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European Observatory on Homelessness

# Financing Homelessness Services in Europe



**EOH Comparative Studies  
on Homelessness**

**Brussels - December 2021**



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**Disclaimer**

The interpretation and reporting of the questionnaire responses may not reflect the view of individual respondents for each country. Responsibility for any errors lies with the authors.

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# Content

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<b>Summary</b>	<b>5</b>
<b>Introduction</b>	<b>9</b>
<b>1. Funding systems for homelessness services</b>	<b>16</b>
1.1 Introduction	16
1.2 Overview of funding arrangements	17
1.3 Homelessness services	34
1.3.1 <i>Types of services funded</i>	34
1.3.2 <i>Housing First</i>	39
1.3.3 <i>Emergency shelters and personal budgets</i>	42
1.4 Other spending on homelessness	46
1.4.1 <i>Overflow expenditure</i>	46
<b>2. Key issues in funding homelessness services</b>	<b>51</b>
2.1 Introduction	51
2.2 Trends in funding	51
2.3 Challenges in funding	54
2.3.1 <i>Stability of funding</i>	54
2.3.2 <i>Sufficiency of funding</i>	59
2.3.3 <i>Bias in funding mechanisms</i>	62
2.3.4 <i>Competitive commissioning</i>	65
2.4 Good practice in funding	67
2.5 COVID-19	69
<b>3. Discussion</b>	<b>71</b>
3.1 Introduction	71
3.2 Legacy systems	71
3.3 Command and control	74
3.4 Penury and precarity	75
3.5 The Lisbon Declaration	76

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## Summary

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- This comparative research explores how homelessness services are funded in 14 Member States of the European Union. The report does not compare the levels of funding directly because operational costs differ considerably between different Member States. The report examines policy and practice in the funding of homelessness services, looking at good practice, challenges, and the impacts of funding systems on the development and delivery of effective homelessness strategies and services.
- The EU Member States involved in the study were: Austria, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Poland, Portugal, Slovakia, Slovenia, and Sweden. Some comparisons are drawn with the UK as a former Member State.
- Multiple streams of funding are often in place for homelessness services. There was often a high degree of localisation in that homelessness service funding tends to be handled by municipalities and sometimes by regional authorities.
- Homelessness services were often integrated into social services budgets and there was not a single, clear budget to spend on homelessness. The range of services that could be supported via social services spending was also limited in several Member States. This could put homelessness services in direct competition for funding with other areas of social services activity, such as social care for older people.
- No two national systems of funding homelessness services are the same. Many funding systems in Member States involve multiple levels of governance and different types of budgets.
- While some countries control homelessness funding at national level, a majority of systems are localised with control resting largely with municipal/local authorities. Countries that have working partnerships between national, regional, and municipal government in funding homelessness services are in the minority.
- In many Member States, municipalities and regional government have a high degree of discretion over which homelessness they will fund. This can mean that similar areas can have different levels and different types of homelessness services and that there is sometimes marked inconsistency in homelessness service provision.

- Funding systems sometimes do not really follow, or are not wholly consistent with, the reported strategic direction of homelessness policy. In some cases, such as Ireland and Portugal, funding systems and practices have less of an emphasis on housing-led/Housing First approaches than national strategy. In other cases, where no clear national homelessness strategy is in place, funding systems create a basic homelessness strategy, based on the conventions and regulations around which types of services they fund.
- The funding of housing-led/Housing First services, is often inconsistent and can be highly variable. There are Housing First services in Member States that are effectively and well-funded through national government budgets and there are Housing First services that are funded through a precarious arrangement of multiple, sometimes short term budgets.
- In contrast to the funding for Housing First, the Member States represented in this study all had clearly established routes by which emergency shelters could at least request either full or partial support from public funds.
- Service models that emphasise consumer choice can be harder to fund in the current funding systems for homelessness services in EU Member States. In contrast to social services/social care and health services, personal budgets are not generally supported.
- A small number of countries had significant overflow spending. This occurred when existing homelessness services were overwhelmed and resources like hotel rooms had to be used, sometimes at scale, to accommodate people experiencing homelessness. It also included emergency spending, such as the use of hotel rooms to accommodate people sleeping on the street during the initial phases of COVID-19.
- Expenditure on homelessness service levels appears to be increasing quite rapidly in several Member States and across the EU as a whole. However, levels of homelessness also appear to be increasing in many Member States. This may be in part related to funding systems often being skewed to shelter-based and housing ready models, rather than reflecting newer integrated approaches emphasising prevention and housing-led/Housing First services.
- The stability of funding for homelessness services varies markedly depending on which Member State they are in and also the source(s) of funding to which they have access. While some homelessness services are securely financed, many others face annual reviews and renewals of contracts and can experience sudden loss of funding.

- Funding levels for homelessness services vary markedly between different Member States. In some Member States, resource levels for homelessness services were not described as (generally) problematic, but in others funding levels were reported as insufficient to cover running costs and limited the types of support that could be provided.
- Individual funding systems can inhibit and encourage innovation through their design. Strict definitions of what a service should do, written into financial regulations, could restrict the range and nature of homelessness services. Within this, there was further evidence of some funding systems being skewed toward the provision of emergency shelters within individual Member States, rather than more intensive fixed-site supported housing/accommodation or housing-led/Housing First and preventative services.
- The extent to which homelessness services were provided through competition between NGOs for municipal contracts varied considerably across Member States. Levels of competition when these systems were in place were also variable. In some cases, competition was intense and there were concerns that municipalities were awarding contracts based on cost, rather than quality. The monitoring of contracts was also variable, with some arrangements looking more at homelessness service activity than the outcomes that were being achieved.
- There were examples of good practice. This included systems in which funding was secure, sufficient, and not overly bureaucratic to access and administer. Within these good practice examples, innovation was actively supported on a sustained basis, rather than through short term developmental funding. Outcome monitoring was also clear and reported on goals that centred on recognising the human rights and strengths of people experiencing homelessness and the need to build services that responded to and respected their choices.
- Increases in spending on homelessness services in response to COVID-19 have not been uniform. Some Member States have not made significant changes, while others have reconsidered wider strategy. In a few cases, extremely high levels of expenditure have been directed at reducing levels of people sleeping on the street. Concerns about people experiencing homelessness not being able to self-isolate and often having underlying/secondary conditions (i.e. being at high risk of serious illness and of hospitalisation in already overloaded public health systems) appears to have been the main driver for some of this expenditure.



- Significant elements of funding systems across Europe can be characterised as legacy systems, i.e. they were designed in whole, or in part, to support reactive responses to homelessness that centred on emergency shelter and ‘housing-ready’ or staircase fixed site/supported accommodation services. Funding systems that are synchronised to the delivery of integrated strategic responses to homelessness, including a mix of preventative and housing-led/Housing First services do exist, but they are the exception.
- There is a basic incompatibility between the declared goals of the Lisbon Declaration on the European Platform on Combatting Homelessness and the widespread presence of legacy funding systems, within Member States, that are primarily, or remain at least partially, orientated toward funding emergency shelters as responses to homelessness.

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# Introduction

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This section provides an overview of this comparative research, the eleventh in an annual series of studies undertaken by the European Observatory on Homelessness. The research questions and methods are described and then a brief outline of the structure of this report is provided.

## **The research**

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This research looks at how homelessness services are funded in Europe. The analysis focuses on the processes by which funding is secured, the experiences that homelessness service providers have in securing and sustaining funding, and the opportunities and the challenges in funding homelessness services across 14 EU Member States.

The report is not concerned with the amounts of funding available in each Member State. One issue here is that drawing comparisons across the EU is difficult, there being significant differences in GDP, typical salary levels, logistical and capital costs, and operational conventions across the homelessness sectors in different Member States. In essence, homelessness services doing similar things will have much higher operational costs in some parts of the EU, typically but not exclusively in the North West of Europe, than in some other parts of the EU, such as Southern and Eastern Europe. There is little utility in comparing direct expenditure on homelessness services when the level and amount of service that can be funded for €100000, or an equivalent sum, in one country is *very* different from what can be funded for €100000 in another country.

Alongside this, arriving at a total budget for homelessness systems and services in each Member State would be a complicated exercise. This is because, as this report shows, funding systems often do not exist in one, consistent form in each Member State. Several countries have national, regional, and municipality (local authority) level budgets or have highly decentralised practices that vary in the nature and extent in each municipality. Rural areas may have little or no dedicated funding in place, major cities range from having significant, strategic expenditure on homelessness orchestrated via an integrated strategy, through to having little or no budget and little or no strategy. Homelessness services also derive some funding from charitable giving or from fund raising from corporate giving and philanthropic trusts. There are also homelessness services in Europe funded from

multiple sources in variable ways, including via EU funds. Understanding exactly what sort of resources those services have available would literally mean looking at the budgets of individual services.

The focus in this report is on how European homelessness services are funded and what opportunities, challenges, and risks they face. This does include issues like whether those services have enough funding to operate optimally and whether their funding is reliable and sustainable. The report is also concerned with what the pattern and nature of funding for homelessness services means for developing effective, integrated responses to homelessness at the level of individual Member States. The report also considers, in the light of the Lisbon Declaration on the European Platform on Combatting Homelessness<sup>1</sup>, the implications of current European funding systems for delivering the pan-EU target of ending homelessness by 2030.

## Methods

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In common with the preceding 10 reports in this series of comparative studies, this report is based around a questionnaire, devised by the European Observatory on Homelessness (EOH), which was completed by experts within 14 EU Member States<sup>2</sup>, including several members of the EOH. The experts were asked to provide data and commentary in a consistent way, enabling the direct comparisons between Member States that are sometimes difficult to undertake when there are significant differences in language, definitions, and approaches to homelessness.

A mix of countries participated from across the EU, representing a variety of different ways in which the funding of homelessness services is organised. The countries ranged from those with highly developed, nationally orchestrated strategic responses to homelessness, to those with much more localised and varied practice in response to homelessness. These differences included variations in how Member States defined homelessness, particularly around the degree to which concealed households, or people experiencing 'hidden' homelessness<sup>3</sup>, were provided with services and incorporated into strategy and policy around homelessness. Another important set of differences was the pattern of homelessness service provision that existed in the different Member States, which could be

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<sup>1</sup> <https://www.feantsa.org/en/press-release/2021/06/21/press-release?bcParent=27>

<sup>2</sup> Please see Acknowledgements.

<sup>3</sup> Pleace, N. and Hermans, K. (2020) Counting All Homelessness in Europe: The Case for Ending Separate Enumeration of 'Hidden Homelessness', *European Journal of Homelessness* 14(3) pp.35-62.

highly variable.<sup>4</sup> Services ranged from housing-led strategies with a strong emphasis on prevention and Housing First, through to countries where the main service response was emergency accommodation, targeted primarily on street homelessness/people living rough.

The EU Member States involved in the study were:

- Austria
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Hungary
- Ireland
- Italy
- Poland
- Portugal
- Slovakia
- Slovenia
- Sweden

Some comparisons are also included with the UK (a former Member State for 47 years), which faces many similar issues to several Member States in the development of effective funding of homelessness services.<sup>5</sup>

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<sup>4</sup> Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2018) *Homelessness Services in Europe* (Brussels: FEANTSA).

<sup>5</sup> Blood, I., Pleace, N., Alden, S., and Dulson, S. (2020) *A Traumatized System: Research into the Commissioning of Homelessness Services in the Last 10 Years* (Leicester: Riverside); Blood, I. and Pleace, N. (2021) *A Traumatized System: A Critical Crossroads for the Commissioning of Homelessness Services* (Leicester: Riverside).

## Key questions

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This report is concerned with questions centred on the organisation, integration, and strategic coherence of the funding of homelessness services in Europe. Funding is fundamental to policy both in the obvious sense that policies to prevent and reduce homelessness in any EU Member State have to be backed by sufficient money in order to function effectively, and in the sense that if a homelessness strategy is to be coherent and effective, the funding systems for that strategy have to be equally coherent and effective.

To give a brief example, a (theoretical) homelessness system in a city in an EU Member State could be funded in several ways. One example would be a municipality running a city that decides it will directly employ support workers and perhaps social work staff, and put together a mix of outreach services, emergency accommodation, and housing-led and Housing First support for people experiencing homelessness with complex needs. The system works by using outreach to find people within high cost, high risk populations who are recurrently/long term homeless and/or who have recently become homeless and are at risk of repeated or prolonged homelessness because they have high support and treatment needs. The outreach covers both people sleeping on the street and people in the emergency accommodation the city provides. Referrals are rapidly handled within an integrated system that sources a mix of, in this theoretical example, suitable social housing and suitable private rented sector housing, using lower intensity housing-led support when that is sufficient and scaling up to Housing First as may be necessary. Everything is funded from one source and orchestrated by one provider, which is the municipality itself.

Another theoretical example is a municipality that tries to do the same thing in a different funding situation. For the purposes of illustration, assume that there is no less money than in the first example, but the way that funding is administered is very different. The funding for homelessness services that is available is not a discrete budget, but part of an allocation determined by central government that covers all social services (social care) expenditure for that municipality. Homelessness services must be funded out of the same budget that is used for social work, child protection, social (home) care for older people, residential and nursing care for older people, mental health social work services, and addiction services, plus all the social care, equipment and adaptations for people with limiting illness and disability. As said, the municipality has no capacity to delineate a separate budget for services for people experiencing homelessness. The political, administrative, and strategic pressure to spend the bulk of that social services budget on the much *larger* populations who require support, older people with support needs being the most numerous, is likely to be both immediate and constant.

There might also be limitations and restrictions on how money is spent. The municipality might retain discretion over what type of services it funds from the social services budget for people experiencing homelessness, but equally, there could be rules and regulations limiting the nature of expenditure. For example, regulations or political convention may be that fixed-site, housing-ready services are viewed as an acceptable use of this public funding, but there is no provision for it to be spent on housing-led or Housing First services. Regulatory limits on how funding is spent creates difficulty for the theoretical homelessness strategy of this theoretical city, it can fund some elements, but the outreach, housing-led, and Housing First services are difficult to support. The municipality might work around this, stretching the definition of fixed-site and housing-ready as much as it can. It might be possible to also find more flexible funding, perhaps from the EU, public health, or philanthropic sources, so the municipality can at least get a pilot Housing First service in place and it might also fund the outreach service in a similar way. However, everything in the strategy is more precarious, more difficult, and more time consuming to develop.

There can be further complications, such as a requirement that municipalities cannot or do not directly provide services, and again, in this same theoretical example, services for people experiencing homelessness must be competitively tendered, with several NGOs seeking the same contract. The municipality might find an ideal partner, but it might not, or it may need to work with several NGO providers to get the outreach, emergency accommodation, and housing-led/Housing First services it wants. For the tendering process to work, the municipality will need to be able to offer enough money on a long enough basis for NGOs to engage, even assuming they are all non-profit organisations.

If services have to be tendered out, the municipality has less control and there are multiple potential vulnerabilities to handle. For example, an NGO might go bankrupt or pull out of a contract for another reason. Tendering might be expected to be frequent, so that services are retendered each year, potentially causing some of the NGOs to lose their contracts and making strategic planning difficult.

As a final example, imagine that there is not enough funding from any one source for a key element in the municipality's homelessness system. In this example, the Housing First service is financed by the municipality itself, insofar as it can do so, but also has to draw on public health funding from a regional authority and funding from a philanthropic source. One effect is that the administrative load of running that service increases, but again, there is the question about what will happen if something goes wrong with this complex arrangement, like one of the three sources of funding suddenly drying up.

In reality, this is an oversimplification, as an actual homelessness strategy needs extensive preventative services and needs specific provision for women including coordination with domestic abuse services. An integrated strategy must be able to meet the needs of homeless families and young people, alongside groups like LGBTQI people experiencing homelessness, and must be fully integrated with health, social services, and other partners like the criminal justice system. There must also be a coherent, effective, and humane response to migrant and Roma/traveller homelessness. Alongside this, an effective homelessness strategy is ultimately dependent on a sufficient supply of adequate and affordable housing offering security of tenure.

In other words, an effective homelessness strategy has many more components than in the theoretical example given above. The complexities, uncertainties, and challenges that can arise from funding arrangements that are difficult to orchestrate could be highly complex, making homelessness more difficult to prevent and reduce.<sup>6</sup> Equally however, funding arrangements that are conducive to building an integrated, innovative response to homelessness can theoretically facilitate the design and delivery of an effective strategy.

This research is also concerned with trends in spending on homelessness in EU Member States. The orchestration and regulation of budgets is important, but if budgets are being increased, cut, or resources are being misdirected, this can have significant effects on how effectively Member States can prevent and reduce homelessness. In some Member States and in some OECD countries, sudden upward shifts in expenditure on people sleeping on the street in response to COVID-19 has produced marked reductions in this form of homelessness.<sup>7</sup>

## The report

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The next section of the report provides a description of the types of funding arrangements that were operating in the different countries. This explains how those systems work and interact with each other and provides summaries of the differences between Member States. Section 4 looks at the issues in the funding of homelessness services, including pan-EU trends in spending, the stability and sufficiency of funding, bias within funding systems, and the impacts of competitive commissioning of homelessness services. Section 5 discusses the key messages

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<sup>6</sup> Allen, M., Benjaminsen, L., O'Sullivan, E., and Pleace, N. (2020) *Ending Homelessness: The Contrasting Experiences of Denmark, Finland and Ireland* (Bristol: Policy Press).

<sup>7</sup> Pleace, N. (2021) *Minimising the Impact of COVID-19 on People Sleeping Rough: An Overview of UK and Global Responses* IPPO. Available at: <https://covidandsociety.com/minimising-impact-covid-19-people-sleeping-rough-overview-uk-global-responses/>.

of the research in terms of key lessons for policy and practice going forward within Member States, highlighting issues with the legacy systems that are still in use. The wider implications of the study for the achievement of the 2030 European target to end homelessness in the Lisbon Declaration are also discussed.



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# 1. Funding systems for homelessness services

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## 1.1 Introduction

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This section of the report describes the funding arrangements in the 14 Member States. These arrangements are varied and the chapter provides an overview of what is often a mass of divergent complex arrangements that vary across individual regions and municipalities and between different administrative and policy sectors.

In some countries, homelessness service commissioning and direct service provision is integrated into wider social services/social care strategy and budgets. In this report, social services/social care refers to care and support services for people living with limiting illness and disability, including people in later life, throughout the general population. Social services/social care can include emotional and practical support, washing, dressing, toileting, and cooking, but do not generally encompass health services, i.e. medical care and treatment, such as prescription and administration of drugs, occupational therapy, physiotherapy, surgery, or other medical treatments.

