold) in case of the borrower’s financial failure. A specific problem is caused by the activities of false real estate agents (swindlers), the main victims of which are the mentally less capable people.

In conclusion it can be said that the impact of individual factors causing homelessness is in Estonia considerably amplified by structural factors. The structural factors most affecting becoming homeless are:

- Overly liberalised housing policy;
- Passivity of employment policy;
- Shortcomings in social insurance and social assistance system;
- Lacking rehabilitation of people with special needs (released ex-convicts, mentally disabled people etc.) (Sergejev and Jakovleva, 1998).
The most thorough studies of homelessness in Estonia have been conducted in Narva (Sergejev and Jakovleva, 1998; Prohhorenkov, 2003) and Tartu (Hallik, 2001; Linnas, 2003). Raul Kivi, the chief specialist of Pärnu Town Government, also has a good overview of the relevant set of problems. In addition to gathering expert opinions homeless were also interviewed in these three towns (Narva, Tartu and Pärnu) in order to better understand their problems and find solutions. An author of the current report (Jüri Kõre) analysed the situation in cooperation with the homelessness specialists of the Tallinn, Tartu and Pärnu Town Governments in autumn 2002 (see Kõre 2002).

Profile of the homeless people

The Narva study of 1998 distinguishes between three groups of persons:

- The homeless (people living on the streets or in shelters);
- People in crisis situations (persons on whom the court has issued an eviction order; who live in buildings unfit for living; people having family problems and who therefore are forced to leave their former residences);
- The marginal group, i.e. people with large rent debts (4 months or more), who have been unemployed for a long time or other such.

According to expert evaluations there are 5 people in crisis situation and 10 people from the marginal group per one homeless person. Thus there is, besides people already homeless, a large number of people at risk of losing housing.

From the practical social work viewpoint a part of the homeless people and a part of the people in crisis situations are receivers of inevitable social assistance. The available statistics on receivers of inevitable social assistance in Tartu (200 people receive regular social assistance, but specialists estimate the need to greater than this) shows that the said group is on the same level with the homeless by its total number.

The specialists have evaluated the possibility of actual loss of housing for people in crisis situations and people in the marginal group to be 30%, which means that 2/3 of them are able to find a temporary or permanent solution to their problems, and 1/3 are not.

The specialists dealing with the homeless have a good overview of people staying at the shelters. On the basis of the constant increase in the number of people using the shelters the experts conclude that the number of the homeless is increasing. There is a shortage of places
during the cold period in all larger towns. The number of the homeless has decreased only in Kohtla-Järve. Unfortunately shelters are only one of many places the homeless use for spending the night. The social workers don’t know exactly where they exactly stay, because the ‘habitation scene’ keeps changing quickly. The only exceptions are the cities’ rubbish dumps that offer a constant flow of means of subsistence and therefore attract the homeless.

The gender composition of the homeless (3/4-4/5 are men) is similar to that of the rest of the world. These are lonely people who have no family or have lost their family and close ones. All age groups of working age are represented here (18-65), the biggest number of women with no housing are in the age group between 40-50 and men in the age group between 50-60. It is significant that by language groups the homeless are divided similarly to the entire population of the relevant town (Estonian and Russian speakers 70:30% in Tartu, 50:50% in Tallinn, 10:90% in Kohtla-Järve). According to the specialists of all towns except Tallinn, 90% of the homeless are local, the rest are from neighbouring counties. Only in Tallinn 1/3 of the viewed group are immigrants, mainly from the Harjumaa District and from the Ida-Virumaa District. 2/3 of the clientele of the shelters has had no place to live for a long time (over 6 months). It is clear that the problems of the long-time homeless people will not be resolved by themselves, but they need outside help.

The interviews with homeless people conducted during the current study (conducted by Sildnik and Matsi in 2003) reveal that the average level of education of homeless was secondary education. People didn’t really complain about having had a rough childhood. Many homeless people claimed that none of them had any friends left, only acquaintances or drinking buddies. There were also those who communicated actively with their family or relatives, and the relationships with the close ones were good.

In the same study, it appeared that the homeless didn’t accuse anyone in having had impact on the loose of their homes, other than themselves – this was the view of almost everyone. The homeless think there is no point in expecting any real help either – that no one would help anyway and you have to get by just on your own, and that the future is also just up to yourself. Most of the respondents had lost hope, but there were a few, who were really capable of getting back on their feet and finding a regular place to live.
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.

Services provided by shelter institutions

Most of the shelters included in the survey (conducted by the Ministry of Social Affairs in 2003) offer its clients both, a chance to spend the night there (71%), and also a possibility to stay around the clock (65%). In all respondent shelters the homeless have a chance to wash themselves; with one exception it is possible to wash clothes in all shelters; and with two exceptions it is possible to receive clothing. Almost all shelters provide basic medical care. Increasing the efficiency of medical care has also been mentioned under services needed. Most of the shelters offer catering or cooking facilities (see Table 3).

Some shelters have helped their clients to find housing. In some cases the homeless have been sent to work and live in farms. Places in communal houses have been found for a part of the clients. The elderly have been sent to care homes. The shelters assist clients in obtaining documents and, if necessary, prepare/submit documents for receiving old age or disability to work pension. In some cases, job rehabilitation is provided.
Table 3. Services provided by shelters (survey conducted by the Ministry of Social Affairs among employees in shelter institutions in 2003)

<table>
<thead>
<tr>
<th>Type of service</th>
<th>Number of respondent shelters</th>
<th>Percent of all respondent shelters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Possibility to stay around the clock</td>
<td>11</td>
<td>65</td>
</tr>
<tr>
<td>Possibility to spend nights</td>
<td>12</td>
<td>71</td>
</tr>
<tr>
<td>Catering</td>
<td>14</td>
<td>82</td>
</tr>
<tr>
<td>Cooking facilities</td>
<td>10</td>
<td>59</td>
</tr>
<tr>
<td>Self-washing facilities</td>
<td>17</td>
<td>100</td>
</tr>
<tr>
<td>Cloths’ washing facilities</td>
<td>16</td>
<td>94</td>
</tr>
<tr>
<td>Receiving clothing</td>
<td>15</td>
<td>88</td>
</tr>
<tr>
<td>Basic medical care</td>
<td>14</td>
<td>82</td>
</tr>
<tr>
<td>Safekeeping of personal belongings</td>
<td>12</td>
<td>71</td>
</tr>
<tr>
<td>Social counselling service</td>
<td>16</td>
<td>94</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td>8</td>
<td>47</td>
</tr>
<tr>
<td>Arrangement of temporary job</td>
<td>6</td>
<td>35</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>47</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>17</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The work done with the adult homeless can be divided into two parts:

1. Providing temporary housing (shelter);

2. Rehabilitation services.

Officially the shelter and the rehabilitation centre are separate units: the shelter is an institution offering ‘night’ shelter or round-the-clock help, support and protection, and the social rehabilitation centre is an institution established for people with special needs for active rehabilitation. In reality the clientele of both institutions overlaps, as there is no client transfer from the shelter to the rehabilitation centre and thereon to subsidised life and independent subsistence. A relatively large part of the clientele of the rehabilitation centres is made up of persons released from detention institutions, to whom increasingly more attention has been paid in relation to changes in the Estonian custodian policy that have taken place over the past five years. The number of places in shelters and rehabilitation centres has doubled in Estonia over the past five years, as has the number of persons using the service.

Although establishing and running a shelter is easy and relatively low-cost, there are presumably places in the Estonian shelters only for 1/5-1/4 of the homeless. In today’s
conditions in Estonia it would not be possible to improve the work being done with the homeless, if the existing network is not developed (Johson and Cnaan, 1995).

