VADEMECUM

Improving housing conditions for marginalized communities, including Roma

in Bulgaria, Czech Republic, Hungary, Romania and Slovakia

through the absorption of ERDF

Methodological guidance

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Open Society Foundations' Making the Most of EU Funds for Roma (MtM) initiative covers the 5 EU member states of the Decade (Bulgaria, Czech Republic, Hungary, Romania and Slovakia) and is extended to Southeast European countries as well (Macedonia and Serbia first). MtM provides technical and financial assistance to the preparation and management of EU funded projects on the one hand, and contributes to formulation of EU and national policies on using EU funds for Roma inclusion on the other.

http://mtm.osi.hu

The Metropolitan Research Institute was established in Budapest, Hungary in 1989. Since then, MRI has become a recognized institution working in the areas of housing policy and urban development as well as local government finance research. MRI has been involved in numerous Hungarian and international research projects and consultancy assignments dealing with urban housing, housing exclusion and social issues. Moreover, MRI has been involved in consulting the Hungarian governments on developing national level social housing policies, elaborating approaches to Roma housing issues and social rehabilitation methodologies since the mid 2000s.

https://www.mri.hu

The Vademecum is accompanied by a Supplementary Background Document that summarizes the technical details and experiences of Roma related housing programs and of the use of EU funds for marginalized Roma communities in the five MtM countries. It is available both at the MtM and the MRI website.

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List of Abbreviations

BG	Bulgaria
CSWD	Commission Staff Working Document
CZ	Czech Republic
EC	European Commission
EAFRD	European Agricultural Fund for Rural Development
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
HU	Hungary
IUDP	Integrated Urban Development Plan
MA	managing authority
MRC	marginalized Roma community
MtM	OSF's Making the Most of EU Funds for Roma Initiatives
MtM countries	Bulgaria, Czech Republic, Hungary, Romania and Slovakia
OSF	Open Society Foundations
RO	Romania
ROP	Regional Operational Program
SK	Slovakia

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If not indicated otherwise photos included in the report were taken by Nóra Teller in the years 2006-2011.

Executive summary and recommendations

The **increasing gap** between the lowest and the higher layers of European societies will induce a to-date unseen reproduction of poverty, loss of productive labour force and considerably decreased chances of the upcoming generations. Children grow up among inhuman living conditions with parents who since generations have not experienced valued labour and regular income. This generation will only be able to **develop paths out of poverty with societal support** and commitment.

Tatabánya, north-west Hungary. The Roma neighbourhood emerged in the former miners' and factory's quarter after closing down of the industrial sites in the early 1990

The challenges faced are multiple: lack of access to labour, low or unfinished education, bad health conditions and severe living conditions reinforce each other. Policies have to tackle issues of **labour market integration, education, health and housing in a simultaneous manner** in order to achieve results. Income generation is the precondition for covering increased housing costs; but income generation is impossible without educated labour force in good health conditions who can get employment and adjust to changes in the labour market. Healthy children can go to school, and get motivated not to drop out if they see that education leads to better jobs with salaries and prestige. But maintaining housing that serves healthy living conditions is a costly issue.

Thus, achieving results in all of the four domains are equally essential for integration – **one cannot go without the other**. Evidence shows that the synergy of successful interventions in all four fields can result in integration and results can be sustained with profound planning, decent methodology, and political commitment.

Housing exclusion of Roma and other marginalized communities is a result of complex processes. Many Roma settlements were established around the fifties in the course of the post-WWII reconstruction and national level labour market policies that went in hand with inner-migration and re-settling large population groups. More recently, plenty of Roma neighbourhoods are the result of the economic crisis of the post-transition, dating back to the beginning of the nineties, where large production sectors were closed down resulting in mass unemployment that severely hit unskilled labour, many of them Roma.

When losing their jobs, many families moved to cheap and bad housing. **The only affordable housing for the poor was and is in declining regions**, from where better-off and better-educated or skilled families have been moving to places where there was still work. Hence, the housing market-position of these settlements and neighbourhoods is worsening, which

increases the gap and hinders moving to better-served places, get better access to jobs and education. **Spatial concentration of poverty speeds up the downward spiral.**

Lunik IX in Kosice, Slovakia

Moldava Nad Bodvou, Slovakia

Source: http://aktualne.centrum.sk/domov/foto.phtml?id=50951&cid=234187

Severe dilapidation of living conditions occurs for large groups of society. The lack of broad and effective national level inclusion policies acerbates today's challenges. Constraints in public finance, fragmented local governance structures, expensive energy costs challenge comprehensive local service delivery, which many times is the last resort for marginalized groups who lack contacts, social and cultural capital compared to mainstream society. Individual ways of upward mobility are more and more challenged due to the lack of viable and authentic role models, and increasing discrimination.

Segregation is easily reproduced by wrong policy design. Building new housing in segregated neighbourhoods increases the population in the deprived neighbourhood and speeds up decline. Not taking all actions to halt the increase of the segregated neighbourhoods challenges the long-term success and sustainability of all interventions.

A number of successful pilot projects run mainly by NGOs demonstrate that improvement of housing conditions can be sustainable and can effectively contribute to the integration of Roma. Given the short time left from the current programming period (until 2014), ERDF can be best used for the scaling up of such pilot projects.

The Vademecum encourages concrete steps and comprehensive interventions that result in desegregation and integration of marginalized groups, among them Roma communities in five MtM countries.

New resources enhance more effective actions. Making available ERDF funding together with numerous further resources can augment new policy developments.

The Vademecum lists:

(a) the minimum criteria related to local level interventions based on evidence in the field,

(b) the needed background regulation and practical measures by the national states, and

(c) the further steps from the part of the EU in order to facilitate the implementation of the ERDF regulation.

Recommendations for implementation MRCs related programs locally:

1. Projects have to be developed through a **participatory, community based planning** to ensure developing real choices for the community as a whole, and for its individual members.

2. The programs should be based on **integrated urban/ micro regional development plans** covering not only the action areas but the whole city / micro region as well, and consequently the **desegregation related mobilization** should geographically target the integrated residential parts of the whole city and in the case of rural areas the whole micro-region.

3. MRCs related programs should be of **integrated approach** combining housing, environment, social, employment, education, health, security and community development measures in order to tackle the complexity of problems that MRCs face with and to ensure the sustainability of results. **Projects based interventions should be linked to mainstream services** adjusted to the needs of marginalized as well in order to break different forms of exclusion.

4. Legalising existing housing of marginalized communities should be a crucial element of the programs as legal title is a main requirement for households to get access to national and EU funded schemes and a main remedy against forced eviction. It is also an important condition in order to stop the increase of MRCs.

5. Soft measures should be launched well in advance to housing intervention.

6. Programs should use a **combination of housing interventions** in order to tackle the problems of households with different housing difficulties and social and financial abilities.

7. Long term program (at least 10 years) should be planned at local level as the integration of marginalized communities and households are of long term nature.

Recommendations for MRCs related policy making at national level:

1. In the remaining time (2011-2013) of this programming period mainly **pilot projects should be implemented, and models and projects should be prepared for implementation in next period.**

2. In order to efficiently target **marginalized communities,** the concept of marginalized communities should be determined clearly. The **definition of indicators** and their benchmarks should be able to reflect spatially concentrated severe social deprivation (absolute and relative deprivation) and serve transparency.

3. To develop integrated urban / micro-regional development plans that adequately answer to the problem of MRCs, **strict and enforceable methodological guidelines** should be provided from national level.

4. For planning and implementing local programs, expert support should be provided **supporting planning and implementation**. A responsible **intermediary organization** should provide expert support and coordination.

5. Continuous monitoring should be implemented on national level to enforce basic principles of de-segregation, integration and participation. **A basic conditionality towards municipality** should be defined by the national state in order to develop concrete interventions for MRCs.

6. A **harmonization of different kinds of funds** (EU, national, local and other) should be ensured on national level in order to channel **sufficient amount of resources** to MRCs **for a longer period of time**.

Threats to be avoided

1. If **legalization does not take place**, no funds can be drawn upon. Moreover, the level of vulnerability of the population in MRCs remains the same without legal titles.

2. If **segregation is not halted**, and MRCs are only rehabilitated, the size of the segregated neighbourhood will increase rapidly. Poverty and exclusion will be reproduced in an accelerating speed. This will severely challenge future options for interventions and actions.

3. If interventions are **not designed in an integrated way**, the sustainability of the projects and programs cannot be ensured.

Recommendation for the EU-level for the next period:

1. The **EU could request** from all member states eligible for funds to start to set up **mechanisms for legalising illegal settlements and the housing situation for the sake of the members of marginalized communities** prior to any development. Additionally, the EU could contribute to the related expenditures.

2. The EU could define more precisely the **concept of desegregation** by setting up related minimum requirements.

3. The EU could require the development of some **conditionality related regulation** from the Member States making available funds for local governments only if they implement MRCs related projects.

4. The **current mono-funding approach together with low level of cross-financing makes difficult** the marginalized Roma communities related programming at national level because it substantially hinders the possibilities of integrated approach. It should be considered how to establish an effective **tool to combine different kind of funds.** The EU should ensure that **ERDF deals with the integrated programs for marginalized communities and it is available both in urban and rural areas**. In case of such programs, either in the framework of an operational programme or in a special priority (axis) **with higher possible levels of cross-financing, the full range of interventions of integrated approach should be allowed**. This way, the complexity of MRC related programs and the sufficient amount of funds for such programs can be ensured.