Medical services for people experiencing homelessness are sometimes funded by public health authorities, which may be within, administered alongside, or administered separately from social services/social care. Homelessness services can also be funded by housing departments and authorities at regional, municipal, or national level, i.e. budgets that are also used to support services like social housing within wider housing strategy. There are also countries with separate, dedicated homelessness budgets at various levels from municipal to regional and national. Alongside this, some elements of homelessness service provision in the EU are funded through charitable, faith-based, and philanthropic sources and several Member States have homelessness services that are directly financially supported by the EU.

Homelessness services can be provided directly by the State, i.e. a municipality/local authority, region, or national government directly funds one or more services, or services can be provided by NGOs/charities that are commissioned by municipalities, regional authorities, or central government. Homelessness service providers compete for public funds in some countries, where services are competitively tendered by municipalities and other elected authorities. Some homelessness

services operate outside formal contracting arrangements, being entirely funded by charitable or philanthropic sources, and this can mean they are often not coordinated with other homeless service provisions.

This section of the report begins by providing an overview of the funding arrangements in the 14 Member States encompassed by the research. The next section looks at the types of homelessness services that are funded and contrasts funding arrangements for different types of services, including emergency shelters and Housing First. The report also looks at what is termed ‘overflow’ funding, which includes situations in which municipalities and others react to under capacity in services through emergency spending, for example by providing people experiencing homelessness who cannot access services with hotel rooms.

## 1.2 Overview of funding arrangements

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The funding arrangements for homelessness services are highly varied between Member States and, frequently, the arrangements within Member States were convoluted, multifaceted, and operating with differing degrees of integration and orchestration. An attempt to capture the broad patterns, if not the full depth of variation and complexity, in the funding of homelessness services in Europe is made in Table 1.1.

Several broad patterns were evident across the 14 Member States. One was a tendency for homelessness service commissioning/funding to be orchestrated at municipal (local authority) level, with varying degrees of regional and central government involvement. In most of the countries, as is detailed below, there was no single level of government that was entirely responsible for all aspects of homelessness service funding, nor, in most cases, was there a clear, dedicated budget for homelessness services.

In the bulk of the Member States, homelessness services were funded from social services (social care) budgets, with some examples of dedicated grants also being made available. Many of the countries did not have a ring-fenced (cannot be spent on anything else) allocation of the total social services budget for homelessness, nor did they have a separate, national, budget for homelessness services.

In **Austria**, the nine federal states have lead responsibility for homelessness and there is not usually any significant role for federal government, although some specific interventions have been orchestrated at federal level in the course of the COVID-19 pandemic. Services for people experiencing homelessness are within the social welfare (Sozialhilfebereich) sphere, i.e. social services/social care, which is within the administrative sphere of the nine federal states and municipalities.

Vienna, which is administratively both a federal state and an urban municipality, has the largest and most extensive array of homelessness services in Austria. Each federal state has some discretion in how they arrange their social services strategy and expenditure, but the experts for Austria referred to complex arrangements regulating the transfer of financial resources between federal government, the nine federal states, and municipalities.

**Table 1.1 Summary of Funding Arrangements in EU Member States**

Country	NGO services*	Public services**	Main government level	Public health budgets	Social services budgets	Housing budgets	Charitable funding	EU funding
Austria	Yes	Limited	Regional	No	Yes	No	Yes	Unusual
Czech R	Yes	Limited	Regional	No	Yes	No	Yes	Yes
Denmark	Yes	Yes	Central/ Municipal	No	Yes	No	Yes	Unusual
Finland	Yes	Yes	Central/ Municipal	Yes	Yes	Yes	Limited	Unusual
France	Yes	Yes	Mainly Central***	Yes	Yes	Yes	Yes	Unusual
Germany	Yes	No	Regional & municipal	No	Yes	Yes	Yes	Unusual
Hungary	Yes	Yes	Municipal	No	Yes	No	Yes	Yes
Ireland	Yes	Limited	Municipal	Yes	Yes	Yes	Yes	No
Italy	Yes	Limited	Regional & municipal	No	Yes	No	Yes	Yes
Poland	Yes	Yes	Municipal	No	Yes	No	Yes	Yes
Portugal	Yes	Limited	Central/ Municipal	Limited	Yes	Limited	Limited	Yes
Slovakia	Yes	Yes	Regional & municipal	No	Yes	Limited	Yes	Yes
Slovenia	Yes	Limited	Central/ municipal	No	Yes	No	Yes	Yes
Sweden	Yes	Yes	Municipal	Limited	Yes	No	Yes	Yes
UK	Yes	Limited	Municipal	Limited	Limited	Yes	Limited	NA

\* Includes social enterprises, charities, voluntary sector, and faith-based organisations.

\*\* Direct provision of homelessness services by local, regional, and/or national government.

\*\*\* Specific municipality roles around family and child (including child migrant) homelessness, see below.

Vienna has no dedicated budgets for homelessness services, nor any national requirements to spend at a certain level or to ring-fence funding for homelessness (i.e. allocate a specific budget to homelessness services that can only be spent on those services). Funding itself is organised in different forms. What can be loosely translated as 'object funding' (Objektförderung), is funding attached to a service, i.e. fixed rate financial support for a service that enables it to operate. Alongside this, there is what can again be loosely translated as 'subject funding'

(Subjektförderung), which is funding attached to an individual, i.e. the service is paid for supporting an individual only if that individual uses that service. These sort of arrangements can also be described as block contracting, i.e. funding a service on an understanding that it will support an appropriate number of people in a year and spot contracting, i.e. attaching money to each individual and placing them with services, with the service only being paid if they support that specific person. Austria also has funding to support the infrastructure of homelessness services.

In the **Czech Republic**, homelessness services are funded as part of social services provision, budgets for which were decentralised to the 14 Czech regions in 2014. Arrangements for homelessness service funding can differ between these regions and there is no central government guidance from the responsible social affairs ministry. Homelessness service commissioning is part of the regional planning process for social services in each of the 14 regions. Services are delivered through partnership working between state, private, and non-profit service providers and with the people using homelessness services. Budgets have multiple components including 'client' payments that pay a rate per person for homeless shelters and emergency shelters and various forms and level of grant. A single homelessness service may have multiple sponsoring authorities, i.e. it can be supported by more than one municipality.

Homelessness services in the Czech Republic are within wider social services budgets, which means that they are within calculations and planning process that also need to allocate budgets to major areas of social service/social care activity, e.g. services for older people in the general population with care and support needs. This means that there may not be a clearly defined, separate budget for homelessness services that cannot change, instead spending on homelessness services may shift relation to decisions made about other expenditure, because funding is drawn from a common social services/social care budget.

Funding for Czech homelessness services is set in relation to service type, i.e. there are budgets for service models, ranging from emergency shelters through to more formalised long-stay services, but there is no additional/specific funding attached to individuals based on any specific care and support needs. Many services are provided through commissioning with NGOs, but there is also limited direct provision of services by municipalities. EU funding is used to support specific and special projects, including the Housing First services operating in the Czech Republic.<sup>8</sup>

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<sup>8</sup> Pleace, N., Baptista, I., and Knutagård, M. (2019) *Housing First in Europe: An Overview of Implementation, Strategy and Fidelity* (Brussels: Housing First Hub Europe).

In **Denmark**, services for homeless people are primarily financed by municipalities. Municipalities have their own tax base, levying a direct income tax alongside receiving a general grant from central government. As in Austria and the Czech Republic, homelessness services fall under the social services/social care remit of the municipalities. Use of EU Funding for homelessness services was described as marginal.

Until recently, specific arrangements were in place for shelter provision in Denmark. As earlier studies in this series has highlighted, Danish shelter provision often tends to offer relatively intensive services and individual rooms.<sup>9</sup> Shelters were funded in part by municipalities with 50% of costs being met by central government. For other types of homelessness service, such as permanent supported accommodation and floating support services, i.e. housing-led and Housing First services, the municipality generally financed the full cost, although additional resources could be provided by central government when an individual has very high costs because of particularly complex needs.

However, Danish funding systems have recently seen significant reform. New rules were agreed in Autumn 2021 by the Government and a narrow majority in parliament. A new time limit of three months will be set on the state reimbursement for municipalities of the costs of individual shelter stays. After three months, the State reimbursement will instead be attached to the provision of floating support in own housing, i.e. housing-led/Housing First services. Thus, if an individual stays more than three months in a shelter, the municipality will have to carry the full cost of the continued shelter stay. An important aim of this reform is to strengthen the incentives to municipalities to transform service provision toward long term housing and support solutions following the Housing First approach.

Services are sometimes provided directly by municipalities themselves or are run by NGOs, sometimes under contract to municipalities. Funding arrangements for individuals using Danish shelters can be complex, in that the cost of someone using a homeless shelter can be recovered from the last municipality in which someone was last registered in the Danish population register. There are systems in place to determine which municipality has responsibility for meeting the cost of people experiencing homelessness who are using services and an appeals system for when disputes arise between municipalities under local connection rules.<sup>10</sup> This

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<sup>9</sup> Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2018) *Homelessness Services in Europe* (Brussels: FEANTSA); Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2020) *Staffing Homelessness Services in Europe* (Brussels: FEANTSA); Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2019) *The Regulation and Quality of Homelessness Services* (Brussels: FEANTSA).

<sup>10</sup> See: Baptista, I., Benjaminsen, L., and Pleace, N. (2015) *Local Connection Rules and Homelessness in Europe* (Brussels: FEANTSA).

system means that when people experiencing homelessness are staying in a Danish shelter, that shelter can send the bill to the municipality and half of the cost will be reimbursed by the State.

Homelessness services in **Finland** are also orchestrated by the municipalities, within a wider integrated, national homelessness strategy also involving central government and NGOs. Municipalities both directly provide and commission homelessness services from NGOs. Unlike some other EU Member States, ultimate responsibility for homelessness rests on central government and there is legislation and regulation that sets standards for homelessness services that municipalities are expected to follow. Municipalities remain responsible for their own finances and have discretion in terms of how they interpret and respond to the needs in their area, which was reported by the experts as leading to some variation in homelessness services between different municipalities. Central and local government led activity is described as being complemented by third sector organisations which can be funded via STEA (The Funding Centre for Social Welfare and Health Organisations), with emphasis of these services being on health and social welfare.

The Housing Finance and Development Centre of Finland (ARA) grants loans and subsidies to renovate, build, and purchase housing. ARA is a governmental agency that operates under the supervision of the Ministry of the Environment, which implements social housing policy. Finnish cities and municipalities have strategic responsibility for housing, a role they fulfil by having their own real estate companies focusing on social housing. Again, the role of ARA is of vital importance in funding and organising affordable social housing. In addition, other social housing providers have a complementary role in housing provision. For example, the Y Foundation provides affordable rented housing that is focused on people experiencing homelessness. Finland is unusual in having the Y Foundation as a national social landlord that is focused specifically on homelessness, which with some 18000 apartments in 57 cities and municipalities, is reported as being the 4th largest in Finland.<sup>11</sup>

The Finnish experts also highlight the importance of mainstreaming in Finnish homelessness strategy, i.e. bringing people experiencing homelessness into what is termed a 'Housing First' strategy that connects them via ordinary housing to mainstream social services/social care, health, and other systems. This means there is an emphasis not on homelessness services as separate structures, but instead on services that promote integration and connection with the wider social protection, social housing, and health systems used by all the population. Finland's use of Housing First as a term can be slightly confusing because it refers to a distinctly Finnish housing-led, integrated strategic response to homeless-

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<sup>11</sup> <https://ysaatio.fi/en/y-foundation>

ness, which while it has a lot of similarities with Housing First as a service model, refers to a much broader strategic approach.<sup>12</sup> Use of EU funding in Finland was described as unusual.

In **France**, accommodation-based services for homeless people are mainly financed at a national level, with the French State mainly commissioning these homelessness services from NGOs. The general budget line for the provision of homelessness services falls under the management of both the Ministry of Social Affairs and the Ministry of Housing. A national programme BOP 177 (operational budget 177) exists specifically to fund these services, which tend to follow a housing-ready model, i.e. they offer a fixed-site, supported housing model that is designed to support and train people experiencing homelessness to live independently in their own home.

Funding of homelessness services is handled almost entirely by the French State. Nevertheless, French local government (département) has responsibility toward pregnant women or single mothers with children under three experiencing homelessness, or for minors experiencing homelessness (including both migrants and French citizens). In all cases, the département can provide supplementary help for families experiencing homelessness, but only as a supplementary measure. The State remains financially responsible for the housing of people experiencing homeless.

Additional national programmes exist to financially support services for homeless children, for refugees/migrants experiencing or at risk of homelessness, and for people with complex needs experiencing homelessness. France also possesses a national Housing First programme, supported by central government under a national plan that runs between 2018-2022.

Local authorities/municipalities do not take a lead role in funding homelessness services in France, though they can fund low-threshold non-accommodation based homelessness services. As with Vienna in Austria, Paris is an exception, with the city's own social services both directly providing and commissioning emergency and temporary accommodation services. There is, in addition, some significant charitable/NGO activity in France, with organisations like Fondation Abbé Pierre funding homelessness services and Fondation Caritas providing homelessness services at scale. EU funding of homelessness services was described by the French experts as only being rarely used, in part because of limited awareness of EU funding and in part because of a perception that a considerable bureaucratic burden were associated with securing relatively low levels of EU funding, among some French service providers.

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<sup>12</sup> Allen, M., Benjaminsen, L., O'Sullivan, E., and Pleace, N. (2020) *Ending Homelessness: The Contrasting Experiences of Denmark, Finland and Ireland* (Bristol: Policy Press).

In **Germany**, public funding for homelessness services is within social services/ social care budgets, reflecting practice in several other Member States. There are no dedicated homelessness budgets in Germany, again because homelessness services are funded as part of wider social services expenditure. In the case of North Rhine-Westphalia, most of the costs of homelessness services are met by two regional financing bodies, the Landschaftsverbände. The Landschaftsverbände have pooled budgets from the municipalities and function as two regional commissioning bodies for social services. This structure is designed to provide more even funding levels across the region than would be the case if each municipality ran its own budget. Alongside this, there is also some direct commissioning by municipalities on a smaller scale.

Arrangements differ by the types of services being supported. Advice services in North Rhine Westphalia, usually run by NGOs, are half funded by the Landschaftsverbände and half funded by the municipalities in which they operate. Fixed site services, i.e. communal and congregate services with on-site staffing, are funded by the Landschaftsverbände in terms of their social work costs, but accommodation costs are met through means-tested benefits run by municipalities. NGOs running fixed site services have to be publicly registered to access funding. Emergency shelters are funded by the municipalities.

Housing-led and Housing First services, which are becoming more common in Germany, are supported by the Landschaftsverbände in the case of North Rhine Westphalia. However, in other regional German states, funding for the social work elements of these services will again be administered separately from the welfare payments for subsistence and housing costs, provided through the municipalities.

North Rhine-Westphalia also has a programme of preventative services that are funded through a regional state government programme, which at the time of writing is concentrated on the 22 municipalities with the highest homelessness levels. This programme is designed to run for three years and it will depend on local authorities and the Landschaftsverbände to continue funding the projects. The remaining municipalities and counties will be offered a similar program from 2022 onwards, for which EU funding will be used, the first significant potential use of this funding for homelessness services.

In **Hungary**, most homelessness services which include outreach work, day centres, night shelters, hostels, and temporary homes for families with children are funded through social services/social care budgets, a legislative requirement being placed on municipalities to provide these services. The legislation also allows these homelessness services to be contracted out, i.e. commissioned, from NGO



providers including faith-based organisations; municipalities are also able to opt to provide these forms of homelessness service directly. Commissioning of homelessness services tends not to be competitive.

Some specialised homelessness services are provided at the discretion of municipalities in Hungary. The financial arrangements here, for example for specialist provision like rehabilitation/detox services focused on people experiencing homelessness, are the same as for more standardised services like night shelters. Municipalities can opt to change service provision, for example converting shelters and hostels so that they offer self-contained rather than communal accommodation. There is theoretical scope to also build housing-led/Housing First services. However, the experts noted that financing was not stable for these sorts of innovative services. Faith-based organisations have access to higher funding levels than other forms of NGOs in Hungary.

Hungarian services have set funding levels according to the type of service and it was reported that these funding levels cover between 60-70% of actual costs, with additional funding being provided by municipalities and depending on service type by levelling a charge for people experiencing homelessness to use the service. This latter practice is found in other countries, with some of the costs of staying in homelessness service being taken from people experiencing homelessness, for example being asked to pay toward rent or other charges from their welfare payments. Hungarian service providers who are active in several forms of service provision might also cross-subsidise one type of service, such as shelters or hostels, through the operational surpluses of other services.

There has been time-limited use of EU funding to support Housing First services, largely funded from European Social Fund (ESF), within this a very limited use of European Regional Development Fund (ERDF) resources to refurbish homelessness services, but the amounts available were described – while relatively high compared with the regular government allowances for service costs – as small. The Fund for European Aid to the Most Deprived (FEAD) has also been used to provide food in most homelessness services. Some private or charity based initiatives have emerged in past few years, particularly within and around Budapest.

In **Ireland**, financing of homelessness services is organised mainly through housing legislation, with local authorities (municipalities) being responsible for the delivery of assistance to people experiencing homelessness, including advice, financial assistance, and the provision of emergency accommodation and housing. Until the late 1980s, funding for homelessness services was organised through the health system and some legislative provision for health funding remains in place, with some funding for specialist homelessness health services, but this only represents a small amount of total expenditure on homelessness.

All emergency shelter, fixed-site accommodation-based services, and street based services for households experiencing homelessness are provided by either NGOs, or in case of certain emergency temporary accommodation services, by the for-profit sector in hotels, increasingly on a 24-hour basis. No emergency accommodation services are run directly by local authorities in Ireland. NGOs compete with one another for the contracts to run homelessness services that are offered by municipalities. Private sector run emergency accommodation, including hotels, is arranged on a more ad hoc basis, with local authorities buying on a case-by-case (spot contracting) and/or ensuring that a given number of bedspaces are available at any point (block contracting).

NGOs providing homelessness services in Ireland will typically have service level agreements (SLAs) with the commissioning local authority, specifying the nature, quality, and extent of the service they are expected to provide. The SLAs tend to include expectations around collaborative working, service improvement linked to ensuring the dignity and rights of people experiencing homelessness as citizens. These formal agreements also specify what the commissioning local authority and the NGO providing the homelessness service can expect from one another. Commissioning is handled by each local authority, within frameworks set by national government.