About a half of the habitants of the shelters have a weekly income of a sort (pension or benefit, income from odd jobs, from collecting and selling bottles and cans etc). Private work or emergency work offers are rare, because even in Tallinn where the job deficit is small the competition to get a simple work is quite high and employing the homeless involves great risks (e.g. loss of tools). As an alternative to employment in the labour market it is considered rational to establish day-care centres (in Tallinn, Pärnu). Pärnu is the only town buying work rehabilitation services from private entrepreneurs. The homeless formed 10% of all the people in work rehabilitation in October 2002.

As a whole, the system with different levels (providing basic help to homeless up to providing rehabilitation and integration to the ‘normal life’) is far from functioning effectively. Clients in shelters rarely get out of the ‘black circle’, as it is almost impossible for them to get (re)integrated in the labour and housing markets, and to get (re)established their social ties with people outside their own ‘subculture’.

**Homelessness in Estonia: summary**

Homelessness is a relatively new phenomenon in Estonia; it became more evident in the middle of the 1990s. It is mostly the obligation of local governments to provide housing for homeless people who are unable to provide it for themselves. There is no official definition for homelessness in Estonia at the moment. The definition used in Sweden would fit the best for Estonia:

“A homeless person is a person, who has no personal or rented housing or permanent accommodation and who has been directed to temporary alternative housing or spends nights outdoors.” (Hallik 2001)

According to the expert evaluation of social workers, the total number of homeless people in Estonia is 3,000-3,500, or 0.25-0.3% of the population. The problem is the most acute in Tallinn, but homelessness exists also in other larger cities. The most likely reasons for homelessness in Estonia are alcohol abuse and unemployment, which result in rent debts and eviction (survey conducted by the Ministry of Social Affairs 2003). Another chain of events leading to homelessness is as such: being released from
detention institutions, a person is incapable of finding employment and renting housing in the housing market due to no income.

The impact of individual factors causing homelessness is considerably amplified by structural factors, such as extremely liberalised housing policy, passivity of employment policy, shortcomings in social insurance and social assistance system, and lack of rehabilitation of people with special needs (Sergejev and Jakovleva, 1998).

Homeless are mostly men (3/4). They have no family or have lost their family and close relatives. Homeless mostly belong to the age group 40-60. By ethnicity the division of homeless correspond to the average in Estonia.

Depending on the character of shelter institutions, shelter and rehabilitation services are provided to homeless. It reveals from the survey (conducted by the Ministry of Social Affairs 2003) that most of the shelter institutions offer their clients both, a chance to spend the night, and a possibility to stay around the clock. In shelters the homeless have normally a chance to wash themselves, and their clothing, and to receive clothing. Almost all shelters provide basic medical care.
5 Recommendations for developing the housing policy for Estonia

Situation and objectives

Main housing problems

1) Problems related to access to housing in the society. Housing should become better available by the price, fees, and rent level.

2) Low qualities of housing and lack of conveniences. The housing policy should be aimed at raising the housing standard and level of equipment with modern conveniences.

3) Disparity between the size of dwellings and the size of households, many households living in unsuitably crowded conditions. The housing policy should help to better match the dwellings and the size of households.

4) The dominant factors causing homelessness are alcoholism and unemployment (as both cause and effect). Fighting homelessness is aided only by close cooperation between different sectors – labour market policy, alcoholism policy, housing policy, public health policy etc.

Target groups

The housing policy should be first of all aimed at solving the housing problems of average families. Special measures should be targeted at solving the problems of risk groups. The risk groups in Estonia are:

Traditional groups with subsistence difficulties

- Single parent families, who first of all need better quality housing (with more conveniences);

- Families with many children, whose problems are first of all related to lack of space in a dwelling;

- Retired families, who need help in improving the quality of their dwellings and in better equipping them with conveniences – they are especially concerned with the high cost of housing;

- Households with disabled persons, the housing quality needs to be improved;
Families in the lowest income group and families with unemployed persons, the housing quality should be improved.

Other groups

- Tenants living in restituted houses, who face problems with access to housing;
- Young people, who face problems with access to housing.

The ones most suffering from the lack of satisfactory living conditions are the families with combined risk factors.

Homelessness as a specific problem

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.

The definition of ‘homelessness’ must be legalised on the national level. The definition most suitable for this in Estonia’s context would be:

“A homeless person is a person, who has no personal or rented housing or permanent accommodation and who has been directed to temporary alternative housing or spends nights outdoors” (Hallik 2001).

Therefore, a person should be considered homeless, if he/she has no permanent place to live and no chances and/or skills to acquire one.
There are three main reasons for getting evicted from an existing dwelling (with right of occupancy):

1) Accumulation of rent or payment debts;
2) Addiction problems (alcohol, drugs) and getting thrown out of/leaving home;
3) Family problems (divorce, violence).

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.

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. These activities should be hampered and the potential victims of such cheats more actively protected from eviction.

The service package offered to the homeless and those at risk of becoming homeless is lacking and needs more effective development. Also, it is important to make these services available to the entire risk group.

Homelessness in Estonia is not related to the scarcity of housing. The housing policy measures must first of all direct the better utilisation of the existing housing fund (by making it accessible to the target group also by pricing), and the improvement of the quality thereof.

**Defining the concepts of ’minimum’ and ’satisfactory’ housing**

The requirements for the minimum and adequate (satisfactory) housing standard should be set on the national level.

*Minimum adequate housing*

Estonia currently has no minimum level of housing definition that would be acceptable from the social, health protection and technical point of view. The applicable dwelling requirements (ER Government Regulation No. 38, 26. Jan 1999) have set too high demands on dwellings and are therefore not suitable for this purpose.
The minimum housing requirements should first of all be an obligation for the owners of dwellings; guaranteeing basic communications should be the task of the local governments/the state.

When defining the minimum adequate housing it would be recommendable to consider the following factors:

- The physical condition of the dwelling must not be dangerous to life (building structure);
- The dwelling must guarantee shelter from rain and other natural forces (excl. extraordinary circumstances);
- The dwelling must have at least one door and window that can be closed and opened, all windows and the entrance door opening to the outside must be fully closable, and sufficient air circulation (ventilation) should be guaranteed;
- The minimum size of the dwelling must include at least 8 m² of useful area;
- There must be at least 8 m² of living area per one weighted household member (adult = 1 and child = 0.5);
- Washing facilities must be guaranteed in the dwelling or in the proximity, possibly in common use (bath, shower, sauna or other room that has been modified for washing);
- There must be a toilet in the dwelling or in the proximity;
- Clean water must be available and basic sanitary conditions guaranteed;
- It must be possible to cook food in the dwelling;
- It must be possible to use (safely) electricity in the dwelling;
- The dwelling must be (safely) heateable (having either central heating, heater or other closable heating body or a fireplace);
- The dwelling must have guaranteed legal security of tenure (i.e. the owner cannot evict the tenant without reasonable excuse);
- The dwelling must meet minimum environmental requirements (air moisture, air temperature, lighting, noise).

In order to achieve a general social consensus regarding the minimum housing standard a wider public discussion should be evoked on this subject.

