



THE IMPACT OF THE ECONOMIC CRISIS ON HOMELESSNESS IN ROMANIA

Mirela Paraschiv, PhD.

Interdisciplinary Centre for Advanced Research
on Territorial Dynamics (CICADIT),
University of Bucharest

Homelessness in Romania before the economic crisis

- A context of fragile growth and development based on the **post-socialist transformation processes**.
- **1989-2017** – fluctuant economic evolution:
 1. sudden economic decline during 1989-1990.
 2. light economic decrease during the first part of the 1990s.
 3. short economic growth for 1996-1997.
 4. stagnation, then a new increase starting with 2000.
 5. economic decline since 2009, after the 2008 international economic crisis.
 6. stagnation at the limit of economic recession during though state interventions, until 2012.
 7. light economic growth since 2012.

Homelessness in Romania before the economic crisis

- **Before 1989:**
 - impoverishment effects of communist reforms and actions.
 - imposed low common standard of living.
 - inefficient economic performance of communist economy.
- **The transition period:**
 - political, economic and social changes.
 - the transformation crisis:
 - 30%-50% GDP decreases.
 - increases of the unemployment rate.
 - social and economic polarization.

Homelessness in Romania before the economic crisis

■ The transition period:

- generalization of poverty and extension of severe poverty (the highest level in UE) – economic instability, inefficient social security system, property law changes:
 - increased medium and long-term unemployment rate.
 - amplified informal economy.
 - more difficult access to public services and housing.
 - growth of the no. of people dependent on social benefits.
- children and youth leaving foster care – the main category of homeless people.

Homelessness in Romania before the economic crisis

■ The transition period:

- dominant profile of homeless people:
 - young adults, males, rough sleepers – evictions, deinstitutionalisation, poverty.
- after 2000, 30% of women on the streets.
- new categories of poor people and at risk of homelessness:
 - young people – 20.5% unemployment rate in 2005;
 - unqualified labour force;
 - the elderly with low state pensions;
 - families (monoparental, large number of children);
 - Roma people – 74% poverty rate, 12.9% employment rate in 2003.

Homelessness in Romania before the economic crisis

■ The transition period:

2001-2007:

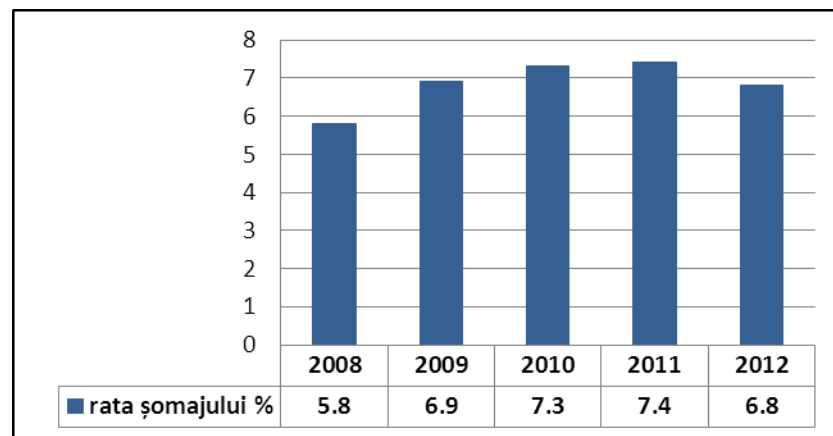
- 57.5% increase of GDP/inhab.;
- stagnation of homelessness and slight decrease of street homelessness;
- a reduction in group size of people at risk of social and housing exclusion.

2002-2007:

- 9% annual increase of households;
- decrease of the rate of population below poverty line:
from 44.5% in 2000 to 35% in 2005.

Homelessness in Romania and the economic crisis

- Increased poverty and inequalities, along with enlarging housing exclusion.
- High economic and social vulnerability.
- Increased unemployment.
- **Economic decline:**
 - 50% reduction of foreign investments;
 - 7% economic deficit;
 - 6.2% absolute poverty rate (4.6% in 2008);
 - 50% lower GDP/inhab. compared to EU average.



Unemployment rate in Romania

Homelessness in Romania and the economic crisis

- **Income** and population purchasing power **decreases** with 9% from 2010 to 2011 – amplified incapacity of certain population groups to manage:
 - long term unemployment; inadequate housing;
 - familial conflicts; chronic diseases.
- **Anti-recession government reforms:**
 - the public sector – 25% cuts in public salaries and blocking positions;
 - the social assistance system – interruption and amount reduction of social benefits;
 - the fiscal system – tax increases and new taxes.

Homelessness in Romania and the economic crisis

■ Homelessness profile:

- urban areas;
- predominantly men;
- young people at risk.

Unemployment rate %	2008	2009	2010	2011
Urban areas	6.8	8.1	9.1	8.8
Rural areas	4.6	5.4	5.0	5.5
Men	6.7	7.7	7.9	7.9
Women	4.7	5.8	6.5	6.8
Youth	18.6	20.8	22.1	23.7

■ Unemployment rate in 2012:

- 8.4% in urban areas vs. 4.8% in rural areas;
- 7.2% for men vs. 6.3% for women;
- 22.7% for 15-24 y.o. youth.