Since 2013, Irish central government funding that local authorities use to commission homelessness services has been expected to support a housing-led approach, including but not restricted to, the provision of Housing First services and with a significant focus on homelessness prevention. In broad terms, this approach mirrors core elements of Finnish national strategy, which places a similar emphasis on housing-led services that aim to stop the loss of existing housing and on providing ordinary housing, with support where necessary, as the main response to homelessness.<sup>13</sup> Specific welfare system provision to prevent and alleviate homelessness is orchestrated through the Housing Assistance Payment (HAP) and a specific Homeless HAP system. Over time, these requirements around how funding on homelessness services is spent by local authorities is intended to reduce use of emergency accommodation and move Ireland toward an integrated, housing-led strategy.

In **Italy**, budgets for homelessness services are integrated into wider social services funding. Regional government determines the levels of social services assistance and the groups, including people experiencing homelessness, for whom services will be provided. Funding for homelessness services comes from several sources,

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<sup>13</sup> O'Sullivan, E. (2020) *Reimagining Homelessness: for Policy and Practice* (Bristol: Policy Press); Allen, M., Benjaminsen, L., O'Sullivan, E., and Pleace, N. (2020) *Ending Homelessness: The Contrasting Experiences of Denmark, Finland and Ireland* (Bristol: Policy Press).

including central government grant to the regions and cities, European Structural Investment Funds (ESIF), and from municipalities, drawing on their own resources. Allocation of resources is organised around the estimated number of people experiencing homelessness.

Most public spending on homelessness tends to come from the municipalities, mainly working within their own administrative areas, but also, at a smaller scale, from municipalities working in collaboration with one another. Regional funding also accounts for an element of spending on homelessness services, but the levels of spending involved are much lower than the spending by municipalities. National and EU funding also goes directly to some services, including ESIF money and there is, alongside this, some additional public resourcing going into homelessness services, plus some charitable funding of homelessness services. In addition, there is a specific national fund designed to reduce poverty and social exclusion, generally known as the 'poverty fund' which adds more resources to services for people experiencing severe poverty, including some people experiencing homelessness. Cities with more than 1 000 homeless people are able to access this 'poverty fund' to support their homelessness services. The Italian arrangements for public financing of homelessness services appear to be unusually complex, with multiple public budgets at multiple levels being drawn upon. Adding to this complexity, Italy also has significant charitable and philanthropic funding for homelessness services. Pilot projects, including some examples of Housing First, are sometimes funded through these charitable and philanthropic routes.

There is collaboration between municipalities and NGOs in the provision of homelessness services at local level. Public funding is allocated within guidelines, written in 2015, for tackling adult marginalisation in Italy. Services that might be provided through these arrangements include emergency accommodation, supported housing, outreach services, daycentres, housing advice, and housing-led and Housing First models.

In **Poland**, systems for funding homelessness services are organised using a standardised approach, with municipalities having a duty to finance emergency shelters. Specialist services, including services for lone parent homeless families and young people leaving care, are under the remit of powiat authorities, which cover slightly larger administrative areas than the municipalities. These authorities can opt to commission services from NGOs, including social enterprises and faith-based organisations, or they can decide to directly provide homelessness services. Commissioning of services from NGOs is competitive in cities in Poland.

Homelessness services in Poland can also be provided through arrangements in which competitive bids for municipal funding are combined with resources from an NGO. This means that, as part of the commissioning arrangement, the NGO also

promises to provide some of the resources for the homelessness services, for example by charitable donations, fees charged for services, and other funding, including from other public budgets and EU funding. The funding of individual services can therefore be complex in Poland, drawing on multiple sources that differ in nature. Municipalities have discretion around developing and supporting housing-led and Housing First services, but there is not a policy expectation that this sort of provision will be in place.

Some Polish services receive little or no public funding, including what were described as a substantial group of shelters that are mainly funded through charitable sources, or are private enterprises that charge a fee to the people using them. This means there are elements of homelessness service activity that are neither wholly or partially funded through public funding, nor monitored by any public authority.

In **Portugal**, there is no common model for specifically financing services for homeless people. With the exception of Lisbon, homeless services are commissioned under a general model for cooperation between the State and social service providers. The Institute for Social Security (ISS) is the main funding entity for the homelessness sector at the national level. Accommodation-based (fixed-site) homelessness services are funded through cooperation/service level agreements. Local level funding for the operation of homelessness services is also important, particularly in major urban areas. In Lisbon, the funding of the homelessness sector in the city is framed by a local strategic framework on homelessness, using commissioned homelessness services provided by NGOs.

Portugal has a National Homelessness Strategy for 2017-2023 (ENIPSSA) which provides important guidance for the operation of homelessness services and this is frequently used as the operational framework for the funding of homelessness services by municipalities. In 2020, the Portuguese State Budget included – for the first time ever – a specific amount (€7.5 million) which, under the scope of ENIPSSA, directly funds innovative solutions targeting homelessness, which includes service models like Housing First.

Homelessness services tend to be funded from a single source, but there are examples of Portuguese services that are funded from health and social welfare budgets. The European Social Fund (ESF) Operational Programme has been used as a source for funding both Housing First services and case management services, using partnership arrangements which are half funded by municipalities and half funded by ESF.

In **Slovakia**, accommodation services for people experiencing homelessness are funded under the terms of social services legislation. The services that can be supported include emergency/night shelters, hostels/supported housing, domestic

violence (refuge) services, and half-way/transitional services for young people leaving care who are at risk of homelessness. Social services funding is also used to fund mobile support services designed to facilitate independent living, which has supported the development of housing-led homelessness services in Slovakia.

Central government, via the Ministry of Labour in Slovakia, also funds emergency/night shelters and other homelessness services provided by NGOs, including charities and faith-based organisations. Regional authorities are responsible for some services, including women's shelters and transitional/supported housing, which can be run by NGOs with public subsidy. Homelessness services have to be registered with the central government. Municipalities are responsible for the provision of emergency accommodation in their area and this can be in the form of directly provided services. NGOs can also provide emergency accommodation, but the municipalities are not obliged to support them, although a municipality may opt to subsidise these services. A few Slovakian municipalities also fund some hostel accommodation outside the social services framework, which provide basic accommodation in congregate settings with low intensity support, this includes provision for lone parent families and older people. Residence in these hostels can be sustained for some people. Many Slovakian municipalities are small, with most having less than 5000 residents, and they may not have dedicated homelessness services.

ESF funding has been used in Slovakia for financing low-threshold day centres via national project called NP PVSSKIKÚ. This project ran from October 2015 to September 2019, with a total budget of €21 million, but had a wider remit than people experiencing homelessness, meaning it was intended for use by other groups. A subsequent project supporting low threshold daycentres was also funded. Housing First pilots have also been supported through the ESF. Use has also been made of FEAD funding, including provision of food to people experiencing homelessness and personal hygiene packages. Alongside EU funding, there has been some support of homelessness charities and advocacy by international charities in Slovakia.

In **Slovenia**, homelessness services are funded by social services budget and delivered under commission by NGOs or via public institutions, including centres for social work. Homelessness services are funded as social protection programmes, within a common framework that funds social services on the same basis. Direct provision of homelessness services is less common than commissioning services from NGOs. There is no national standard for these services, but requirements are specified in individual contracts for these services, which are commissioned on a competitive basis. Funding for these contracts comes from a mix of central government and local government sources.

The largest single element of homelessness service funding in Slovenia is from the Central Government, the Ministry of Labour, Family and Social Affairs, which provides about one half of the spending, followed by expenditure by the municipalities, which accounts for around one quarter of spending. Fees charged to people using the services, in relation to accommodation costs only, and, to a lesser extent, charitable donations and support from FIHO a foundation for charitable organisations, are also sources of income for homelessness services. The main difference between publicly provided and NGO provided services is that the publicly provided services do not have income from donations. Funding can be provided for shorter term developmental programmes (one year) and for seven years for established programmes that have been officially registered and recognised. Requirements include having a complaints procedure in place and co-financing of services, alongside external supervision of activities.

There is some use of EU funding for homelessness services in Slovenia. However, EU funding is integrated into other spending, making the exact amounts directed at homelessness services difficult to determine. It is unusual for homelessness services to be heavily reliant on EU funding. Specific projects for people experiencing homelessness developed in response to the COVID-19 pandemic were also supported by EU funds in Slovenia.

The provision of housing is a municipal responsibility in **Sweden**, but homelessness services are usually financed through municipal social services budgets. Social services are the main funder of homelessness services in Sweden. There are large regional and municipal variations in the level and nature of homelessness services in each municipality, depending on many different factors like the local housing market, population size, or whether a municipality is urban or rural. NGO services can have multiple funding sources including social services funding, the Swedish postcode lottery, and EU funding, including FEAD and ESF.

Most of the funding for Swedish homelessness services comes from municipalities. Sweden was described as not having had any national homelessness strategy or national homelessness policy since 2009. Central government does allocate state funding for homelessness services, targeted on the 10 municipalities with the most homeless people, based on a national homelessness survey conducted in 2017. Some specialist health services for people experiencing homelessness are funded by regional authorities with a public health remit.

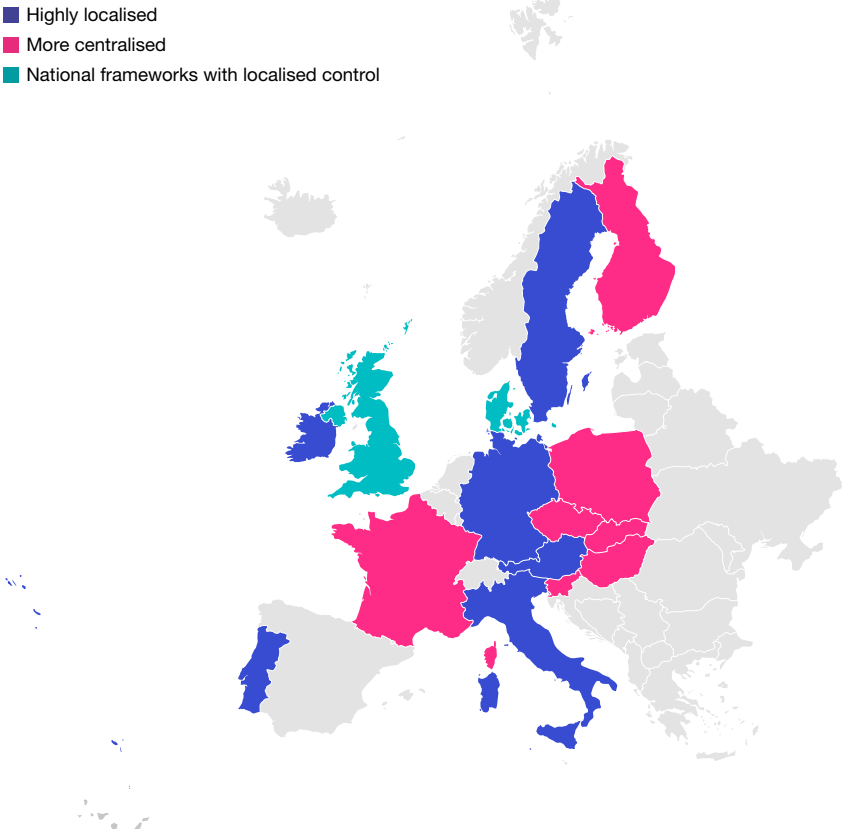
An individual city in Sweden can have multiple sources of funding for homelessness services, sometimes including central government funding, always including funding from the municipality itself, and with services drawing on various other public, charitable, and EU funding streams in order to operate. Gothenburg, for example, has a mix of central, municipal, FEAD, and other funding sources.

By way of comparison, the **UK** as a former Member State had similarities to many of the 14 current EU Member States. Systems were again fragmented with strategic responsibility for homelessness having been handed to Wales, Scotland, and Northern Ireland in the last decade, which in the case of Wales and Scotland had generated greater policy cohesion and a clearer direction of resources toward prevention in Wales and toward Housing First in Scotland. In England, funding of homelessness services is in the hands of local authorities, with commissioning of NGOs being the norm outside the provision of statutory functions around homelessness prevention and temporary accommodation. NGOs compete for multiple contracts from local authorities across the UK. There are examples of large NGOs running services under local authority contracts in dozens of municipalities.

Public spending is mainly under housing related funds, rather than under social services, which in the UK is increasingly referred to as social care, budgets. Typical commissioning arrangements between a local authority and an NGO in the UK will involve a service level agreement (SLA). Local authorities can exercise considerable control over the range and extent of services they provide, which in England has produced highly variable levels and quality of services. Significant private sector activity is funded through payments for low intensity, largely (sometimes wholly) supported housing which are available through the UK's welfare system. There are also unregulated charitable services running entirely through donation, though these tend to be small scale and limited in operation. The public health system, the National Health Service (NHS), funds specialist homelessness medical services, which like other public health services are free to use. These homelessness focused health services include teams for people experiencing homelessness with high and complex needs, i.e. presenting with addiction and (often severe) mental illness and some general practice (family doctor) services that are designed to remove administrative barriers to the NHS for people experiencing homelessness. Most of these health services are directly provided by the NHS, in the sense of being funded within its internal market structure and they tend to be focused on urban areas.

Summarising these diverse patterns, in the sense of trying to create a taxonomy of the funding arrangements in clusters of Member States, is challenging. One way to approach this is to look at the degree to which central government held direct operational control over funding. The funding of homelessness services was much more localised in some Member States than in others. An attempt is made to summarise what were generally complex systems of funding in Figure 1.1.

**Figure 1.1 Levels of control exercised over funding by national governments**



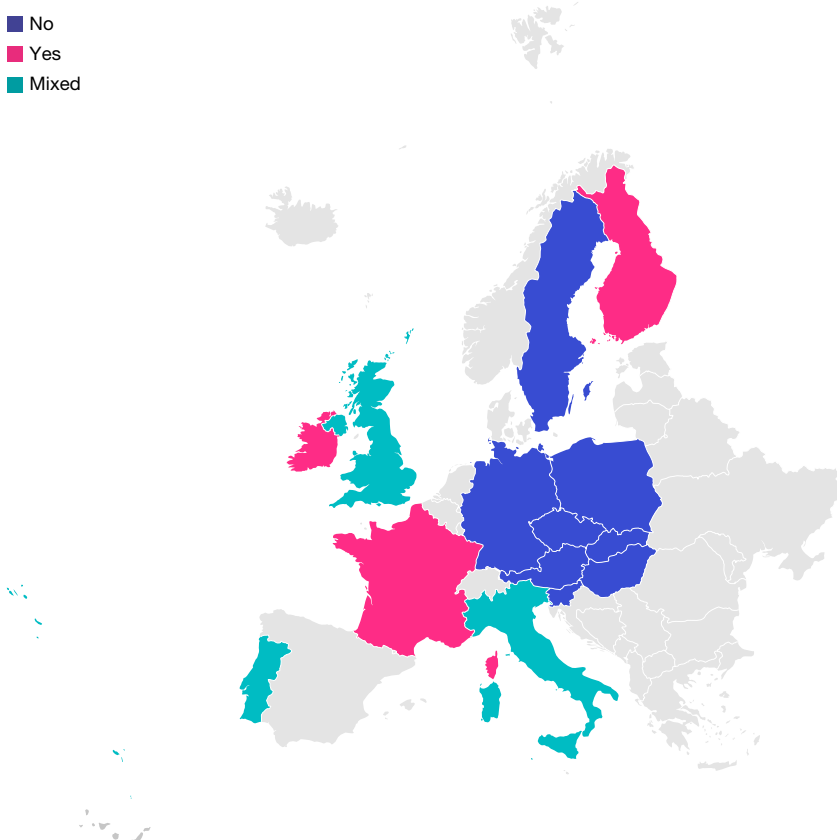
France and Eastern and Central European Member States were more likely to have national legislation, regulation, and financial systems that orchestrated which homelessness services were funded and on what basis they received that funding. Finland, where there was an emphasis on partnership that has been led and facilitated by central government, was also in this ‘more centralised’ group (Figure 1.1). In the other Member States, systems are much more localised, with municipal/local government exercising strategic control over homeless service funding, i.e. relatively extensive or minimal homelessness service provision could be present in one municipal/local government area compared to another, very similar, area. This is because municipalities can largely or wholly determine which homelessness services they will fund. Both Denmark and the UK were characterised by systems in which total spending and strategic frameworks were determined centrally, but in which there was also a high degree of local control at municipal level (Figure 1.1).



Regional and municipal control had the usual limits, in that central/federal governments still tend to monitor and limit the expenditure of regional and municipal government. However, there was often *no effective minimum standard* of homeless service provision set by national governments, i.e. no expectation around funding a minimum level of homelessness services, in many of these Member States. Some Member States had some expectations on local authorities/municipalities to provide some services, such as emergency shelters, but it was a matter of local discretion as to whether they funded others.

**Figure 1.2 The presence of dedicated budgets for homelessness services**

- No
- Yes
- Mixed



Greater national government control of funding for homelessness services was not, automatically, a guarantee that the general provision and extent of services would be better than was the case where municipalities and regions could exercise a high degree of discretion. Some of the more highly orchestrated countries have relatively

more resources to direct at homelessness services (Denmark and Finland) than others (Slovakia, Poland, Hungary) at the time of writing. In practice, low resources mean that while, where national government control of spending is greater, a consistent standard and range of homelessness services might be more likely to be in place in each municipality or region, those services would not necessarily be very extensive or well resourced.

There was marked variation in the nature and the extent of dedicated budgets for homelessness between and within EU Member States (Figure 1.2). No Member State had a 'homelessness' budget in quite the same sense that they had a public health, welfare, or defence budget. In countries with budgets focused on homelessness services, those budgets were not all encompassing, in the sense that at least some interactions between people experiencing homelessness and different levels of government/publicly funded services would be drawn from wider strategic funding. For example, people experiencing homelessness using an accident and emergency/emergency room service in a hospital would be paid for out of the public health budget, the same as for any other citizen. Equally, in most Member States, if people experiencing homelessness claimed standard welfare benefits, the costs would be met out of the welfare budget. In Denmark and France, when someone stayed in shelter accommodation, national government would be directly meeting at least some of that cost from dedicated budgets, but that was not the case for every type of homelessness service.

There were also countries, for example Portugal, that had specific allocations of dedicated national funding for homelessness running alongside locally determined expenditure and, now outside the EU, the UK also follows this approach. Significant, dedicated funding focused exclusively on homelessness existed within several of the countries, at least to an extent, but for several others, homelessness was competing against other priorities within social services, housing, and other budgets. What this meant in practice was that while social services budgets could be used for homelessness services, the budgetary allocation (i.e. the amounts spent) was not fixed, which meant, as budgets are always limited, that a decision to fund more homelessness services might take resources away from other areas of social services activity.