These requirements can be made compulsory only together with targeting additional housing policy measures to risk groups. The requirements should be made compulsory gradually over a certain longer period.
Satisfactory (or adequate) housing

Based on the legal acts and regulations applicable in Estonia (ER Dwellings Act, ER Government Regulation No. 38, 26. Jan 1999), and relying on the recommendations of the UN and other international experts (UN Habitat Agenda art 60, EN Group of Specialists on Access to Housing (CS-LO)), adapting them to the situation based needs in Estonia, a dwelling can be considered satisfactory, if it meets the standards of a ‘minimum dwelling’ (see previous paragraph) and also the following criteria:

- The size of the dwelling must be at least 18 m² per every household member plus an additional 15 m² per household (i.e. the standard currently used in paying the subsistence benefits). A dwelling can be considered satisfactory by the number of rooms, if the number of persons living there exceeds the number of rooms by one at most;
- The dwelling must have a kitchen or a kitchenette;
- The dwelling must be located in a satisfactory residential area that is not stigmatised and/or strongly segregated (ethnically, socio-economically);
- There must be guaranteed access to basic services like access to basic education, medical aid, essential commodities etc.;
- Protection against discrimination must be guaranteed;
- The existence of basic infrastructure must be guaranteed (access road, telephone communication).

Dwellings meeting these criteria must be accessible by price and/or rent level to the majority of the population. In order to achieve a general consensus regarding the satisfactory housing standard a wider public discussion should be evoked.

The requirements to be set to the satisfactory housing standard are advisory. The housing policy measures should be aimed at fulfilling these requirements.

Recommended housing policy incentives

Tools for favouring the supply of housing

Bringing the structure of the housing fund into better accordance with the needs of the population, and improving its quality must be done in accordance with the residents’
possibilities of accessing housing. Special measures should be taken to direct the risk groups’ access to housing (see Figures 2 and 3).

The promotion of partnership programmes between the state and the local governments, as well as between the public and private sectors (and non-profit organisations) is recommended.

1) It would be recommendable for the state and the local governments to implement more land policy measures than so far in order to influence the private sector to produce suitable housing first of all for risk groups. The price and rent levels of the dwellings constructed can be influenced through land price concessions, favourable terms for preparing detailed plans, and favourable terms for setting up infrastructures. The total of these parts of construction projects forms approximately 10-20% of the construction cost of dwellings.

Influencing the land price does not incur additional expenses for the state and the local governments. As programmes are launched (initiated) first of all by local governments, solving the land issues regarding the state owned land (bringing land into municipal ownership) is of top priority. The preparation of detailed plans and the development of infrastructures require additional expenses from the local governments’ budget.

2) Another way is to influence the production / renovation of dwellings through making loan terms more favourable for the builders of dwellings (on certain contract terms that determine the target groups to use the dwellings and the price or rent level): subsidising loan interest payments.

Guaranteeing access to loan opportunities should also be favoured for non-profit organisations who could more actively act as providers and/or managers of dwellings, offering, if necessary, other parallel services that the clients need (e.g. deal with social welfare).

Offering more favourable loan terms should be initiated and supported first of all on the national level, in cooperation with commercial banks and the foundation ‘Kredex’.

3) The third measure is the tax policy. It would be reasonable to reduce the income tax rate for private landlords (currently, private landlords have to pay 26% tax from the rental income). This would help to trim down the so-called black rental market.

Income tax benefits are a national measure.
Figure 2. Housing policy incentives today

Figure 3. Housing policy incentives today and as recommended
4) The fourth measure is direct subsidies for the construction or renovation of dwellings on contractual basis. It would be recommendable to first of all set up direct subsidies (e.g. 5-10%) into the construction/renovation of rental dwellings.

This subsidy would be a national measure payable through local governments in justified cases.

The distribution of dwellings to the risk groups can in those projects be influenced in two ways: 1) the dwellings constructed through contractual terms can be sold/ rented to the risk groups, 2) the local governments can gain the ‘use right’ of a share of the dwellings (e.g. up to the extent of 5-10%).

It is important to favour the construction of rental dwellings. Contractual terms can be used to influence the terms of use of dwellings: the dwellings renovated/ constructed could be partly or fully designated as rental dwellings. E.g. contractual terms can define that upon the construction of new dwellings at least 75% of the rooms will be designated as rental dwellings (whereas a definite share should be targeted to risk groups on favourable terms). This kind of distribution would help create mixed residential areas.

For the most part the provider of housing services to the risk groups should be the private sector. It would be recommendable for the local governments in cooperation with non-profit organisations to participate in the direct provision of dwellings to ‘high risk groups’, first of all to those who belong into combined risk groups. Profit pursuing companies cannot offer the services the risk group families need in a sufficient extent, and they cannot keep the rent level on affordable level for these groups. By quality, these dwellings may fall into the boundaries of a relatively minimum housing standard.

Direct provision of housing by local governments

The private sector and public-private partnership programs are not able to offer enough dwellings at an accessible price and rent level that would be targeted to all vulnerable groups. The local governments will remain as the provider of housing also in the future, and their housing funds must be increased especially in the larger town like Tallinn, Tartu and Pärnu.

Municipal rental apartments could be differentiated in terms of rent level, and rented out on means-tested bases: clients with the lowest solvency level could be able to pay the minimal
rent covering only the utilities’ costs and costs on regular maintenance. The primary target groups for these dwellings would be the groups listed above.

It is recommendable to erect municipal houses evenly across the town, and that they would not be concentrated into ‘poverty areas’.

The state support is seen as an important facilitator of the construction/renovation of municipal rental dwellings.

The management of municipal dwellings could (partly) be transferred to the non-profit sector. This would enable to more flexibly offer different services the ‘social clients’ need.

The privatisation (sell-off) of existing municipal dwellings is not recommended (unless in cases the upkeep of municipal dwellings is overly costly, or other justified cases).

Provision of shelter, housing and necessary services to the homeless

The homeless have a need first of all minimum level of housing. The homeless as a specific group have a need for more comprehensive services in addition to offering shelter/housing - socially supported housing service is needed (including training of how to manage housing costs, networking, etc.). Moving from lower levels to better standard housing should be favoured, with the main steps as such (see also Avahoolduse Arenduskeskus (Open Care Development Centre) 2003): shelter->rehabilitation centre->supported housing->independent housing. In justified cases the long-term socially supported housing option or care home option can be used. The first three types would require offering corresponding service packages (see Annex 2).

In offering housing for the homeless it is essential to increase the supply of small (ca 8-15 m²) social dwellings the direct rent costs of which are minimal. It would be rational to create such mini-rooms in the same buildings with the shelters. These practices are already being applied (Tartu, Pärnu). The rent level in economically constructed/renovated and small dwellings should mostly remain affordable, in other cases the lack of income will be compensated from the means-tested benefits. It would be recommendable to renovate and adapt the existing municipal dwellings (at least in part) for living for the corresponding target groups. However, prior expert evaluation on the rationality of the reconstruction of these existing buildings would be needed.
The persons at risk of becoming homeless and the homeless make up a specific group, whose problems cannot be solved with housing policy alone. It is necessary to integrate these issues in the social policy and labour market policy strategies (see also Annex 2).

Development of measures favouring the demand for housing

It is not, however, possible to guarantee access to housing for all groups only by increasing the supply of more affordable housing. It is necessary to simultaneously make the system of benefits (especially subsistence benefits) more efficient and to make the benefits accessible for all those in need of assistance.

Making the subsistence benefit system more efficient

In improving the subsistence benefit system the following should be considered:

1) The subsistence level to be raised at least to the level of the minimum food expenses (in 2001 the subsistence benefit was 500 EEK for the first household member and 400 EEK each for the rest, whereas the minimum food expenses were 646 EEK and the minimum living standard was 1,306 EEK)\(^ {21} \).

2) The housing (maintenance) and utilities’ costs to be incorporated in the subsistence benefits so that the benefit would enable to cover the regular management and maintenance related costs of housing in the extent of the standard expenses, taking into account the market situation.

3) The system of paying the subsistence benefits to be restructured so that an increase in the net income by one unit would cause a lesser reduction in the amount of benefit received. An additional analysis should be conducted to calculate the exact coefficient.

