



## Social Housing Provided by the Third Sector: The Slovak Experience

Maria Murray Svidronova (corresponding author)

Faculty of Economics, Matej Bel University, Banska Bystrica, Slovakia  
[maria.murraysvidronova@umb.sk](mailto:maria.murraysvidronova@umb.sk)

Beata Mikušová Meričková

Faculty of Economics, Matej Bel University, Banska Bystrica, Slovakia  
[beata.mikusovamerickova@umb.sk](mailto:beata.mikusovamerickova@umb.sk)

Juraj Nemec

Faculty of Economics and Administration, Masaryk University, Brno, Czech Republic  
[juraj.nemec@econ.muni.cz](mailto:juraj.nemec@econ.muni.cz)

Helena Kuvíková

Faculty of Economics, Matej Bel University, Banska Bystrica, Slovakia  
[helena.kuvikova@umb.sk](mailto:helena.kuvikova@umb.sk)

**Abstract:** *This paper aims to describe the legislation of the social housing system in Slovakia and to analyse innovations in social housing provision. The paper contributes to the literature on innovative social housing solutions provided by non-governmental organisations (NGOs), or so-called third sector. The analysis reveals the main factors that may contribute to the success or failure of social innovations in housing provision by NGOs. Long-term community work, the education of future residents, and the participation of future residents in the construction of their homes are the main factors that support the spread of innovations in social housing. On the other hand, lack of cooperation from the government at all levels and low funding are the biggest constraining factors on innovation in social housing in Slovakia.*

**Keywords:** social housing; third sector; non-governmental organisations.



## Housing provision in Slovakia after 1993

Since the establishment of an independent Slovak Republic, the issue of housing has been addressed in the state's housing policy, which is defined by several legislative documents, i.e. by the concepts of state housing policy elaborated for a standard five-year period (Špirková et al. 2009). The state housing policy concept and other tasks in this area are developed by the Ministry of Transport, Construction and Regional Development of the Slovak Republic (MoTCRD). Since 1994, a total of six policy concepts have been developed, the most recent of which was approved on 7 January 2015 for the period to 2020. The first policy concept to address the task of legislatively defining the concept of social housing was that of 2010. Nevertheless, the social housing agenda is institutionalised as part of the housing policy in Slovakia.

The current State Housing Policy Concept to 2020 summarises recent developments in housing policy, outlines priorities for the coming period, and defines the tasks that ministries have to fulfill in order to meet the goals set. The main objective of the concept of state housing policy for 2015-2020 is the sustainable development of housing. The concept also defines specific objectives, which are: the creation of new financial instruments to support housing development; increasing the availability of housing; development of the private housing sector; increasing or at least maintaining the same share of public expenditure on housing; introducing a new housing allowance and supporting the development of the non-profit sector in housing provision.

The responsibility for and provision of housing services is currently regulated in Slovakia by Act No. 443/2010 Coll. on subsidies for housing development and social housing and by Act No. 182/1993 Coll. on the ownership of flats and non-residential premises, the Act on the State Housing Development Fund No. 607/2003 Coll., and most recently the Act on Housing Loans (no. 90/2016 Coll.). Housing legislation is quite fragmented, which complicates clarity and transparency.

Act No. 443/2010 Coll. defines social housing as 'housing acquired through the use of public funds intended for the adequate and humane dwelling of natural persons who cannot obtain housing by their own actions and fulfill the conditions under this law. Social housing is also housing or accommodation funded by public funds and provided as part of care under specific regulations'.

The social housing sector targets households and individuals who are disadvantaged or have insufficient funds to obtain and maintain their housing by themselves. Disadvantage may be temporary or lasting in nature. Disadvantage is in particular related to stages of the life cycle, health status, socio-economic status, and discrimination on the basis of ethnicity (Roma citizens). The Slovak Republic, through its state housing policy, defines these disadvantaged groups of people in the housing market: low-income households, young families, multiple families, seniors, single-parent families, women at risk of violence and victims of violence, foreign nationals and migrants, homeless people, socially excluded localities / slums. Similarly, there are groups of people who are disadvantaged for various reasons owing to which they are unable to satisfy their need for housing (State Housing Policy Concept to 2020).



