



Ending homelessness in Central and Eastern Europe: making the shift to a housing- led system in **Croatia**

Introduction

World Habitat believes that housing is a fundamental human right and that housing-led approaches offer a lasting solution to homelessness. Housing-led approaches focus on getting people experiencing, or at risk of homelessness, into a secure home as soon as possible and minimising the amount of time spent in temporary or emergency accommodation.

This policy briefing is part of a research project completed by the Metropolitan Research Institute and the Budapest Institute for Policy Analysis. The main report considers the barriers, challenges and opportunities for countries in Central and Eastern Europe to move to a housing-led approach as a means of ending homelessness. This work has been commissioned by World Habitat.

Summary

Official figures of people experiencing homelessness in Croatia are likely to vastly understate the actual situation and scale of homelessness across the country. The homelessness sector is overwhelmingly dominated by emergency and temporary responses rather than services aimed at preventing or ending homelessness. Housing-led initiatives are very rare, and the first pilots are just now starting. Both universal, upstream and crisis prevention services are limited and ineffective.

Despite the clear challenges that exist, there is interest in Croatia in moving towards a housing-led approach. There is already valuable learning to be gained from Non-Governmental

Organisation (NGO) pilots and progressive local government commitments – but these are very small scale. In order for this to transfer to wider policy change, some substantial steps need to be taken. These include the prioritisation (and accessing) of EU funding for housing-led work, increased investment in social housing programmes, more widespread training for staff working in this area and the extension of vital welfare benefit schemes. These changes would support a shift away from the traditional staircase model of managing homelessness to a system focused on the provision of secure housing as a means to end homelessness.

Levels of homelessness

Whereas approximately 380 people accessed 14 registered shelter services at the time of the last count in 2018, estimates suggest that approximately 1,000 people have experienced street homelessness. Bezovan (2019) claims that if all ETHOS (European Typology of Homelessness and Housing Exclusion) light categories were covered¹ in the total figure, the number of people affected by homelessness and housing exclusion would be approximately 10,000.² Official figures thus refer to only the tip of the iceberg. The problem is reported to be most severe in coastal and tourist-centric regions where private rental homes are mainly used as high-cost short-term rentals.



Gaps in the homelessness sector

The homelessness sector is overwhelmingly dominated by emergency and temporary services rather than those aimed at preventing or ending homelessness. Responses to homelessness are provided within an institutional context with a strong staircase-approach and low-intensity support services that offer non-housing-based emergency support make up the bulk of available services.

The definition of homelessness was revised in 2022, and there is now equal access to (low-level) benefits for people experiencing homelessness in and outside of emergency shelters.

1. The legal definition was changed in 2022 and now also includes some of the houseless as well.
2. Bežovan, G (2019). *ESPN Thematic Report on National strategies to fight homelessness and housing exclusion – Croatia*. European Social Policy Network (ESPN), Brussels: European Commission.

Services for people experiencing homelessness are overwhelmingly offered in urban centres (cities above a specific size are legally obligated to maintain overnight shelters and soup kitchens) and are, to a large part, implemented by NGOs and charitable organisations. Although public authorities are the main responsible stakeholders that serve the needs of people experiencing homelessness, they often contract non-profit organisations to implement services and this is done annually through 'project-based funding', which actually means a funding stream provided by the central budget. The situation is regulated by the central government, which provides limited funding and there are no sanctions if the legal duty to provide such services remains unfulfilled or is at an insufficient level.

EU funds have not yet played a key role in Croatia in terms of improving facilities, but they are key to funding the project plans of providers. In large urban centres, non-residential support services address the basic physical needs of clients and offer services such as meals and clothing and space for maintaining personal hygiene and health with limited opening hours.

Housing First and housing-led initiatives have been discussed, but the first pilot projects are only now being planned. Such approaches are attracting more interest among providers, mainly in terms of a potential new direction for their strategic focus. Actual activities are limited to the so-called (maximum one-year, project-based) 'housing communities program' for clients with experience of homelessness and some deinstitutionalisation efforts in the disability sector. Some providers have been included in international networks to promote a shift to housing-led approaches. In Pula, based on a local initiative and in cooperation with the city hall, the first Housing First project is planned to be launched in 2023. These programmes are all bottom-up initiatives.