A change of this kind would help motivate the residents to increase their income from other sources and would therefore help to avoid getting caught in the ‘poverty trap’. This would motivate the receivers of benefits to participate in the labour market, even at relatively low salary levels.

4) In paying the subsistence benefits the various minimum subsistence pay related risks to be considered (e.g. disabilities, health problems etc.), that create a need for higher expenses for...

\(^ {21} \) 1 EUR is equal to 15.6 EEK
subsistence than just the essential living expenses (food, clothes). The subsistence benefit system should be adapted to the needs of the homeless. Subsistence benefits should be paid to persons registered in institutions (long-term rehabilitation centres, care homes), and other one-time benefits to be developed for persons staying at shelters.

5) The flexibility of the payment of subsistence benefits to be increased – by favouring the payment of benefits directly to the owners or managers of dwellings (who collect regular payments). This would guarantee the more purposeful use of benefits.

6) The liability of local governments could be increased in paying the subsistence benefits to motivate the local governments to pay the subsistence benefits economically more effectively and more purposefully. Local governments with low solvency should be assigned additional subsidies for this.

Designated renovation benefit

In addition to the payment of subsistence benefits another kind of benefits is recommended – households’ income based renovation benefit. The need for this benefit arises from the poor condition of dwellings and the fact that a part of the population lacks the means to invest into improving the quality thereof. Major repairs expenses are not covered from the subsistence benefits. But the renovation benefit would cover the expenses of insolvent persons in a designated renovation fund (e.g.: payments to be made to 5-10% of the residents of apartment buildings upon justified reason and the consent of the manager/apartment owners’ association), on the basis of set standards (as in the case subsistence benefits, the possibility of making payment directly to the manager of the dwelling should be considered). This means-tested allowance would enable the residents with low solvency level to keep on living also in renovated dwellings, the size and quality of which is justified. At the same time this benefit would encourage the more active renovation of dwellings, as major repairs in apartment blocks are often not carried out namely because of a few insolvent residents. Adapting the currently applicable renovation benefit system (not tied to the residents’ income) to the above system can also be considered.

Avoiding eviction

In order to avoid evictions the managers/owners of dwellings are able to take various measures, like
- Drawing up individual flexible schedules for the repayment of rent debts;

- Using the debtors on various works (if possible, related to the upkeep of the house), which would help to gradually cancel their debts;

- Counselling, finding possibilities to apply for benefits, help in filling in documentation, etc.;

- Early notification of debtors to the local government, so that social workers would as early as possible be able to start negotiations with residents in difficulties.

More attention should also be paid to persons with addiction problems, by directing special counselling, offering rehabilitation services etc. Persons with serious family problems also need more attention and social care services (as divorce and family quarrels are often the causes of eviction and the so-called ‘latent homelessness’).

These measures require the willingness and knowledge to work with people with payment and other problems. Cooperation partners here are the local governments (social assistance departments), non-profit organisations, apartment owners’ associations and managers/owners of dwellings.

Tenants need more protection against eviction. Improvements should be made to the legislation, obligating the owners of dwellings to give immediate notice of their intention to evict a tenant, when the process has been initiated. (Local governments should have a relevant reserve housing fund to be used in such cases.) The persons left without housing as the result of the activities of the so-called ‘false brokers’ should also have guaranteed temporary access to municipal housing. (See Measures for favouring housing supply.) For the duration of carrying out repairs the owner should provide the tenant with replacement housing. The legislation needs to be changed on the national level.

Benefits for moving

The last proposed measure for favouring demand is the benefits for moving, which are currently being paid by some local governments. This benefit would encourage a change of housing for those households, who live in dwellings the costs of which exceed their solvency level, and who could manage better in a dwelling with lower costs. From the resources thus made available (e.g. resources derived from differences in price levels of dwellings) the accumulated debts could be paid, investments made into the new (smaller) housing, and the better coping with other living expenses can be achieved. The vacated housing units could
then be used by larger families, by a wealthier segment of the population, who also would be able to invest in the upkeep of such housing. Often the dwellings of retired persons are larger than they need, but there in no mechanism that would enable them to exchange their dwellings for a more suitable with little trouble. For this kind of plans to work a certain public sector pressure and initiative is needed.

Apartment owners’ associations in cooperation with the Union of Apartment Owners’ Associations could exchange information on vacant housing. Local governments could, if necessary, be mediators/guarantors in such changes of housing. Cooperation could be developed with private sector real estate companies and non-profit organisations.

The better implementation of these measures will, however, require certain changes to be made in the existing housing fund structure, as the current provision of apartments does not coincide with the wishes and preferences of the residents. For instance, a single retired person, who has for years lived in a private house, would not agree to move into a single-room standard apartment in a high-rise housing estate. Therefore the provision of housing should be made more wide-ranging especially in regards to smaller dwellings. (See Measures for favouring supply.)

Taking account regional differences

Housing problems differ from region to region. Various regions have so-called area-specific problems that would need special attention (e.g. poverty concentration areas). This kind of inequality causes the need for a spatially flexible housing policy that would direct special development programmes to specific regions and urban areas. The prerequisite to solving the problems in more disadvantaged areas is the simultaneous addressing of social, economical and environmental aspects. (See the measures for favouring both the supply and demand of housing.)

Housing policy recommendations for Estonia: summary

It is reasonable to build up the housing policy on the following objectives:

1) Improving access to housing in the society (adequate housing should be made available by its price, fees, and rent level);
2) Raising the housing standard (incl. availability of modern conveniences);

3) Decreasing disparity between the size of dwellings and the sizes of households, decreasing the over-crowdedness;

4) Fighting against homelessness.

The housing policy should first of all be aimed at solving the housing problems of average families, but special measures should be targeted at solving the problems of risk groups (see Chapter 3).

To tackle homelessness individual efforts and efforts by the society should be combined. People at the risk of becoming homeless and the homeless people constitute a specific group, whose problems cannot be solved with the housing policy alone (integrated social and labour market policy means are needed). 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.

The requirements for the minimum and adequate housing standard should be set on the national level. In the chapter, criteria are proposed for these standards (that would correspond to international agreements, and the Estonian Constitution). Minimal housing standard should guarantee sanitary conditions, safe constructions, minimal space, availability of clean water, security of tenure. The adequate housing criteria should enable in addition more spacious living conditions, satisfactory location, and accessible price for the majority of households.

There are two distinct ways of how housing policy incentives can be developed in Estonia:

1) Developing supply side policy tools that favour the provision of qualitative housing supply with more affordable prices, and

2) Developing demand side policy tools that aim to direct benefits directly to eligible households (low-income, disabled, etc.).

The combined measures are recommended.

Supply side policies should be aimed at promoting the partnership programmes between the state and the local governments, as well as between the public and private sectors (and non-profit organisations):
1) Land policy measures could be applied to influence the private sector to produce affordable housing, especially to risk groups (through land price concessions, favourable terms for preparing detailed plans, and favourable terms for setting up infrastructures);

2) Influencing the production/renovation of dwellings through making loan terms more favourable for the builders of dwellings;

3) Tax policy. It would be rational to reduce the income tax rate for private landlords. This would help to trim down the so-called black rental market.

4) Direct subsidies for the construction or renovation of dwellings on contractual basis. It would be recommendable to first of all set up direct subsidies (5-10%) into the construction of rental dwellings.

Municipal rental apartments should be aimed at specific target groups, which could be divided into different rent levels. The primary target groups for these dwellings would be the target groups listed above. It is recommendable to erect municipal houses evenly across the town, and that they would not be concentrated into ‘poverty areas’.

It is recommendable that the state supports financially the construction and renovation of municipal rental apartments.

It is recommendable to give the management of municipal residential houses (at least in part) over to the non-profit sector. This would enable to more flexibly offer different services the ‘social clients’ need.