## 1.3 Homelessness services

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### 1.3.1 Types of services funded

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The 2018 report in this series of comparative studies *Homelessness Services in Europe*<sup>14</sup> proposed a broad typology of homelessness services in Europe (Figure 1.3). This typology of homelessness services was designed to encompass housing-led, choice orientated, comprehensive, and flexible services that recognise housing as a human right, including Housing First. However, the reality of homelessness services in Member States meant that this typology must also encompass emergency shelters that offer a bed, a meal, and little else, or services where volunteers handing out soup and bread to people living on the street. This is both because these services exist and because, however basic, they can help keep people alive and can be an important connection point for referral/access to other services.

As the 2018 research showed, while some Member States tend to have more elaborate and more expensive homelessness services than others, examples of the most advanced and the most basic of homelessness services are found everywhere. Countries with elaborate Housing First programmes also have emergency shelters. France possesses the high-fidelity *Un chez-soi d'abord* national Housing First programme<sup>15</sup>, but is also a country making very heavy use of hotels as temporary accommodation for people experiencing homelessness because it has nowhere else to put them. One recent report suggests that one in every five hotel beds in the greater Paris region is occupied by people experiencing homelessness, some 44 000 rooms a night.<sup>16</sup> In Ireland, a housing-led strategy has been in place for years, but simultaneously, there were 6 551 adults in emergency accommodation in November 2021, with 2 548 accompanying child dependents.<sup>17</sup> During 2014–2016, Italy had a few pilot Housing First projects. However, there has been significant investment in Housing First since that time (€50m of funding from ESF and FEAD from 2016–21). As of June 2021, 27 Italian cities had funded Housing First services supporting 575 people, with additional independent Housing First services also operating in other areas.<sup>18</sup> Nevertheless, this expansion is again in parallel with significant retention and ongoing use of shelter services. The former Member State,

<sup>14</sup> Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2018) *Homelessness Services in Europe* (Brussels: FEANTSA).

<sup>15</sup> Estacahandy, P., Agha, A., and Roebuck, M. (2018) Fidelity Study of the “Un chez-soi d'abord” Housing First Programmes in France, *European Journal of Homelessness* 12(3) pp.159–181.

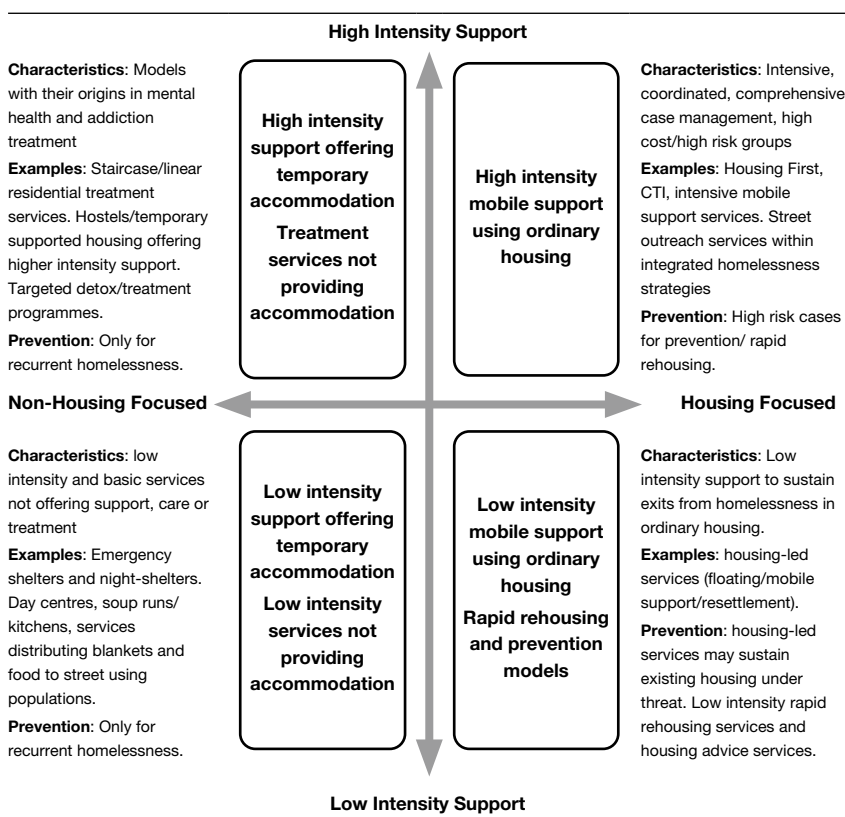
<sup>16</sup> <https://idheal.fr/media/pages/etudes-actions/heberger-est-ce-loger-aux-frontieres-du-logement-ordinaire/d7cf454500-1636482474/heberger-est-ce-loger.pdf>

<sup>17</sup> Department of Housing, Local Government and Heritage (2022) *Monthly Homelessness Report November 2021* (Dublin: DHLGH).

<sup>18</sup> <https://www.fiopsp.org/report-monitoraggio-avviso4-fondo-poverta/>

the UK, has seen a rapid expansion of Housing First in its most populous region of England, from 32 services in 2017 to 105 in 2020.<sup>19</sup> However, in June 2021, England had 96600 homeless households in temporary accommodation, 10260 of whom had been placed in hotels, which contained 124290 homeless dependent children living in temporary accommodation.<sup>20</sup> Further examples of highly developed Housing First services can be found in EU Member States in which a majority of homelessness service provision is in the form of emergency shelters.<sup>21</sup>

**Figure 1.3 Typology of European homelessness services**



<sup>19</sup> Housing First England (2020) *The Picture of Housing First in England 2020* (London: Homeless Link).

<sup>20</sup> DLUHC (2021) *Official Statistics Release Statutory Homelessness April to June (Q2) 2021: England* (London: DLUHC).

<sup>21</sup> Pleace, N., Baptista, I., and Knutagård, M. (2019) *Housing First in Europe: An Overview of Implementation, Strategy and Fidelity* (Brussels: Housing First Hub Europe).

The typology of homelessness services has two main dimensions. One dimension is whether services are *housing focused*, which means they are centred on using ordinary housing or are *non-housing focused*, which means they aim to make someone 'housing ready' through support and treatment. The second dimension is whether the service offers *high intensity support*, for example a service that has a low caseload for each support worker or social worker, so that they can dedicate significant time to each person they work with, or *low intensity support*, e.g. a situation where one support worker or social worker is supporting many people at once (Figure 1.3). Services with a high level of support may also offer multidisciplinary teams, i.e. specialist workers or clinicians, and have developed systems for joint working with health, mental health, and addiction services, whereas low level support services will only offer basic services, such as limited support, shared sleeping quarters, and meals.

High fidelity Housing First is an example of a housing focused, high intensity support service, whereas a traditional model of emergency shelter is a low-intensity support focused service. Another example is rapid rehousing services that works with homeless people who basically just require adequate, affordable housing and who do not require support, which offers a low intensity, housing focused service. Finally, a specialist fixed-site service offering high levels of support, e.g. congregate accommodation offering residents their own rooms with specialist addiction and mental health services on site, following a housing-ready or staircase model, is a non-housing focused, high intensity support service.

Generalising about which EU Member States were more or less likely to be funding specific types of homelessness service is difficult, because, at least to some degree, almost every form of homelessness service existed in all 14 Member States. Broadly speaking, the following countries were more likely, though again *not* exclusively, to fund housing-led and Housing First services. They were also more likely to either still have, or have a history of providing, high intensity support, non-housing focused services, like fixed-site 'housing ready' services. There were regional variations within these countries and they were at different points in terms of how widespread their use of housing-led/Housing First approaches was.

- Austria
- Denmark
- France
- Germany
- Ireland



- Italy
- Sweden

By contrast, funding of emergency shelters, including communal models with shared sleeping spaces and low intensity support, was more widespread in the following countries. However, just as described above, these countries also had Housing First and housing-led services, or were in the process of developing them. In practice, Housing First and higher intensity services were less common in these Member States and were more likely to be funded by going outside mainstream systems, e.g. use of philanthropic and EU funding.

- Czech Republic
- Hungary
- Poland
- Portugal
- Slovakia
- Slovenia

Funding for different types of homelessness services in EU Member States can also be characterised as simultaneously *restrictive* and *open*:

- Funding can be (unhelpfully) restrictive because it is designed with the assumption that homelessness services exist in limited forms, e.g. fixed site, communal, and congregate supported housing and emergency shelters. For example, it is more complex to fund and to sustain funding for Housing First in the second group of Member States (Czech Republic, Hungary, Poland, Portugal, Slovakia, and Slovenia) at the time of writing.
- Funding can be (helpfully) open because it can support the types of innovation or specific mix of services that a municipality or NGO within the homelessness sector thinks should be supported, but it can also be (unhelpfully) open by still supporting traditional services. In the first group of countries (Austria, Denmark, France, Germany, Ireland, Italy, and Sweden) funding innovation like Housing First is easier, but at the same time funding streams for emergency shelters *also* remain open.

The use of Finland as an example of a different and more effective way of approaching homelessness is in some danger of becoming a cliché. Finnish policy, as is the case with any homelessness policy, is not perfect and there are ongoing challenges, such as a recent report of a (slight) increase in long term homelessness

in 2020<sup>22</sup>, within a strategic response that has been credited with greatly reducing this form of homelessness. Nevertheless, among the Member States that are represented in this research, it is the only one in which *all* public funding had been effectively re-directed into a housing-led/Housing First response to homelessness, integrated with a housing-led preventative strategy.<sup>23</sup>

Other Member States, including the Czech Republic, Denmark (in Autumn 2021), Ireland, and Portugal, have signalled a strategic intent to move toward a more housing-led/Housing First approach to homelessness, but this has, at the time of writing, resulted in only partial redirection of funding. Innovative practice still sits alongside commissioning and funding of services that have been active for decades. One reason for this is stress on systems, the Czech Republic, Ireland, and Portugal are orientated toward more housing-led/Housing First approaches at a strategic level, but resource levels and (arguably) localised commissioning of homelessness services means that generating the kind of shift seen in Finland has proven difficult. In another example, Sweden is actively implementing Housing First at municipal level, because there is the resource and flexibility around municipal commissioning to allow for that, but as yet there is no national push or reorientation of funding toward housing-led/Housing First services. Italy has also signalled a strategic intent to redirect services toward housing-led/Housing First services. The Italian example is one in which there are generally limited resources for social policy, including the homelessness sector, nevertheless there has been movement toward Housing First, including some relatively significant shifts in the use of (largely) EU funding and across the homelessness sector itself, exemplified by *Housing First Italia*.<sup>24</sup>

At present, funding often does not really follow, or is not wholly consistent with, the reported strategic direction of homelessness policy. This means that the funding of homelessness services and strategic priorities are often only *partly synchronised* in several EU Member States. Equally, there are examples of Member States where there is not really a developed homelessness strategy, which means that, insofar as funding systems are restrictive (e.g. in terms of what sort of services can be funded), those restrictions create a *de facto* 'strategy' while making innovation like Housing First harder to operationalise. Where funding systems are open and there is not a national strategy, inconsistency in homelessness service provision becomes more likely, for example in those Member States in which municipalities have a high

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<sup>22</sup> Source ARA, 2021 (<https://www.ara.fi/en-US>)

<sup>23</sup> Pleace, N. (2017) The Action Plan for Preventing Homelessness in Finland 2016-2019: The Culmination of an Integrated Strategy to End Homelessness?, *European Journal of Homelessness* 11(2) pp.95-115.

<sup>24</sup> <https://www.housingfirstitalia.org/>

degree of control of how much is spent on homelessness services and what sorts of service are funded.

### 1.3.2 Housing First

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Exploring consistency, control and cohesion across the entire provision of homelessness services in 14 Member States, when there is considerable variation within most of those Member States, is difficult. One way of summarising some of the issues around funding is to look at some specific areas of service provision (Figure 1.4).

At the time of writing, Housing First is seen as the *sine qua non*, the essential core of an effective homelessness strategy, at pan EU level, but beyond the variations in the extent to which Housing First has become mainstream to homelessness strategy in various Member States<sup>25</sup>, there are marked differences in how it is funded. In some Member States where budgets are at a municipal/regional level, there is the discretion to support, partially support, or not support Housing First. In three Member States, the Czech Republic, Hungary, and Poland, Housing First is primarily supported by EU funding. This means Housing First is most likely to be feasible if an EU funding source, like ESF support, is secured, but these funds tend to be time-limited, which means it is a short term fix, perhaps suitable for proof of concept for Housing First, but not an option for a sustained, national Housing First strategy. In the case of Hungary, the EU was negotiating in favour of sustaining a funding stream for homelessness services over the course of 2021-2027 with the national government, negotiations were still ongoing at the time of writing.

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<sup>25</sup> Pleace, N., Baptista, I., and Knutagård, M. (2019) *Housing First in Europe: An Overview of Implementation, Strategy and Fidelity* (Brussels: Housing First Hub Europe).



**Figure 1.4 Primary sources of funding for Housing First**

Some Member States, like Portugal, are supporting Housing First from more than one source, which involves a mix of social services, municipal, and ESF funding in the Portuguese case. Dedicated national budgets, in France, Ireland, and, through the steer placed on municipality spending, Finland, are the exception. A national Housing First budget might be allocated in ways that municipalities or regions have little or no control over, which could mean they cannot specify the funding package for Housing First in the way that reflects local or regional interpretation of need, something that was identified as an issue by the French experts.

Figure 1.4 is an oversimplification because it only details the main sources of funding for Housing First. The operational detail of how each Housing First service is funded can be variable. Italy was initially an example of Housing First being brought together through collaborations between municipalities, charities, philanthropic sources, and NGOs to facilitate the creation and funding of services, in ways

that may be similar between services but are not consistent. However, a strategic shift occurred from 2016 onwards, drawing on ESF and FEAD funding that has seen €50m invested into Housing First services operating in 27 cities and supporting 575 people as at June 2021.<sup>26</sup>

Core funding, whether provided by a municipality, regional/national government, or EU sources may be supplemented from other sources, ranging from a Housing First cross-subsidising Housing First through other service activity, drawing additional public funds, such as welfare, or health budgets and/or relying on other income streams, such as charitable donations. In England, Housing First funding streams are simultaneously formal, i.e. local authority commissioning and (limited) central government funding, variable (some services draw on social care/social services budgets, or health budgets, others do not), and informal, with quite significant development in Housing First being supported by philanthropic services.

At a strategic level within many Member States, indeed at EU level with the agreement of the Lisbon Declaration of the European Platform on Combatting Homelessness, housing-led (which includes Housing First) is seen as important, as the Declaration acknowledges:

*... growing evidence about effective interventions to prevent and solve homelessness, such as housing-led approach.*<sup>27</sup>

The funding of Housing First, or to adopt EU syntax, housing-led services, is often inconsistent, can be highly variable, and is sometimes downright patchy and random. There are Housing First services that are effectively and well-funded through national government budgets and there are Housing First services that are funded through a precarious arrangement of multiple, sometimes short term, budgets. At the time of writing, a Slovakian, Swedish, or English Housing First service faces a more uncertain funding position than a Housing First service funded under the French national *Un chez-soi d'abord* programme or from the Irish national Housing First budget, or from a comparatively well-resourced Danish or Finnish<sup>28</sup> municipality. Italian Housing First services have seen their funding shift from a precarious position to a more stable position, albeit through use of ESF and FEAD funding.

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<sup>26</sup> <https://www.fiopds.org/report-monitoraggio-avviso4-fondo-poverta/>

<sup>27</sup> *Lisbon Declaration on the European Platform on Combatting Homelessness* (2021), p.4.

<sup>28</sup> Finnish Housing First refers to a Finnish strategic approach to homelessness that includes a heavy emphasis on prevention as well as housing-led approaches to providing support, rather than to services following the original US model of a Housing First service, but there are similar, intensive, housing-led services offering intensive support.

Member States that are actively directing their funding toward housing-led strategies are the exception, not the rule, despite the housing-led approach being the recommended, indeed increasingly standardised, approach to service design and strategy at EU level. This point is revisited in Chapter 5.

### 1.3.3 Emergency shelters and personal budgets

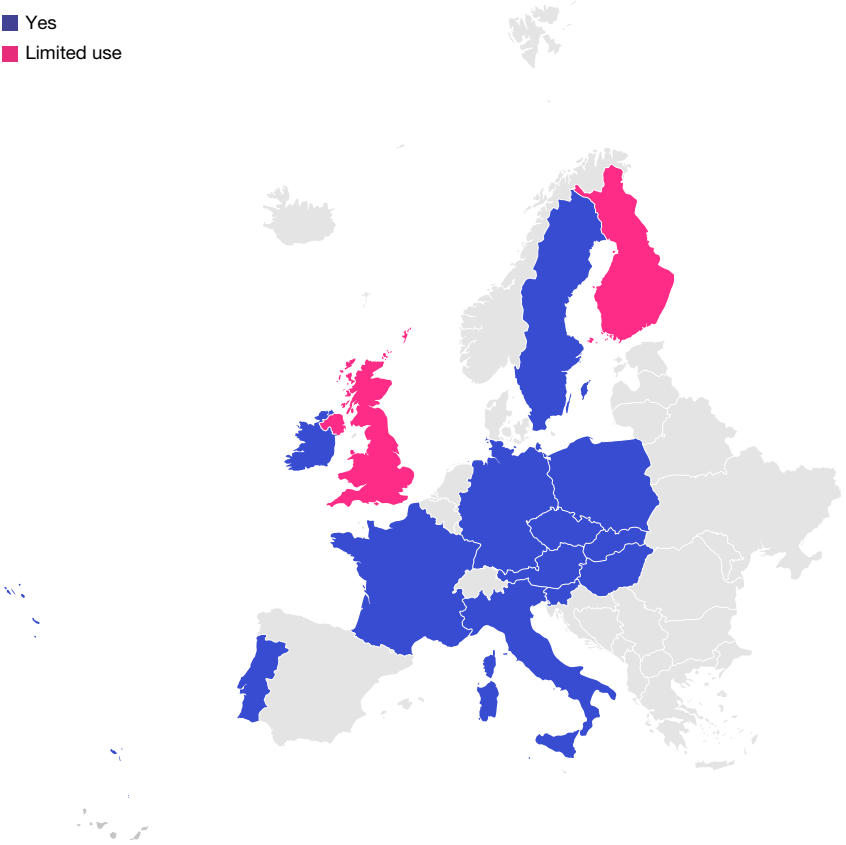
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Public funding for homelessness shelters, i.e. non-housing focused, low intensity support services offering emergency accommodation was available in all 14 Member States and also present in the UK. The mechanisms varied, but whether the source(s) were municipal, regional, or national, or some combination of funding streams, one or more routes to public money to support emergency shelters was present.

In contrast to responses about how Housing First or housing-led services were funded, which quite often involved multiple, inconsistent sources, questions about the processes by which shelters were funded were more simply answered. Emergency shelters do not, of course, always operate with public funding, there are examples that are entirely charitably run, and some shelters have to seek other funding alongside the public money that is available. However, in all the countries participating in this study, there were clearly established routes by which shelters could at least request either full or partial support from public funds. The municipality or regional authority could help, or there were mechanisms by which the national government provided assistance, or a combination of potential public funding sources.