■ Increase of rough sleeping families.

Homelessness in Romania and the economic crisis

- 2011 survey in Bucharest on poverty and quality of life:

<i>Unemployment rate</i>	Individual job loss	9%	
	Job loss of a family member	10%	
<i>Welfare</i>	Social benefits reduction	15%	
<i>Providing basic needs</i>	Insufficient income	17%	
	Sufficient income	37%	
	Reduction of capacity to provide:	food	56%
		clothes and shoes	53%
housing costs		53%	

30.5% poor people at national level

Homelessness in Romania and the economic crisis

■ Housing issues:

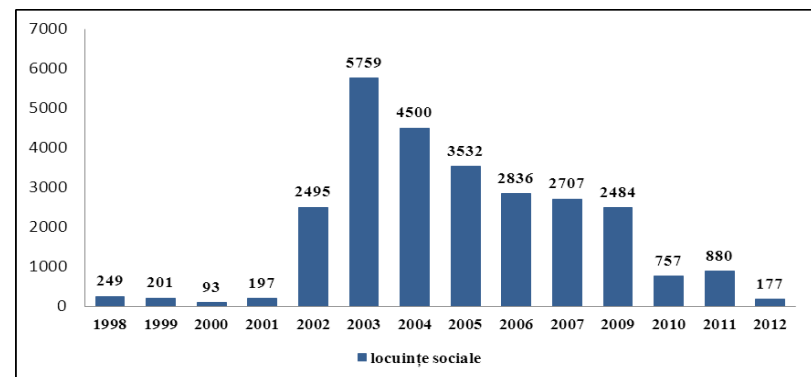
- 1990-2008 – 400% average increase of housing prices in large urban areas;
- after 2008 – interruption of construction projects
decrease of rents and housing prices
increase of informal housing
 - **low housing accessibility:**
 - strong decrease of revenues;
 - increase of long-term unemployment.

Homelessness in Romania and the economic crisis

■ Housing exclusion:

- housing deficit;
- 2009-2012 – social housing:
 - tenants of formerly nationalized housing;
 - disadvantaged people;
 - evicted people for the consolidation of high seismic risk houses.

Dynamics of public
social housing in Romania



Homelessness in Romania and the economic crisis

- But, **better homelessness management**:
 - night and emergency shelters;
 - social medical centres;
 - programs of professional insertion;
 - increased quality of social services and benefits;
 - increased collaboration with NGOs;
 - legislative recognition.

Yet, **budget cuts**:

- activity reduction – limited human resources; no. of beneficiaries reduction; accession limits for the housing programs.

Homelessness services – before and after the crisis

- 2007 – the first national program:

“Ending the social exclusion of homeless people through opening emergency social centers” (6 years long):

- 50 emergency social centers in Bucharest and in each major city in Romania;
- social services for 10 000 homeless people: accommodation, care, counseling, social reintegration (employment, housing, training courses, health education);
- assessment and monitoring of rough sleepers.

Homelessness in Romania after the EU inclusion and the economic crisis

- **Official recognition in 2011** – homeless people:
 - live on the streets,
 - live temporarily at friends or acquaintances,
 - at risk of eviction,
 - live in institutions or prisons.
- **Main causes of homelessness:**
 - high level of poverty.
 - lack of affordable and social housing.
 - evictions.
 - exit of the institutional system of special protection.
 - long term unemployment.
 - increased informal economy.

Homelessness services – before and after the crisis

■ Public Social Services:

- I. Emergency services: emergency and night shelters, social canteens, social bathrooms, social guidance, primary health care;
- II. Social day centers and temporary shelters, counseling;
- III. Transit housing, social housing and protected employment, social benefits.

■ Private Social Services:

- I. Emergency services: street canteens, social bathrooms, social guidance, primary health care, social ambulances;
- II. Social day centers and temporary shelters, counseling;
- III. Transit housing.

Homelessness services – before and after the crisis

Public system of social assistance

Homelessness management evolution:

- positive evolution at institutional level.
- increased services, after 2004.
- better collaboration with the NGO's.
- improved legislation on homelessness.

Economic crisis influence:

- budget decrease.
- activity diminution.
- reduced number of recipient homeless population.

CONCLUSION

- Homelessness in Romania faced an **increase in scale** during the economic crisis and a **diversification of affected population groups**.
- Strong territorial distribution of **urban homelessness** due to:
 - evictions, job losses, low professional qualification, real estate frauds, high housing costs, unpaid bank credits.
 - disrupted economic activities at national level;
 - reduction of jobs;
 - increase of unemployment rate;
 - evictions within the restitution process of housing properties.
- Increase of homeless people formed of **families with children**.
- High proportions of **active population** became homeless together with traditional categories at high risk of extreme housing exclusion: the elderly, Roma people, people with physical or mental disabilities.

Thank you!

Mirela Paraschiv
CICADIT, University of Bucharest

www.cicadit.ro

mirela.paraschiv@geo.unibuc.ro