



The Financial Instability of Housing First Families in the City of Brno – the Risk of the Recurrence of Homelessness

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Abstract: *This article presents the partial research findings on financial instability as a risk factor for the recurrence of homelessness among families enrolled in a Housing First project in the City of Brno (Czech Republic). The project represents an evidence-based social innovation focused on ending families' homelessness. The research was designed as a Randomised Controlled Trial study accompanied by a qualitative evaluation. The data were collected through questionnaires, individual interviews, and focus groups. In the results section we follow the logic of a financial stability model and conclude that research results on financial stability overall did not prove to be statistically significant on a short-term scale. In the discussion, we state that prolonged material poverty combined with the nature of the Czech housing benefit system and the experience of residential alienation could increase the risk of the recurrence of homelessness for families. A crisis financial fund was established in an effort to prevent this.*

Keywords: Housing first; homeless family; rehousing; financial instability, recurrence of homelessness.



Introduction

In this article we focus on the partial results of the evaluation of the Housing First programme piloted for homeless families in the city of Brno in the years 2016-2018. In the last decade, Housing First programmes worldwide have emerged as a response to the hyper-commodification of housing¹. In their core principles, Housing First programmes present housing as a right for everyone (Tsemberis 2010) and in this sense oppose the widespread discourse of housing as ‘an investment’ (Rolnik 2013). Although limited in scale, the model presents a viable alternative for the poorest part of the population and has proved to be an effective reintegration model for homeless people (Busch-Geertsema 2013).

The project in the city of Brno itself comprised five main activities: a) registry week (and a lottery as the method to select 50 families); b) the rehousing of homeless families in municipal housing; c) intensive case management as a social work method; d) political and expert boards; e) and a randomised controlled trial and qualitative evaluation (Černá, Bartošová, Ripka 2016).

The project proved to be a success in the short term; 48 families out of 50 (96%) had managed to retain their housing 12 months after being rehoused. The main outcomes were found to be better stability in housing, the improved well-being of mothers/carers, and a reduced risk of any family members using the emergency room or ambulance or experiencing a hospital stay (Ripka, Černá, Kubala 2018). The project was also seen as socially innovative and awarded as such with two international awards in 2018. Although most expected outcomes were met, some questions remained unanswered. One of the main ones was the matter of the financial instability of families after rehousing. In this article, we would like to address this by asking: *‘In what way does the financial instability of families after rehousing increase the risk of the recurrence of homelessness?’*

We argue that the Housing First programme in the city of Brno did not lead to the better financial stability of families. Yet, we did not find any relevant data covering the theme of the financial instability of families as a risk factor of homelessness recurrence in Housing First studies. We assume that families living in long-term housing insecurity are alienated from the housing they reside in. They are unable to build any relationship towards it because they have lost their tenure many times (Madden & Marcuse 2016). Therefore, they display destructive behaviour towards it (e.g. not paying their rent), without any rational explanation. This makes their position in the housing sector more vulnerable to the recurrence of homelessness. But focusing on the concept of residential alienation as the only reason for families’ vulnerabilities would be too simplistic. There are structural factors at play, too. The rehoused families in the city of Brno did not become more prosperous or make their way out of poverty. At the end of the month, they often had to choose between paying their rent or fulfilling the other basic needs of family members (especially children).

¹ Hyper-commodified housing means the material and legal structures of housing – buildings, land, labour, and property rights, are turned into commodities (Madden & Marcuse 2016).



Similar research findings on housing stabilisation and homeless families

Many research studies in the United States and Europe (e.g. Atherton & Nicholls 2008; Busch-Geertsema 2013; Bretherton & Pleace 2015) have evaluated Housing First programmes for individuals and have reached the simple conclusion that the approach is an effective model for reintegrating chronically homeless individuals into standard housing.

