

Housing Exclusion and Homelessness in Times of Economic Crisis in Romania

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Homelessness in Times of Crisis

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HOMELESSNESS IN ROMANIA

■ Official recognition:

the homeless people represent a social category formed by individuals or families who, because of single or combined social, medical, economic, judicial reasons or due to extreme situations, live on the streets, live temporarily at friends or acquaintances, are unable to maintain rented housing or they are at risk of eviction, they live in institutions or prisons from where they are to be discharged in the following two months and they do not have a home or a residence (Law 292, 2011).

■ Main causes of homelessness:

Structural factors

- high level of poverty.
- lack of affordable and social housing.
- evictions due to unpaid housing expenses.
- evictions because of the restitution of the former nationalized housing.
- long term unemployment.
- increased informal economy.

Individual factors

- substance addictions (alcohol, drugs).
- mental illness or physical disability.
- familial conflicts.
- domestic violence.
- exit of the institutional system of special protection.
- release from prison.



*Inadequate housing
Bucharest, September, 2011*

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HOUSING AND POVERTY IN ROMANIA

Post socialist economic evolution:

- sudden economic decline during 1989-1990.
- slight economic decrease in the first half of the 1990s.
- short economic increase between 1996-1997.
- stagnation and a new economic increase starting the 2000s.
- economic decline starting 2009, after the global economic crisis of 2008.
- stagnation at the limit of the economic recession until 2012.
- presently, slight economic increase.



Bucharest, September 2012

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HOUSING AND POVERTY IN ROMANIA

- *the socialist period* -

- *Equalization of the living standard* of the population – a minimum income ensured.
- The ensured general living standard equaled with the low level of poverty.
- Minimum extension of *severe poverty* – the 1970s represented a period of optimal functioning of the socialist economy.
- Socialist government decline after the 1980s – *chronic poverty* in relation with the national economy and the vulnerable population groups.
- Housing, work, health care and education ensured only by *the state*.
- Large industrial state companies took control over the provision of food and leisure activities of the population.
- *Social stratification*:
 - *the working class*.
 - *the politically privileged class*.
- Different forms of *urban marginality* – homelessness, drug use, criminality, delinquency – were hidden from the rest of the population.



*Derelict housing
Bucharest, October 2012*

HOUSING AND POVERTY IN ROMANIA

- *the socialist period* -

- **Generalized territorial poverty:**
 - low state economic performance.
 - austerity policies to cover the national debt.
 - common low living conditions.
 - egalitarian income distribution.
- **Planned residential decentralization:**
 - housing for the new urban population – industrialization process.
 - new residential developments – special neighborhoods for the working class around the industrial areas.
 - a new type of urban housing – large block ensembles: socio-spatial stratification; high population density.



Brownfield industrial space, October 2012

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- *the socialist period* -

- **Industrialization and urbanization** – new type of urban housing:
 - physical decline of the old urban neighborhoods.
 - stop of the rehabilitation projects in the old neighborhoods with individual housing or interwar collective ensembles.
 - new urban spaces – heterogeneity, geographical inequalities and high ethnic and social segregation.
- **Housing for all / Lack of housing**

Social problems

State policies:

- the demographic policy augmented the population of children from the social protection system.
- the economic policy – the rural migrant population for working in industry in the urban area – factories provided inadequate accommodation for the (poor, low paid) workers.
- the residential policy – demolition of houses: families without dwellings; public care system for the elderly, the physically or mentally disabled.

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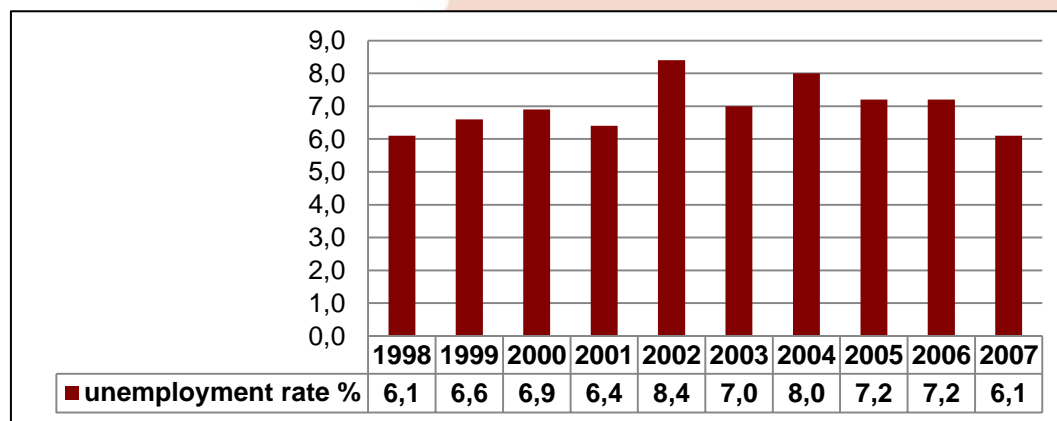
Warsaw, Friday 19th September 2014