Both universal, upstream and crisis prevention services are limited and ineffective. Beyond the weaknesses of universal prevention systems that address the affordability issues of the population in general, upstream prevention systems that should be addressing the needs of groups with an 'elevated risk of homelessness' and crisis interventions – like the prevention of evictions – are also largely ineffective and there are no programmes for rapid rehousing or tackling evictions, either.³ Ongoing discussions about a housing benefit scheme are likely to result in a targeted scheme mainly aimed at the private rented sector for more affluent groups.

Housing system gaps

Similarly to other post-socialist countries, Croatia implemented a housing privatisation programme that resulted in a small public housing sector accommodating households living in deep poverty. After the regime change, with the dismantling of Yugoslavia, housing ownership fell to workers' councils, which then privatised housing to sitting tenants. Outright ownership and ownership with mortgage accounts for an overwhelming majority of tenure in the housing system. In the very small subsidised rental sector, revenue from rent typically does not cover costs, thus municipalities have to cover the shortfall from their own revenue. The private rental sector functions partly as a grey market and predominantly serves the needs of tourists.

3. Šikić-Mičanović, L., Sakić, S., Stelko, S. (2020). 'The Quality of Homelessness Services: An Overview of the Current Situation and Challenges in Croatia'. In: *Revija za socijalnu politiku*, Vol. 27 No. 3, 2020., 233-248. and Bezovan (2019).



Families with low incomes are also exposed to a high level of risk in the private rental sector. A significant proportion of low-income (urban) families cannot access the small social rented sector and must find solutions in the private rented sector or settlements further from urban centres. Much of the private rental market is informal and under-regulation has created severe risks in the system, both for owners and tenants.⁴

Housing affordability problems are fuelled by increasing house prices and growing market rents and utility costs. House prices and market rents are very high relative to income, especially in regional capital cities, often exceeding or approaching those of other growing European cities. Nationally, housing prices increased by 61% between 2015 and 2022.⁵

The average household spends more than 45% of its income on private market rent in Zagreb, where housing prices increased by 7% in just over a year between 2020 and 2021, at a much higher pace than inflation.⁶ Delays with utility payments or mortgage repayments affect 13.3% of the population.

Policy responses have not been able to compensate for the shortage of affordable housing that exists due to the mass privatisation of the 1990s and the ownership-focused shift of the 2000s. Some small-scale municipal housing programmes promote investment in social/public housing, and there are various housing finance products for select social groups, mainly more affluent ones. Access to housing in tourist areas and urban centres for less affluent groups remains a great challenge, and staying with parents for prolonged periods is common. A large share of youth labour market mobility to other EU countries is reported to be linked to this housing affordability challenge.

4. Hegedüs, J., Lux, M. and Teller, N. (eds.) (2013). *Social Housing in Transition Countries*. New York: Routledge.

5. https://ec.europa.eu/eurostat/databrowser/view/PRC_HPI_A/default/table?lang=en

6. Deloitte 2021: *Property Index Overview of European Residential Markets 10th edition*, July 2021. Available at: <https://www2.deloitte.com/content/dam/Deloitte/at/Documents/real-estate/at-property-index-2021.pdf>

Conditions for upscaling housing-led approaches in Croatia

The general lack of affordable housing, low level of service delivery due to limited capacity, and unstable funding for long-term interventions, all present barriers for housing-led approaches to tackling homelessness in Croatia. Existing responses to homelessness and rough sleeping consist of basic humanitarian aid – that is, emergency shelters, access to free meals, personal hygiene services, and counselling at some hotspots. Activities focusing on the prevention of homelessness and projects that enable access to affordable social housing are marginal. Multiple vulnerabilities and transgenerational insecure housing histories remain unaddressed, too. On the other hand, some small-scale community housing initiatives in urban hubs have demonstrated an interest in housing-led approaches and whether project-based funding can accommodate such programmes.

Some core conditions and components could be improved easily – for example, extending project-based funding to housing-led initiatives in a targeted manner, training staff, piloting organisational arrangements that clearly distinguish between housing management and social support services, and systemic advocacy and networking. In the case of small-scale housing projects, time-limited funding has been available. Extending the minimum funding period for such projects could enhance further initiatives. Staff need extensive training to drive changes in methods that involve other ways of supporting families, balancing care and control, and rapidly establishing support networks with other professionals and health services, etc. To address support needs effectively, a clear distinction between social support and housing management should be made through the new organisational arrangements of housing-led programmes. Given the novelty of the approach in Croatia, lessons from the few pilot projects need to be strategically formulated and turned into systemic advocacy messages based on strong networks and stakeholder cooperation among and beyond that which targets homelessness provision.