When looking into studies concerning the reintegration of homeless families, the most robust data could be found in the US literature, which covers various housing interventions as solutions to family homelessness. Interestingly, the Housing First intervention is not one of them. One possible explanation could lie in the presumed complexity of the needs of families and the lack of financial resources for their long-term support. Housing First programmes were first developed in the United States for the target group of homeless individuals with mental health issues, in part because this target group could get sufficient and long-term financial support with the help of benefits. US families are supported through Rapid Re-housing or housing subsidy schemes, which provide support for only a limited period of time.

There has been an ongoing debate in the United States about whether the provision of housing and financial assistance are satisfactory measures for ending family homelessness (Bassuk & Geller 2006). Two major studies financed by the Department of Housing and Urban Development gave some responses. The Family Option Study was a randomised controlled trial testing three interventions (Rapid Re-housing with financial assistance for up to 18 months, the priority assignment of a housing subsidy without further support, a transitional housing programme) and treatment as usual (TAU) on almost 2300 randomly assigned families. The 36-month impact of the intervention involving the priority allocation of a housing subsidy compared to treatment as usual showed a decrease in the incidence of homelessness, an increase in people living in their own dwelling, no statistically significant impacts on the institutionalisation of children, a decrease in the psychosocial distress of mothers, an improvement in children's sleep, improvements in the behavioural problems of children and in pro-social behaviour, a decrease in employment and participation in training schemes, and a better score on the economic distress scale (Gubits 2016: 30–45). The evidence that affordable housing for families has a positive impact on their homelessness and other outcomes is clear. The second study, the Family Unification Program, offered a housing subsidy with or without case management services to families at risk of parent-child separation. Additional case management services decreased the probability of the out-of-home placement of children by 31% and led to a decrease in the overcrowded conditions of families and improved inner housing quality. The results suggest that case management coupled with a housing subsidy further improves the outcomes of families (Fowler et al. 2015).

Randomised control trial (RCT)

The study was designed as a pragmatic, single-sited, randomised, controlled, non-blinded, superiority trial of the Housing First intervention for homeless families with two parallel groups. Randomisation was performed as stratified randomisation with a 1:2 allocation ratio. Out of a population of 421 homeless families in Brno, 50 families were randomly assigned to



municipal housing and intensive case management. The control group comprised 100 families from the same population (Ripka et al. 2018).

The sampling of families

The study was realised in the city of Brno (Czech Republic). The city has a population of 380 000 and owns 28 000 flats. During a census conducted in April 2016, 421 homeless families were counted in the city who were living in shelters, temporary hostels, overcrowded households, and otherwise inadequate conditions. All the families counted in the survey agreed to participate in the Housing First project and the accompanying research. These families also expressed in advance their consent to the terms and conditions of the project if they were drawn into the treatment group (cooperation with a social worker from IQ Roma Servis non-governmental organisation).

In June 2016, a lottery to randomly assign the families into the control and treatment groups took place at a meeting of the Social and Health Commission of the Brno City Council in the presence of a notary. The size of the treatment group was determined by the City of Brno, who assigned 50 municipal flats for the pilot project. Because a high attrition rate was expected, an additional 100 families were randomised into the control group. This was a stratified random selection based on the number of children in the family (currently living with their parents or with the potential to move to new housing). The group of 421 families was divided into three sub-groups: 229 families with 1-2 children, 76 families with 3 children, and 116 families with 4 or more children. Out of these groups, 27 families with 1-2 children, 9 families with 3 children, and 14 families with 4 or more children were randomly assigned to the treatment group (50 in total) and 54, 18, and 28 families were assigned to the control group (100 in total). In addition, 10 alternates were selected for the treatment group. In October 2016 alternates were also selected for the control group by the research team's statisticians using randomisation software (MU Brno) (Ripka et al. 2018).

Data collection methods

The questionnaire survey was based on three waves of inquiry. The first wave took place at the point of 'ground zero', before the treatment, and the results were summarised in a Baseline Analysis. The second wave took place six months after the start of the treatment (i.e. after moving in) and the last wave took place 12 months after the start. All the questionnaires were piloted first and the Scientific Council was also consulted on their structure. The questionnaires were divided into several sections according to the most important outcome indicators. The research team was interested in areas such as: forms of homelessness, housing history, stability of current housing, household structure, social integration, anomia, level of psychosocial stress, income, etc.