HOUSING AND POVERTY IN ROMANIA

- *the transition period* -

- **Transformation** of all sectors of public government and territorial management
 - *political changes*: governance democratization.
 - *economic changes*: market liberalization, privatization of economic activities, property privatization.
 - *social changes*: abandon of income equalization.
- **Poor reforms and conflicting regulations**
 - urban restructuring: urban sprawl – massive and inadequate privatization of economic activities and real estate.
 - undirected private territorial investments.
 - speculative economic activities – legal or semi-legal.
- **Transformation crisis**
 - high GDP decrease: 30-50% decline.
 - increase of the unemployment rate – deindustrialization and tertiarization processes.
 - inflation rate increase – 12% in 2004.



Dynamics of the unemployment rate in Romania during the transition period
Source: INS (2013)

HOUSING AND POVERTY IN ROMANIA

- the transition period -

■ **Economic instability and inadequate social insurance system:**

- generalized poverty.
- significant informal economy.
- substantial workforce international migration – 3.5 mil. Romanian citizens work abroad.
- unsustainable entrepreneurial activities.
- fragmented, subsistence agriculture.
- increase of the socially assisted population.

■ **Population at risk of homelessness:**

- the young (20.2% unemployment rate in 2005).
- the unqualified workforce.
- the elderly – state retirement pensions.
- monoparental families.
- multiple children families.
- low educated population.
- ethnic minorities.
- Roma population – 74% poverty rate in 2003; 13% employment rate.



Bucharest, October 2012

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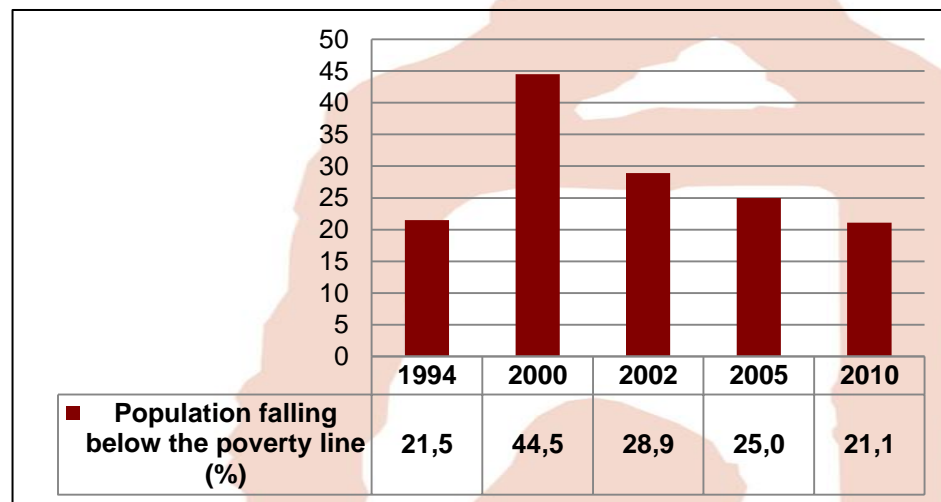
- *the transition period* -

■ **Economic increase after the 2000s:**

- 57.5% increase of the GDP per capita during 2001-2007.
- 2002-2007: 9% annual increase of the households incomes.
- constant decrease of the percentage of the population falling below the poverty line.
- 4.6% absolute poverty rate in 2008.

■ **Housing trends:**

- reduction of the urban population:
the international migration of the workforce population and the intern urban-rural migration.
- high request of urban dwellings – socialist housing deficit and overcrowding.
- increase of the residential real estate market – new housing projects: both individuals and large investors – dwellings for the middle and high class.
- the property level of personal dwellings increased from 66.8% in 1989 to 97.5% in 2003.
- 1990-2008: 400% average increase of the urban dwellings price.



