

# SOCIAL HOUSING AND EXTREME ENERGY POVERTY

## POLICY BRIEF

AUTHORS  
ANDREEA VORNICU



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Strada Minerilor, nr. 85, Sala 302 400132 Cluj-Napoca, jud. Cluj,  
România

+40 264 431 505

[jiglau@fspac.ro](mailto:jiglau@fspac.ro)

<https://www.democracycenter.ro/>

Authors: Andreea Vornicu (Center for the Study of Democracy)

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# **Social housing and extreme energy poverty**

Policy brief

Romanian social housing stock (Alpopi, Iacoboaia, & Stănescu, 2014) accounts on average for around 2% of the total dwellings and it is owned by the public authorities. It is also important to note that Romania has the lowest stock of social housing in the European Union, estimated at 1.2 percent of the total stock, compared with a quarter in Austria, Great Britain, Spain or even a third, in Holland. According to Housing Observatory (Housing Europe, 2015) "the main role of social housing is to help troubled households gain access to market housing, access to housing in an appropriate social and urban mix. The common feature of social housing in all the States Members is the existence of rules for the allocation of housing to beneficiary households. Defining these rules for housing allocation are the responsibility of the Member States and public authorities of them. They are aimed at solving the problems of the housing system regarding demand, through the free functioning of the market, problems resulting from a structural decent and affordable housing deficit." The concept of social housing, such as it is defined in the "Housing Law" (Romanian Parliament, 1996), represents the "public dwellings allocated with subsidized lease, to individuals or families whose financial situation would not otherwise allow them access to a home or rent a home under market conditions". The Housing Law is supplemented by Emergency Ordinance 40/1999, which concerns and regulates the protection of tenants.

The housing mechanisms and the tenants' access to social houses is therefore defined and established within the national legislative framework. The responsibility to set up criteria for allocating these dwellings to the tenants, on the other hand, falls on the public local authorities who are also the owners of this stock.

The categories that are currently prioritized by the public local authorities are the following:

- the young married couples (each under the age of 35 years);
- young people (over 18 years) leaving social care establishments;
- first and second- degree disabled persons and others with disability;
- pensioners;
- veterans and war widows(ers).

The responsibility to create more social houses is currently shared between the authorities of the local public administration and the central public administration. The local public authorities can also build, using their own funds, or buy houses from the free market in order to use them as social houses. The housing public stock (The World Bank, 2015), however, is very small, due to a mass privatization which led to an increase in private housing from 67.3% in 1990 to over 90% in 1993, up to 96% today. Usually, people in need of social houses are part of the vulnerable groups (low-income households, Roma and people living in rural areas) and already live in inadequate conditions. According to the World Bank (The World Bank, 2015), Romania has "the most severe housing deprivation" from the European Union.

#### Accessibility of social housing

In order to receive social housing applicants must address the City Hall from the locality where they reside. There is no recent data on the percentage of social housing applications approved,

but some older studies (Alpopi, Iacoboaia, & Stănescu, 2014) have shown that half of the City Halls that answered the questionnaire approved about 165 applications out of 1,000.

Romania is ranked in the first places in the European Union when it comes to housing deprivation rate and overcrowding rate, therefore we can conclude that the housing ownership situation is not very good and that many people need social housing and encounter difficulties in accessing them.

One important indicator used in evaluating the housing conditions in the European context is **overcrowding** (the proportion of people living in a dwelling, as defined by the number of rooms available in the household, the household's size, as well as its members' ages and family situation - (Eurostat, 2013)). According to (Alpopi, Iacoboaia, & Stănescu, 2014), Romania is one of the European countries with the highest overcrowding rates among the population at-risk-of-poverty. The rates mentioned in the study are the following: Hungary (71.0%), Romania (66.0%) and Poland (62.5%), while the lowest were recorded in the Netherlands (4.7%), Cyprus (5.7%), Malta (6.9%), Belgium (8.4%) and Spain (8.7%).