The data analysis was conducted using software for quantitative data analysis – IBM SPSS and R. In order to compare the treatment and control groups several analytical methods were employed:

- Compare means
- T-test and Mann Whitney test
- Fischer test.



Hypotheses

In this research we expected an improvement of the financial stability of formerly homeless families after rehousing. We worked with a financial stability model that can be summarized as follows: A) Housing expenditures will decrease in proportion to overall household income. Rehousing homeless families in municipal housing should result in their spending less of their income on rent because municipal will be financially more affordable than living in substandard housing conditions such as commercial hostels or insecure private rentals. B) The amount of money the family lacks to cover basic goods in a month will decrease. As a result, the treatment families will have enough money to cover their basic goods throughout the month. C) Housing benefits will be able to cover most of the housing expenditures. The rehoused families' expenditures will also become more predictable, because the structure of the housing benefits will change². D) The number of days in a month that the family is lacking money will decrease. The introduction of direct payment and case management to treatment families will stabilise the families' budgets and will reduce the number of days in a month that they lack money. The treatment families' money should be directed primarily towards rent payments and the social workers will support the families in planning for other payments and prioritising among them in order to prevent a recurrence of homelessness. E) In addition, rehousing will lead to a decrease in the use of pawnshops and short-term loans and to an improvement in the families' control over their indebtedness, and the treatment families will be able to pay for school-children's leisure-time classes and school trips and children's food.

² In the Czech Republic, there are two types of housing benefits: the housing allowance (which is tied to a rental contract) and the housing supplement (which can be provided in the case of substandard types of accommodation or as a supplement to the housing benefit). Rehoused families would therefore be entitled to the housing allowance or a combination of the housing allowance and the housing supplement (rather than the housing supplement alone).



Results

Table 1: Financial stability results

Financial stability					
Indicator	Scale/ unit	Average / Intervention group	Average / Control group	Average effect of intervention	P - value
Proportion of housing expenditures and household income	%	40	47	- 7,00	-
Amount of money the family lacks to cover basic goods in a month	CZK	4 505	6 118	-1 613	0,14
Imbalance between housing benefits' income and housing expenditure	CZK	- 1 263	- 3 397	- 2 134	0,10
Number of days in a month the family lacks money	Days	10,4	9,4	1	0,74
The ratio of families being able to pay for children' leisure time classes and school trips	Yes answer	0,42	0,42	0	1,00
Occurrence of children going to bed hungry in the last 30 days	Yes answer	0,04	0,04	0	1,00
Money shortage for buying children' food in the last 30 days	Yes answer	0,11	0,26	- 0,15	0,04
Use of pawnshops	Frequency	0,59	0,69	- 0,10	0,67
Occurrence of short-term loans	Yes answer	0,52	0,52	0	1,00
Feeling of control over families' indebtedness	Scale 1 (yes, fully) -4 (not at all)	2,7	3,1	0,4	0,09

Source: Authors.

The main indicators' results

The average monthly income of the treatment families amounted to a sum of 21 000 CZK, while the control group's income was 17 900 CZK. Although this difference did not prove statistically significant, it was substantial. Both groups (treatment and control) had the same housing expenditures (approx. 8500 CZK, including energy costs), but the floor space in square metres differed on average by 6.5 m²/ per person (17.7 m²/per person for the treatment group, 11.2 m²/per person for the control group). The housing expenditures of the treatment families (40% of their income) were 7% lower than that of the control group (47% of their income).

The treatment families lacked on average 4505 CZK a month, while the control group families lacked 6118 CZK a month. This difference was quite pronounced, but still did not prove



statistically significant. The treatment and control group families mostly lacked money to pay for clothes, groceries, hygienic supplies, household accessories, and shoes.

There was no statistically significant difference between the treatment and control groups with respect to experiencing a gap between income from housing benefits and expenditures on housing (i.e. a shortage of income to cover expenditures). The gap or shortage, however, was considerable, amounting to 2134 CZK.