1 Provisions by the ERDF Regulation

The amended Art 7. of ERDF regulation opened up broader options for housing interventions in the case of marginalized communities, however more exact definitions are needed in the case of some of the provisions of the regulation.

As programs to date could not provide effective solution for the severe spatially concentrated housing problems, amendment of the ERDF regulation was needed in 2010[1]. The new regulation allows for a **broader range of housing interventions in the case of urban and rural marginalized communities**, by the opportunity not only to renovate but also to replace housing of poor quality. Replacement can include new construction as well.

Moreover the note to the regulation claims that, "(6) In line with Principle No 1 of those Common Basic Principles, in order to limit the risks of segregation, housing interventions for marginalised communities should take place within the framework of an **integrated approach**, which includes, in particular, actions in the fields of education, health, social affairs, employment and security, and **desegregation measures**." (ibid.)

The amended Art 7. of ERDF regulation **defines three main conditions** for using the ERDF funds for broader housing investments**:**

- targeting marginalized communities;
- applying integrated approach;
- aiming desegregation.

The regulation leaves room for further interpretations made by either the EU or the national states, or both. Minimum requirements are set to avoid misuse of the money, but there is enough room for national level adjustments to adapt the regulation to the different national situations. The Guidance Note on the Integrated Housing Intervention provided by the COCOF to give technical support to member states to implement the Regulation sets out that no measures contributing to segregation, isolation and exclusion will be funded, and that only activities that are co-ordinated and coherent across several (at least two) policy fields fulfill the minimum criteria of an integrated approach.

All problem mappings show that the **members of marginalized communities live in the lowest quality privately owned housing**, given also by the fact that these countries have extremely high home-ownership rates. Furthermore, municipalities tend to keep away high-cost high-risk groups (mostly marginalized groups, among them Roma) from municipal housing, as they feel they do not have the financial and human capacity to manage such

[1] Regulation No 437/2010 of the European Parliament and of the Council of 19 May 2010 amending Regulation (EC) No 1080/2006 on the European Regional Development Fund as regards the eligibility of housing interventions in favour of marginalised communities.

housing stock. This is especially true in rural areas, where social housing is extremely low even to the national average.

Those Roma communities who live in privately owned housing also should be eligible for support, which means that interventions related to private housing should be allowed as well.

Interventions resulting in construction or acquiring private property have to be linked to some restrictions on private ownership of the supported households (e.g. restraint on alienation for a certain period of time). Furthermore, **mechanisms for legalising illegal settlements and the housing situation for the sake of the members of marginalized communities should be considered** prior to any development.

Regarding interventions related to replacement, not only renting, but also purchase of housing should be allowed. Such investments should be eligible not only in the original residential area of the marginalized communities but also in other **integrated parts of the settlements / localities.**

Accordingly, the eligible interventions should **allow for the following housing related interventions for the members of marginalized communities**:

Replacement:

- renovation of existing housing including inner parts of the housing;[2]
- demolition of housing of extremely poor quality;
- purchasing existing housing and renovating it;
- new construction of housing;

Ownership:

- facilitating settling the legal titles of the housing and land or the tenant title to publicly owned housing;
- housing units can be or can get transferred into private ownership of the targeted household (especially in rural areas), ownership of public authorities and non-profit operators;

Area-based approach:

- replacement related construction and purchase of units can be/should be outside of the action area if it means moving into an integrated neighbourhood.

[2] This should be accompanied by a thorough selection of housing that should be renovated, because stabilisation of ghettoes should be avoided. Renovation means also establishing access to water, electricity, waste collection, public lighting etc. supply.

2 Actions at national level

2.1 Defining and targeting MRCs

In order to efficiently target marginalized communities, the concept of marginalized communities should be determined clearly via commonly defined indicators in the 5 MtM countries. The indicators should reflect the extreme social hardship related characteristics of the MRCs. Benchmarks should be set nationally.

Marginalized communities can be defined along demographic-social, housing and environmental attributes. The **indicators referring to severe social deprivation** correspond with each other in all MtM countries, and the value of the indicators substantially differ from the local, regional and national average.

Such common social attributes are (1) high ratio of children and large families, (2) low level of education and (3) high level of unemployment. We claim that only the type of indicators should be defined for all the countries, but the **benchmarks should be differentiated country by country**, because the general situation can be very different.

A substantial barrier to a uniform indicator system derives from the fact that the needed data are often not available for smaller territorial units *inside* the settlements. A further limitation is that many marginalized communities are not included in the official data collections because of illegal occupation of land. To tackle these challenges, several countries have developed sufficient methods as shown below.

Indicators to Define Marginalized Communities

In Hungary, a **segregation index** was defined to identify marginalized communities. The indicator uses only **data referring to social attributes** to spot spatial concentration of persons inside the settlement using census data of 2001 with. The data used are share of persons in respective age groups with **(a) low education level and (b) without regular work income**. There is an absolute benchmark for the whole country except for the capital city where it is lower. This segregation indicator can be considered as a good practice as it is measurable in small spatial unit inside the settlements. This indicator is produced at block level, while putting the census data on map. It is simple and reproducible at least every 10 years (at the time of censuses).

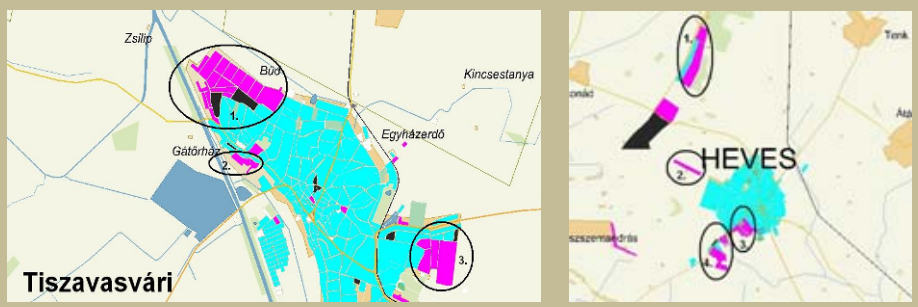


Illustration: Segregated areas in Tiszavasvári and Heves. Purple = segregated neighbourhood

Both the Czech Republic and Slovakia uses a **detailed list of the marginalized communities**. These lists are not fully comprehensive, the majority and the most problematic segregated areas are included. They are produced based on empirical evidence, e.g. research commissioned by the public authorities or research institutions[1] based on a pre-defined methodology. In Slovakia, the results of the mapping are publicly available at http://romovia.vlada.gov.sk/3556/regiony.php. In the Czech Republic, the list is available here: http://www.esfcr.cz/mapa/int_CR.html via an interactive map.

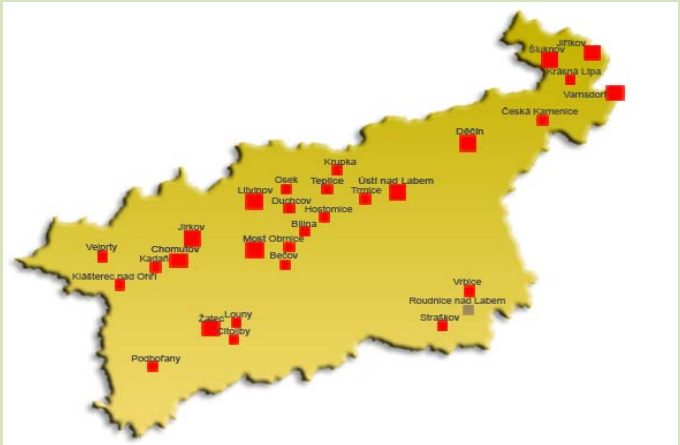


Figure 39 Estimated number of Roma population surveyed socially excluded

Table 14

The total number of surveyed villages in the region	30
The total number of socially excluded Roma localities in the region	63
Approximate estimate of the total Roma population of socially excluded localities surveyed in the region	21000 - 22 000

Illustration: Ustecky region's interactive map

The critical issue is that of **political will to use the available information** about the marginalized communities in order to work for their integration. It seems a reasonable aim to use the already existing lists in a way that only the designated settlements could apply for selected funding schemes. Of course, such **lists have to be regularly updated using the same and transparent method nationwide**, using indicators from a national database (e.g. Census 2011).

It should be clarified that **not only Roma communities are eligible for such housing related interventions, but those communities that are in extreme poverty.** This is in line accordance with Principle no 2: Explicit but not exclusive targeting from the **Common Basic Principles for Roma Inclusion.**[3]

[3] As cited in the Annex of the CSWD. Furthermore, a Vademecum on the Common Basic Principles was produced during 2010 containing an explanatory paragraph of the principle, an interpretation of it and practical implications to each of the principles.

2.2 Strategic approach to integration and desegregation

The new ERDF regulation on housing sets three main criteria for implementing housing interventions: (1) they should clearly target marginalized communities, (2) should be of integrated approach and (3) support desegregation. In order to effectively meet these requirements a long term strategy should be developed for each community taking into account the basic characteristic of the MRCs. The nature of MRCs determine the choice of the interventions, especially in terms of desegregation. Notwithstanding this, there are general basic requirements related to desegregation.