The homeless have a need first of all for minimum level shelter housing. The homeless also have a need for more comprehensive services in addition to offering shelter (socially supported housing). It would be rational to create ‘mini-rooms’ in the same buildings with the shelters.

It is not, however, possible to guarantee access to housing for all groups only by increasing the supply of more affordable housing. It is necessary to simultaneously make the system of benefits (especially subsistence benefits) more efficient and to make the benefits accessible for all those in need of assistance.

Raising the subsistence level at least to the level of the minimum food expenses, extending the standardised utilities’ and housing costs that can be covered by benefits (to enable to cover the regular management and maintenance related costs of housing), adjusting the system of
benefits to motivate social clients to take more active part in labour market should be considered as primary aims in raising the efficiency of benefits.

In addition to the payment of subsistence benefits another kind of benefits could be established that would support the renovation and modernisation of housing stock – means tested (income based) renovation benefit. The renovation benefit would cover the renovation expenses of insolvent persons needed to establish the designated renovation fund for buildings.

The last proposed measure for favouring demand is the benefits for moving, which are currently being paid by some local governments. This benefit would encourage change of housing for those households, who live in dwellings the costs of which exceed their solvency level, and who could manage better in a dwelling with lower costs.

Housing problems differ from region to region. Various regions have so-called area-specific problems that would need special attention (e.g. poverty concentration areas). This kind of inequality causes the need for a spatially flexible housing policy.
General 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 general, the households are quite satisfied with their dwellings. It is plausible, that conservatism and attachment to the hard-earned housing plays a significant role here. But in the case of older people the reason could be in their undemanding nature and the low standards they have set for themselves. According to the Household Study 2000 about 6,000 households, or 1.2% of the population live in conditions where there is either no electricity, any kind of heating possibility, access to clean water either in the dwelling or in close proximity (well), and no toilet either in the dwelling or in close proximity.

If we add to these requirements the requirement that the dwelling must be at least 8m$^2$ and at least ½ a room per weighted household member, there are about 40,000 households, or 6.8% of the population in Estonia, whose housing conditions do not meet the requirements. 1/8 of the households (ca 13%) have no elementary washing facilities in their dwelling, like a bath or a shower, and neither do they have a sauna in their dwelling or in close proximity. Nearly a third (31%) of the population claims the too high regular housing cost to be a very serious housing problem. The ‘newly formed households’ experience a serious problem with access to housing – entering the housing market is problematic for nearly a third of young adults.

Estimates say there are ca 3,500 homeless people in Estonia (people with no permanent place to live), i.e. approximately 0.3% of the population. Most of them do not use the night shelter service, but spend their night wherever. Besides those who have already become homeless there is a larger group of people, on whom the court has given an eviction order, or people
who have not received an eviction order yet, but have long-standing rent debts. According to the specialists’ evaluations the number of homeless people is constantly increasing in Estonia.

At the moment Estonia has not accepted a definition of housing standard – for housing to which from the health and humane point of view access should be guaranteed for all members of the society. Several international agreements recommend and indirectly demand the existence of such basic standards. The minimal housing standard should guarantee minimal sanitary requirements, safe constructions, safety in terms of violability, access to electricity and drinking water. The requirements for adequate housing should extend to location of the dwelling. Whereas minimal standards should be made compulsory, the adequate standard should be made the goal of policy.

Two different ways of how the public authorities can indirectly or directly influence access to housing are

1) Through incentives that facilitate the qualitative housing supply at a moderate price level in the market;

2) Through incentives that facilitate the housing demand, especially through providing means-tested allowances.

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.

From the ‘demand’ side, the most important step is to raise the efficiency of the system of subsistence benefits: to raise subsistence level, calculate payments according to market costs, direct them directly to managers if necessary. In addition, it is recommended to apply targeted means-tested renovation grants and benefits for moving (that would favour especially moving of elderly).

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.
ANNEX 1

Poverty and social exclusion in the housing market

This chapter provides insight into two intertwined questions in the core of the research report. Firstly, how the access to decent housing for those with low incomes has arranged in Western Europe. Due to width of the topic we will concentrate to the most central means: the social rental housing. For the purpose of a background study some light is shed over questions what is social rental housing in Western sense, how it has developed in Western Europe since the WW II, and what kind of challenges the social rental housing is facing currently. Some statistics are also presented about tenure divisions in EU countries. Secondly, we shall examine the spatial dimension of poverty and social exclusion. The paper sets out why spatial concentration of poverty is harmful and should be avoided in designing the policies.

It is worth to point out that both of these issues are predominantly urban by character. It tends to be the urban areas where the issues of housing problems as well as poverty culminate, and where the public intervention is most essential.

Social rental housing in Western Europe

Social housing as tenure

The three most important tenures of Western housing systems are owner-occupied housing, private rental housing and public (or social) rental housing.

Private housing – owner occupied or rented – is a commodity produced, sold and exchanged for profit. It is competed for through the market, where it is allocated on the basis of price and ability to pay. Private housing, either owner-occupied or privately rented, is in other words commodity in the sense that its quality, quantity and location depends on private wealth of the household. “It follows that, for the majority of buyers who do not possess a private income or inherited wealth, access to private housing is significantly constrained, if not totally determined by earned income and hence the position of individuals within the paid labor market.” (Hamnett, 2003: 129.)

Public rental or social rental housing may be allocated on the basis of some criterion of need or at a below-market price. Public or social rental housing is thus de-commodified in the
sense that within this stock households can uphold a socially acceptable standard of living independently of their cash nexus. The definition of ‘socially acceptable’ above should include also avoidance of high segregation and emerging of stigmatised neighbourhoods. The degree of de-commodification depends on intervention of the (benevolent) public sector into housing sector.

All over Europe, the three basic criteria of social housing and housing policy are affordability, accessibility and quality. Need of this tenure stems from the fact that free markets do not guarantee each of these three criteria to be met, especially for low-income households. Among EU countries there is whole deal of variation in how the social housing is arranged, but overall characteristics of the social rented sector are presented by Priemus (1997: 556) as follows: “(a) its dwellings are intended for households with a relatively low income; (b) they are preferentially offered to this group; (c) their rents are kept below market levels; and (d) their landlords are non-profit organisations, either efficiently controlled by or comprised of local and/or national government. Some sort of subsidy is usually involved in order to make it possible to attain these goals, but this is not strictly necessary”.

Expansion of the social rental stock

The origins of the idea of a need of ‘social housing’ – a subsidised form of housing which access do not depend solely on the cash nexus of the household – lie in social reformist ideas of unacceptably bad (often unhealthy) housing conditions of working class (and gradually also other people with low incomes) in industrialising cities. The first subsidies for the affordable, accessible and decent quality dwellings came from philanthropy, but already in the second half of the 19th century when countries with more advanced housing policy (such as UK, France or Sweden) introduced also various forms of state support (tax concession, favourable financing, buildings programmes) to emerging social housing. Nevertheless, the public intervention remained relatively small, and all around the urban Europe it was largely the private rental sector that housed most of the families in need until the WW II.

After WW II, the level of government intervention in housing tended to be high. The policies were focused on the realisation of large-scale construction programmes, which were supposed to eradicate the housing shortages that had developed during and immediately after the war years. Another motivation was to ameliorate internal facilities of dwellings (warm water or toilet inside the flat; own flat for each family to get its own flat etc.). In most West European
countries, the construction of (social) rented dwellings was widely promoted. New construction programmes – and, at a later stage, rehabilitation of the existing stock – were stimulated by offering construction subsidies. In the rented sector, the various forms of subvention were accompanied by measures to keep rents low. The rapid expansion of the social rental stock continued until the 1970s. (Heijden, 2002: 327-328.)