The Slovak Republic applies a dual model of social housing. Social housing is secured through public construction from public funding (e.g. the State Housing Development Fund, MoTCRD). According to the latest Population and Housing Census 2011, the total housing stock in Slovakia consisted of 1,994,897 housing units, of which 205,729 units were empty. According to the results of the census, there were 370 housing units per 1,000 inhabitants, which is the second-lowest ratio in the EU after Poland (Sčítanie obyvateľov, domov a bytov 2011). In 2011, the total housing stock in Slovakia consisted of private housing (90.5%), 6% were rented flats (out of which 3% were rented by municipalities and 3% were rented privately), and 3.5% were owned by housing cooperatives. Social housing in Slovakia is primarily provided by municipalities and financed by state resources. The social housing stock consisted of approximately 127,000 housing units, which is approximately 6.36% of the total housing stock.

An important legal instrument that makes the representatives of local authorities responsible for resolving the issue of housing in their territory is the Municipal Establishment Act No. 369/1990 Coll. This law, in paragraph 4, defines the role of municipalities and, among them, the role: ‘... to acquire and approve housing development programmes and to cooperate in creating suitable housing conditions in the municipality’. Municipalities are therefore forced to look for different ways of obtaining housing for their inhabitants, especially for those who need their help in this area. There are two things to note here: 1) flats are often occupied by tenants who have lived in them since the time of socialism when flats were owned by the state, and these tenants did not buy their flats, but they derive from the permanent right to use flats with regulated rent, which is usually very low; 2) towns and villages do not have resources in their budgets to meet the population’s need for social housing. Although social housing is the responsibility of the municipalities, they are unable to do so owing to a lack of finance. Therefore, their attitude is that local governments also add many criteria to those as defined by Act No. 443/2010 Coll. and often these criteria create barriers to access to housing. For that reason, the article focuses on innovative solutions to provide social housing by non-governmental non-profit organisations that significantly save public budgets.

## The third sector in social housing

Innovation in the provision of social housing by the third sector can be termed ‘co-creation’. Co-creation is a social innovation that seeks solutions to the production and financing of public services through collaboration with different stakeholders. Innovation in the production process of public services is considered 1) an open process, with the involvement of end-users in the design and development of goods and services, and 2) a change in the relationship between the stakeholders involved (Voorberg, Tummers, Bekkers et al. 2014). One of the central elements of the concept of social innovation is the active participation of citizens and grassroots organisations in order to produce social outcomes that really matter (Bason 2010). The participation of citizens in the development and subsequent implementation of an innovation is of great importance in terms of the success of the public service innovation process because they are the final consumers of the public service (Borins 2008; Fuglsang 2008; Von Hippel 2007).

Key factors of co-creation can be divided into being either on the organisation side or the citizen side of co-creation (Table 1):



**Table 1: Drivers of co-creation**

Key factors on the organisation side	Key factors on the citizen side
Compatibility of public organisations with citizen participation	Citizen characteristics (skills, values, education, willingness, etc.)
Open attitude towards citizen participation	Customer/citizen awareness/feeling of ownership/
Presence of clear incentives for co-creation (win/win situation)	Presence of social capital

*Source: authors based on Voorberg, Tummers, Bekkers et al. 2014.*

Selected organisations have been identified as examples of good practice where co-creation is being applied, based on the involvement of authors in the analysis of needs for practice (Analysis of the existing non-profit sector in housing provision in EU countries) and SOLIDUS (Solidarity in European societies: empowerment, social justice and citizenship). We conducted an extensive document analysis of relevant policy documents, databases, and websites. In addition, we also conducted more than ten expert interviews, leading to the identification of case studies of three non-governmental non-profit organisations: ETP Slovakia, People in Need Slovakia, and the NGO ‘Ranč Nádej’ (Ranch of Hope). The latter, however, was not analysed due to the death of the statutory representative of the organisation in a car accident in 2016, since which time the organisation has ceased to operate. In the other two cases, we conducted interviews with representatives of the organisations as well as the mayors of municipalities.

## ETP Slovakia – Rankovce

The organisation ETP Slovakia has been operating in Slovakia since 1992. They work with disadvantaged groups, especially from segregated Roma communities, as well as refugees. One of their programmes is the development of housing for those families living in unsatisfactory conditions to improve the quality and conditions of housing by themselves and with the help of a building teacher. They have also focused on working with their clients to help them gradually acquire job skills, which is a prerequisite for easier integration into the labour market and gradual inclusion in mainstream society. They run a community centre in Rankovce. Since January 2013, in cooperation with local self-government, field social workers and the local association For a Better Life, they have supported sixteen Rankovce families. With assistance from the Savings and Micro-Loan Programme the organisation helped them with the legalities of building either new houses or finishing incomplete houses by themselves and they are subsequently made the legal owners of the houses. The essence of this cooperation is not only the legal construction of the homes but also the individuals’ development. These experiences relate specifically to construction in segregated Roma localities.