**Figure 1.5 Public funding for emergency shelters**

■ Yes  
 ■ Limited use



In Finland, direction from national government and collaboration between national government, municipalities, and NGOs meant that public money had shifted away from emergency shelter and toward housing-led and Housing First services, alongside a shift toward prevention.<sup>29</sup> Now outside the EU, the UK has seen a similar shift over the last 30 years. This was directed in part by a loss of faith in the efficacy of emergency shelters that dates back to the late 1980s<sup>30</sup>, a growing tendency to use housing-led responses and smaller, more intensive supported housing offering individual rooms, beginning in the 1990s and a convention, established by the original homelessness laws from 1977, that responses to homelessness should be

<sup>29</sup> Allen, M., Benjaminsen, L., O'Sullivan, E., and Pleace, N. (2020) *Ending Homelessness: The Contrasting Experiences of Denmark, Finland and Ireland* (Bristol: Policy Press).

<sup>30</sup> Dant, T. and Deacon, A. (1989) *Hostels to Homes? The Rehousing of Single Homeless People* (Aldershot: Avebury).

housing-led. Less positively, some municipalities also shut down direct access shelters (almost anyone approaching was immediately offered a bed for the night) because they were seen as ‘attracting’ homelessness.

Funding mechanisms reflect the old paradigm for responding to homelessness. Across Europe, systems are in place to fund and support homelessness services that are not housing-led, not Housing First and not preventative. The funding mechanisms to support emergency shelter are present everywhere, the funding mechanisms to support Housing First are not.

The idea of personal budgets has been gaining traction in how social services/social care are organised. The original experiments with ‘community care’, dating back to the 1980s and beyond, included tests of personalised budget, which was that rather than social workers and other professionals choosing and allocating the package of support someone would receive, the process would be led by the individual using those support services. Personal budgets are closely related to, but distinct from, coproduction<sup>31</sup> in services, where the design and delivery of support is a collaboration in which the person using the services plays a leading role. A personal budget means that the person using services effectively commissions those services, they become a consumer able to exercise effective choices, determining the support they receive.<sup>32</sup> In some countries, Sweden is one example and outside the EU, the UK is another, personal budgets are in use as part of social care/social services provision.

The personal budget model is potentially empowering.<sup>33</sup> There are some difficult ethical and practical questions in the implementation of these systems. These questions centre around risk management (at what point should professionals mediate ‘purchasing’ decisions and at what point should they take over service commissioning) and resources (how real is choice when government ultimately decides how much resource someone can have and perhaps sets limits on what they can ‘purchase’).<sup>34</sup> The evidence base for personal budgets, widely described as empowering, but not always clearly and demonstrably delivering on that

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<sup>31</sup> <https://www.homeless.org.uk/co-production-toolkit>

<sup>32</sup> <https://easpd.eu/project-detail/unic/>

<sup>33</sup> Hough, R. and Rice, B. (2010) *Providing Personalized Support for Rough Sleepers: An evaluation of the City of London pilot* (York: Joseph Rowntree Foundation).

<sup>34</sup> Benoot, T., Dursin, W., Verschuere, B., and Roose, R. (2021) Lessons from Ricoeur’s ‘capable human being’ for Practices of Personalisation in Three European Countries, *Disability & Society* 36(5) pp.772-794.

'empowerment' in practice, has also been criticised.<sup>35</sup> Similar questions also arise in services like Housing First<sup>36</sup>, where there can be some use of personal budgets and/or a high degree of individual control over which support and treatment to choose and whether to use it.<sup>37</sup>

While there are reasons to be cautious and, indeed, careful in exploring personal budgets as a response to homelessness, the approach both reflects and extends the choice and control at the core of service models, particularly Housing First, that are demonstrably more effective than services that do not emphasise personal choice.<sup>38</sup> This also reflects the direction of travel across social care/social services and public health policy over the last 30 years, which is toward more service user/patient control both from a human rights perspective, but also because, in a broad sense, outcomes are better when people exercise some control over what happens to them.

None of the Member States had working mechanisms to provide personal budgets to people experiencing homelessness. Outside the EU, barriers exist to the UK's social care (social services) systems that can theoretically provide personal budgets to people experiencing homelessness, although there has been some use of personal budgets to support Housing First services.

The more (potentially) progressive the service model, the less well that model tended to be supported by the funding systems for homelessness services in the Member States represented in this research. Systems are at their most established and simplest to use with respect to funding emergency shelters, they are much more inconsistent and often more complex and precarious with regard to funding Housing First and effectively undeveloped in relation to personal budgets.

In some Member States, services that offered forms of personal budget, in effect providing grants for people experiencing homelessness, to access training, or education, were available, sometimes funded publicly and sometimes by philanthropic activity. Hungary had examples of these employment orientated individual grants funded by philanthropic services and the UK had publicly, charitably, and philanthropically funded examples of grant-making education, training, and employment services.

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<sup>35</sup> Webber, M., Treacy, S., Carr, S., Clark, M., and Parker, G. (2014) The Effectiveness of Personal Budgets for People with Mental Health Problems: A Systematic Review, *Journal of Mental Health* 23(3) pp.146-155.

<sup>36</sup> Löfstrand, C.H. and Juhila, K. (2012) The Discourse of Consumer Choice in the Pathways Housing First Model, *European Journal of Homelessness* 6 pp.47-68.

<sup>37</sup> <https://housingfirsteurope.eu/guide/core-principles-housing-first/>

<sup>38</sup> Padgett, D., Henwood, B.F., and Tsemberis, S.J. (2016) *Housing First: Ending Homelessness, Transforming Systems, and Changing Lives* (Oxford: Oxford University Press).

## 1.4 Other spending on homelessness

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The total costs of homelessness in both the human and financial sense are much wider than the expenditure that Member States direct on homelessness services. One aspect of the financial costs outside direct funding of homelessness services is the cost of homelessness that falls on public health, welfare, criminal justice, and other systems which people experiencing homelessness have contact with.<sup>39</sup> A key argument in the adoption of Housing First in North America has been the capacity of these services to end recurrent and sustained homelessness among people in high cost, high risk populations. By frequently stopping long term and repeat homelessness among people whose use of emergency health, mental health, and addiction services, alongside high rates of contact with criminal justice systems and 'chronic'/'episodic' (sustained and repeated use) of homelessness services, Housing First has been presented as much more cost effective than some other North American homelessness service models.<sup>40</sup>

Part of the rationale for expenditure on homelessness services, of any sort, has been to reduce the human and financial costs of simply allowing homelessness to occur. In Europe, the interpretation of what constitutes 'homelessness' by national, regional, and municipal government varies between and within Member States, although most intervene on some level to stop people sleeping on the street. This research is concerned with both this direct expenditure on homelessness services and with direct expenditure that can occur when homelessness systems become overwhelmed, which can be referred to as overflow expenditure.

### 1.4.1 Overflow expenditure

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Public spending on homelessness can include significant sums being spent on the management of *overflow* in existing homelessness services and systems. Overflow expenditure occurs in three main forms:

- *Existing homelessness services and systems have to manage levels of demand they are not designed and/or resourced for.* Sometimes services can cope through improvisation, a shelter converting living space to bedspaces during a harsh winter, or a Housing First service stretching itself by taking on new cases because the support needs of some existing cases have dropped, are examples of this. A shelter having to buy an additional building, or, more

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<sup>39</sup> Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2013) *The Costs of Homelessness in Europe: An Assessment of the Current Evidence Base* (Brussels: FEANTSA).

<sup>40</sup> Padgett, D., Henwood, B.F., and Tsemberis, S.J. (2016) *Housing First: Ending Homelessness, Transforming Systems, and Changing Lives* (Oxford: Oxford University Press).

commonly an overwhelmed emergency shelter/accommodation system having to resort to buying hotel rooms because of lack of capacity, are examples of overflow expenditure.

- *Exits from homelessness cannot be arranged quickly enough, meaning that people become 'stuck' in homelessness systems.* Most commonly this means that there is not enough adequate, affordable housing with reasonable security of tenure or, at a more basic level, simply nowhere to house people. In the UK, this has been referred to as 'silting-up' or 'pooling' i.e. the exits from homelessness systems fall to levels that are analogous to a river being stopped from flowing properly. Expenditure that should not be happening occurs in two forms, first people are being kept in services they should be exiting and second, overflow expenditure occurs because spaces in homelessness services are being 'blocked' by people who are unable to exit those spaces, which might again mean public money being spent on hotel rooms.
- *Systemic shocks that overwhelm existing services and systems (emergency spending).* The obvious example at the time of writing is COVID-19, with some homelessness services suddenly being faced with higher demand that they could not safely process. A shelter could find itself having to accommodate more people, but at the same time having to use space in different ways, enabling social distancing, facilitating capacity to self-isolate, and ensuring that staff and volunteers were as protected as possible. Some service models, including Housing First and housing-led services, were already able to manage multiple risks because people using those services have their own housing, but managing issues like staff illness, ensuring personal protective equipment (PPE) was available, and having to work in different ways, also caused emergency spending. Overflow spending occurs in such situations when services and systems have to, again, resort to emergency measures, such as the use of hotels, to manage pressures on existing services and increases in demand.<sup>41</sup> COVID-19 is not the sole example. Pressures in managing migrant homelessness, particularly when levels of people seeking asylum spike, and massive economic shocks, like the 2008 crash, have also led to unmanageable demand that could only be met with overflow spending.

Significant overflow spending in the first two cases can be interpreted as a 'canary' indicator, a sign that there is a wider systemic issue in the level of funding and capacity of homelessness services that needs to be resolved. The third type of overflow spending is not necessarily a problem as it is a quick reaction to sudden challenges confronting services. For example, the sudden upward shift in spending

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<sup>41</sup> Pleace, N., Baptista, I., Benjaminsen, L., Busch-Geertsema, V., O'Sullivan, E., and Teller, N. (2021) *European Homelessness and COVID 19* (Brussels: FEANTSA).

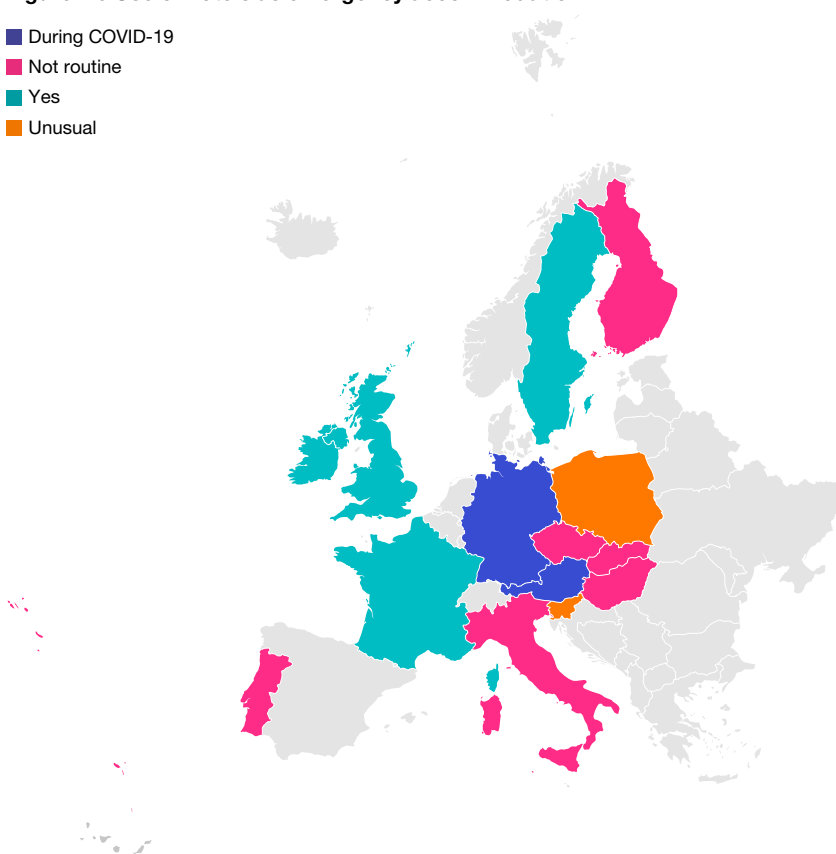


in some countries to reduce COVID-19 risk among people living on the street and in communal shelters had beneficial effects, i.e. it was emergency spending, rather than sustained overflow spending that was occurring because existing homelessness systems were not fit for purpose under normal conditions.

There are several Member States where significant overflow spending is an issue. In France, the experts drew attention to a longstanding trend in expenditure on hotels, rather than more stable solutions to homelessness. As noted above, one recent report suggests that one in every five hotel beds in the greater Paris region is occupied by people experiencing homelessness, totalling some 44 000 rooms a night.<sup>42</sup> Expenditure on hotel rooms as homelessness spiked in Ireland, centred on Dublin, has been significant and there have been policy shifts to try to reduce the levels.

**Figure 1.6 Use of hotels as emergency accommodation**

- During COVID-19
- Not routine
- Yes
- Unusual



<sup>42</sup> <https://idheal.fr/media/pages/etudes-actions/heberger-est-ce-loger-aux-frontieres-du-logement-ordinaire/d7cf454500-1636482474/heberger-est-ce-loger.pdf>

Perhaps one of the most extreme examples is the expenditure on emergency/temporary housing and hotels in London, with the equivalent of 17 households in every 1 000 in London being people experiencing homelessness in temporary accommodation in mid 2021.<sup>43</sup> Research in 2016 indicated that the cost of temporary accommodation in London, that is *overflow* spending on temporarily leased housing, apartment hotels, and low cost B&B hotels *not* including spending on homelessness services, which are under other budget headings, was some £663m (€775m) in 2014/15.<sup>44</sup> A year later, research by the UK's National Audit Office was estimating that £845 million (€988m) was being spent on temporary accommodation across England as a whole.<sup>45</sup> The overflow spending on temporary accommodation was at similar levels to expenditure on homelessness service commissioning. Shortly before the pandemic took hold in early 2020, just over one half of the total estimated homelessness related spending by local authorities in England, some £2.2bn (€2.57bn) in total, was on temporary accommodation.<sup>46</sup>

Only two Member States (France and Ireland) were described as using hotels as emergency accommodation on a routine basis (Figure 1.6). Most Member States were not reported as routinely using hotels and a small number had only done so in response to the COVID-19 pandemic.<sup>47</sup> While extensive overflow spending on hotels was not widespread, it is important to note there were specific circumstances in those countries where this was occurring. The UK has seen increased use of hotels and temporary accommodation in general as spending on social housing and homelessness services has fallen in relative terms, with some new pressures coming from preventative legislation (widening provision of emergency accommodation) in Wales and England. Ireland has experienced marked increases in homelessness linked to major issues with affordable housing supply, including

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<sup>43</sup> DLUHC (2021) cited above.

<sup>44</sup> Rugg, J. (2016) *Temporary Accommodation in London: Local Authorities Under Pressure* (London: London Councils).

<sup>45</sup> National Audit Office (2017) *Homelessness* (London: NAO).

<sup>46</sup> Oakley, M. and Bovil-Rose, C. (2020) *Local Authority Spending on Homelessness: 2020 Update* (London: St Mungo's and Homeless Link).

<sup>47</sup> In the context of the pandemic, the use of tourist hotels for people who had slept on the street before was also reported as a positive experience and a good alternative to shared air accommodation in some locations, especially as the hotel rooms were of good standard, allowed for privacy and private use of bathrooms, and were reported as helping people formerly sleeping on the streets to resettle into permanent housing (see: Pleace, N., Baptista, I., Benjaminsen, L., Busch-Geertsema, V., O'Sullivan, E., and Teller, N. (2021) *European Homelessness and COVID 19* (Brussels: FEANTSA).

much higher levels of family homelessness<sup>48</sup> and France offers broadly accessible basic protections against living on the street, which has also seen increases in demand, causing overflow spending on hotels in both Member States.

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<sup>48</sup> O'Sullivan, E., Reidy, A., and M. Allen (2021) *Focus on Homelessness: Significant Developments in Homelessness in Ireland, 2014-2021* (Dublin: Focus Ireland).

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## 2. Key issues in funding homelessness services

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### 2.1 Introduction

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This chapter looks at the key issues in funding homelessness services in Europe. The chapter begins by looking at trends in funding levels and how this relates to the available data on trends in homelessness levels. The following section looks at the challenges that were reported in funding homelessness services in Europe, including around funding sustainability, levels, and competitive tendering of homelessness services. This chapter concludes by looking at examples of good practice in funding services reported in the Member States represented in the study.

### 2.2 Trends in funding

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As discussed in Chapter 1, there are a number of problems with trying to draw meaningful comparisons between different Member States in terms of expenditure on homelessness services. One difficulty is the considerable differences in how much homelessness services of the same type cost depending on where you are, i.e. €1m buys a lot more, in terms of staffing and infrastructure, in some parts of Europe than it does in other parts of Europe.

Another difficulty is that some Member States provide a much wider range of services, working with a wider range of people than others. Some services, Housing First again being the obvious example, are much more widespread in some Member States than others. The standard, ever present, difficulty, is that Member States do not define homelessness in the same way<sup>49</sup> and thus do not provide consistent services, provision varying with the broader and narrower definitions that different Member States have of what constitutes 'homelessness'. Alongside all this, in several Member States budgetary and public financial structures are at levels of complexity, because funding for homelessness services is within much larger budgets and/or highly localised, where even working out how much is being spent on homelessness is difficult.

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<sup>49</sup> Hermans, K. (2020) Editorial: Measuring Homelessness in Europe, *European Journal of Homelessness* 14(3) pp.9-16.

It is possible, however, to get some sense of whether spending is going up or down on homelessness services in most Member States that participated in this research. Trends in expenditure are difficult to estimate in the Czech Republic, Hungary, and Sweden, but amongst all the other Member States there were reports of at least some increases in recent years. These increases were often significant in scale and, importantly at the time of writing, *predated* the COVID-19 pandemic, which, had in turn seen many Member States further increase spending on homelessness at least in the short term. In several Member States the growth in expenditure has been substantial:

- In France, the Central Government BOP 177 budget line went from €1.47b in 2014 to €2.1b in 2018, i.e. a 42% increase in four years. This budget, which roughly translates to 'Emergency Housing, Path toward Sustainable Housing and Social Insertion of People in Insecure Situations', is under the auspices of the Ministry of Social Affairs and the Ministry of Housing.
- In Ireland, each local authority is able to recoup up to 90% of what it spends on relevant homeless services from national government. Funding available from the National Government to local authorities showed a significant increase from €45m in 2013<sup>50</sup> to €271m in 2020<sup>51</sup>, with a budget of €218m being available to local authorities in 2021 and €194m for 2022.
- During the last decade, the overall spending on homeless services has increased in Italy. From 2016 onwards, a €50m seven year programme for homeless people was led the Ministry of Labour and Social Policy (funded through ESF and FEAD) which has included increased support for Housing First services.
- Poland was reported as having seen expenditure increase from a 2010 figure of PLN 138.4m (approx. €30m) to PLN 270.8m in 2018 (approx. €58.9m). Data on expenditure were less clear after this date, but levels were not reported to have fallen as homelessness services continued to expand.
- In Slovakia, expenditure on accommodation services for people experiencing homelessness increased by 68% over the course of 2010-18. During this time expenditure on emergency shelters had doubled, with even larger increases for transitional supported accommodation (halfway houses). Expenditure had risen from approximately €7m to €12m over that period. Further increases resulted as COVID-19 pandemic took hold.