**Changing policies**

Whereas until the 1970s the European housing systems experienced an expansion of social rental housing and the expansion of home ownership – both at the expense of private renting – after the 1970s the rise of the home ownership has continued and social renting has faced stagnation. In many countries new construction of social housing declined, in some programmes of sale of part of the stock (i.e. privatisation) started (e.g. the UK). As Priemus and Dieleman (2002: 191) put it, “everywhere, the (social) rented sector is on defense”.

Broadly speaking the policy change around the 1970s was motivated with substantial decline of the formerly essential housing shortage on the one hand, and new ideas about the structure of the welfare state on the other. Consequently, many west European countries were adjusting the level and direction of intervention in the housing system. The role of the government in regulation of housing has declined as has the magnitude of public investment, and more emphasis has been put on the market. (Heijden, 2002: 327-328.)

Based on analysis of the changes in the housing systems of Great Britain, Germany, France, Belgium, Sweden and the Netherlands, Heijden (2002) sums up the key aspects of the policy change in the following way:

- Promotion of the home-ownership for the population at large;
- Reduction of government subsidies – especially object subsidies – and an increase in the housing expenditure of the households (rent increases);
- Directing an ever-growing share of the (remaining) public subsidies towards low-income households by means of subject subsidies.

Meanwhile, the social rental sector has been also changing from the inside. Priemus (1997) accounts two clear changes how social rental housing has become more market orientated in many West European countries. Firstly, instead of public loans, social housing is built more and more often with private bank loans. Secondly, a gradual shift from property subsidies to
housing allowances has taken place. (Yet the tactical viewpoint regarding usefulness and appropriateness of a particular subsidy in specific context remains: “In mobilising the housing supply, property subsidies may be the better policy instrument, but in targeting subsidies to the households that are most in need, housing allowances may be preferable”.)

Some have suggested that ‘social’ housing could be provided and managed by private ‘commercial’ sector instead of local government or a non-profit organisations (operating under government’s regulation) as has been the case so far. Priemus (1997: 555), however, doubts the success of the idea, because “the free market of commercial suppliers is the worst possible guarantee of affordable housing for low-income groups”. If housing allowances only are introduced into such market, it is likely that rents will be pushed up and the subsidy will capitalise into the pockets of real estate owners through increased rents. As a result, “housing can become virtually unaffordable, and the housing allowances themselves could become worthless”. Another problem is that commercial landlords are not likely to put the profits made through renting back into the property. Priemus emphasis this as a crucial point: “if they [landlords] are obliged to invest all surplus profits in their housing stock, this can improve considerably the effectiveness of such public assistance schemes”. He suggests investing of surplus back into property as criteria to consider rented housing as ‘social’ rented housing.

Priemus (1997: 554-556) maintains that the goal of the social housing policy should be “to keep rents in a sufficiently large part of the housing stock low enough to be affordable for the target group defined by the country’s social housing policy” (p.556). After all, it is because of their need why the system exists: “The existence of social rental housing is justified by its importance to low-income groups, who would not be able to afford decent housing if it were not for this specific form of assistance” (ibid.).

**Social housing stock today**

In 1996 the tenure composition of all the countries in European Community was as follows: owner-occupied sector 56%, commercial (private) rental sector 21%, social rental sector 18% and other (including e.g. co-operatives) 5% (Ghékière, 1996 cited in Priemus, 1997: 551).

Tables 4 and 5 (see the end of this Annex), which show the housing stock divided by tenure across EU countries between years 1980 and 2000, reveal big differences between single countries. Out of the tables, three points are to be made. First, the share of rental housing in general, and social housing in particular is still noteworthy large in most European countries;
Ireland, Spain and Greece are exceptions. This is an important fact to notice, especially when it comes to comparison of Western European policies with recent sales of former public rental housing (privatisation) in Eastern Europe. Second, it would be wrong to say that the social rental would be declining tenure everywhere in Western Europe. There are nearly as many countries where the share of social housing in total housing stock has remained the same or even increased, and then there are those in where its share has decreased. Developments vary from one country to another. Third, development of European Union – as it does not have any common housing policy – has not caused any obvious ‘convergence’ in tenure divisions.

It seems that despite the policy pressure, social housing has survived since no well-grounded alternative has emerged to ensure affordability, accessibility and quality also for the low-income households, and because this goal has not been given up.

Regarding how EU may affect housing policies in near future, Kleinman (2002) don’t expect a major change, foreseeing that it is very unlikely that an extensive welfare state at the European level will develop. According to him, welfare issues, such as health services, social protection and also housing will continue to be mainly a national and sub-national responsibility. However, further European action in ‘peripheral’ parts of the social policy agenda, such as urban policy and actions to encounter social exclusion, is more likely. This includes also actions in relation to housing, which lies at the intersection of economic policy and social policy.

Problem character labelled on social rental housing

Comparable to Eastern Europe, also in West production of the social housing after the WW II favoured large construction schemes and use of modern building technologies, such as pre-fabricated elements. The new housing estates were most often located in outskirts of cities, and could lack elementary services even long time after their completion. Nevertheless, new social housing was initially highly desirable and factually also a big improvement on the quality of private (rental) housing it replaced.

Over a course of time the pattern of who lives in social rental housing has, however, changed. Crucially, social composition of households living in social rental housing has altered considerably following the growth of home ownership and out-migration of well-to-do people from social rental stock. The declining share of social rented dwellings in the stock, in countries where that has been the case, is also invariably associated with an increasing
concentration of low-income groups in social housing estates (Priemus and Dieleman, 2002: 194). Meanwhile, the physical quality of many estates has deteriorated, and their overall design has come under criticism. In Western Europe, social problems are associated especially with the dense high-rise housing estates built in the 1970s, and in each city with particular areas or city districts. (The spatial aspects of social exclusion are tackled below.)

According to Priemus and Dieleman (2002: 195) it is because of the following four reasons why – in number of Western European countries – the social rental housing has increasing become the tenure where low-income households concentrate. First, housing preferences of well-to-do households have turned against high-rise housing estates where much of the social rental stock is located. Second, substantial increases in the rent levels of social housing have motivated eligible to leave. Third, expansion of owner-occupied sector has attracted middle- and higher-income groups. Fourth, the eligibility criteria have restricted access into the social rental sector only to households in the lower-income brackets.

The consequences of social housing becoming solely the home for low-income people may not be positive. “Some believe”, write Priemus and Dieleman (2002: 195), “that the efficiency of the social rented sector is enhanced by targeting low-income households. After all, is that not that group this sector was supposed to house? But there are two sides to the coin; by focusing on that group, the social housing sector becomes more and more stigmatised.” This development contributes also to residential segregation: the increasing differentiation of urban space according to income and wealth of the residents.

**Spatial dimension of social exclusion**

*Housing policy matters*

In the contemporary discussion on residential differentiation and segregation perhaps the hottest debate has been the one claiming that changes in social stratification cause (increasing) segregation. In the core of this debate is Saskia Sassen’s (1991) thesis that globalisation related economic restructuring has changed the social structure of western cities so that both occupational structure and incomes have polarised.

Many European scholars, among them Hamnett (1994, 1996, 1998), Murie and Ostendorf (1998) and Preteceille (2000), have rejected Sassen’s thesis of polarisation as oversimplification, arguing instead that characteristic for change of occupational structure has
been rather professionalisation than polarisation, that income inequalities have increased but not polarised, and last but not least that national welfare arrangements play a considerable tempering role in how economic restructuring affect cities.