Dynamics of the percentage of the population falling below the poverty line in Romania. Source: CIA (2013)

HOUSING AND POVERTY IN ROMANIA

- *the transition period* -

■ Residential spatial stratification:

- the high class population: luxury apartments in the urban central area (new or old buildings) and suburban gated communities.
- the middle class population: new individual housing in the suburbs.
- the lower class population: the peripheral socialist neighborhoods of large blocks ensembles and individual housing in the rural parts of the periurban area.

Residential policy	Housing supplier	Residential urban communities	Housing request	Poor urban neighborhoods
<i>Interwar</i>	Individuals	Historical neighborhoods	Poor urban population	Derelict historical neighbourhoods
			Middle class	
			High class	
<i>Socialist</i>	State	Working class neighborhoods	Poor urban population	Derelict working class neighbourhoods / Enclaves of rural and ethnic migration
			Migrant population	
			Middle class	
<i>Transition</i>	State	New state neighborhoods	Young adults	-
		Social housing	Poor urban population	
<i>Private</i>	Individuals / Developers	Individual dwellings	Middle class / High class	-
		New residential ensembles		
		Gated communities		

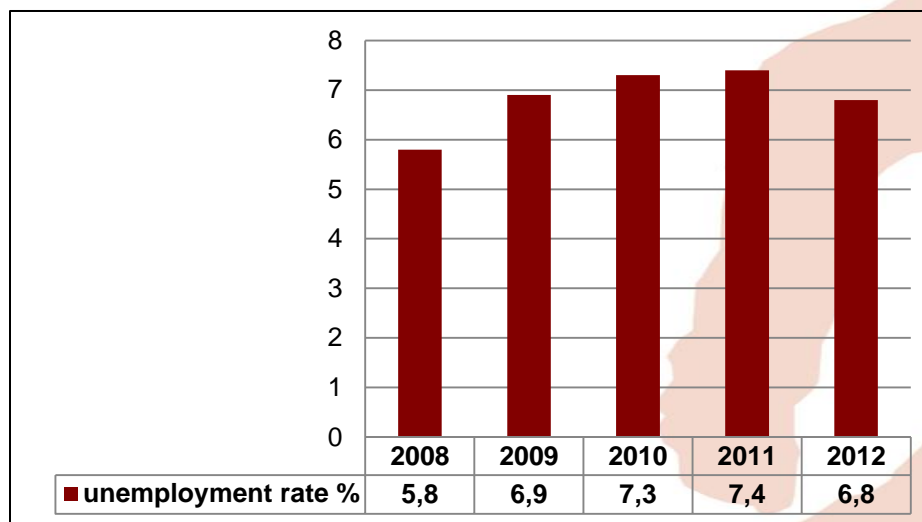
Spatial concentration of urban poverty in Bucharest
Source: after Yuting and Fulong (2006)

HOUSING AND POVERTY IN ROMANIA

- *the period of economic crisis* -

■ **Direct effects of the economic and financial crisis:**

- foreign direct investments have halved since 2009.
- 7% economic deficit.
- 6.2% absolute poverty rate.
- 7.4% unemployment rate in 2011.



Dynamics of the unemployment rate in Romania
Source: INS (2013)

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- *the period of economic crisis* -

■ Extension of the social polarization:

- high inequality of the income distribution.
- increase of the relative poverty from 17.1% in 2000 to 18.5% in 2007.
- GDP per capita in 2008 was with 55% less than the average GDP per capita in the European Union.
- income decrease and reduced purchasing power parity – with 9% less from 2010 until 2011.

■ Recession governance:

- public sector reform – reduction of the public expenses through blocking the public positions and a 25% decrease of the public wages.
- social system reform – interruption and decrease of the social benefits amount.
- fiscal system reform – increase of some taxes both for individuals and businesses; setting new taxes.

UNEMPLOYMENT RATE %	2008	2009	2010	2011
Urban area	6.8	8.1	9.1	8.8
Rural area	4.6	5.4	5.0	5.5
Male population	6.7	7.7	7.9	7.9
Female population	4.7	5.8	6.5	6.8
Young population	18.6	20.8	22.1	23.7

Dynamics of the unemployment rate in Romania
Source: INS (2013)

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- *the period of economic crisis* -

■ Urban housing and homelessness

- intensified poverty and deprivation: increased costs of services and urban housing.
- increased long-term unemployment rate: general decrease of the population incomes.
- enlarged social and spatial decline: physical degradation of the built space; spread of homelessness; spread of illegal dwellings.