Key structural challenges need to be addressed to ensure the sustainability of housing-led initiatives – for example, tackling the shortage and quality of affordable homes, addressing tenure insecurity, and increasing access to integrated support services and prevention. Given that municipalities partly provide the housing stock needed to meet a housing-led solutions, it is crucially important to invest further in affordable public housing. If necessary, a (further) extension to the recently updated guaranteed minimum benefit (ZMN) scheme should be implemented to address the issue of housing affordability for low-income groups and people with a history of homelessness. Given the complexity of the needs of people with multiple vulnerabilities (including dual diagnosis), more systemic pathways of care and follow-up need to be created.

Recommendations

The order of the recommendations reflects the suggested priorities, with the most important/feasible ones listed first.

Recommendations for (NGOs, church- or municipality-affiliated) practitioners

- Improve own service provision to move to a housing-led approach by:
 - » Exploring move-on options to support people into permanent housing (if currently in shelter or emergency service provision)
 - » Delivering training for existing and new staff (to include training on harm reduction approaches, Housing First and trauma informed practice)
 - » Creating external partnerships and training staff to effectively support clients with integrated services (e.g. relationships with specialist physical and mental health providers)
 - » Trialling different tenancy and accommodation types to increase housing supply, flexibility and choice
 - » Where applicable, delivering services that separate housing management and social support
- Participate in the design of national and regional strategies and European structural and investment funds (ESIF+) programming, implementation and monitoring
- Raise awareness of the extent and routes into homelessness (and the relevant evidence to back this up) and focus on the dissemination of good practice alongside networks of operational, academic and press partners
- Foster country-wide cooperation and participate in international networks to advocate for change and tap into available international learning and best practice
- Advocate for housing-led nationwide policy improvements and widespread homelessness prevention policies and a phasing out of homelessness policies that prioritise emergency responses as a way of managing homelessness.

Recommendations for local government and city management (municipal)

- Allocate a greater proportion of resources to and prioritise the development and expansion of the municipal housing sector by:
 - » Supporting and incentivising construction of new social housing
 - » Directly or indirectly carrying out renovation work to empty or substandard buildings
 - » Consider leveraging privately owned housing that is available for rent through a social rented agency model
- Set annual targets for reducing the numbers of people experiencing homelessness by housing them in affordable housing
- Seek local service delivery partners that prioritise housing-led approaches
- Actively participate in the design of national and regional strategies and the programming, implementation and monitoring of dedicated EU funds.

Recommendations for policymakers (national/regional)

- Actively support and consider piloting ways of developing/expanding the municipal housing sector
- Collect and publish timely data on homelessness and housing poverty nationwide based on EU-standard methodology
- Improve the regulation of the private rental sector to incentivise affordable rental arrangements, e.g. offering tax allowance schemes for landlords
- Consider the further expansion of the recent nationwide guaranteed minimum benefit (ZMN) scheme to better reach those in housing poverty
- Reverse changes to the guaranteed minimum benefit (ZMN) scheme that mean that those in shelters are only entitled to 50% of the ZMN
- Make practitioner participation a cornerstone of devising and implementing national and regional housing and anti-homelessness strategies and action plans
- Introduce and strengthen homelessness prevention mechanisms including for those released from institutions
- Minimise the use of project-based, intermittent financing of homelessness programmes
- Prioritise and implement sustainable, long-run arrangements for housing-led anti-homelessness programmes.

Recommendations for funders and donors (including the EU)

- Fund further housing-led local pilot efforts by NGO practitioners – for example, through capital investment, staff training, covering core costs, supporting feasibility studies, research, and scoping work (depending on the needs and capacities of NGOs and local contexts)
- Provide support and funding for long-term advocacy and back programmes that focus on effective network and partnership work
- Directly support and fund international and national networks aimed at promoting housing-led approaches
- Insist on (and fund) the proper evaluation and dissemination of supported activities that pilot housing-led and Housing First interventions.

Published 2023 by World Habitat. © World Habitat 2023, all rights reserved.

World Habitat

Office 1, Gresham Works, 38 Market Street, Leicester, LE1 6DP, United Kingdom
+44 (0)116 482 9446 info@world-habitat.org www.world-habitat.org