Notably, when discussing welfare arrangements as a mitigating factor, contributions in the debate usually either do not specify what these arrangements include (e.g. Musterd and Ostendorf, 1998: 3-5), or they focus on employment and social security policies (e.g. Hamnett, 1996, 1998). Esping-Andersen’s work on welfare state regimes (1990) is often cited in this context. However, as Murie (1998: 110-114) has discussed, the analysis of Esping-Andersen is based on rather narrow area of social insurance and income maintenance arrangements, and is not as such sufficient framework for analysing urban patterns. Importantly, one crucial element is missing: welfare arrangements in the housing sector.

Theorists who ignore housing policy either assume a ‘free market’ that transmits social differentiation into housing and spatial arrangements without any distortion whatsoever or a state sector that simply reproduces social arrangements. The literature does not justify either assumption.

Many studies have confirmed that housing policy has an effect on divisions of cities and can reduce the inequalities (e.g. Musterd and Ostendorf, 1998a; Marcuse and Van Kempen, 2000a). Comparative studies have pointed out that different policies result in different outcomes. Murie and Musterd (1996) have shown that disparities in dynamics of residential differentiation increased between the United Kingdom and the Netherlands in the 1980s due to the policy differences. Murie and Musterd (1996: 513) write: “The reason why Dutch cities have not exhibited such marked segregation [as British cities] relates to the different nature of the welfare state and the housing system within it”. Dewilde (2003) shows that housing problems occupy a large part of everyday life for the poor in those countries where housing policy has not been considered an integral part of the post-war welfare state. In her study on the relative importance of housing problems as a dimension of poverty that was the case more in Belgium and Spain than in Denmark and the UK. Overall, Priemus (1997) maintains that a broad-based social rented sector with a diverse dwelling stock and a differentiated resident profile is a valid policy too to prevent spatial segregation and stigmatisation of poor neighbourhoods.
What is social exclusion

In a comparative study on social exclusion in Western European cities, Cars (et al. 2000) uses the concept social exclusion connected both to a process and a situation. As a process it refers to mechanisms that lead socially vulnerable groups away from social integration and towards isolation and exclusion in a situation when these groups face social or economic hardship in one or more dimensions of their lives. As a situation the concept entitles a spatial dimension referring to spatial groupings of disadvantaged people in what may be described as ‘pockets of poverty’ or ‘pockets of disadvantage’. These pockets on the other hand tend to locate where cheap, dilapidated or unpopular housing is concentrated to, and accessed by people with least choices.

Social exclusion is not a phenomenon caused by a single specific event or problem, but rather a consequence of a number of different processes. Cars (et al., 2000: 280-281) divide between three important spheres of daily life which can trap people in processes of social exclusion. In economic sphere the lack of access to employment is a main contributing factor to social exclusion. Employment has a direct influence on financial situation of the individuals or households, but also indirect impact on other aspects of daily life and well-being. In political sphere the question is about individuals’ power to participate and influence decision-making. Distinction is made between the formalised and not formalised political power. The first refers to a right to vote (out of which foreigners, immigrants or other non-passport holders may be excluded). It is however the not formalised political power, i.e. networks that would allow people to exercise their power in influencing local conditions and daily environment, what people in weaker social position tend to lack and which can contribute negatively to their situation. In cultural sphere individuals and groups who ‘differ’ from the values, norms and symbols of mainstream society are exposed to the risk of becoming socially excluded. Nationality, ethnicity, language and religion are most common differentiating factors having such effects. Cars (et al.) conclude that according to Western European experiences, social exclusion processes are often initiated by deterioration in the economic conditions affecting large groups within specific neighbourhoods, and followed by a parallel deterioration in political and cultural conditions.

Another way to approach the issue of social exclusion and poverty is to focus on the long-term prospects of people. Inferior perspectives are what distinguish the really poor from other people with a low income. Elaborating with Ralf Dahrendorf’s (1979, 1987) concept ‘life chances’, Van Kempen (1994: 1005) defines the linkages people have (ligatures), the supply
of goods and services they are offered to (provision) and the rights that belong to their social position (entitlements) to “constitute the chances by which the lives of people in society are determined”. Defined from this perspective, “poor people, then, should be characterised by weak linkages or bonds, a relative scarce supply of goods and services they can choose from and relatively weak entitlements” (Van Kempen, 1994:1006). With these inferior resources, poor people are, among other things, also more likely to end up living in poverty concentration area.

*Why spatial concentration of poverty is problematic*

The effect of segregation on well-being of individuals living in segregated (or excluded or poverty) neighbourhoods has been a debated issue in urban studies. The central question discussed has been whether living in a poverty concentration area restricts the life chances of the urban poor further. On the basis of theories of socialisation and stigmatisation as well as evidence of inferior quality of schooling a number of studies hold that spatial concentrating is an important aspect of the “vicious circle” ascribed to modern poverty (Wilson, 1987; Massey and Denton, 1993; Van Kempen, 1994).

The ill effects of poverty are said to be reinforced by segregation due to lack of conventional role models in socialisation, lack of social contacts supporting integration, inferior quality of public services (especially schooling), labeling and stigmatisation, and higher risk of self-perpetuating processes of decay in segregated neighbourhoods.

Trapped in poverty pockets, the argument on socialisation goes; the poor are cut off from conventional role models. Instead, they may develop an oppositional cultural identity, defined in opposition to the larger ideals of society (Massey and Denton, 1993: 167-169). This affects especially the educational attainment and the aspirations of the children who are growing up in these neighbourhoods and by that their future chances in the labour market (Wilson, 1987: 57). These arguments are proposed especially by researchers of American black ghetto (Wilson, 1987; Massey and Denton, 1993), but they are echoed also in Europe, in particular in France (Wacquant, 1993) – see for example films like ‘Ma-6-t-va-crack-er’ (My estate is going to blow) or ‘La Haine’ (Anger).

Second ill, reinforced by distorted population structure in the living area, is said to be a lack of social contacts with relevant individuals and institutions. Van Kempen (1994: 1008) emphasises missing information about job opportunities due to lack of contacts. Cars (et al.
2000: 280-281) instead underline informal political power, what they define as networks that would allow people to exercise their power in influencing local conditions.

Third ill is lack of or inferior quality of public services. As Van Kempen (1994: 1008) writes, “the provision of public goods and services should basically be neutral with respect to the social character of an area. There is ample ground, however, to assume that the quality of public services and goods is susceptible to the social environment they have to serve. Schools are an obvious example.” Regarding children, those who live in poverty concentration area have less chance of receiving a good education. Furthermore, due to the lack of informal political power these areas are even more vulnerable to cutbacks in governmental services and public investments.

Fourth ill are labelling and stigmatisation of segregated area. In an individual level that may mean difficulties in getting a job because one lives in what is considering as a notorious area. In institutional level areas considered “hopeless” are in a risk of getting less attention or becoming discriminated in the resource allocation (Kempen, 1994: 1010). At worst, there is a risk of negative images turning into “self-fulfilling prophesies”.

Fifth, Massey and Denton (1993) claim that segregated areas have a higher risk to fall into self-perpetuating processes of decay after a certain threshold of neighbourhood stability has been crossed. “Above these thresholds, each actor who makes a decision that undermines neighbourhood well-being makes it increasingly likely that other actors will do the same. Each property owner who decides not to invest in upkeep and maintenance, for example, lowers the incentive for others to maintain their properties. Likewise, each new crime promotes psychological and physical withdrawal from public life, which reduces vigilance within the neighbourhood and undermines the capacity for collective organisation, making additional criminal activity more likely.” (Ibid. 12-13.)