The number of days in a month in which the families lacked money varied by one day, with the additional day of shortage on the side of the intervention group. This difference did not prove to be statistically significant.

The additional indicators' results

There was no statistically significant difference between the treatment and control families who were able to pay for their children's leisure time classes and school trips. The biggest expenditures that were difficult to pay for (in both groups) were school aids (such as textbooks, notebooks, school bags, etc.), and school trips. The control group families moreover could not pay for leisure-time classes.

Similarly we could not track any statistically significant difference in the occurrence of children going to bed hungry (this situation occurred sporadically), but 11% of the Housing First families and 26% of the control families had faced in the last 30 days (prior to the interview) the situation where they did not have enough money to buy food for their children. The intervention resulted in 2.4-fold decrease in the risk of families not having the financial means to buy food for their children. This result proved to be statistically significant.

Families in both groups kept using pawnshops and short-term loans (mainly from their family members) in situations of financial distress. The treatment families tended to feel they were unable to control their debt any better or have a better chance of reducing it. The interventions did not prove to be statistically significant.

Discussion

The financial situation of the treatment group did not show any statistical difference from the control group after rehousing. The only visible change appeared in the lower housing expenditures (by 7%) of the treatment families when compared according to expenditures per square metre of floor space. Also, the risk of not having the financial means to buy food for their children was 2.4 times lower for the treatment families.

Overall, the Housing First intervention did not result in an improvement in the financial stability of families 12 months after they had been rehoused in municipal flats. Despite some improvements, the families continued to experience the effects of prolonged material poverty, which led some of the treatment families into debt for being in arrears with their rent.

Struggling to satisfy their basic needs, families are forced into making the difficult choice of either meeting these needs or paying their monthly rent, which puts families at risk of recurring



homelessness. The financial stabilisation of families also depends on the Czech social benefit system. The complexity of the administration process necessary to obtain the housing allowance and the housing supplement caused some families further financial distress.

Some rent arrears could not be explained either by the family's difficult life situation or systemic factors. As to a theoretical explanation, one possibility is the concept of residential alienation (Madden, Marcuse 2016). Restoring families' ability to form an attachment to their housing requires time. We argue that social workers supporting Housing First families should be aware of this concept and show understanding for the affected families. In-depth qualitative research would also be needed in order to confirm such a hypothesis.

From the time perspective, the 12-month period allowed us to observe only the short-term outcomes of financial stability indicators. Our suggestion for further research to be conducted in the field would therefore be to list financial stability as a medium- to long-term outcome.

As to measures taken in order to prevent the recurrence of homelessness, the creation of a crisis financial fund for families was tested in the Czech pilot project. Families whose tenancy was at risk because of their rent arrears could apply (under strict conditions) for financial aid that would directly help them to renew or save their rental contract. This intervention could be seen as an innovative aspect of the Housing First project in the City of Brno. It reacted promptly to the causes of the recurrence of homelessness that are inherent in the Czech system (i.e. the complicated and lengthy administration process for obtaining the housing allowance and housing supplement) and may also have helped to address the experience of residential alienation.

Conclusion

In this article, the research question we set out to answer was: 'In what way does the financial instability of families after rehousing increase the risk of the recurrence of homelessness?' Most Housing First families live in deep material poverty and without housing benefits they would not be able to cover their housing costs. The wider context in which the Czech Housing First project was implemented revealed certain limitations to what can be offered to former homeless families in terms of improving their financial situation. Not being able to financially afford school aids and leisure-time activities for children, experiencing a shortage of money by the end of each month, following a strict budget in order to buy basic goods and be able to pay the rent puts families in the situation of having to choose between paying the rent or paying for (in other circumstances) ordinary things. This can be further complicated by the administration process that is associated with obtaining Czech housing benefits and by the experience of residential alienation that some families may feel. This situation results in some families being in arrears with their rent and falling into debt, putting them at risk of the recurrence of homelessness.



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