There are some strong similarities of the emergence and the current settings of Roma settlements in the 5 MtM countries, which allows for a **common typology.** The below categorization will not cover all the varieties of MRCs but grasps all super-categories that are evidently divergent in their basic characteristics. Further relevant aspects may include e.g. the history of given MRCs.

The matrix of the strategic approaches is based on two critical dimensions:

(1) the size and

(2) the location of the MRC.

(1) The classification **according to the size** is undertaken according to the number of the households and housing units in the given MRC (**sending community**), and on the size of the **receiving community** (the main settlement). Rural and urban communities differ in this respect. A small sending community has 15-20 households / 100-150 persons, a middle-sized one has 20-100 households / 500-600 persons, and a large one is above 80-100 households[4].

There are examples of settlements that are already in majority populated by marginalized groups or are completely segregated. These settlements are to be considered as mammoth MRCs, despite the condition that there might be public services, and local authorities, independent elected bodies, etc. in place.

(2) The **location of the MRCs** is a critical factor of whether to sustain or eradicate the neighbourhood. If the MRC is in an **isolated**[5] location which has no access to infrastructure and public services such as schools, health care, social service, and the job market, thus,

[4] The classification according to the size of communities can be based on fixed or relative benchmarks. E.g. in the recent Hungarian MRC survey of 2010, the classification was number of housing units in the segregated neighbourhood "(1) below 5, (2) 5-15, (3) 15-25, (4) above 25 / app. X (to be filled in)". This survey did not focus on completely segregated villages. The exact benchmarks can also vary by countries.

[5] A segregated neighbourhood is structurally attached to the main settlement while isolated neighbourhood is structurally separated, physically distant from the main settlement.

there is basically no option to (re-)establish any income-generating potential of the beneficiaries, the neighbourhood **should be eradicated**. The population should be mobilized via a carefully targeted and designed social work, offering a diversity of options, uncovering and handling both short- and long-term risks.

If the segregated MRC is in the **close proximity** of a well served and economically more or less vital urban area, facilitating and strengthening the links to the urban area are essential. Nevertheless, the **growth of the MRC has to be halted** both in terms of housing units and number of households to avoid overcrowding. Long-term plans have to be implemented to work on a stepwise mobilization of the inhabitants of the neighbourhood decreasing the concentration of the marginalized, which should go hand in hand with increasing the level of services in the place. As a result, the gap between the neighbourhood and the surrounding areas will decrease.

If the segregated/isolated MRC is close to a well functioning rural village, mobilization should be an immediate response and **micro-regional solutions should be prioritized** in order to counterbalance the emerging of high concentration of poverty in integrated parts of one rural settlement which again would lead to a downward perpetuation of the given area.

Streets in Mésztelep, Tatabánya, Hungary and Fakulteta Neighbourhood, Sofia, Bulgaria

Both size and location define the actual strategy that can be developed on the ground and thus the scale and nature of desegregation measure is strongly related to the basic strategy. The typology of MRCs below considers the desirable strategic approach taking into account such aspects.

Table 1 Desirable strategic approach according to basic dimensions size and location of segregated MRCs

	SMALL SEGREGATED NEIGHBOURHOOD	MIDDLE-SIZED SEGREGATED NEIGHBOURHOOD	LARGE SEGREGATED NEIGHBOURHOOD
ADJACENT RURAL SEGREGATED NEIGHBOURHOOD	**Full Eradication eradication**	At least **partial eradication** on medium or long term with mobilization on regional level, with the renovation of remaining parts if there is such; interventions based on mid-term scheduling	**Renovation with mobilization** of families even on regional level
Example	*Táska (HU)*	*Baltesti (RO)*	*Richnava (SK)*
URBAN SEGREGATED NEIGHBOURHOOD	**Eradication or renovation** if reasonable with developments that improves **the spatial structural linking** to the integrated part of the city	**Eradication** on medium or long term; or **renovation and partial mobilization** on short and mid-term if reasonable with developments that improves the spatial structural linksing to the integrated part of the city	**Partial eradication and mobilization** of the families to integrated part of the city, developments that improves the spatial structural links linking to the integrated part of the city
Example	*Brno (CZ)*	*Mésztelep, Tatabánya (HU)*	*Kosice, Lunik IX (SK) Fakulteta, Sofia (BG)*
SPATIALLY ISOLATED SEGREGATED NEIGHBOURHOOD	**Full Eradication eradication**	At least **partial eradication** on medium or long term with **mobilization on regional level**, with the renovation of remaining parts if there is such; interventions based on mid-term scheduling	**Renovation** with the development of basic infrastructure, development of public transport according to the real need of the people, **mobilization** of as many families as possible to integrated areas.
Example	*Pridoli (CZ)*	*Moldava Nad Bodvou (SK)*	*Archita (RO)*

In many cases, MRCs are especially exposed to environmental hazards. E.g. in Romania many communities are located close to garbage pits, and in all countries Roma settlements are often exposed to floods, landslides or similar risks. **If MRCs are located on polluted land no other option than eradication should be considered** (Example: Pata Rat (RO), 100 families living on the garbage dump).

All housing interventions have to include desegregation measures as a minimum requirement.

The construction or generation of new segregated areas must not be allowed under any circumstances, even if the infrastructure supply and the housing are of better quality.

Desegregation actions in the case of rehabilitation are **enabling households to move to integrated residential areas.** Large and mammoth segregated neighbourhoods cannot be eradicated in the short run, but housing options including mobilisation should be opened up in such cases as well. Desegregation actions (relocation/mobilisation) should be developed with the **strong inclusion of the members of the community**, and special attention should be paid to the specific needs of traditional Roma communities.

2.3 Ensuring integrated development planning

The MRCs related development programs should be based on integrated urban / micro-regional development plans. The integrated development plans should cover at least the whole settlement and its elaboration should be supported by firm methodological guidelines and by a national network of experts. Such experts can have substantial role in monitoring the implementations of MRCs related programs as well.

Integrated nature means making close relation between spatial and sectoral strategies thus **generating a sufficient synergic effect of developments. The plans should cover not only the action areas but the whole city/town/ micro-region.** They also should be of operative nature defining the **main developments planned in medium term with the possible source of funds and with the assessment of possible effects of the developments.**

From the point of the MRCs:

1. The plans should **identify the local deprived residential areas among them MRCs** and should define the main problems regarding the basic conditions, and the level of segregation in terms of spatial isolation, access to public services and mobility trends;
2. The **effects of the planned developments** should be assessed from the point whether they **generate segregation** related processes in the city/town/micro-region or in other areas outside;
3. Strategies and related **action plans** should be developed for the deprived areas, among them MRCs aiming **to halt the process of segregation and to stimulate the integration of the segregated area** via developments and sectoral (social, employment, education, health, transport) programs and via **generating mobilisation of disadvantaged families from segregated areas to integrated parts of the city/town and micro-region**.
4. The action plans should include **not only project based planning** but also improve the access to mainstream services and **if needed to adjust the local/ regional service provision to the needs of disadvantaged groups, among them MRCs.**

Integrated development plans should cover the whole city or micro-region, because services are organized at least on urban and/or micro-regional level and no efficient integrated programs can be implemented without the active participation of these service providers even if some concrete program elements are implemented (as they should be) by NGOs.

Furthermore, **social and economic processes and their spatial imprints including mobility trends are occurring at least at settlement and micro-regional level** and not only in the close action area of a given development. Thus, developments in other parts of the city and the micro-region can directly affect segregated areas, MRCs as well.

Push out effects are best grasped in redevelopment of deprived city or town centers, neglected during the socialist regime, but currently a high development priority. The rehabilitation is often accomplished with EU funds for infrastructure development. Poor households, among them Roma, are moved out to more peripheral parts of the settlements. Such push out actions increase the concentration of underprivileged households in already segregated neighbourhoods or generate new segregated areas. Also indirect actions of municipalities e.g. via investors that purchase plots with housing and then "buy-out" renters can have the same mid-term results as people cannot find affordable accommodation elsewhere.

In decentralized governance structures villages are insufficient single players for most relevant interventions relating to public services, employment generation programs, improving transport facilities etc. To develop relevant interventions in order to integrate the MRCs, the **programs should be developed at higher spatial level in case of rural areas, i.e. the micro-regional level.**

The **Hungarian Most Disadvantaged Micro-Regions' Programme** was an important initiative from this aspect. The concerned micro-regions had to elaborate complex development programmes based on a methodological guideline provided by the national level. The programmes were practically groupsa list of projects financed from different operational programmes and they had to tackle previously identified problems. The programmes were approved by the micro-regional development committees in which also Roma representatives participated. This practically meant that all the settlements of a micro-region had to make compromises and take into account the rationalities of the developments. Although the planning process was supported by experts, relatively few MRC related projects were defined by the local governments.

In **Slovakia**, between 2004-2006, in **some micro-regions, pilot integrated strategies** were developed with the help of experts and with the active cooperation of the concerned local governments. Although these strategies were of good quality and also included interventions for MRCs, they were not used in the next programming period at all.

It is important to include MRCs in the integrated urban development plans in order to plan actions for them. Practice shows that municipalities do not take MRCs or other deprived areas as a priority for development. Their main concern is the city center and the general infrastructure system which are often, too, in deteriorated conditions; thus, such interventions are highly needed. Politically, they are much less risky.

There is a need of more **firm requirements** related to **channeling at least some resources** towards socially disadvantaged areas. Practice has confirmed that **guidance should be provided for municipalities about the nature and content of interventions** for MRCS.