Self-construction can fundamentally improve their basic living conditions, which subsequently has a direct impact on the family budget (energy savings), the health of family members, and improves the opportunities for educating children and earning an income from legal work. After the finished house is approved and the microloan is repaid, the client becomes the owner of the property. They have a higher social status, are more respected within the community, and become more independent. Self-help construction can help socially-reliant clients get out of the vicious circle of poverty. By receiving financing via microloans, clients also acquire financial



skills, which can then be applied in everyday life, i.e. they learn to save money and realise the value of money and the need to plan the family budget.

The total cost of one house is around 12,000 €, of which one-third is funded by NGOs and sponsors, and the rest of the sum is paid by the Roma citizens. The saving programme helps them to save around 400 € and the microloan programme provides an interest-free loan around 6,000 € to finance the building of the houses. As a bonus for paying the instalments, they can get up to 1,200 € from the NGO.

Homebuilding in itself and the demands placed on clients during construction help to change the client's personality and their lives in a comprehensive way. Many times, the new home is the most important thing that the clients have achieved in their lives and managed by their own efforts. This represents a great personality and attitude shift from passively waiting for help from the environment and reliance on it. The housing is not just involve getting a 'roof over one's head'. The process of self-help construction, maintenance and care of one's own home involves many actions and activities that develop societal, social, financial, work and other skills of the inhabitants of the newly-built homes. The number of builders/clients from Rankovce who are employed on a permanent basis rose from two in 2013 to eight in 2017. In this example, the organisations demonstrate the synergy of their three priorities: housing, education in connection with financial inclusion, and employment.

The third sector is the initiator and implementer of the housing programme in the village. Optimal models may take the form of a joint project aimed at improving the quality of housing for all local residents, regardless of their nationality or ethnicity. The self-help model of housing in the village presents one from proven and well-established ways of overcoming prejudices and building bridges between the majority and the socially excluded minority. The basic principle of cooperation is that everyone is a winner (citizen, community, municipality, state). The project received the European Commission Award for Best Projects of Building a Social Society in 2014.

## **People in Need Slovakia - Kojatice**

Social housing in Kojatice is part of the mission of the Slovak civic association People in Need relating to social cohesion, humanitarian aid, and human rights protection. One of its programmes focuses on housing for people dependent on social assistance. Some of the volunteers in this organisation study architecture and they came up with the idea of building social houses for a marginalised group of citizens. Because they are architecture students with an obligation to deliver practical work as part of their final exams, the idea arose to help to improve the poor living standard of Roma citizens living in huts in the east of Slovakia. According to the initiator (a volunteer in the NGO and a student of architecture), the goal was to build social houses for Roma citizens who live in very poor social conditions. The main idea is to provide them with affordable housing with the lowest support from government or other parties – and to motivate them to participate in the building and financing of their houses directly. The result is the production of small plain houses financed by various sources (diversification of funding, multisourcing).





The main principle of the project was an individual approach and the personal commitment of both the initiators and the inhabitants. The people involved in the project participated in the whole process: architects, in communication with Roma citizens, created the plans and technical documentation for the construction of the houses based on the Roma's requirements and ideas, and later the Roma were trained in construction work and for one year they saved money in a joint fund. In the coming years they will be involved in a microcredit system through which they will pay off the cost of the materials needed to build their houses. The total cost of one house is around 10,000 €, two-thirds of which is funded by the NGOs and the municipality (the municipality provides land and only small funding) and the rest of the sum is paid by the Roma citizens. The impetus for this is that these people have no chance of getting a loan from any bank; the microcredit system is their only option. This system provides an interest-free loan between 1,000 and 1,400 € to finance the building of the houses. With the loan come also various trainings, e.g. the aforementioned training in construction work, where they learn not only the basics of house-building but also about which materials to use, how to save energy etc. Another training is focused on financial literacy, so that the Roma citizens are able to pay off the loans. A very important part of the microcredit system is to motivate people and work with them on a regular basis.

According to one of the volunteers interviewed, suitable housing, the experience of working to help build the house, and the financial responsibility for part of its financing are impetuses for positive changes in the Roma citizens' life style. All this makes it easier to develop in other areas: quality housing also means less time spent on maintenance and better health, increased responsibility improves children's school attendance, and the new working experience improves chances of obtaining employment.