<sup>50</sup> O'Sullivan, E. and Mustafiri, T. (2020) *Public Expenditure on Services for Households Experiencing Homelessness* (Dublin: Focus Ireland).

<sup>51</sup> The high level of expenditure in 2020 reflects the exceptional expenditure resulting from responding to COVID-19 and final recoupments for 2019, see: Burmanje, J. (2021) *Social Impact Assessment Series: Homeless Services* (Dublin: Department of Public Expenditure and Reform) p.15.

- In Slovenia, combined expenditure by central government and municipalities on homelessness services was reported to have risen from €1.8m to €3.2m between 2011 and 2019. Further increases had been reported in the wake of the COVID-19 pandemic.

Some of the challenges around direct comparisons between Member States are illustrated here, there are vast differences in scale between the largest and smallest Member States in terms of population size. In addition, differences in gross domestic product (GDP) tend to be reflected in the size and extent of social protection systems, which extends into responses to homelessness. Ireland's expenditure on homelessness is far higher than the level reported in Poland. The Polish economy has been estimated by the World Bank as having a GDP of \$596b, compared to Ireland's GDP of \$426b, but Ireland's population is around five million, whereas Poland's is approaching 38 million. Ireland has an economy just over 70% the size of Poland's with a population that is equivalent to 13% of Poland's.<sup>52</sup>

Outside the EU, the former Member State of the UK has seen expenditure on homelessness increase outside England, but fall within England, where the bulk of the population lives. In England, from 2008 to 2009, £2.9b (€3.3b) was spent on homelessness-related activity, while in 2018/19, £0.7b less (€818m) was spent. Within this, expenditure on homelessness services dropped significantly, while expenditure on temporary accommodation increased.<sup>53</sup>

As described in the sixth annual report from Fondation Abbé Pierre and FEANTSA, *Sixth Overview of Housing Exclusion In Europe, 2021*<sup>54</sup> while arriving at an exact number in relation to the levels of homelessness in Europe represents a significant challenge, both in definitional and logistical terms<sup>55</sup>, the available indicators are worrying. The report notes:

*As in previous years, coming to a true picture of homelessness in Europe, in the absence of regularly updated data and comparable methodologies, was a significant challenge. The most recent national and local data confirm a worsening of the general situation in some countries and a stabilisation – usually a levelling off at a very high rate – of homelessness overall in others. A*

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<sup>52</sup> Source: World Bank.

<sup>53</sup> Oakley, M. and Bovil-Rose, C. (2020) *Local Authority Spending on Homelessness: 2020 Update* (London: St Mungo's and Homeless Link).

<sup>54</sup> [www.feantsa.org/public/user/Resources/News/6th\\_Overview\\_of\\_Housing\\_Exclusion\\_in\\_Europe\\_2021\\_EN.pdf](http://www.feantsa.org/public/user/Resources/News/6th_Overview_of_Housing_Exclusion_in_Europe_2021_EN.pdf)

<sup>55</sup> See the European Journal of Homelessness, Volume 14, Issue 3 – 2020: *Special Edition – Measuring Homelessness in Europe – COST Action*

*general trend in emergency and temporary accommodation numbers increasing and becoming long term solutions has been observed in the majority of countries.<sup>56</sup>*

Spending on homelessness is increasing and levels of homelessness are also increasing, allowing that there are certain limits with data on homelessness levels and expenditure on homelessness in several Member States. The broad consensus, as noted in earlier discussion and reflected in the Lisbon Declaration on the European Platform on Combatting Homelessness, is that a shift toward integrated, preventative housing-led strategies is the way to reduce the overall level of homelessness in Europe and move toward the 2030 target to end homelessness. As evidenced in the last chapter, existing homelessness funding mechanisms appeared to be dominated by systems which are more geared toward funding emergency shelters than housing-led/Housing First and preventative services.

## **2.3 Challenges in funding**

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### **2.3.1 Stability of funding**

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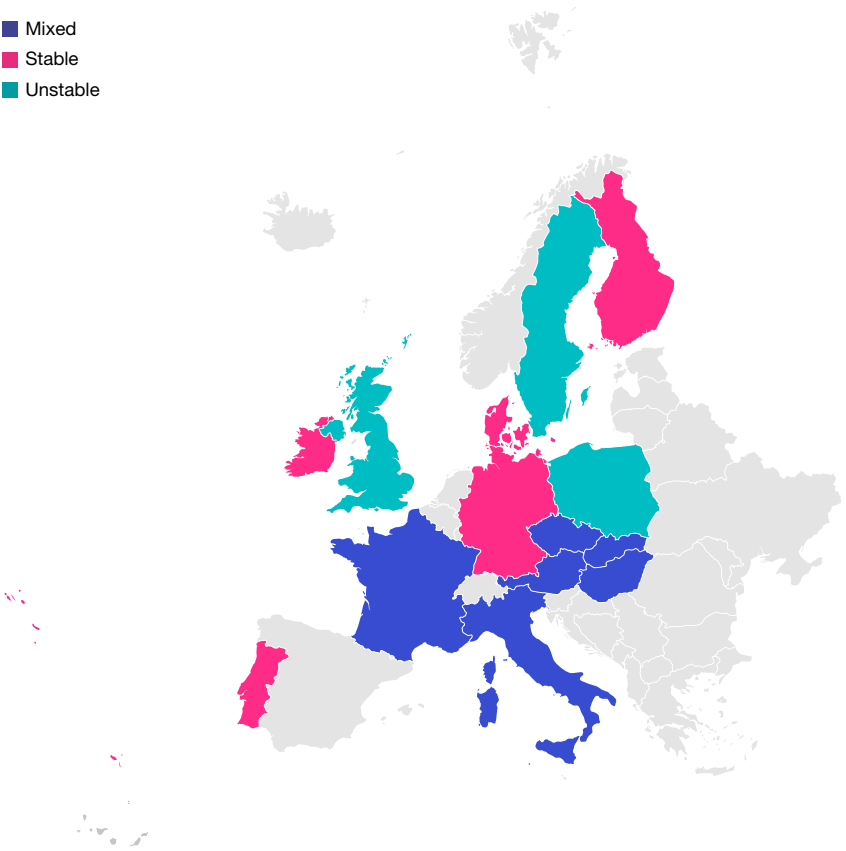
The degree to which funding for homelessness services was described as stable varied considerably between the Member States represented in the research (Figure 2.1).

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<sup>56</sup> Fondation Abbé Pierre and FEANTSA (2021) *Sixth Overview of Housing Exclusion in Europe, 2021* (Brussels: FEANTSA) p.11.

**Figure 2.1 Summary of reported stability of funding for homelessness services**

- Mixed
- Stable
- Unstable



Two Member States (Poland and Sweden) described funding as unstable, that is highly variable in availability and/or unpredictable. In **Sweden**, the situation is complicated, as municipal funding for social services is often stable, but funding for specific homelessness services might be more unstable, including project funding for Housing First or for commissioned services run by NGOs. In France and the Member States in Central and Eastern Europe, the position was more mixed, some funding streams being stable while others were not. Portugal, Denmark, Finland, and Germany reported stable conditions, although Germany was characterised by highly localised arrangements, which meant experience across all regions and within different cities was unlikely to be consistent.

The broader situation in **Austria** was difficult to estimate, but in Vienna was described as in an upward curve of funding, i.e. it was tending to increase year-on-year, which meant that at the time of writing, there was a general expectation that



funding would be in place. However, the administration of the funding was a different matter, because Vienna used an annual budget cycle, meaning that services would only have formal confirmation in place year-on-year. This has the potential to create instability if funding levels became uncertain.

The **Czech Republic** exhibits elements of stability and instability in funding for homelessness services. Funding is stable in the sense that homelessness services that are part of the core service network of a region or municipality are written into a four year plan. However, contracts have to be renewed on an annual basis. Homeless service providers can be left uncertain as to whether and to what extent their service will be funded. For some homelessness services, funding is quite often provided through EU sources such as the ESF. Housing First services were often reliant on these external sources of funding, which were described as more effective as a source of start-up/developmental financial support, rather than as a sustainable income source.

**Danish** funding arrangements for homelessness services were governed by frameworks that set expectations on municipalities and provided reimbursement mechanisms for funding homeless shelters. As has been described elsewhere in these comparative reports, the Danish version of an emergency shelter can be a rather more intensive and elaborate service, than the more basic communal shelters that exist in other countries, although communal shelters still exist in Denmark.<sup>57</sup> Danish shelters have self-determined admissions policy (*selvmøderprincippet*) which allows them to accept anyone who presents asking for emergency accommodation, regardless of their point of origin within Denmark, with funding arrangements designed specifically to bypass local connection rules.<sup>58</sup> Significant reforms were agreed to Danish funding arrangements in Autumn 2021 that will orientate spending toward housing-led/Housing First services by time-limiting state financial support for shelter placements to three months.

**Finnish** homelessness service funding was described as highly stable. Funding for services was integral to mainstream budgeting and secured by legislation. This said, concerns were reported that municipality funding of some homelessness services should offer longer term contracts.

In **France**, funding for fixed-site, accommodation based services was described as stable, because contracts for these services are secured for several years in advance (*Contrat Pluriannuel d'Objectifs et de Moyens (CPOM)*). For emergency

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<sup>57</sup> Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2018) *Homelessness Services in Europe* (Brussels: FEANTSA).

<sup>58</sup> Baptista, I., Benjaminsen, L., and Pleace, N. (2015) *Local Connection Rules and Homelessness in Europe* (Brussels: FEANTSA).

shelters opening during the winter months, the budget cycle was annual, so they would not know how much was available for the year ahead. Some of these services open pre-emptively, taking people in without being certain how much funding will be in place. The first national plan for Housing First, following the successful *Un chez-soi d'abord* pilot, runs from 2018-22. The national plan initially offered stable financing for Housing First services in France for the 23 cities and départements (local governments) selected to receive funding, adding another 10 territories in 2020.

**German** financial arrangements were not set nationally with a high degree of discretion being granted to regional government and municipalities. Funding was, as noted, taken from general social services budgets, rather than there being a dedicated budget. Costs are described, within North Rhine Westphalia, as being agreed between the NGO and the commissioning municipality/region. The extent to which inconsistency between regions and municipalities may have created instabilities was difficult to assess, but arrangements in North Rhine Westphalia were stable.

In **Hungary**, most homelessness services are included in national legislation, including daycentres, emergency shelters, hostels/supported housing (fixed site services), and temporary accommodation for families. Duties are placed on municipalities to provide these services, either directly or via NGOs, including faith-based organisations, with the municipalities being allowed to run the contracts for these services at their own discretion. Central government funding is in place and can be augmented by municipalities' own resources. Funding arrangements are stable, but as described below, issues with both levels of funding and with the capacity to fund certain types of service were reported.

**Irish** funding arrangements were described as stable because they are characterised by rapid increases in expenditure, with Ireland devoting significant resources to resolving homelessness. Overflow expenditure, including use of hotels as emergency accommodation, has been a feature of this expanding expenditure.

In **Italy**, funding was described as always in place (and drawing on EU sources, increasing in recent years), but arrangements varied by what is agreed for each service. Short term funding arrangements can be an issue, with the duration of particular services tending to be closely linked to the amount of time for which funding is available. Funding can also be inconsistent, because service models are not clearly defined at national level, meaning the same type of service might receive funding depending on how each municipality defines acceptable costs for that type of service.

**Polish** homelessness services could be characterised by short term funding arrangements of one year, although examples of 2-3 year contracts do exist. While theoretically quite unstable because of a use of short term arrangements, there was a tendency for the same NGOs to be repeatedly funded, most notably in large and mid-sized cities which have shelter services available in their territories. Nevertheless, short term budgets and financial instability are described as serious problems with many service providing NGOs in the homelessness sector largely reliant on public funding and tending to lack any other well developed means, such as charitable donation, of securing income.

In **Portugal** funding for homelessness services was described as becoming more stable over time and within this, funding was being reorientated toward housing-led approaches that were supported by contracts lasting several years. Stability was not uniform however, with temporary accommodation contracts sometimes being offered on a less secure basis. Proposals for support of Housing First, as of 2020, envisaged 18 months of project funding, which is not long for a service model supposedly designed to offer open-ended support for as long as is needed.

**Slovenia** had stable financial arrangements for public social programmes, which encompasses homelessness services funded through social service budgets. Standard contracts were seven years in length, but in practice these are reported to often have been in place for longer. Initial contracts tend to be shorter in duration, including one-year arrangements, but once a developmental programme has been complete, longer-term finance is available and there was a broad tendency toward an increase in longer-term programmes.

**Slovakian** experience is varied, with funding from central government being described as very stable. Where NGOs are working under contract to municipalities, arrangements can be significantly less stable, including yearly changes in how much municipalities are prepared to pay for each person using a homelessness service and the number of places those municipalities choose to fund. However, as noted above, these potential insecurities exist alongside a general and continued pattern of increased expenditure on homelessness services.

**Sweden** has been characterised by marked variation in funding patterns. The expert identified cuts in expenditure on homelessness services in Gothenburg, increases in expenditure in Malmö, and, because of administrative complexity and multiple budget heads being involved, some uncertainty about the direction of spending in Stockholm. It is not clear, at national level, what is happening in Sweden, but the degree of municipal control over expenditure creates a potentially unstable situation in itself. To take one example, Gothenburg altered spending on homelessness by SEK 58m (€56m) between 2019 and 2020. This was not a cut as such, as spending on one type of accommodation decreased and was shifted to

other types of services, rather than an actual cut in spending occurring, but such sudden shifts in spending can contribute to an unstable pattern of funding for homelessness services.

By contrast, England, within the former Member State of the **UK**, has been characterised by deep instability that has undermined the capacity of service providers, usually NGOs, commissioned by local authorities (municipalities) and local authorities to plan and deliver coherent strategy. Extremely short term contracts are often issued, quite often for less than one year, with longer contracts of two or three years or more being subject to options to renew, because local government funding has fallen quickly and sharply.<sup>59</sup> The situation in Scotland, Wales, and Northern Ireland has been more stable.

### 2.3.2 Sufficiency of funding

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In several Member States, including Austria<sup>60</sup>, Denmark, Finland, Germany, Ireland, Italy, and Sweden, funding levels were not raised as a significant issue, in marked contrast to some other Member States (Figure 2.2). However, funding levels were not described as perfect in these countries. Denmark, Finland, Germany, and Sweden reported issues around administration of funding, including the specific arrangements for some types of services, which could mean variation in how well some services were funded.

In the **Czech Republic** allowable budgets for homelessness services are set through regulation. Levels of funding are not high. At the time of writing, the allowed budget for an individual using a shelter it is 100 CZK per day for an adult (about €4) and 70 CZK (€2.50) per day for a child. The amount has not been changed for approximately 10 years and was described as not reflecting actual service costs. **Hungary** was similar, in that while budgets were generally available for a range of services, the amounts of money involved were not seen as generous and meant that services operated on a basic level at best, with some provision being described as very poor. There are reports that Hungarian funding levels were not enough to cover the costs of running some services, it being estimated that in shelters/hostels available budgets only cover about 60-70% of running costs. **Poland** was reported to be in a similar position, with a reportedly very low level of funding for homelessness services and inconsistencies across the country about how much services of the same type should be expected to cost. In 2019, a survey reported that subsidies

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<sup>59</sup> Blood, I., Pleace, N., Alden, S., and Dulson, S. (2020) *A Traumatized System: Research into the Commissioning of Homelessness Services in the Last 10 Years* (Leicester: Riverside); Blood, I. and Pleace, N. (2021) *A Traumatized System: A Critical Crossroads for the Commissioning of Homelessness Services* (Leicester: Riverside).

<sup>60</sup> Responses from Austria concentrated on the Vienna federal region/municipality.

were sometimes as low as PLN 280 per month, per person (equivalent to €2 per day) for some hostels (accommodation-based, fixed-site services).<sup>61</sup> By contrast, **Italy**, in 2020 had allowances of €26 per person, per night (equivalent) for Housing First and €19 for shelter accommodation.<sup>62</sup> Levels in much of North Western and Nordic Europe would be well in excess of this, but it is again important to note that operational costs are also significantly higher.

**Portugal** is also described as often not providing enough funding for homelessness services to operate effectively. Temporary accommodation centres are reported as having operational shortfalls, and the cost of private rented housing is often above the levels that Housing First services can afford, which has led to attempts to employ social housing where that is available.