In Hungary the cities have to include the segregated areas (defined by the segregation indicator) in their integrated development plans, and **have to develop a related action plan with integrated approach called anti-segregation plan**.

In this plan, a basic strategy and concrete interventions in the field of sectoral policies and physical developments have to be defined. To **monitor** the implementation of the action plans, indicators have to be set for each intervention. In **Bulgaria**, during 2011, a separate fund will be dedicated for cities to **elaborate integrated development plans** and each city has to define at least one deprived urban area (a so called social zone) in the plan and develop related interventions. In **Slovakia** those municipalities (both urban and rural) who were listed with having MRCs had to elaborate a so called **comprehensive development plan** targeting the development of MRCs. To date the plans have not been used and they will be redefined as the projects did not target the MRCs efficiently (they had only indirect effects).

Local partnership building is very important for integrated projects. Partnership building should include stakeholders ranging from municipal service providers to NGOs and the local population. The participation of relevant NGOs is crucial as they have significant experiences to work with marginalized people and groups. In the integrated development plans, the **mechanism of inclusion of the stakeholders** should be established.

Both in the Czech and Hungarian methodological guidance of integrated development plans **incentives** can be found for **local governments to work together with NGOs** and other stakeholders. In the Czech Republic, the elaboration of the integrated development plans has to be done in cooperation with NGOs and plans have to include projects implemented by NGOs as well. In Hungary in the case of socially sensitive regeneration projects targeting deprived urban areas, so called local support group has to be set up, including NGOs.

It is crucial that the elaboration of **integrated development plans** should be accomplished along a firm and **compulsory methodological guideline** and that the quality of such plans should be **monitored by the national level**.

Both in the Czech Republic and in Hungary an **evaluation system** was developed to assess the quality of integrated development plans. and only those cities could get access to EU funds for urban development interventions that meet the quality requirements. In the Czech Republic, the special working group comprises the representatives of the relevant ministries and the Agency for Social Inclusion who is responsible for the MRCs related issues. In Hungary, the integrated development plans are assessed by the regional development agencies and the concrete project proposals are assessed only if plans meet 80% of the evaluation criteria.

Expert support is needed to develop integrated action plans for segregated neighbourhoods, and to facilitate the *implementation* of integrated projects for MRCs. Therefore, an **intermediary organization** should be designated that is responsible for the programs at national level, provides expert support for local programs, monitors the program development and implementation process, and operates the expert network.

2.4 Better harmonisation of funds

In order to ensure integrated programs on the long run for MRCs the funding should combine different kinds of funds (EU, national, local and other) in a harmonized manner. To achieve a sufficient level of funding designated funds should be dedicated to MRCs related projects.

To achieve a high diversity and the needed scale of interventions the projects should be funded from different resources such as

- EU funds: ERDF, ESF and EARFD
- national funds both financing special projects and mainstream services
- other funds such as of international donor organizations (World Bank, Habitat for Humanity, OSF etc.)
- local funds.

Ensuring an efficient timing and combination of different programmes requires a serious **harmonization process of the related funds**. Practice shows that harmonization is hindered by severe administrative burdens from the part of the national and local authorities and other implementing stakeholders. **Thus, the administrative challenges have to be minimized.**

So far, the integrated nature of projects financed from EU funds has been implemented basically in two ways: in the framework of one integrated project that allows for **cross-financing** (from ERDF funds cross-financed from ESF by 10-20%), or through a list of the projects that are financed from different operational programmes through **harmonized calls**.

The Slovakian approach is encouraging in the sense that it defined in each operational programme a certain “budget” for MRC related projects. In Hungary in the frame of the regional operational program, a separate resource is dedicated exclusively to interventions in deprived urban areas. **These separate funds can be seen as good practice because municipalities tend to use funds for other purpose rather than for deprived areas or MRCs.**

2.5 Effective monitoring and basic conditionality

The implementation of MRCs related programs should be regularly monitored by the national level by setting up a long-term mechanism and institutional background for monitoring. Furthermore, some conditionality should be built into the system by making available development resources only for those municipalities that tackle the problem of marginalized groups including MRCs at least at minimum level.

Monitoring has especially high importance in the case of MRCs related programmes as there is a higher risk of abusing funds, inefficient targeting and not implementing such program elements that require too much effort, or are politically unpopular. Without monitoring, there is a danger that a significant part of the integration plan of MRCs remains only on paper.

An efficient tool of monitoring is the **expert support during the implementation phase** of the integrated programs. The expert can follow the projects development and can facilitate the solution of difficulties and conflicts if needed. The expert can also ensure that the interventions are aligned with the original purpose of the programmes.

Besides monitoring of integrated programs, it is also crucial to **follow the implementation of the integrated development plans**, especially the action plan targeting at the deprived areas. It should be followed whether the **necessary changes were implemented in the mainstream services** in order to reverse the exclusion process of the disadvantaged groups and to filter out the effects of developments that can foster segregation.

The process of spatial segregation also should be monitored related to the effects of direct interventions of private or public developments or to the effects of public policies (e.g. lack of social benefits or segregation in education). The collection of **indicators** (which should be accomplished by municipalities) is an efficient tool of monitoring.

To stimulate the implementation of plans, monitoring may not be sufficient in itself. Therefore some **conditionality** should be applied. Minimum requirements should be defined related to **the implementation of action plans** that could be a condition **to have access to further national or EU funds**.

Moreover, municipalities should review their integrated development plans after a certain period of time and in the framework of such review they should also report on the achieved results and update needed actions.

3 Actions for program level planning and implementation

3.1 Settling the legal titles for MRCs

A high percentage of Roma households have uncertain title to their housing. High share of marginalized Roma communities (MRCs) is considered as illegal settlements. The legalization of MRCs has to be implemented for the sake of MRCs in each case when any intervention is planned. The state and local governments have to set up clear mechanisms and regulations for the legalization differentiated by the actual nature of illegal situation in the field.

The actual mechanism of legalization should be developed with the active participation of the communities and should aim for the inclusion of the MRCs in mainstreaming services as well. The legalization of MRCs is also a main tool for getting access to national and EU funded schemes and a main remedy against forced eviction.

The high percentage of illegal housing is the result of historical and economic factors. Its nature and scale differ significantly in the 5 MtM countries. MRCs vary considerably, ranging from shanty towns and shacks to neighbourhoods with dominantly solid constructions, and from freshly emerging settlements to communities established several decades ago. Some communities were settled by the state or municipality, while others have emerged recently via spontaneous migration.

Table 2 Types of illegal housing situations

TYPICAL ILLEGAL SITUATIONS
• The whole settlement is illegal: not included in the spatial plan of the city/ village as residential area, the land is not owned by the inhabitants, they have no legal title to their housing and building permit. • The land and the housing are in private property but the current inhabitants have no registered title to it, usually because the purchases are accomplished by pocket contracts. • The land is in municipal ownership but the housing is registered as private property.[6] • The housing is in municipal ownership however a large number of people have no legal rental contract: • the legal contract was terminated because of accumulated arrears; • more family members moved into the unit of the original tenant often resulting in overcrowding, without permission of the landlord; • illegal purchase of rental unit; • squatters of vacant units.

[6] This is a clear situation in Slovakia but not in Hungary where land and building have to be in the same ownership.

For neighbourhoods not included in the spatial plan as residential areas, the **municipalities do not have to provide infrastructure services and neither other public services.** Furthermore, without legal title (as either owners or tenants) households with illegal housing cannot possess registered addresses, resulting in exclusion from several local, municipal social allowances.

In the case of an eradication or partial demolition of illegal/informal neighbourhoods the inhabitants (either owners, quasi-owners or formal tenants) are **not eligible for compensation** in form of providing alternative accommodation. In several countries such illegal situations are even aggravated with the restitution when the state, municipal land, housing was returned to the former owner.

Roma are overrepresented in **municipal housing**, although many of them have **no valid rental contracts**, most often because of accumulated arrears, or as they occupy/ squat empty houses/dwellings. High concentration of arrears also results in cutting public utility services even in blocks of apartments, causing very critical hygienic conditions.

Mésztelep, Tatabánya, Hungary: housing closed down to avoid squatting

Fakulteta neighbourhood in Sofia: app. 40 thousand residents, 70% illegal housing

Illegal housing in Miskolc, Hungary

The **legalization of MRCs** has to be implemented in each case when any intervention is planned and has to be **adjusted to the nature of the illegal situation and to the concrete strategy of the interventions** either being rehabilitation/upgrading or eradication program. Although the legalizing procedure can take a longer time period and can have high cost it should be implemented by the time the households are started to be involved in concrete housing measures.

In the case of illegal neighbourhoods without urban/spatial plan the legalization should be implemented along the following actions:

- upgrading strategy: the MRC has to be included in the urban/spatial plan allowing for lower standards of public space structure and demolishing the minimum number of housing that is needed in order to implement the infrastructure developments. To do so, an **amendment of construction regulation may be needed as well**. The newly

developed spatial plan should also ensure the spatial integration of the neighbourhood into the main settlement via foreseen infrastructure developments.

- eradication strategy: legalization should focus on **registration** of households as owners or tenants in order to make them eligible for **adequate alternative accommodation**. Alternative accommodation should be a long-term solution with firm legal title avoiding the reproduction of illegal situations.