The preparation for the social housing project started in 2005; it was very important to build up relationships with social workers and subsequently through them with Roma citizens because of the high level of distrust between Roma citizens and the majority population. This was not the case in the previous NGO, as they run a community centre in Rankovce and the level of trust was already high. The Kojatice project started in 2011; first, seven houses were finished in the summer of 2013. The rest of the social houses were expected to be finished in 2015 but a new non-governmental organisation, 'DOM.ov', was established to pursue the goal of social housing provision for Roma citizens. This organisation approached more local governments, and besides Kojatice they aim to build social housing in 9 more municipalities. The non-profit organisation Projekt DOM.ov is focusing on preparing their own self-help programme based on the experience of self-help construction of homes in Rankovce and Kojatice.

## Discussion

Based on an analysis of both NGOs and stakeholder interviews, we can summarise the following factors as influencing the introduction of innovation into social housing through the third sector (Table 2).



**Table 2: Drivers and barriers of social innovation in social housing**

Drivers	Barriers
Innovative and comprehensive solutions to housing problems by combining education, employment, financial inclusion and housing construction	Lack of financial sources for microloan programme
Acquiring work skills and habits - increasing the chances of the participants obtaining employment on the labour market	Interruption of work or absence of field social workers in direct contact with the client in the field
A sense of responsibility and ownership	Low or no will for cooperation from the local governments (municipalities)
Financial efficiency	Low or no will for cooperation from the state (no or minimal recognition from the state government, no will to implement the innovation nationally)
Running a community centre in the areas – improved trust of citizens	Selection of clients, for whom all conditions and criteria for joining the Micro-Loan programme have not been sufficiently assessed

*Source: authors.*

Based on Table 1 on the key factors of co-creation, here in Table 2 we can see that these were the factors that also influence co-creation in social housing: a sense of responsibility and ownership, citizen characteristics (skills), the presence of social capital (trust).

It is very important to realise that by just assigning a flat the problem of social housing for the target groups has not definitively been resolved, although in some cases this is true. However, much more often the case is that social housing target groups also need other types of services, such as lessons on how to find a job, how to manage finances, and in some cases lessons on basic hygienic habits and how to take care of the allocated housing, etc. We propose these services be set up and offered in all cases where social housing is provided, since this also ensures regular monitoring of the situation and the state of social housing. In the cases analysed, cooperation between the third and the public sector was demonstrated in the case of social housing in the villages of Rankovce and Kojatice. NGOs provide micro-loans as well as financial and social education for the population. The involvement of the Roma themselves in sharing the financial costs of construction as well as the building work creates a sense of co-ownership, and these houses are not as quickly destroyed as is the case with allocated state-owned flats. We consider this initiative a good basis on which to build and develop the provision of housing services by the third sector through the implementation of properly selected recommendations

## Conclusion

As Pittini et al. (2015) noted in their research study the construction of social housing units is increasing in Slovakia, which means that the stock of social housing is gradually expanding. Another positive fact is that the State Housing Policy to 2020 aims to strengthen and develop the public rental sector and to support the renewal of the existing housing stock. On the other hand, a negative fact is that Slovakia has the largest share of young people living with their parents within the EU and the second-lowest share of housing units per 1,000 inhabitants in the EU. This suggests that the government should seek to reverse the declining trend in public



spending on housing and look for alternative solutions to housing services, for example through the third sector.

The importance of NGOs in the role of manager and social housing owner in EU countries is increasing, most notably because they offer more efficient housing management, and are marked by less bureaucracy, lower corruption rates, less abuse of social housing due to politics, and a willingness to provide social inclusion through social housing. A significant number of NGOs, in addition to providing social housing, also provide comprehensive social services (when necessary) relating to cohabitation, social problems, or problems paying rent, etc. (Lux et al. 2010).

The third sector brings innovation to social housing by combining self-help construction and education. Self-help construction of homes that results in private ownership and is financed by micro-credit is an efficient solution to the problem of social housing and at the same time saves public resources. This approach gives people the opportunity to take care of themselves. The NGOs analysed in this paper prefer that the burden of responsibility is borne by the individual - the home-builder – while making maximum use of these individuals' potential and abilities.

The notion of public value becomes less tangible when public services are provided only by the public sector. In co-creation, the importance of the notion of value can be seen by looking at the private-sector origins of co-creation (Mikušová Meričková, Svidroňová 2014). This has also been confirmed in the case of social housing, where self-help builders are seen to develop a sense of co-ownership of the home, and, after repaying the micro-loan, they acquire the house as their own property.

This paper serves as a basis for a deeper analysis of social housing provision by the third sector, including the use of quantitative methods such as value for money or cost benefit analysis, to prove the higher efficiency of social housing provision by the third sector.

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