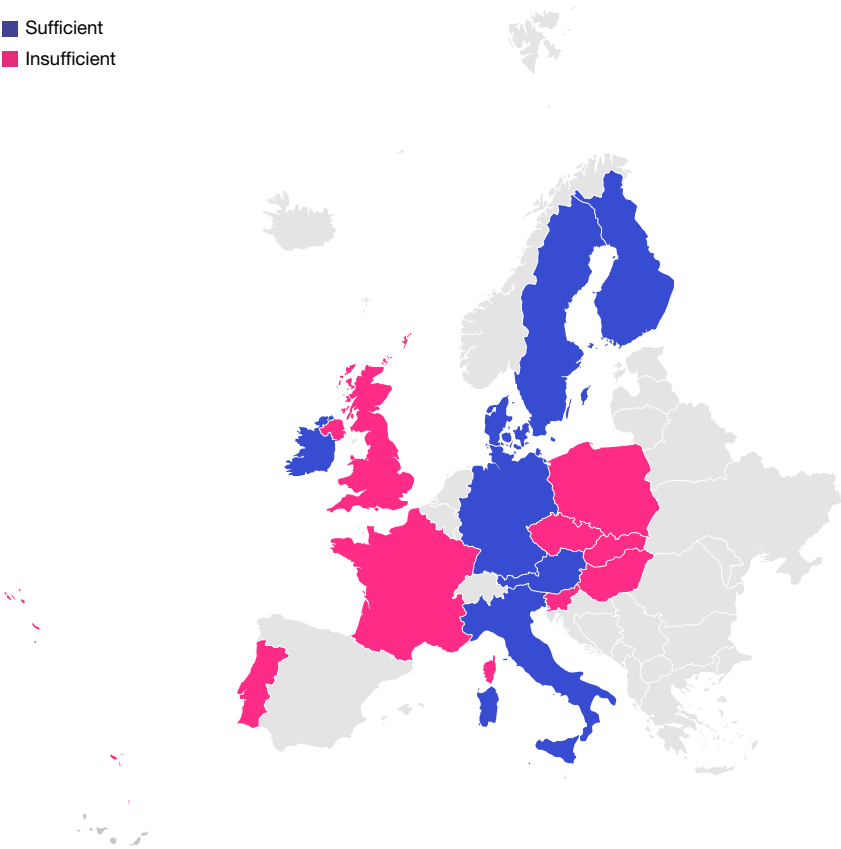
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<sup>61</sup> Wilczek, J. (2020) *Gotowość do wdrożenia standardów oraz inne aspekty funkcjonowania i finansowania działalności placówek dla osób bezdomnych w Polsce w obliczu zmian prawnych w sektorze*, Ogólnopolska Federacja na rzecz Rozwiązywania Problemu Bezdomności, Zabrze [Readiness to implement standards and other aspects of functioning and financing the activity of institutions for homeless people in Poland in the face of legal changes in the sector, Polish National Federation for Solving the Problem of Homelessness, Zabrze 2020] – Available at: <https://drive.google.com/file/d/14LKEUuqfzPOc8arEeOrnCAiTKH057wbs/view>.

<sup>62</sup> [https://www.fiopds.org/wp-content/uploads/2020/11/Monitoring\\_HF\\_2020.pdf](https://www.fiopds.org/wp-content/uploads/2020/11/Monitoring_HF_2020.pdf)

**Figure 2.2 Summary of whether funding for homelessness services was sufficient**

■ Sufficient  
 ■ Insufficient



In **France**, experts questioned a perceived lack of ambition in the levels of funding for Housing First, as the allocation of funding for each city or département was described as being relatively small, there being a case for more significant budgets to enable Housing First to be properly scaled-up. Debates about the need for a regional Housing First fund, rather than something distributed by national government, were also reported. More generally, while increases in general funding for homelessness services had been significant (see 2.2), the level of service provision was still reported to be insufficient relative to the level of need. France was one of the Member States with significant overflow spending, centred on the use of hotels as emergency accommodation.

In **Slovenia**, funding formulas are also criticised as being insufficient, for example the allowed ratio of staff to people experiencing homelessness is described as inadequate. Staff burnout in underfunded services was reported as an issue. There

have also been criticisms that the material costs of service provision are higher than the funding mechanisms allow for. Alongside this, there are discrepancies, including salaries in directly provided services (services delivered by municipalities) being better than in commissioned services from NGOs.<sup>63</sup> **Slovakia** was also characterised by widespread reports that available funding was not covering operating costs in homelessness services, a 2015 survey reporting that 42% of homelessness services stated that available budgets were not enough to cover their costs.<sup>64</sup> However, a revision of funding levels in April 2021 is reported to have brought funding levels closer to the point required by homelessness service providers. As noted above, contracting arrangements for NGOs funded by municipalities in

Slovakia can be varied easily, with both the funding per place and the overall number of places funded being changed.

### 2.3.3 Bias in funding mechanisms

In Austria, Ireland, Italy, and Portugal no particular issues were raised in relation to bias in funding mechanisms. In some Member States, there were reports of bias toward funding particular types of services, and restrictions in what can be funded, that are described as inhibiting innovation.

The **Czech Republic** was heavily reliant on EU funding sources for service innovation like Housing First. Making the case for new models of service within municipalities and convincing some local politicians to support experimental ideas was described as sometimes challenging.

In **Finland**, alongside reports of generally stable and sufficient funding, a number of issues were reported with existing administration. Funding is coordinated, but many different budgets could be involved and municipalities are not consistent in how they arrange matters. One inconsistency is that outreach services are funded on a more stable basis in some municipalities than others. Variations and uncertainty in funding outreach has had the effect of making the development of these services uneven. Separation of funding streams has also been associated with services working in silos, for example where elements of social services/social care and homelessness services should interact more effectively. Bringing a fully

<sup>63</sup> Kovač N., Černič M., and Žiberna V. (2020) *Spremljanje socialnovarstvenih programov: poročilo o izvajanju programov v letu 2019* [Monitoring the implementation of social protection programs in 2019] (Ljubljana: IRSSV).

<sup>64</sup> Ondrušová, D., Gerbery, D., Fico, M., Filadelfiová, J., Grandtnerová, L., and Lorenc, I. (2015) *Ludia bez domova: príprava a realizácia empirického výskumu, analýza nástrojov prevencie a riešenia bezdomovcov. Záverečná správa z 1. etapy výskumného projektu*. [Homeless people: preparation of the survey, analysis of measures for prevention and ending homelessness. Final report from the 1st stage of the research project]. (Bratislava: IVPR).

housing-led/Housing First strategy into effect has also proven difficult in some respects, as funding mechanisms can still sometimes attach money to an apartment, rather than an individual.

In **France**, access to funding was described as being uneven. Some types of services find it easier to secure the official recognition required to access funding than is the case for others. Different legal and administrative systems is also reported to be making the coordination of funding problematic and this was an issue receiving attention at a national level at the time of writing. A tendency to seek standardisation in how given service models should be designed and delivered was also reported as creating inflexibility, i.e. a service of a specific type was expected to have certain operational characteristics and if that service did not fit the model, it might not be funded. For example, if a homeless service added new forms of support, additional funding might not be made available because it was outside the expected format. As noted, questions had been raised about the sufficiency and geographical coverage of the dedicated national funding for Housing First.

**German** funding mechanisms, drawing on the example of North Rhine Westphalia, could allow some NGOs to avoid working with people who were defined as uncooperative. There was also an incentive for services offering supported housing to keep spaces occupied, because payments are made on the basis of occupied spaces. Funding is also centred on service activity, i.e. how many people are being supported, rather than focusing on outcomes. Mechanisms are also less developed for families than is the case for lone homeless people, as funding processes have tended to assume that people experiencing homelessness are doing so on their own, rather than with their children. Challenges exist around financial support for Housing First services as it implies that there is a permanent need to find new housing in order to support additional individuals after support for other clients has diminished (and those clients stay in their housing permanently). The current practice of offering time-limited support in housing which is let out for limited time as well would also have to stop, but service providers could run into trouble if they (or their potential clients) cannot find new housing where the providers can provide support and keep their staff occupied.<sup>65</sup>

In **Hungary**, it was reported as difficult to fund more innovative and intensive homelessness services within existing budgetary arrangements. One issue was the level of funding available and another was the need to fund raise for some of these services externally, rather than rely on central government and municipal funding. Some very restricted targeted funding for services or investments beyond those defined by the Social Act are available through a public foundation run from the Central Government budget. Funding arrangements also differ between the types

<sup>65</sup> <https://housingfirsteurope.eu/guide/core-principles-housing-first/>



of agency providing homelessness services. Faith-based services are allowed budgets at 1.7 times the level provided to services run by municipalities or by non-faith-based NGOs, with this additional cost being supported by central government, which creates an incentive to commission faith-based services. While faith-based organisations are technically required not to discriminate on religious grounds, there have been concerns expressed about the intermingling of service provision and the religion of these providers.

**Polish** financial arrangements are influenced by a highly fragmented system of local government. Basic shelter services are supposedly financed via municipalities, of which there are some 2 500 in Poland, of which some 80% have populations of less than 5 000 people. Most municipalities are too small to have shelter systems and are ill-equipped to deal with homelessness when it occurs, creating a flow of people experiencing homelessness to larger municipalities with services. This creates particular problems because large groups of lone adults experiencing homelessness are in areas that are not where they had their last stable residence, meaning that they cannot access some shelters or cannot use all the facilities in others, because they cannot demonstrate a local connection.<sup>66</sup> Groups who are not served by shelter services, including women, LGBTQI, and minority populations of people experiencing homelessness often do not have access to specialist services because no clear funding stream exists to support them. Housing First is described as in its infancy and as difficult to support within existing financial arrangements which focus on emergency accommodation.

In **Slovakia**, there were reported parallels with the Czech Republic. Innovation was more likely to be supported by external, i.e. EU, financing. Inconsistencies and coordination issues were also reported across different funding streams.

**Slovenian** funding systems shared some characteristics with those described in France. Services were expected to operate within quite tightly specified parameters, including staffing ratios. Theoretically, these systems did not prevent the development of preventative and housing-led and Housing First systems, but the financing of existing models – and existing services – is seen as easier than building the case for new services.

In **Sweden**, a challenge was identified around moving from housing-ready/staircase services and toward a more housing-led/Housing First strategy. Social services cannot buy or build housing and a lack of housing sometimes forces social services to use more short term rental contracts that can be more expensive than ordinary rents. In the city of Malmö, social services sometimes accesses ordinary apart-

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<sup>66</sup> Baptista, I., Benjaminsen, L., and Pleace, N. (2015) *Local Connection Rules and Homelessness in Europe* (Brussels: FEANTSA).

ments from a company that acts as an intermediary between social services and housing companies. This company first rents an apartment from a housing company, then offers the apartment to social services at a much more expensive daily rent than would be the case if social services rented the apartment directly from a housing company. Under these arrangements the monthly rent for a two bedroom apartment costs approximately SEK 45 000 (€4 373), whereas renting directly from a housing company would cost social services SEK 7 500 (€729).<sup>67</sup> It is pressure on affordable housing stock that has created this situation, where shortfalls in housing supply often mean that social services have to work with these intermediary companies, that is creating these expensive niche markets. If social services were always able to rent directly from a housing company, costs would be significantly lower.

#### 2.3.4 Competitive commissioning

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In some Member States, such as France, Germany, and Slovenia, tendering relationships were described as established and comfortable, i.e. the same NGOs tended to get the same contracts awarded on a repeated basis and there was, in the Hungarian and Slovenian cases, a tendency for different NGOs to work within different municipalities. Competition could be limited, or effectively non-existent in some rural areas. In Sweden, it was difficult to report on highly decentralised systems of service commissioning by municipalities.

In **Austria**, focusing on Vienna, perceptions of competitive commissioning varied across NGOs. Some regard the commissioning process as highly competitive, but others have a stable relationship with the city. NGOs working in Vienna collaborate in an association that represents their collective interests to the city.

**Denmark** had stable, sufficient funding, but there were challenges around governance and the structure of budgetary systems. An organisation can setup an emergency shelter and, because of funding systems to enable any Dane to seek emergency accommodation from a shelter anywhere in the country, reclaim half the costs from the last settled municipality for that person and half from central government (or from a specific fund where a last settled municipality cannot be established). This creates something of a financial incentive to develop and operate emergency shelters, albeit they are subject to registration with the regional inspection authorities of social services, and there has been a growth in this sort of service. The funding mechanism to support a universal right to shelter in Denmark also has another reported downside, as funding is present to enable and encourage the provision of this form of service, as half the bill has, until now, been met by

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<sup>67</sup> <https://www.hemhyra.se/nyheter/>

femdubblad-hyra-nar-malmo-koper-akutboende-till-hemlosa/

central government. Keeping someone in a shelter place that is half-funded by central government may be cheaper for a municipality than offering a housing-led/Housing First solution, or an alternative supported housing service, that might have better results. As noted above, reforms introduced in Autumn 2021 will alter these funding mechanisms with the explicit aim of increasing the incentives for municipalities to provide housing-led/Housing First services. The reforms will limit the period a municipality can receive a reimbursement from the State for individual shelter stays to three months, after which reimbursement from the State can only be directed to providing housing-led/Housing First services.

In **Finland**, there is an emphasis on ensuring that commissioning from NGOs by municipalities is a collaborative, rather than competitive process. There are reported concerns to mitigate the risk that competition between NGOs on cost would jeopardise service quality. Competition between NGOs was skewed toward the major cities, specifically in and around Helsinki, and less common elsewhere.

In **Ireland**, public procurement rules require local authorities (municipalities) to put out homelessness services to competitive tender, so that NGOs are in competition with one another for funding. Risks are reported around competition between NGOs focusing on costs, rather than quality or effectiveness.

**Italian** homelessness service provision is described as a collaboration between municipalities and NGOs, with each contributing resources, but there is competition between NGOs for municipal contracts. As in Ireland, competition is at least partly on costs, and although there is also a concern with service quality, a concern that services offered at the lowest price by NGOs will be more likely to be successful in winning contracts.

In **Poland** the situation was rather mixed. On one hand, the major and mid-sized cities were likely to tender relationships that were established and comfortable, particularly where there was an established homelessness sector. In areas without established homelessness services, some service providers have entered into multiple, often short term (one year) contractual arrangements with multiple municipalities. In these areas, the situation was described as very dynamic and competitive.

Competition between NGOs in **Portugal** was not reported as damaging, but as in Ireland, an absence of data on what these services are achieving was noted. There are concerns that significant public expenditure is being directed into homelessness services without a clear set of expectations as to what 'success' will look like.

In **Slovakia**, competition was often not present in smaller municipalities where there was often only one service provider. In Bratislava and Košice, the second largest city, some competition does occur for project funding. Contract arrangements, as noted above, are highly skewed to the advantage of municipalities in Slovakia.

By comparison, the **UK**, a former Member State, has been reported as experiencing multiple issues as competitive tendering by municipalities to NGOs has come to dominate the allocation of funding for homelessness services. In England, the inherent insecurities caused by falling, uncertain local authority budgets (with some €818m less being spent in 2018-19 compared to 2008-09<sup>68</sup>) has created conditions in which management of insecure contracts has caused NGOs to amalgamate. This both cushions the NGOs against shocks, because it is not reliant on a small number of precarious contracts, but has a large number of funding sources. This also increases competitiveness compared to other providers, because an increasingly large NGO benefits from the economies of scale, in much the same way as a corporation can outcompete a small company.

In consequence, England now has several 'mega-providers' in the NGO homelessness sector, each with turnovers equivalent to tens of millions of euro and beyond. This has meant that local NGOs have lost contracts and that homelessness services in English local authorities have been 'contracted out' to NGOs from outside the region, including those operating at a national level. Competition has also become more and more focused on cost, as local authority budgets have fallen, meaning that staff wages, terms, and conditions are sometimes reduced to win contracts and that specialist services working with particular groups, such as services for homeless women or LGBTQI people, are replaced with less specialised services.<sup>69</sup>

## 2.4 Good practice in funding

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Good practice in funding tends to be viewed in the same way and to have the following characteristics:

- There is sufficient funding in place to enable services to operate effectively.
- Bureaucratic systems are minimised, either by creating discrete easily managed homelessness budgets and/or by effective simplification and orchestration of multiple budgets.
- Funding is secure and long term, enabling service providers to plan and develop their services with confidence.

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<sup>68</sup> Oakley, M. and Bovil-Rose, C. (2020) *Local Authority Spending on Homelessness: 2020 Update* (London: St Mungo's and Homeless Link).

<sup>69</sup> Blood, I., Pleace, N., Alden, S., and Dulson, S. (2020) *A Traumatized System: Research into the Commissioning of Homelessness Services in the Last 10 Years* (Leicester: Riverside); Blood, I. and Pleace, N. (2021) *A Traumatized System: A Critical Crossroads for the Commissioning of Homelessness Services* (Leicester: Riverside).

- Homeless people in need of support have a legal entitlement to support which cannot be rejected because of a lack of funding.
- Innovation is actively supported, funding is available to develop and test new ideas and can be easily and flexibly adjusted to new models of homelessness service.
- There is accurate and simple monitoring of agreed outcomes, it is clear who services are working with, what they will do, and what they aim to achieve. There should be avoidance of set timetables for services to generate particular outcomes for people experiencing homelessness within a set timeframe, enabling services to work flexibly with groups like people with high and complex needs.
- Housing is a human right and there should be an emphasis on recognising the strengths, experience, and opinions of people experiencing homelessness which is supported and designed into service provision, enabling people experiencing homelessness to exercise real controls over the support they receive.
- Clear arrangements are in place for joint working, including funding systems that allow homelessness services to refer up (more support needed) and to refer down (less support needed) and to refer out to, and work with, external services including social housing, mental health, health, addiction, and criminal justice systems, as needed.

In **Finland**, funding mechanisms were, with some caveats, viewed in positive terms. STEA's<sup>70</sup> (Funding Centre for Social Welfare and Health Organisations) funding is reported as allowing the development of new homelessness services and its budget, which extends beyond homelessness and encompasses a range of services designed to enhance equality and inclusiveness across Finland, is extensive at some €380m in 2020. The core strength of Finnish funding arrangements was described by the experts as homelessness services being a clearly identified, national, programme. Homelessness services were not a short term programme or pilot, but were integral to national social policy.

**France** was reported as having shown good practice in the introduction of Contrat Pluriannuel d'Objectifs et de Moyens (CPOM) contracts in 2002, which offer long term funding for homelessness services, creating a steady state for service providers and encouraging a better standard of service. This stability of funding, with homelessness service providers and municipalities being able to plan services and strategies, was reported in a positive light. One limitation, noted above, was that these arrangements were not entirely uniform, the winter shelter programme

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<sup>70</sup> <https://www.stea.fi/en/>

for example had annually renewed funding. Stability could also come at a price, in that funding agreed well in advance might also be agreed at lower overall levels than in shorter-term contracts.

In **Portugal**, echoing Finnish experience, funding has been reorientated toward housing-led and Housing First services and toward high intensity support service provision. This reflects the 2017-23 National Homelessness Strategy, which is being reinforced through changing the emphasis within budgetary and financial systems to support a more housing-led approach. This budgetary and strategic shift has also been encouraged by the homelessness sector itself, promoting new ideas and practice, including Housing First.<sup>71</sup>

## 2.5 COVID-19

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Increases in expenditure on homelessness occurred across Europe as the true nature and extent of the current COVID-19 pandemic became apparent. The pattern, while widespread, was not universal, some countries made minor adjustments or maintained existing systems, while others, the Netherlands being an example, have started to reconsider their strategic response in the wake of COVID-19 and the inherent vulnerabilities in shared-air, communal models of service provision.<sup>72</sup>

Some of this expenditure, as has been noted elsewhere<sup>73</sup>, centred on a reclassification of certain forms of homelessness as a public health issue. People sleeping on the street, in particular alongside those using shelters, were seen as a public health risk, in part because of the risk that they would act as contagion points for the wider population, but mainly because they were a group with underlying conditions who could not socially distance. If people experiencing homelessness were left on the street and in 'shared air' shelters, with communal sleeping areas, where they could not socially isolate they were more likely to catch COVID-19 and more likely to be hospitalised. Not intervening could mean thousands more people with underlying conditions, including complex needs, being hospitalised, placing further stress on public health systems that were fast becoming overloaded.