In the case of accumulated arrears and terminated public utility services **arrear management program should be developed on long run if needed aiming to restore the service provision and the title to housing** through renewing rental contracts or remove the arrear related lien. The establishment of **individual metering of services** usually an important part of such consolidation programs. In the case of illegal connections to public utilities actions are needed to legalise the service provisions. If households are housed in units with high maintenance costs, **offering more affordable housing** but with adequate condition may be the solution.

The interventions targeting the legalization of the neighbourhoods with uncertain legal situation should be developed **with the active participation of the communities through participatory planning**. Solutions should provide firm legal titles for households. As the current uncertainty of housing situation derives not only from unregulated legal conditions but often also because of economic hardship of the MRCs the solutions should be **economically sustainable as well using integrated approach.**

The legalization also should aim for the inclusion of the MRCs in mainstream services by making available and improving access not only to infrastructure related services (public utilities, roads, pavements etc) but to social benefits including housing allowances and access to public services such as social, education, health, employment, social housing and public transport services. Alongside targeted interventions, it is only the strong inclusion in mainstream services that can ensure the social integration of MRCs in the long run.

3.2 Integrated approach

Sustainability of the results can be ensured on the long-run only if all the crucial problems are tackled in a continuous and harmonized manner, building on the effect of the accompanying and accomplished elements. Applying program elements relating to community development, social work, income generation, education and training, health care and prevention are equally important besides infrastructure development. This is the baseline of an integrated approach.

The new ERDF regulation sets the implementation of **integrated actions as a precondition** of using funds for housing interventions. An integrated approach should include measures in the following fields:

- **community development** targeting the marginalized community but also the broader population in order to facilitate the integration process;
- empowerment of marginalized people to take part in programs and services, **social work**, family assistance;
- **income generation** programs: vocational trainings, employment programs, job-seeking assistance and trainings;
- **education** programs that eliminates the segregated education for Roma and disadvantaged children and includes extracurricular programs for children, prevention and prevent drop out from schools;
- **health care and prevention** programs;
- public **security** programs, crime prevention programs, services to crime victims, help to returnees from prison;
- in the case of illegal neighbourhoods, the **legalization of titles** to land and housing for the favour of the target groups and legal counseling;
- measures that facilitates the **access to public services** (social, health, education etc.);
- **infrastructure development** program: basic infrastructure, water and sewage utilities, roads, pavements, etc.;
- development of **public places**;
- development of **social infrastructure**: community houses, social centers;
- improvement of **public transport** connections of segregated areas locally, and if needed, micro-regionally.

The results of the programs will be sustainable only if the measures of the **projects can be linked to the local/regional/national public services and sector policies,** and the current

mechanism of exclusion of marginalized/disadvantaged people from public services is changed at all levels.

Integrated approach applied in Nusfalau (RO) 1997-2004 – Agentia Impreuna NGO

One of the first NGO initiatives in Romania was a small scale, still relevant project carried out by Impreuna Agency for Community Development. They implemented a **long-term comprehensive project in Nusfalau based on income generation and housing improvement**. Nusfalau is a small village inhabited among others by Roma whose traditional activities include bricklaying. First, Impreuna mobilized the capacity to produce clay bricks. This generated both income and building materials for upgrading and building new homes on one of the two plots provided by the municipality (the second plot was used for producing the bricks) (3 years after the program started). The project ended, and the local community is reported to carry on bricklaying and improving living conditions through increased income.

Sirok (HU) – National Roma Settlement Integration Program initiated by the NGO Siroma

Sirok applied for national funding to close down cave-dwellings and to eradicate shacks to solve inhuman housing conditions of 12 families in the village of 1900 persons. The municipality expressed its political support (but allocated no own resources) and facilitated the process by making available public employment options for the target group (e.g. delivering hot meals to the elderly in the village), and facilitated the renovation of the community center where the education program element and vocational trainings are carried out. A local NGO (with strong methodological support by a regional NGO) took the lead and it has been applying for further funding and has extended its activities to a neighbouring municipality's Roma communities.

Former cave-house and a family's new home just opposite the mayor's house in the main street in Sirok (HU)

Beneficiaries were rehoused in refurbished second hand homes throughout the village (partially by their own work), also next to the mayor's house. Moreover, sewage infrastructure was provided in the better-off Roma's street.

Maltese Charity Service Integrated Program 'Village of Inclusion', Tarnabod (HU)[7]

The aims of the program were to provide integrative circumstances for urban homeless families who have rural roots, and to work out a feasible model of rural regeneration in remote regions It started in 2004 with the **cooperation** of the Charity, two NGOs and the state. Altogether about 35-40 families participated over the last 5 years.

Tarnabod is a village of about 900 inhabitants, the majority of whom are Roma with an unemployment rate of 100 per cent in the early 2000s. The programme **proceeded step by step**, always with the agreement of the majority of the inhabitants. The first **housing units were purchased** in 2004. Houses chosen were in good condition, dispersed throughout the village, and large enough gardens for the families to grow food. They were let on a **rent-free** basis, but participating families had to **meet certain requirements**, such as looking after the garden, children attending school etc.



Pictures of Tarnabod, made available by Miklós Vecsei

A special **transportation service** was organized to carry people to work and to public services. This way **33 inhabitants of the village moved into work**. **Community development programmes** included growing food and handling domestic animals. The kindergarten and school were improved. The local pub was turned into a community and day care centre for children, employing local women trained for this purpose. A **new working space** was established for over 30 people to **recycle electronic waste** in 2006.

The main lessons are that lack of infrastructure, inadequate transport links, poor quality of housing, low education levels, and lack of jobs can be systematically tackled with **continuous presence** and a **diversity of activities** that follow a strict methodology: (a) step-by step consensus method, (b) involving the local community, (c) laying down precise rules of cooperation, (d) concentration on children's needs and futures, (e) training programs on the essentials of living in the countryside, (f) provision of low-skilled work as the most relevant tool for rehabilitation and integration in the short-run. However, it is a very resource-intensive model which may limit its transferability. The model also needs a lot of flexibility, to take into account local circumstances, meaning that it is not easy to standardise.

[7] The information is based on the case study prepared by Éva Gerőházi for the report Stephens, M., Fitzpatrick, S., Elsinga, M., van Steen, G. and Chzhen, Y. (2010) Study on Housing and Exclusion: Welfare Policies, Housing Provision and Labour Markets, commissioned by the European Commission, Directorate-General for Employment, Social Affairs and Equal Opportunities, available at http://www.york.ac.uk/inst/chp/publications/PDF/EUExclusion/HOUSING%20EXCLUSION%2026%20May%202010.pdf

3.3 Participatory planning

Projects have to be developed through a participative, community based planning that provides real choices for the community as a whole, and for its individual members. Participatory planning serves as an important community building tool as well.

The community members of MRCs have to be involved from the very beginning in forming the strategy of interventions and developing the actual measures. The local community's acceptance and support of the program has to be gained as well through communication and interaction. Based on this, people will become committed to the goals of the program, and will participate actively in the implementation. They will give additional inputs to sustaining the results. This approach contributes to **strengthening local cohesion**, although it demands longer time than top-down planning.

Timing is crucial: ensuring income generation and access to labour market, community development and participatory planning, that is, **soft elements have to be implemented prior to investments into housing, and they should be carried on throughout the project's life**. The beneficiaries should be enabled to express and represent their interests, and to follow long-term goals in planning for their future.

Participatory planning in the refurbishment of the central square in Magdolna District, Budapest (HU) (2005-2008)

The square was partly renewed in 2002 but this did not change the dilapidation of the square: concentration of homeless people, and a high rate of prostitution, low quality vegetation and lack of recreational facilities. In 2005, the **goals and actions have been revised** and the main goal has become the creation of high quality and well-maintained urban green space with new public functions.

The preparation and the implementation phases of the pilot project have been achieved from 2005 until March 2008, including the public discussions on demands and expectations of local residents. The **preparation phase was a lengthy period, with parallel initiatives that at the end augmented the implementation**. The first step was distributing leaflets, holding two public meetings with a previous campaign in the local newspaper, and a survey. The next step was including architects into research on and presentation of history of the square, and, after a year, the final plans were presented, open air gathering and a party took place. The first investment was based on voluntary works by students and residents and the second phase of the implementation comprised establishing a new playground and fences, new public lighting and security service, and new green spots.[8]

[8] Horváth, D. and Teller, N. (2008): An Urban Regeneration Model: Local Community Participation in Neighborhood Rehabilitation, Planning, and Implementation in Budapest's Eighth District Magdolna Quarter

Participatory Planning in Baltesti (RO)

Habitat for Humanity Romania together with the local Soros Foundation and the municipality has been implementing a **participatory model of housing refurbishment and construction** in Baltesti, a village housing 400 Roma out of a population of app. 3700 in the proximity of Ploiesti since 2007.


Refurbished roof with prospective extension of the home and new housing in Baltesti (RO)

The municipality designated 13 plots for the housing investments (one is outside of the Roma part) and gave assistance with the administration and permission of the plans. Eight houses have been (are being) constructed, six renewed. The selection of beneficiaries is carried out by the local Action Team (participants: local Roma referee representing (and voluntarily paid by) the municipality and the local Roma community, Soros and Habitat). All beneficiaries participate in constructing/renewing their homes and their neighbours' homes. Professional assistance and supervision is provided by Habitat and Soros staff.