■ Homeless people profile

- predominant prevalence in urban areas.
- predominant proportions of men.
- significant weights of young people at risk.

Long term unemployment rate % (12 months and over)	2008	2009	2010	2011
	2.4	2.1	2.5	3.1
Urban area	2.9	2.6	3.2	3.9
Rural area	1.7	1.5	1.7	2.1
Male population	2.9	2.4	2.9	3.4
Female population	1.8	1.7	2.1	2.8

Dynamics of the long term unemployment rate in Romania

Source: INS (2013)

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- *between “right” and reality* -

■ Housing exclusion

1. Sociodemographic factors

- increased rate of appearance of new (small) households – the housing demand exceeds the supply; households' decreased capacity to buy or to maintain a dwelling.

2. Socioeconomic factors

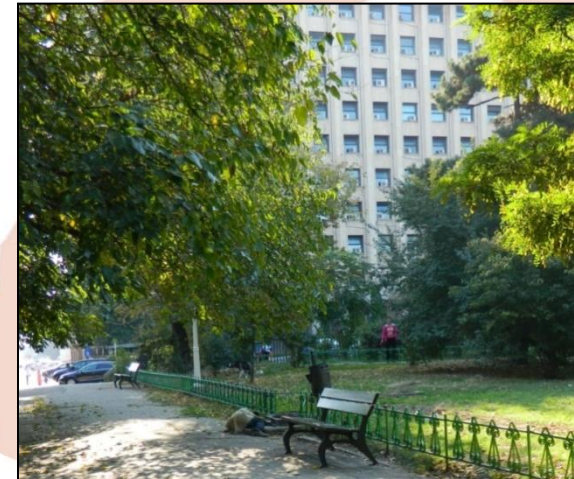
- increased unemployment rate; increased number of the socially assisted people; increased poverty rate; increased dwellings and renting prices.

3. Institutional factors

- incapacity of the social insurance system to provide efficient social housing and services; decline of the public housing construction actions; limited stock of social housing.

4. Individual and behavioral factors

- domestic violence; lack or interruption of social relations; chronic disease; alcohol or drug addiction.



Central railway station Park
Bucharest, October 2012

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- *between “right” and reality* -

■ The housing stock

- housing deficit compared with the population needs.
- 5% of the total population (1 141 000 inhabitants) needed a dwelling in 1986.
- demand for a 14% increase of the housing stock.
- 1971-1982: 160 000 dwellings/year.
- 1980-1989: 128 000 dwellings/year.
- 90% of the socialist dwellings were built in the urban areas, with public funding.
- after 2000 – private developers and individual projects with own funding.
- during 1990-2007, only 26% of the new housing was built with public funding: 22 381 dwellings during 2001-2007.
- in 2007, only 10% of the housing stock was formed of new dwellings (built after 1990).
- 75% of the housing stock is formed of socialist dwellings (built during 1945-1989).
- 15% of the housing stock is formed of dwellings built before 1945.

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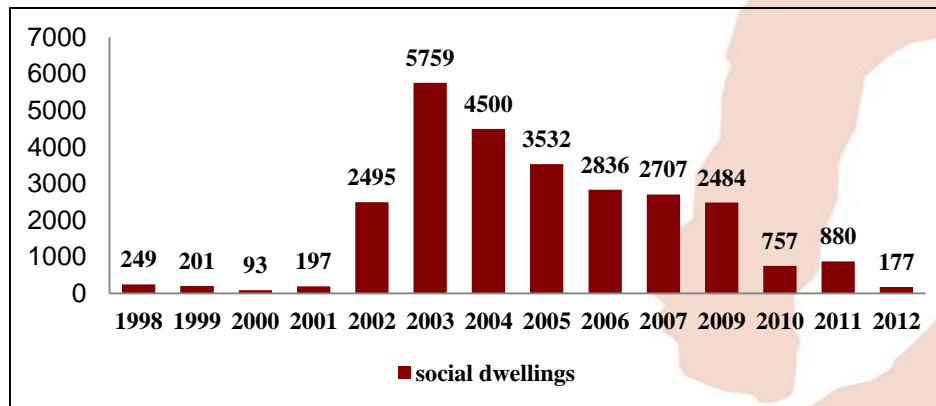


HOUSING AND HOMELESSNESS IN ROMANIA

- *between “right” and reality* -

■ Social housing

- privatization of the public socialist housing stock: only 2% of the housing stock in 2000 represented social housing – reduction from 37% in 1990.
- 1996: demand for 1 million social dwellings.
- 1998-2012: 26 867 new social dwellings.
- 2009-2012: Ministry of Regional Development and Public Administration – the population renting the former nationalized dwellings; the deprived population; the population evicted from buildings entering a consolidation process (high seismic risk).