The question of “neighbourhood effect”, i.e. whether a neighbourhood has an autonomous role in affecting the life chances of a person inhabiting in it has been recently much debated (see Ellen and Turner, 1997 for an overview). The studies have tried to divide more clearly between individual (including family background), neighbourhood (social outside home) and institutional (e.g. schooling) effects on poverty. A preliminary conclusion of the on-going debate is confirmative on importance of neighbourhood effects, although individual and institutional effects seem to be more important. The studies do confirm the disadvantage of spatial concentration of poverty. (E.g. Friedrichs 1998; Atkinson and Kintrea 2001; Buck
2001.) Put it simply, for policy-making this means that it makes sense to avoid at least emerging of highly segregated areas.

**Combating (spatiality of) social exclusion**

Concluding a comparative study on social exclusion in Western European cities, Cars (et al. 2000: 285-286) recommend two perspectives to be taken into account when shaping policies to combat social exclusion. First recommendation is to anchor policy responses in locally articulated needs. This means an increased emphasis in people’s participation in the information collecting, planning, implementing and managing of the policies, to ensure optimal resource allocation and local support for the policies. Second recommendation is that in order to shape successful neighbourhood regeneration policies people-based and place-based strategies need to be linked. People based strategies are for example those dealing with income or education of the residents. Place based strategies are for example rehabilitation of housing and upgrading of amenities. “Neither of these strategies is successful on its own. People-based strategies do not address those aspects of neighbourhoods which make them unsafe or unattractive, so that improving the situation of individuals is hampered by the state of their social and physical environment. At the same time, physical improvements to housing and living environments do not, in themselves, address the wider social problems experienced by residents.” (Ibid. 285.) The approaches should be developed to focus on people in their living places. “Effective and substantial improvements to combat social exclusion in disadvantaged neighbourhoods require combining people-based and place-based strategies, in a carefully chosen mix of measures which meet the needs of individuals and groups as well as the needs of the neighbourhood” (Cars et al., 2000: 285-286).
Table 4. Dwelling stock according to tenure: rent (R), owner occupied (OO), other$^0$ (O). (% of total stock)

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0 Other includes B: (rent) free dwellings; DK, E: vacant or unknown dwellings; DK: co-operative dwellings; E, I: free right of user; F: tenancy of a furnished unit, sub tenancy and free housing; SF: empty dwellings; S: housing co-operatives based on tenant-owning

1 B, GR, IRL: occupied dwellings; A: annual average; principal dwellings


3 Rental dwellings includes co-operative dwellings (6% of the dwelling stock in 2001)

4 Excluding Ex-DDR

5 Based on the census of 1991

6 Refers to stock statistics given in table 3.1
Table 5. Social rental dwellings as % of total dwelling stock (TS) and as % of total rental dwelling stock (RS)

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0  See list of definitions ‘social housing association/organisation’ and ‘social versus private rental dwelling’
2  D: excluding Ex-DDR
3  GR: no public ownership. Organisation for Housing Assistance to Working People has the right to operate as social landlord, however; S: semi-public, non-profit dwellings; SF: government-subsidized rental housing of municipalities and non-profit housing societies; UK: including dwellings owned by housing associations
4  1991: including communities and non-profit housing societies

Source: Housing Statistics in European Union 2002
ANNEX 2

Services provided to the homeless and to those at risk of becoming homeless

For integrating the persons left without housing into the society, incl. the housing market, more is needed than just providing the possibility of temporary shelter (night shelter). Providing the shelter/housing service must be supplemented with a package of various services the members of the risk group need. In working with the homeless the direction must be from simpler solutions to more complex ones:

1) obtaining or reinstating documents; 2) reinstating social rights (official registration of old age and disability pension, applying for social benefits or other such); 3) re-establishing relationships with family, relatives, friends; 4) finding solutions to social problems (alcoholism, drug addiction); 5) reinstating subsistence skills or improving competitiveness (subsistence courses, professional training or further training); 6) job search; 7) finding permanent housing.

Offering single services (leaving some of the services for the market to offer) does not give results as good as offering the entire package of basic services by structures operating on a non-profit principle (public sector together with non-profit organisations).

The most complicated parts of rehabilitation work are the alleviation of the persons’ social problems and finding jobs. For these to work the person’s relationship with the family or close ones must be reinstated and a support network created.

Upon moving from ‘lower level’ institutions (shelter/homeless shelter) towards higher-level institutions (rehabilitation centres, care homes, subsidised housing), the number and complexity of the services offered is increased.

It is recommended that the night shelters and shelters provide the following services:

- if necessary, offering round the clock shelter;
- guaranteeing washing facilities for the homeless;
- offering cloths’ washing facilities;
- catering;
- guaranteeing cooking facilities for the clients;
- providing clothing;
- guaranteeing the availability basic medical and medicine;
- providing facilities for storing personal belongings;
- social counselling (obtaining and reinstating documents, it would be important here for the state to support obtaining documents by paying the state duty (incl. fines)).

It is recommended that the service package provided by rehabilitation institutions includes (in addition to the services listed above):
- enabling medical examinations and long-term medical assistance (the state’s support for health studies needed (especially concerning tuberculosis), as the homeless are usually uninsured);
- work related rehabilitation (cooperation with the institutions of the Labour Market Board, further training and work related cooperation with training institutions, possibilities of subsidised employment, creation of a system of support persons and groups);
- psychological counselling;
- family counselling, family therapy, professional assistance in developing parenting skills;
- alcohol, drug addiction detox treatment;
- possibilities to deal with hobbies, sports facilities;
- finding housing (incl. subsidised social housing) for the homeless;
- sending the elderly to care homes;
- notifying the local governments of those needing help in finding housing.

The activities of rehabilitation institutions and support persons should first of all be aimed at developing social contact between the ‘problematic persons’ and the rest of the society. Cooperation is needed between various institutions (health care institutions, Labour Market Board, educational institutions, local governments, and the non-profit sector). In addition the public opinion and the general attitude towards the homeless needs to be changed. Rehabilitation services should be also accessible to and aimed at the group of people at risk of becoming homeless (to prevent homelessness).
There is also a need for alcoholism prevention programmes. One of the most dominant (primary or secondary) causes of homelessness is alcoholism. The problem cannot be alleviated without a clear national attitude (strategy, programme, policy or other such) of reducing alcoholism.

The homeless and the persons at risk of becoming homeless must be included in the category that is offered, if necessary, the socially supported housing or care home service. The supporting services include social counselling, psychological and/or family counselling, teaching parenting skills, teaching self-supportive living skills. The support should be aimed at both individuals and groups of people.

Based on the situation and needs of the clients the following individual strategies should be applied:

1) Clients, who are sent to rehabilitation institutions, where they will receive active counselling and help in getting rid of addiction problems in order to integrate into the labour market and the society. Active social, psychological, work and professional skills related counselling (the estimates show that 50% of the homeless are themselves interested in returning to the labour market);

2) Clients, whose recovery potential is close to minimal (e.g. incurable alcoholics), are sent to care homes, where they can stay on a long-term basis if they need to (persons with far-developed addiction problems, long-time and almost hopeless unemployed persons, etc.), where they are allowed to continue their lifestyle in ‘normal living conditions’ under supervision and basic care (following certain rules);

3) Clients, who are able to manage independently and without active treatment, are allocated to the social housing (if needed, to socially supported social housing). Parallel work is needed in order to help these clients to integrate into the labour market (work done either directly or through the so-called activation centres).

(see also Avahoolduse Arenduskeskus (Open Care Development Centre) 2003).

Non-profit organisations should be the foremost to participate in offering the services. The possibilities include public sector and non-profit sector partnership programmes, where the non-profit organisations deal, for instance, with the management of dwellings
and with offering the necessary services. Important aspects in developing the service package and in taking it to those in need of assistance are the existence of training programmes and the distribution of information. This could be organised by the local governments or non-governmental organisations.
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