In the framework of the project, the project staff (Soros and Habitat) **planned housing together with the target group taking into account their needs and aspirations, and affordability of the new homes.** Refurbishment is accordingly organized (e.g. extension with bathroom, sink, adding rooms, change of roof, etc.). The families helped are all participating in the works, they normally have some income (even if in-kind) from little businesses or day-work in agriculture. The constructions costs are kept low.

The interventions will enable one family to move out from the Roma settlement part, the rest of the families remain there. Living conditions will substantially improve. One of the expected outcomes is much less problematic participation of Roma children in school. Currently, there are negotiations about establishing a grass-root Roma enterprise for garbage collection. There are little chances to channel adults into vocational training programs as many of them lack elementary education.

In: LGB Summer 2008: Beyond Elections - Public Participation and Local Decision-making in Central and Eastern Europe, pp. 47-52.

3.4 Portfolio of housing interventions

Housing interventions should aim to open up housing choices for households according to their needs and financial capacities by mixing different measures at the same time. The schemes should include provision of social housing, support home ownership with special loan schemes, support to access private rentals, support the payment of housing maintenance costs etc. Housing interventions should be implemented along desegregation criteria and should be accompanied by income generation measures and social work.

The starting point is raising both beneficiaries' and the receiving local community's ownership and interest in the project through **community building <u>before</u> the implementation of the housing element**, of which the first step should be settling the legal conditions for the interventions.

Based on the ERDF regulation, targeting marginalized groups, applying integrated approach and aiming at desegregation are goals that have to be pursued <u>simultaneously</u>.

There are several necessary conditions to make selected housing interventions sustainable on the mid-term, and different housing issues can be tackled by a diversity of interventions, according to what strategic goals they can contribute to.

The practice gathered from the field can be rated according to 4 dimensions (change in housing conditions, integration via housing measure, preconditions of sustainability and timelines). Each dimension has sub-indicators:

Table 3 Rating of housing interventions based on four dimensions

DIMENSION		EFFECTS	LEVEL
Achievements	Change in housing conditions	**H.1.** raises level of living conditions	very low to very high
		H.2. enhances affordability	very low to very high
		H.3. enhances moving up the housing ladder	very low to very high
	Integration via housing	**I.1.** ensures de-concentration of poverty	very low to very high
		I.2. tool of geographic desegregation and mobilization	yes/selectively/no
		I.3. enhances access to mainstream services	very low to very high
Pre-conditions	Precondition of sustainability	**P.** sustainability of housing intervention requires successful income generation element	yes/no
	Timeline	**T.** short, mid- or long-term intervention	short/mid/long

There are **three basic types** of housing interventions that can serve as tools for improving the housing conditions of marginalized communities:

(1) **social housing** models (direct provision of affordable rental housing);

(2) subsidy programs for **owner occupation** (contribution to or covering of upgrading, renovation, energy-efficient insulation costs, but also purchase and new construction, including guarantee and loan schemes);

(3) **housing allowance** schemes (enhancing affordability of housing consumption and debt management through demand side cash or in-kind subsidies relating to rents and other housing costs).

A balanced **combination of the schemes** is highly desirable based on the needs and choice of the beneficiary households. This should be based on mentored/guided choice of appropriate tools of integration in the local community, and based on further strategic goals such as refurbishment, relocation, demolition as presented in the matrix on page **Hiba! A könyvjelző nem létezik.**. [9]

[9] To put it very simply: if being a resident in social rental housing is considered as stigma in the local community, the program has to avoid pushing beneficiaries into social housing, or, it has to work first on changing the notion of this tenure. Similarly, funding made available should be carefully designed to meet the needs of achieving real visibility of actions and conformity/dialogue with the mainstream solutions, e.g. providing for paint (or training to paint) to change the colour of the façade of the purchased second hand home and build the pavement from the gate to the door if most houses are freshly painted and shoes should be left outside, and do not only repair the chimney and the roof to avoid danger to life. These are minor issues in terms of expenses, but largely effective in terms of raising visibility and facilitating integration.

Table 4 Summary of possible achievements and preconditions of selected housing interventions

	ACHIEVEMENTS						PRECONDITIONS	
	CHANGE IN HOUSING CONDITIONS			INTEGRATION				
	H.1. Improve-ment of living conditions	H.2. Improved afford-ability	H.3. Moving up	I.1. Deconcent-ration of poverty	I.2. Tool for De-segregatio n	I.3. Access to mainstream	P. Requires income	T. Timeline
The Hungarian social rental housing construction program in 2000-2004	very high	low	very high	depending on local implementat-ion	depending on local implementat-ion	modest	yes	mid/long
Drawing on the private rental sector to increase social rental provision in Flanders, Belgium	very high	modest	very high	very high	yes	very high	yes	mid/long
Lump sum subsidies with or without savings period	modest	modest	modest	modest	no	modest	yes	mid/long
Loan programs (mortgages and guarantees)	very high	high	high	depending on local implementat-ion	depending on local implementat-ion	very high	yes	mid/long
Community based microfinance schemes	modest	low	very low	depending on local implementat-ion	depending on local implementat-ion	very high	yes	mid/long
Housing allowance scheme in the Czech Republic in combination with a guarantee	low	high	very low	very low	yes*/no	very high	no	mid/long
Arrears management and pre-paid consumption, Hungary	modest	modest	very low	very low	no	very high	yes	short/mid
Dolny Kubin, Slovakia: combination and harmonisation of interventions	very high	very high	very high	high	yes	very high	yes	depending on local implementat-ion

For critical issues please see the detailed discussion of the schemes in the supplementary background document to the Vademecum. Most cases indicate that the outcomes depend on the local level implementation of the programs and that there is room for introduction conditionality measures by the state level to steer implementation to desegregate and integrate the target group. T's multiple answers relate to the different sub-measures applied.

3.4.1 Social housing models

Direct social housing provision is one of the most common solutions of tackling housing exclusion. **Soft-loan programs or lump-sum subsidies** provided to municipalities are typically made available by the central governments. In return, the central level sets the conditions of targeting, quality of construction, defining rent levels, allocation procedures, and limitations to alienation of property (e.g. whether the housing can be transferred into the ownership of the tenants or the purpose of the rental can be changed), and last but not least location of the new rentals.

Alternative models comprise **capital grants** to the non-governmental agencies or private developers who invest in affordable housing, and these schemes normally co-exist with further schemes, such as *housing allowances* or *rent allowance programs* on the basis that subsidised construction loans are given only where affordable or low-income housing is included in the development. Spain applies a special **urban planning arrangement**: it is compulsory to allocate 30% of the new housing stock in the neighbourhood as affordable housing. Enforcement of this "inclusionary zoning" is taken seriously by the public bodies, no exceptions can be made.[10]

New social housing construction in Hristo Botev neighbourhood in Sofia (BG)

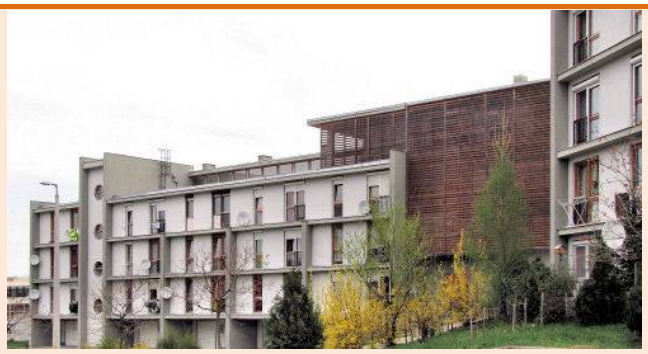
The critical issue to be generally considered is the *location of the stock*. New housing provision must not be located in the segregated neighbourhood, it should be spread in integrated parts of the settlement/village to **avoid new concentration of poverty** and offer beneficiaries for real choice of integration.

Social housing provision models are typically **combined with housing allowance schemes** to achieve sustainability of the operation of the stock and better affordability for the tenants.

[10] Bosch, J. (2009): How Urban Planning Instruments Can Contribute in the Fight against Homelessness. An International Overview of Inclusionary Housing. In: European Journal of Homelessness, Volume 3, pp. 155-177. http://eohw.horus.be/files/freshstart/European%20Journal%20of%20Homelessness/Volume%20Three/FEANTSA-EJH2009-article-6.pdf

In many cases, the motivation of the tenants for maintaining their homes properly is achieved by a **promise of future transfer of ownership** by the public body/state.[11]

Dilapidated stock in Magdolna district, Budapest



Social housing in Pécs (HU)

Source: http://hg.hu/cikk/epiteszet/9669-ki-koltozzon-az-uj-magyar-berlakasokba

3.4.2 Private ownership programs

Home ownership programs are especially relevant in countries with extremely high share of ownership. Homeownership programs can be considered more effective than rental programs in rural areas where there is no demand for rental housing and no skills or organizational capacities for managing and maintaining social housing. Formerly privatized multi-unit housing buildings (e.g. large-scale housing estates) require investment into modernization so as to avoid the depreciation and marginalization of its value on the housing market. In this case, subsidy programs for home-ownership can be very effective and can decrease the social costs of renewing dilapidated conditions.

