

## Why is our work needed?

The current model of property and ownership is failing to offer a way out from the ever-deepening housing crisis in Hungary. For the members of the most vulnerable social groups, there are no affordable solutions on the market or among those owned by local municipalities. In our programme though, the people most at risk can become tenants. The Mobile House Programme is a social enterprise concept, based on the cooperation of different sectors. Our social housing agency connects homeless people, municipalities and socially responsible investors who become owners. The Association sets up mobile houses or lightweight structures on sites owned by local municipalities or the Association itself, from the funds provided by the investors. The budget needed is provided in a leasing construct and after a fixed time period we pay it back from the rental fees we collect from the tenants. For investors, we can even pay a small profit while the tenants pay a low rental fee, around one-third of the market price throughout the whole period for their little homes that match modern conveniences with low maintenance costs.



The budget needed is provided in a leasing construct and after a fixed time period we pay it back from the rental fees we collect from the tenants. For investors, we can even pay a small profit while the tenants pay a low rental fee, around one-third of the market price throughout the whole period for their little homes that match modern conveniences with low maintenance costs.

## Who are we, what are our goals?

From Streets To Home Association was established in 2012 and was officially registered in 2014. In the first years of our operation, we renovated run-down flats owned by local municipalities with the help of volunteers and the future inhabitants, namely, people living with homelessness. This is the “From Huts to Homes” programme which operates in three districts of Budapest and we keep running this programme. However, it is obvious, that due to the small number of apartments owned by local municipalities, this in itself will not provide a solution to the current housing crisis. Therefore, in 2015 we started a rental agency called Housing Now. We already have tenants in privately owned apartments, as well. To expand this programme we developed the Mobile House Programme.

It provides an innovative solution for the most pressing social problem in Hungary, the housing crisis. In Hungary, there was no programme implemented before whereby privately owned properties are utilized as social housing opportunities. The leasing-based investment concept has been developed ourselves, through our Association’s work. The programme is based upon research by our colleagues and students of Corvinus University of Budapest, who analysed several international projects using a housing first approach, and other methods of providing homes for people. Although some of their elements were incorporated into our programme, it is an international novelty, a mixture of social entrepreneurship and social work which provides a good foundation not only for expanding our programme but also for developing it.

The programme is innovative also in providing means for the participation of members of the target group. The mobile-house programme incorporates a social entrepreneurship approach. However, we do not create a product for an external target group with the aim of generating profit that can be channelled into donations for our target group, instead, the product itself is a means to tackle the social problem we are addressing. The mobile house leasing

concept we have developed targets our primary target group in the role of a customer. Therefore, the people involved are not only beneficiaries, but customers as well. We consider this important from the perspective of environmental sustainability, social justice and personal fairness. The materials used for renovating the houses are primarily used, reclaimed materials: a conscious decision from our side. Regarding participation, similarly to our earlier renovations, future tenants are participating in the work together with the volunteers of our association. This contributes to the cost-effectiveness of the renovation work as almost all the unskilled labour tasks can be done by volunteers, decreasing the construction costs, but this is not the main goal: with their participation, the commitment of the new tenants can be increased which is part of our social work concept. Besides this, the cooperation with our volunteers is also strengthening for our tenants. It is important that our work has significant media coverage: we organize construction days, during which those who undertake this task can talk about their experiences, together with our colleagues, who speak about the background of our work. With this, we can decrease the negative stereotypes affecting homeless people and also popularize our policy proposals.

Media publicity is key since we view our programme as a pilot. We do believe that the involvement of privately-owned tenements should be included in the decision making of social housing. We engaged ourselves with the Mobile House Programme to provide a successful pilot in our negotiations with local and national decision-makers of social housing. A conference on the solutions we are proposing is planned for the next year. By then, our beneficiaries are not only renting the five apartments of the Social Housing Agency, but also the mobile houses.

#### **Why is this good?**

- Innovative, lasting and safe housing is provided to those in need.
- People – especially in Budapest – can enter the housing market who would not have the opportunity otherwise.
- What we planned is not an aid, but social enterprise and community service. Thus, the helper-helpee inequality is removed from the system, and a unique social investment opportunity is offered.
- Although charitable fundraising supports the launch of the programme, its sustainability is reinforced by its business features too.
- It serves our aim to show a way out of the housing crisis, and everybody has a place to stay.

#### **How does this work in practice?**

The mobile house is bought by the investor. The Association utilizes the house via a leasing type of contract. The social housing agency of the Association rents out the mobile house to people living in homelessness. The rental fees cover the elements of the contract. The investor receives her yield annually as a fixed return. Each contract is unique and we conclude an agreement with all partners individually, but let's see an example our cheapest unit with concrete terms.

Some of the approximate costs can be broken down as follows:

<i>Secondhand Scandinavian mobile home, 21 square meters</i>	<i>1.4 Million HUF (4,400 EUR)</i>
<i>Cost of insulation and installation of utilities</i>	<i>900,000 HUF (2,800 EUR)</i>
<i>Delivery and installation of mobile home</i>	<i>200,000 HUF (630 EUR)</i>
<i>Total cost</i>	<i>2.5 Million HUF (7,900 EUR)</i>

In sum, the total cost is 2.5 Million HUF for the house. This is the required investment provided by the investor. If we look at it from the tenant's point of view, there is a non-demanding rent of 20-25,000 HUF/month (approx 1 000 HUF/ square meter). There are additional costs of the projects regarding to the land, that are mostly provided by the Association

The annual fixed return provided to the investor by the Association depends on the amount of investment and the rent. In the above example, it is a minimum of 200,000 HUF. By the time the leasing contract ends in 15 years, the mobile house becomes the property of the Association, and the investor has received a minimum of 3 Million HUF altogether in annual fixed yields. This is an illustration, as prices of mobile houses are diverse, taking their condition and size into account. Consequently, in each case, we are preparing a specific offer depending on the characteristics of the given mobile house.



In case of a temporary liquidity problem of any tenant, it is the Social Housing Agency that provides the annual fixed yield to the investor. The Agency concludes an instalment agreement with the tenant already if there is a one-month rent shortfall. Eviction of the tenant from this programme can happen only in the last resort. The social work experience accumulated in the Association is the major guarantee for retention capability: the ratio of households continuing in the From Huts to Home programme exceeds 90 per cent.

The procedures of the From Huts to Home programme are applied for the Mobile House Programme too. Tenants are applying for the homes, and they are selected according to a set of decision criteria, one of them is their willingness to cooperate. Following the selection, tenants are not left alone. There is a strong advisory network behind the Association, thus, the tenants. With the contribution of social workers, experts and civil volunteers, we explore the specific needs of the tenants and offer support in answering these.

### **Why there is a need for the Social Housing Agency?**

The Agency has a double role. If the investor wishes to be a mobile house owner, it is the Agency that connects the potential investor with the mobile house distributor and supports organising the transaction. If the investor decides to contribute with financial resources, than the Agency is the buyer of the mobile house and provides the annual yield to the investor. Regarding the mobile house, the Agency takes care of preservation and maintenance, and first and foremost of the intensive social work. Social work with the tenants aims at their reintegration to society, as well as guaranteeing that the tenants are committed participants of the programme.

Plots are provided by the municipalities entering the programme. This results in the growth of their municipal stock of social houses - depending on the size of the sites - accessible to the most deprived groups. The Social Housing Agency itself also buys land for the programme.

When the contract with the investor ends, the Social Housing Agency becomes the owner of the mobile house, in line with the contract.