Dynamics of public social housing in Romania
Source: MDRT (2013)

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- *between “right” and reality* -

■ Social assistance legislation (Law 292, 2011):

- public or private social services for the homeless people living on the streets or in shelters.
- social services: residential services (permanent, temporary, residential centers, social dwellings, night shelters); non-residential shelters (day centers, homecare centers, social canteens, social ambulances).
- objectives – assistance and support for: ensuring the basic needs; personal care; social recovery and rehabilitation; social insertion or reinsertion.

■ Social dwellings are rented to *“people or families with an economic situation that doesn’t allow them access to have a dwelling in property or to rent a dwelling under the market conditions”* (Law 114, 1996).

- social housing for: the evicted population renting the former nationalized dwellings; the population under 35 years old; the population over 18 years old coming from the public residential institutions; disabled people; veterans and war widows; revolutionaries.
- social dwellings are rented for 5 years; beneficiaries have to pay a rent equivalent with 10% of their household net monthly income.

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HOMELESSNESS DYNAMICS IN ROMANIA

■ Homelessness assessment

- unintegrated governmental or NGO actions until 2011.
- 2004: 11 000 – 14 000 homeless people in Romania – people living on the streets, in public spaces, in canals and night shelters.

Population and housing census

Homeless people typology

- minors living permanently on the street.
- people using the residential services of the public authorities or of the NGOs.
- people living in improper conditions, in abandoned buildings, in tents, on vacant lands.
- homeless people in hospitals.

Results

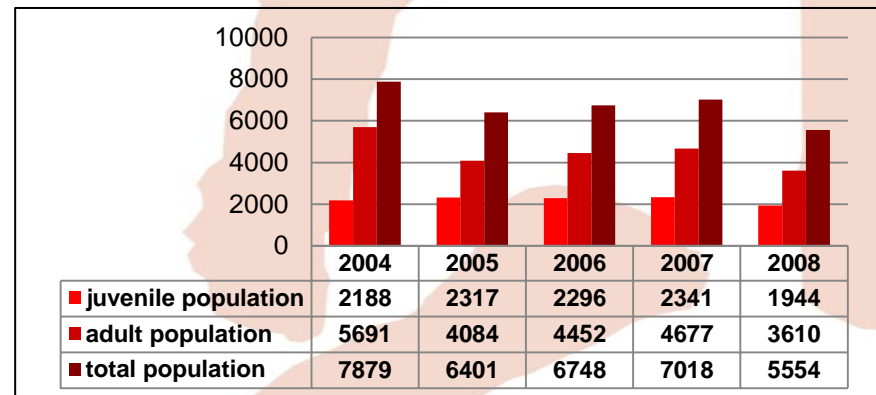
Total population: 18 320 214

Homeless population: 162 375

= 0.88% of the total population

Dynamics of homelessness in Romania

Source: Presidential Commission (2009)



HOUSING EXCLUSION AND HOMELESSNES IN ROMANIA

- Homelessness has an **increased and active dynamics** nowadays, due to the impact of the global economic crisis.
- **Housing and job insecurity**, in correlation to social exclusion, represent the major factors generating homelessness in the European countries.
- Romania exemplifies a complex of structural and individual factors that generate homelessness and it requires a better understanding of necessary actions to achieve **sustainable housing policies**.
- Ending homelessness in Romania asks for **powerful legislative and financial governmental support**, while a sustainable impact on extreme poverty reduction demands for closer work with the policy instruments and strategies conducted in the global social governance.
- **Urban poverty and homelessness** reflect deficiencies in conducting a sustainable relation between population and territory and they represent current global challenges for the sustainable development of the cities.
- **Global social governance** programs should influence the decision makers and local communities to alleviate homelessness both for the good of the directly affected people, but also for all citizens and enhanced quality of urban life in every territorial system.

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Thank you!

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