Useful tools are lump sum subsidies, loan products, savings and microfinance schemes. **Lump sum subsidy** is a type of cash grant used for financing new investment, but can be given for reconstruction or even to support transaction costs. Lump sum schemes combined with savings schemes have been broadly applied to facilitate the eligibility for loans due to increased down-payment capacities. In the framework of a so-called IDA scheme (individual development account), a saving scheme, lump-sum subsidies are paid after 1-5 years of controlled and facilitated savings period as bonus. The sums can be crucial in refurbishment or down-payment for loans, or fostering credit history. If there is no sufficient control on the schemes, it can lead to a sever leakage of the subsidy.

[11] This may several causes: the real estate management cannot be assured effectively by the local public body due to low capacities and lack of funding, or, the local tenure structure stigmatizes social housing renters as "home" is perceived exclusively as housing one owns. In Grece, the beneficiaries receive full ownership of the allocated flats as there is no social rental sector, but, the responsibility for renovation remains that of the Housing Organization that allocates the homes.

ETP's IDA project outcomes: housing for Roma in Slovakia

Source: ETP presentation by Slavomira Macakova

One of the most "popular" demand side subsidies is the **interest rate subsidy** or **loan guarantee** in order to reduce the interest paid by the borrower to the lenders. There are different schemes depending on the funding structure. The government can pay a fixed or a portion of interest to the lender, or can provide support to the funding used for housing loans.[12] These **solutions apply only to households that have a more or less regular income and are not pushed into the spiral of debts**.

Furthermore, there are **small-scale**, mostly **community based microfinance schemes**. Individual loans are awarded to members of an eligible savings and loan association and are guaranteed by a usufruct right to the land and collective liability. Peer pressure and the incentive of future access to credit effectively ensure timely repayment of loans, whereas other products enable the households to get access to national housing subsidy schemes for which they are eligible but do not have the down payment. **Other programs enable the dwellers to legalize their status of living** through assisting the registering process which then often a precondition for investment in housing improvement.

In all MtM countries, pilots have been going in both urban and rural areas based on the cooperation of several institutions and NGOs.

3.4.3 Affordability of housing costs

Most EU states have more or less generous housing allowances schemes in place. These schemes enable low-income households **to consume "more" housing** than they would be able to do without the support. The allowances work in two ways. They decrease the price of

[12] Hoek-Smit, M. C., and Diamond, D. (2003): The Design and Implementation of Subsidies for Housing Finance, Prepared for the World Bank Seminar on Housing Finance, March 10-13, 2003

housing consumption and this increases the income that the household can use for housing consumption.[13]

The scheme is based on the recognition that housing costs (in most cases rent expenses) put a too heavy burden on low-income groups.

For countries where the reported income is unreliable due to high participation in the black labour market, it is irrelevant to apply **too sophisticated means testing models and formula** Therefore, a combination of setting minimum thresholds and means tested benefit sums should be made available. **Additional debt management models** to re-include consumers in public infrastructure services should be in place. Non-payment and illegal consumption of public services are some of the most crucial challenges of MRCs throughout the 5 MtM countries. We know progressive solutions (cooperation among players to repay debts and writing off arrears, disciplined payment, increased quality of life). One of the most popular debt-management models applied in Hungary is a combination of in-kind housing allowance and repayment of debts via pre-paid public utility services which needs a special meter.

Electricity meter run with a pre-paid card in Veszprém, and the so called "Tower of Hell" Hungary (photos provided by Miklos Vecsei)

In order to **counteract severe discrimination and to minimize the risks of landlords** and renters, an additional institutional element is under consideration: guaranteeing the rent payment via a pool of funds and an **intermediary institution**. The model developed in Belgium and in the Czech Republic is to guarantee for the risk of non-payment for eligible private landlords who offer dwellings for lower rents than the market rents, based on a private insurance scheme so that "high-risk" tenant groups, among them Roma, can access the sector and hence, improve their living conditions under desegregated circumstances.

The model needs a **minor infrastructure investment**, that is, a meter which is served by a pre-paid card. Typically, gas and electricity providers have been offering such meters for many years now. The account can be recharged at the service points of the utility provider. For the repayment of the debt, a certain ratio of the recharged credits is written off, based on a case-by-case debt management contract between the household and the service provider. The housing allowance scheme is offered in-kind in the form of credits to be consumed. Households reportedly consciously control their consumption after the meters are installed. The

[13] The evolving of a multitude of forms, their effects and possible measurements of effectiveness have been intensely investigated in several policy analyses to which this report cannot make reference to. Recent elaborations of selected schemes can be found e.g. in P. Kemp (ed.) *Housing Allowances in Comparative Perspective* (Bristol: Policy Press).

application usage of this technical solution **can be easily learned and it can be transferred** if the infrastructure for recharging the pre-paid cards is available.

3.4.4 Combination of schemes

As local communities in MRCs are heterogeneous, households need different assistance. **Program designs should be flexible** enough to take into account not only a variety of needs but also the variety of capacities of the beneficiaries to be involved in the activities. Some people need more time to get involved, whereas some stakeholders might act as multipliers. Interventions should be planned over a longer period building on (and achieving) participation. We have to take into account that the chosen **infrastructure investment will be in most families' lives an once-in-a-lifetime chance**, people and the community have to best make use of.[14] There are several good examples in all the 5 MtM countries, each of them tailor-made for the given community, answering real needs and adopted to local circumstances.

Good examples comprise a combination of the **local social housing provision, strong social work and access to housing allowances,** (compulsory) participation in **labour market services**, and **trainings** so as to get employed in public services of the municipality (public works). This way, the municipalities establish a strong income generation pillar.

The supply of the housing solutions can be ensured via social housing construction, purchasing second-hand homes e.g. from elderly (dispersed in integrated parts of the city), loans for first-time buyers. In order to sustain quality of housing, tenants should be motivated to refurbish and maintain their rental dwellings on a regular basis. Harmonized and combined service packages should be designed.

Social housing in Dolny Kubin, the highest level of the local social housing staircase model

Strong political support and clear communication with the receiving community is a precondition of successful implementation. Transparent and enforced rules are the backbone of the cooperation, whereas pathways in housing up and down have to be established to prevent drop-out from services. Segregation has to be avoided via cautious planning and allocation mechanisms.

[14] The case study on Tarnabod (HU), the 'Village if Inclusion', is another good illustration of combining activities, see section on integrated approach. The picture is taken from Hojsík, M. (2010): Meistne politky byvania pre marginalizovane romske komunity, report prepared for OSI: Bratislava (unpublished)

4 Actions at the European Union level – for next period

In order to enhance the use of EU funds for the sake of MRCs, the EU could facilitate the effective combination of funds. It could consider the alleviation of the current mono-funding rule by allowing higher cross-financing rate, and it could promote conditionality in the allocation system of the EU funds. The minimum requirements related to desegregation could be better defined.

Currently, **projects targeted at Roma are predominantly European Social Fund (ESF) projects** and the beneficiaries are NGOs rather than municipalities, the latter being rather involved in hard infrastructure development. **Comprehensive programs applying integrative approach are rather the exemption**. Basically mono-funding together with cross-financing issues determine the content of the projects, and they do not allow for a sufficient mix of ERDF and ESF. **Harmonisation of calls is an option but seldom effectively implemented** due to low capacity of MAs.[15]

There are several **NGO and state run Roma housing programs** that can serve as basis for lessons learnt of **a large inventory of actions**: housing construction, housing refurbishment, social housing construction, infrastructure investment. Only few projects apply **integrated approach**, and even less projects aim at **desegregation.**

Based on the conditions set out in current Operation Programmes in the 5 MtM countries, it seems realistic that **some member states make use of Art 7 at least for pilots, mainly in urban areas** (rural areas generally not eligible for funds of such Operational Programmes that finance housing interventions – however, these can be amended).

It is important to **foster clarity that subsidies spent for purposes of improving housing conditions in order to integrate marginalised communities do not fall under state aid ruling**, as they are of social character, aiming at promoting the economic development of low living standard areas or backlogging areas, whilst not distorting the common market. Thus not only the general rules of state aid restrictions neither the exemptions (e.g de minimis rules, regional mapping) should be applicable in these special cases. Consequently there are no limitations concerning the rate of subsidies for the housing interventions in marginalized communities.

[15] In Bulgaria, a further reason lies in the constraints in the national legislation to implement several activities under the same intervention by the same organization.

To effectively tackle current challenges, besides the commitment of the national level parties, there are some actions to be facilitated by the European level.

1. The EU could **request** from all member states eligible for funds to start to set up **mechanism for legalising illegal settlements and housing situation for the sake of the members of marginalized communities** prior to any development. Additionally the EU could contribute to the related expenditures.

2. The EU could work on a more precise **concept of desegregation** by setting up related minimum requirements. Such regulation may include that **interventions should not increase segregation**, so no additional housing can be built in a segregated area. Furthermore in order to decrease segregation the **replacement of housing should be in the integrated part of a village or city**.

3. To stimulate local governments to use ERDF funds for the sake of MRCs, special incentives should be built into the system that links the availability of funds to the fact whether the local government has an action plan for MRCs and whether actually implements such plan. The EU could require the development of such **conditionality related regulation** from the Member States.

4. The **current mono-funding approach together with low level of cross-financing makes difficult** the marginalized Roma communities related programming at national level because it substantially hinders the possibilities of integrated approach. Experiences show that even 20% cross-financing is not sufficient for develop the needed soft programs. Furthermore the need for cross-financing emerges not only between the ESF and ERDF but also the EAFRD. This latter one is concerned as the infrastructure development of rural areas is mainly implemented from EAFRD.