Another important indicator in evaluating the housing conditions is the **housing deprivation rate**, which is defined as the percentage of population living in the dwelling, which is considered as overcrowded, while also exhibiting at least one of the housing deprivations measures (The World Bank, 2015). This rate can also have negative economic, social and health consequences for the people living in houses that are overcrowded and encounter at least one of the housing deprivations measures. Moreover, according to the 2011 census (The World Bank, 2015), in Romania there are more than 4.7 million dwellings that do not have central heating and are not connected to the central heating system. The rural dwellings are the most disadvantaged ones, as more than 80% of them do not have access to central heating and use solid fuel in rather inefficient stoves. The same World Bank report indicates that the most marginalized groups live in overcrowded conditions and in slums and should be the perfect candidates for receiving a social housing. Moreover, these groups confront with extreme forms of energy poverty. Not only they do not have access to proper living conditions, but they lack access to the basic infrastructure: connection to the electricity grid, water and sewage (Teschner, Sinea, Vornicu, Abu-Hamedc, & Negevd, 2020). This problem overlaps on the fact that usually vulnerable groups lack proof of domicile or other forms of identity cards, and cannot access legally basic social services.

This situation leads to an increased number of informal settlements. According to MKBT (MKDP, 2018), around 64,000 families (200,000 people) live in Romania in informal settlements at the periphery of the big cities, without any legal documents for the land they occupy, and with limited access to utilities and services, sometimes without identity papers. Moreover, according to the data collected by the Ministry of Regional Development in 2014, that had a response rate of approximately 53% of the total number of urban and rural localities in Romania, 38.7% of respondents said they have at least one informal settlement on their territory. Overall, the study estimated the existence of 49,338 households and 63,492 families in informal settlements, most of them being Roma families (INCD, 2014).

Despite the amplitude of the phenomenon, the situation of informal housing does not appear in any strategic document assumed at the level of any governmental institution or assumed as reality and terminology in housing legislation. The National Housing Strategy, developed by Ministry of Development and Public Administration, devoted a section to this domain but it remained unfinished and formally not assumed. The only piece of legislation that recognizes the informal settlements, associated with extreme forms of deprivation and energy poverty is the Law 151/2019 (Romanian Parliament, 2019) that creates the legal framework for recognizing the informal settlements existing across Romania. One of the most important actors in the process of recognition and bringing into legality these communities are the local authorities who have the means to officially recognizing the settlements, and therefore create the infrastructure for utilities in these marginalized areas. While the law has been adopted in 2019, it has not been implemented so far.

In conclusion, Romania has the highest percentage of people living in overcrowded dwellings in the European Union. More precisely, 1 out of 4 persons lives in overcrowding conditions and encounters one of the following problems: the lack of a bath or a toilet, a leaking roof in the dwelling, or a dwelling considered as being too dark. As such, in Romania not only that the social housing stock is insufficient, but also that the housing standards are very low when compared to European averages.

### **Recommendations.**

In order to create a wide stock of social and public housing and secure affordable housing prices the following legislative and budgetary measures should be implemented:

1. The stock of social public houses should increase, and local authorities should be capacitated in attracting EU funds for buying or constructing social houses. Moreover, based on other models, local authorities should partner with private investors and develop a fund or a mechanism for buying social houses at preferential costs;
2. The “housing first” model should be adopted in order to distribute social housing and to support beneficiaries, through an integrated package of social and medical measures, for as long as needed;
3. All evictions which leave evicted persons without adequate housing alternatives, beyond the period of epidemiologic emergency, should be suspended and prevented. In this case, the model developed at Cluj – social renting – should be improved in terms of access and granted for the people that face evictions.
4. Another important measure should be to prioritise the following social categories: people earning the minimum wage that lost their jobs or cannot afford with their income to pay a market-value rent; the categories of people that earn their living from informal work; the victims of domestic violence that need immediate shelter; those who do not have the resources to buy or rent a house on the market; those vulnerable categories who are forced to live in unconventional spaces and in overcrowded conditions, or in toxic environments, usually in informal settlements, lacking access to utilities, or risking eviction.

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