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<sup>71</sup> Duarte, T., Costa, P., and Ornelas, J. (2018) Implementation of Housing First in Lisboa, Portugal: A Fidelity Study of the Casas Primeiro programme, *European Journal of Homelessness* 12(3) pp.199-227.

<sup>72</sup> Pleace, N., Baptista, I., Benjaminsen, L., Busch-Geertsema, V., O'Sullivan, E., and Teller, N. (2021) *European Homelessness and COVID 19* (Brussels: FEANTSA).

<sup>73</sup> Parsell, C., Clarke, A., and Kuskoff, E. (2020) Understanding Responses to Homelessness During COVID-19: An Examination of Australia, *Housing Studies* DOI: 10.1080/02673037.2020.1829564.

In some cases, the increase in expenditure was sudden and significant. In **France** from February-March 2020, emergency funds were also made available to accommodate more people experiencing homelessness with an initial budget of €65m, which was then followed by €200m and then €326m increases in spending. Additional spending from the French State has reached €650m to date. An additional 21 000 emergency accommodation places were added to the existing national capacity of 178 500 places.<sup>74</sup> On a smaller scale, **Slovenia** funded an additional 17 projects in response to the COVID-19 pandemic, targeting vulnerable groups in general, and among them one specifically targeted people experiencing homelessness.

**Italy** was reported as using the EU funding Recovery and Resilience Facility (funding to help Member States overcome the impact of the COVID-19 pandemic) to finance homeless services. Temporary housing referred to as *stazioni di posta* which combines access to housing, low-threshold support, and employment, with €450m allocated, alongside a smaller project on community support for better health among people experiencing homelessness. As noted, ESF and FEAD funding had been employed since 2016, at relatively significant levels, to support Italian Housing First services. **Portugal** was also pursuing significant EU funding from this source, although this was for a programme likely to be of benefit to people experiencing homelessness rather than focused on homelessness. One of the key measures to reinforce Portugal's economic and social resilience, included in the Recovery and Resilience Plan (RRP), is a programme for access to housing, designed to provide decent and adequate housing for at least 26 000 households at a cost of €1.2b. **Slovakia** also had plans in place using this facility to expand social services, which would have some indirect benefits for people experiencing homelessness.<sup>75</sup>

In **England**, by comparison, significant expenditure was directed specifically at people sleeping on the street in the 'everyone in' programme that was effectively designed to clear the streets of people sleeping rough during the course of the pandemic, chiefly by using hotel accommodation. The initial emergency response was combined with a housing-led programme to provide resettlement into housing, rather than returning people to the streets, although this has been criticised as only encompassing people living on the street who were assisted under 'everyone in'. As in France, levels of spending were high, in May 2020, government announced £433m (€508m) in funding.<sup>76</sup>

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<sup>74</sup> Cour des Comptes, Rapport annuel, Paris, 2021. Available at: <https://www.ccomptes.fr/sites/default/files/2021-03/20210318-03-Tomel-hebergement%20-logement-%20personnes-domicile-pendant-crise-sanitaire-printemps-2020.pdf>

<sup>75</sup> Slovakian plans include 480 new places in integrated accommodation offering health and social services, which may also include homeless services.

<sup>76</sup> Cromarty, H. (2021) *Coronavirus: Support for Rough Sleepers (England)* (London: House of Commons Library).

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## 3. Discussion

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### 3.1 Introduction

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This final chapter explores some of the implications of the research. One of the main findings is that significant elements of funding systems across Europe can be characterised as legacy systems, i.e. they were designed in whole, or in part, to support reactive responses to homelessness that centred on emergency shelter and ‘housing-ready’ or staircase fixed site/supported accommodation services. Funding systems that are synchronised to the delivery of integrated strategic responses to homelessness, including a mix of preventative and housing-led/Housing First services do exist, but they are the exception at the time of writing.

Another finding is that funding systems can often lack coherence and consistency because they are very decentralised, with municipalities/local authorities and regional government often exercising significant control over which services are funded and on what basis. Within this, budgetary arrangements can be complex, many homelessness services in Europe are supported by more than one source of funding which presents logistical challenges. Financial arrangements are sometimes sufficient, but the lived experience of delivering homelessness services in Europe is all too often one of managing insecure and insufficient budgets. The chapter concludes by considering the implications of the findings for Lisbon Declaration on the European Platform on Combatting Homelessness.

### 3.2 Legacy systems

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The term legacy system has its origins in computing, with some reports suggesting it was first used in the 1970s to describe situations in which existing computerisation had reached the end of its useful life, despite remaining fully operational. Essentially this refers to an old processing system, something that was built for a different time with now redundant technologies, but which remains operational because it is expensive and difficult to replace it. Legacy systems are undesirable, because they preserve assumptions, practices, and approaches from earlier times and can act as an impediment to change.

The shorthand for the effect of legacy systems is that it is much easier to finance an emergency shelter, a low intensity model that is not housing-led, than it is to fund Housing First services across large areas of the EU. Funding systems are built



on the assumption that the response to homelessness is an emergency shelter, set parameters as to what can be funded following that logic, and mean that, for example, some Housing First services have only got off the ground because they secured external, EU funding.

There is another effect within legacy systems that are integral to social services/social care budgets. This centres on what has been termed the medicalisation of homelessness<sup>77</sup>, i.e. portraying and responding to homelessness as an issue centred on unmet support and treatment needs and behavioural issues. By integrating homelessness services into social services/social care budgets, the narrative that homelessness is about 'sickness' (mental illness and poor physical health), 'sin' (addiction, associated with low level crime) and not about 'systems' (failures in health and social protection systems, structural failures in housing markets)<sup>78</sup> is reinforced. If funding systems are posited on the idea that homelessness is a problem to be resolved by social work, by psychiatrists and addiction workers, those are the sorts of services that will be funded. Developing a response like Finland, where a significant element of homelessness strategy is to increase social housing supply, is difficult when funding for homelessness services assumes homelessness is all about 'sin' and 'sickness', not a structural issue like affordable housing supply.

This research has also shown what happens when funding systems are modified, replaced, and redirected. Again, there is the risk of Finland becoming something of a cliché specifically by representing Finnish policy and practice in an oversimplified way that reports it as a wholly effective integrated strategy. In reality, no strategy is perfect, and for all the Finnish achievements in reducing homelessness, and particularly long term homelessness, to a residual (minor) social problem, homelessness zero has not yet been achieved. This said, Finland is an example of a country where financial systems, where the funding infrastructure for homelessness systems were reorientated, and the results are obvious, preventative and housing-led practice is everywhere and the shelters, with a handful of exceptions, are gone. Ireland too is seeking to change practice by reorientating how money is spent, moving toward housing-led responses, albeit as yet without the momentum achieved in Finland.

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<sup>77</sup> Lyon-Callo, V. (2000) Medicalizing Homelessness: The Production of Self-Blame and Self-Governing within Homeless Shelters, *Medical Anthropology Quarterly* 14(3) pp.328-345.

<sup>78</sup> Gowan, T. (2010) *Hobos, Hustlers and Backsliders: Homeless in San Francisco* (Minnesota: University of Minnesota Press); O'Sullivan, E. (2020) *Reimagining Homelessness: for Policy and Practice* (Bristol: Policy Press).

Housing First is perhaps the most obvious example of what happens when financial systems are redirected and when they are not redirected. One issue here is that some EU Member States have reacted to Housing First by bolting-on a new funding stream, rather than modifying existing systems. France spends significant amounts on Housing First, but while *Un chez-soi d'abord* expands and develops, the financial systems that support emergency shelters have stayed in place, the new is being financed alongside the old, rather than funding as a whole being redirected. In Denmark, legacy financial systems were actively encouraging the development of new emergency shelters, alongside ensuring a steady funding stream for existing shelters, while again, funding was simultaneously being put into innovation including Housing First. As noted above, recent Danish reforms will increase incentives to municipalities to provide housing-led/Housing First solutions. New funding mechanisms will favour Critical Time Intervention (CTI), Intensive Case Management (ICM), and Assertive Community Treatment (ACT) by offering partial state reimbursement of the costs of these services to municipalities, while the formerly open-ended 50% state reimbursement of the costs of shelter stays will now be limited to three months.

Shifts in convention can also be important. Now, outside the EU, a long process of England abandoning large communal shelters, partly because of research and partly because of practical experience, resulted in a trend toward more intensive, smaller supported housing (fixed site accommodation-based) and housing-led services, gradually changing the shape of homelessness service provision. The process was not directed centrally and it took decades, but there are now few English cities of any size with a local authority funded emergency shelter. Instead, the norm is an outreach team, supported housing (fixed site accommodation-based), housing-led, and increasingly, Housing First services.

The direction, administration and operational assumptions behind the funding of homelessness services are of fundamental importance. Strategy means nothing without financial backing, without the reorientation of resources to change practice and rewrite conventions in the homelessness sector. Something that is striking here, drawing on the examples of *Housing First Italia*<sup>79</sup> and *Housing First England*<sup>80</sup> and the work of Lund University and the homelessness sector in Sweden<sup>81</sup>, is the homelessness sector organising itself to tell governments to modify their spending to support

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<sup>79</sup> <https://www.housingfirstitalia.org/>

<sup>80</sup> <https://hfe.homeless.org.uk>

<sup>81</sup> <https://www.soch.lu.se/en/research/research-groups/housing-first>

Housing First. At an international level, the *Housing First Hub Europe*<sup>82</sup> is sending out the same message and again, it is the homelessness sector itself advocating a change in strategy and changing how funding for homelessness services is spent.

Legacy systems have another effect, which is that in pursuing old and at least partially redundant logics in terms of what they fund and how they fund it, they may be misdirecting resources. These legacy systems are presiding over a pan-European increase in public expenditure on homelessness, which in some Member States, like France, involves vast sums. However, while spending increases and increases, so too, apparently, does the level of homelessness. Tracking this exactly is problematic, in one sense because some Member States have funding systems that are so gothic in their complexity, that even figuring out exactly what is being spent is difficult. Additionally, there is the perennial problem of not being able to accurately measure homelessness, to a consistent, realistic, and accurate definition that does not confine counts to street and shelter homelessness, at EU level.<sup>83</sup> Nevertheless, there are some data, enough to build a picture of what is going on, which in essence is that, across the EU, more and more is being spent on an acute social problem while that problem continues to escalate.

### 3.3 Command and control

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Funding systems for homelessness services in Europe are often complex, often fragmented, and often highly decentralised. Discretion creates inconsistency, for all that it might also facilitate innovation and where one municipality or region might break new ground in prevention and Housing First, another may decide to fund only an emergency shelter, or perhaps not fund anything. An absence of minimum standards exacerbates regional and local variation that means homelessness services are unevenly distributed and many municipalities may choose not invest much in them. Research in the UK has linked near-total municipal control of homelessness service commissioning/funding, called 'localism', to deep failures and inequalities in the provision of homelessness services.<sup>84</sup>

The absence of separate, ring-fenced (can only be spent on homelessness services) budgets is another pan EU issue. In many Member States, homelessness services are competing for funds from social services/social care budgets that must also

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<sup>82</sup> <https://housingfirsteurope.eu/>

<sup>83</sup> Pleace, N. and Hermans, K. (2020) Counting All Homelessness in Europe: The Case for Ending Separate Enumeration of 'Hidden Homelessness', *European Journal of Homelessness* 14(3) pp.35-62.

<sup>84</sup> Fitzpatrick, S., Pawson, H., and Watts, B. (2020) The Limits of Localism: A Decade of Disaster on Homelessness in England, *Policy & Politics* 48(4) pp.541-561.

meet the needs of much larger populations. Where homelessness services are being funded from the same budget that is used to support older people with limiting illness and disability, it is obvious where a municipality or regional authority is going to direct the bulk of resources, because however broadly homelessness is defined, older people with support needs will always outnumber them by orders of magnitude. Where budgets are relatively limited, as in some Central, Eastern, and Southern Member States, homelessness services will be in competition for funding that may be insufficient to meet needs in these much bigger populations.

Funding is also often scattered across multiple budgets. A homelessness service, or programme of homelessness services, needs a steady, sufficient, and predictable source of income that is relatively easy to access. If services are having to deal with administrative complexity, with financial arrangements that differ between one municipality and another, building and delivering effective services will be more difficult.

### 3.4 Penury and precarity

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An absence of sufficient resources to run existing low threshold and low support models of homeless service, let alone expand into relatively more intensive models like Housing First is an issue for some of the Member States represented in this research. Basic, generic services become the norm when the situation is consistently one in which there is only limited finance available. It is not only that only certain types of service, usually the more intensive and housing-led models are harder to fund, it is also that specialisation, building services that meet the needs of women, young people, and LGTBQI groups, where it is known there can be distinct needs, becomes more difficult too.

A basic, shared-air emergency shelter is not a fit response to the needs of women experiencing homelessness, because it fails to recognise their *specific* needs at a fundamental level.<sup>85</sup> Of course, a basic, shared-air emergency shelter is not, in itself, a fit response to the needs of homeless men either, because it fails to recognise their specific needs too, as is also the case if you are talking about young people or LGTBQI groups among people experiencing homelessness. The issue here is not whether a funding system is a legacy system that is orientated toward funding emergency shelters, instead it is a question of there not being enough money to fund anything *except* a basic emergency shelter.

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<sup>85</sup> Bretherton, J. and Mayock, P. (2021) *Women's Homelessness: European Evidence Review* (Brussels: FEANTSA).

Annual budget cycles are fundamentally at odds with the delivery of a coherent strategy and effective service planning. If funding is likely to shift, both in terms of increasing as well as the often more likely scenario of falling, on an annual basis, or each year is at some risk of disappearing, establishing strategic coherence is extremely challenging. Competitive contracting of homelessness services, with municipalities buying services from NGOs is also potentially destabilising. Well established working relationships might vanish overnight if one of the major providers of homelessness services simply disappears, to be replaced with something unfamiliar. Contracting out can of course have beneficial effects, allowing municipalities to drop NGOs that are not performing well, but in situations in which budgets are already limited, or falling, the temptation to go for the lowest cost option will always be there, which could mean the NGO offering the least secure and well paid employment for its staff, not the best service, is the one that gets the contract to provide homelessness services.

### 3.5 The Lisbon Declaration

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The Lisbon Declaration<sup>86</sup> is the beginning of a process to establish a common understanding and commitment across all Member States to work toward ending homelessness in Europe. The key goals include:

- No one sleeps on the street for lack of accessible, safe, and appropriate emergency accommodation;
- No one lives in emergency or transitional accommodation longer than is required for successful move-on to a permanent housing solution;
- No one is discharged from any institution (e.g. prison, hospital, care facility) without an offer of appropriate housing;
- Evictions should be prevented whenever possible and no one is evicted without assistance for an appropriate housing solution, when needed; and
- No one is discriminated against due to their homelessness status.<sup>87</sup>

EU funding is available to support inclusive measures to reduce homelessness, with Member States being expected to invest an important proportion of their European Social Fund Plus (ESF+) allocations to support social inclusion and poverty reduction, which includes homelessness. Other sources, including InvestEU can

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<sup>86</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_21\\_3044](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3044)

<sup>87</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_21\\_3044](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3044)

be drawn upon to fund programmes that can help reduce homelessness, including social housing. The platform is a deliverable of the European Pillar of Social Rights Action Plan.<sup>88</sup>

The Lisbon Declaration highlights the increasing levels of homelessness across Europe and the experience of homelessness as one of the deepest forms of social exclusion in the EU. It also notes:

*... that addressing homelessness requires an understanding of how different groups in communities are impacted, including children, youth, women, single parents and large families, older persons, migrants, ethnic minorities and other vulnerable groups.*

*... the complex root causes of homelessness, which include rising housing costs, insufficient supply of social housing stock or housing assistance, low income and precarious jobs, job loss, ageing and family breakdown, discrimination, long term health problems and insufficiently prepared release from institutional settings.*

*... the growing evidence about effective interventions to prevent and solve homelessness, such as housing-led approach.*

*... the importance of housing affordability for vulnerable groups and of social protection policies to guaranteeing a decent life. the role of the social economy and social services providers to address and prevent homelessness.*<sup>89</sup>

The basic incompatibility between these ideas and the widespread presence of legacy systems that are primarily, or remain at least partially, orientated toward funding emergency shelters as responses to homelessness, is obvious. There are funding systems that are built on the assumption that homelessness is an issue confined to lone men with complex needs whose homelessness can be addressed by orthodox shelter systems, sometimes in combination with housing-ready/staircase model services that are posited on the outmoded idea that behavioural modification and treatment compliance is the most effective response to homelessness.

At a fundamental level, there are Member States whose funding systems do not *recognise* homelessness in the ways that it is defined in the Lisbon Declaration. The Lisbon Declaration is, in effect, about a different social problem, a much wider social problem which has some structural causation linked to inequality and housing market failures centred on a lack of affordable housing supply, than the medicalised construct of 'homelessness' some legacy systems are built around.

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<sup>88</sup> [https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-action-plan\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-action-plan_en)

<sup>89</sup> *Lisbon Declaration on the European Platform on Combatting Homelessness* (2021), p. 4

The EU will, itself, make funding available to deliver the Lisbon Declaration and the goal to work toward the ending of homelessness by 2030. As this research shows, EU funding is an important source of funding for homelessness services, including acting as a catalyst for innovations like Housing First in several Member States. However, it cannot in itself function as a pan-EU budget that will prevent and reduce homelessness, simply because it is too small relative to the scale of homelessness. The budgets of national governments and the budgets of regional and municipal authorities must be orientated toward addressing homelessness, through the evidence-backed approach of an integrated, preventative, housing-led/Housing First strategy. This can be done and has been done at a national level, so while the challenge is significant, there are indications that it is not impossible.

Ultimately developing strategic and good practice guidance can only achieve so much, real change has to be backed by financial change, by the redirection of resources, so that the nature of strategic and service responses are reorientated. For Europe to reach the goal of ending homelessness, the ways in which much of Europe funds homelessness services need to change, sometimes in small ways, sometimes through more extensive modification, and, sometimes, by being entirely replaced.

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# Financing Homelessness Services in Europe

This comparative report is the eleventh in a series of studies led by the European Observatory on Homelessness. This research looks at how municipal, regional, and national governments provide financial support to preventing and ending homelessness, highlighting both challenges and good practice. The report considers current funding systems in relation to the goals of the Lisbon Declaration to end homelessness by 2030 and argues that funding systems are often not well synchronised with recent thinking about the best strategies and service models to prevent and reduce homelessness.

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