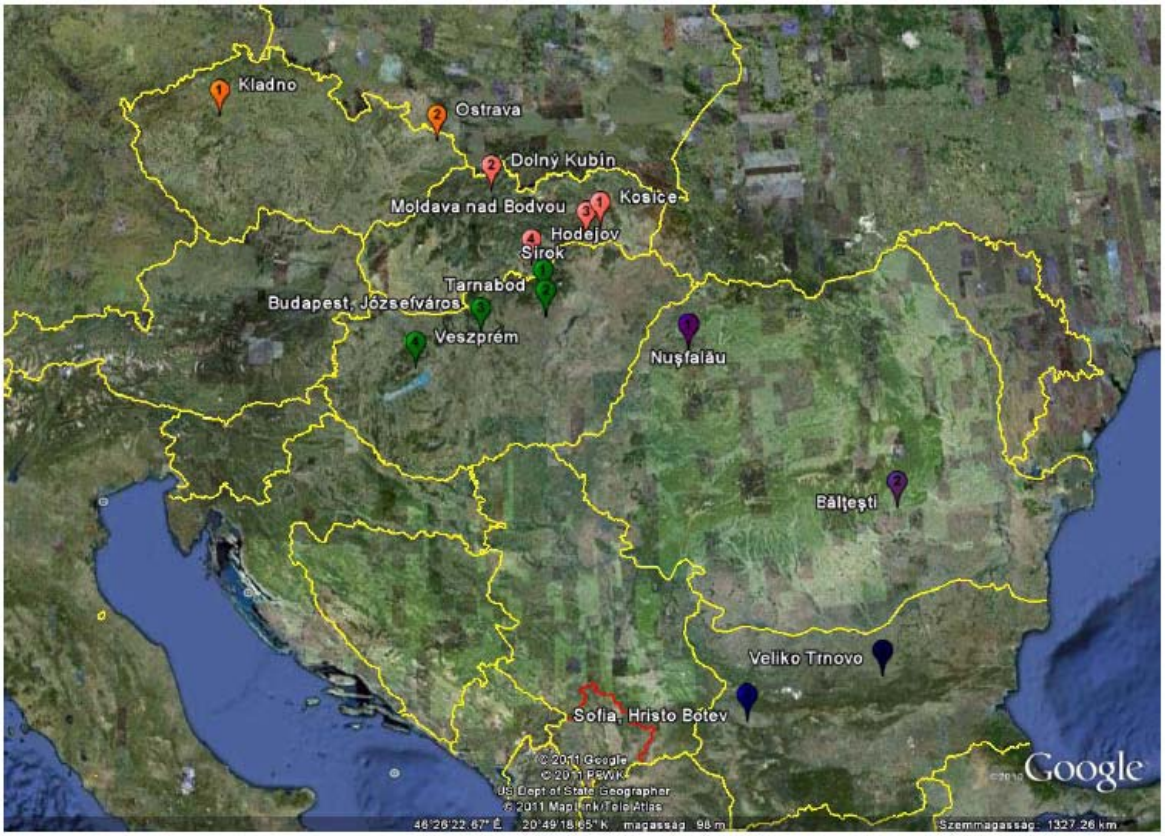
Therefore it should be considered how to establish an effective **tool to combine different kind of funds.** The EU should ensure that **ERDF deals with the integrated programs for marginalized communities and it is available both in urban and rural areas**. In case of such programs, either in the framework of an operational programme or in a special priority (axis) **with higher possible levels of cross-financing, the full range of interventions of integrated approach should be allowed**. This way, the complexity of MRC related programs and the sufficient amount of funds for such programs can be ensured.

The **problem of overlapping** can be managed e.g. by establishing a project database concerning all the operational programmes. With the help of such database it can be checked that the interventions of MRCs programs have not received funds from other OPs. Thus, **no dividing lines** between the different operational programmes and the interventions allowed in MRCs related programs should be defined, otherwise the range of interventions in MRCs could be seriously limited.

The EU could also motivate member states to use more EU funds for the benefit of marginalized communities by providing **preferential co-financing rate** for certain activities.

5 Annex

5.1 Map of selected housing interventions in the field in the MtM countries



(www.maps.google.com)

The selected programs are contained in the Vademecum or in the supplementary background document. Some of them were presented at the ERDF workshop held in the framework of the Decade of Roma Inclusion Conference in Prague.

The link to the WS presentations is http://www.romadecade.org/czech_housing_conference (Working group 3 and 7).

Czech Republic:

1: Kladno: integrated program of refurbishment of 54 flats, education and social inclusion projects and public spaces improvement

2: Ostrava: integrated program: social housing staircase model, education and social inclusion projects

Slovakia:

1: Kosice: community building projects in Lunik IX

2: Dolny Kubin: integrated social housing program with employment elements and social work

3: Hodejov: community building and microloan project to supplement nation low standard construction program

4: Moldava nad Bodvou microloan project to supplement nation low standard construction program and employment programs

Hungary:

1: Sirok: integrated program with housing elements, social work, training and labour market activation

2: Tarnabod: integrated program with housing elements, social work, training and labour market activation

3: Józsefváros, Budapest: participatory planning in refurbishing public space (adjacent to the housing program)

4: Veszprém: debt management and community development

Romania:

1: Nusfalau: employment and housing program based on local community's craftsmen

2: Baltesti: participatory planning in the housing program

Bulgaria:

1: Veliko Trnovo: training, housing and employment programs

2. Sofia, Hristo Botev: social housing construction

5.2 Further readings

Council of Europe (1999): Housing, urban planning and poverty: problems faced by Roma/Gypsy communities with particular reference to central and Eastern Europe, Prepared by: Prof. Dr Vladimir Macura, Assoc. AIA

Council of Europe (2008): Housing Policy and Vulnerable Social Groups, Group of Specialists on Housing Policies for Social Cohesion. COE: Strasbourg

Council of Europe (2009): Ensuring access to rights for Roma and Travellers, The role of the European Court of Human Rights

EC (2006): The social situation of the Roma and their improved access to the labour market in the EU

EC (2010): Commission Staff Working Document. Roma in Europe: The Implementation of European Union Instruments and Policies for Roma Inclusion – Progress Report 2008-2010

EC (2010): Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions. The social and economic integration of the Roma in Europe /* COM/2010/0133 final */

EC (2010): SEC(2010) 400 final: Commission Staff Working Document. Roma in Europe: The Implementation of European Union Instruments and Policies for Roma Inclusion – Progress Report 2008-2010

EP (2005): P6_TA(2005)0151 Roma in the European Union. European Parliament resolution on the situation of the Roma in the European Union

EP (2006): P6_TA(2006)0244 Roma women in the EU. European Parliament resolution on the situation of Roma women in the European Union (2005/2164(INI))

EP (2008): P6_TA(2008)0035 A European strategy on the Roma . (PE 401.031. European Parliament resolution of 31 January 2008 on a European strategy on the Roma)

EP (2009): P6_TA(2009)0117 The social situation of the Roma and their improved access to the labour market in the EU. (European Parliament resolution of 11 March 2009 on the social situation of the Roma and their improved access to the labour market in the EU (2008/2137(INI)))

EP (2010): Thursday, 25 March 2010 - Brussels Provisional edition Second European Roma Summit European Parliament resolution of 25 March 2010 on the Second European Roma Summit.

European Bosch, J. (2009): How Urban Planning Instruments Can Contribute in the Fight against Homelessness. An International Overview of Inclusionary Housing. In: European Journal of Homelessness, Volume 3, pp. 155-177. http://eohw.horus.be/files/freshstart/European%20Journal%20of%20Homelessness/Volume%20Three/FEANTSA-EJH2009-article-6.pdf

European Council (2009): Council Conclusions on Inclusion of the Roma 2947th Employment Social Policy, Health and Consumer Affairs Council meeting

European Council (2010) of the European Union: Council conclusions on advancing Roma Inclusion. (3019th Employment Social Policy, Health and Consumer Affairs Council meeting EMPLOYMENT, SOCIAL POLICY HEALTH and CONSUMER AFFAIRS Council Meeting Luxembourg, 7 June 2010)

European Council (2009): Proposal for a Regulation (EC) No …/2009 of the European Parliament and of the Council amending Regulation (EC) No 1080/2006 on the European Regional Development Fund as regards the eligibility of housing interventions in favour of marginalised communities - Progress report

European Parliament Report on the EU strategy on Roma inclusion (2010/2276(INI))

Raxen Report on Bulgaria (2009)

Raxen Report on Czech Republic (2009)

Raxen Report on Hungary (2009)

Raxen Report on Romania (2009)

Raxen Report on Slovakia (2009)

SEC(2007) 1516: Frequently asked questions in relation with Commission Decision of 28 November 2005 on the application of Article 86(2) of the EC Treaty to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest, and of the Community Framework for State aid in the form of public service compensation.

5.3 Contents of the supplementary background document

- Challenges of Roma: scale and nature of housing exclusion and spatial segregation of Roma in the 5 MtM countries
- Sector based review of housing interventions with examples from various European countries (social housing programs, private ownership programs and housing allowance schemes)
- Best practice housing programs focusing on segregated Roma communities in the MtM countries (two examples per country)
- Options for and actual use of ERDF funds for MRCs, with detailed examples from current relevant Operational Programs of the MtM countries
- List of useful resources and the interviews carried out during field visits