

Finland's Zero Homeless Strategy: Lessons from a Success Story

Category: Finland, Housing

written by oecdecoscope | December 13, 2021



By Laurence Boone, Boris Cournède, OECD Economics Department; and Marissa Plouin, OECD Directorate for Employment, Labour and Social Affairs

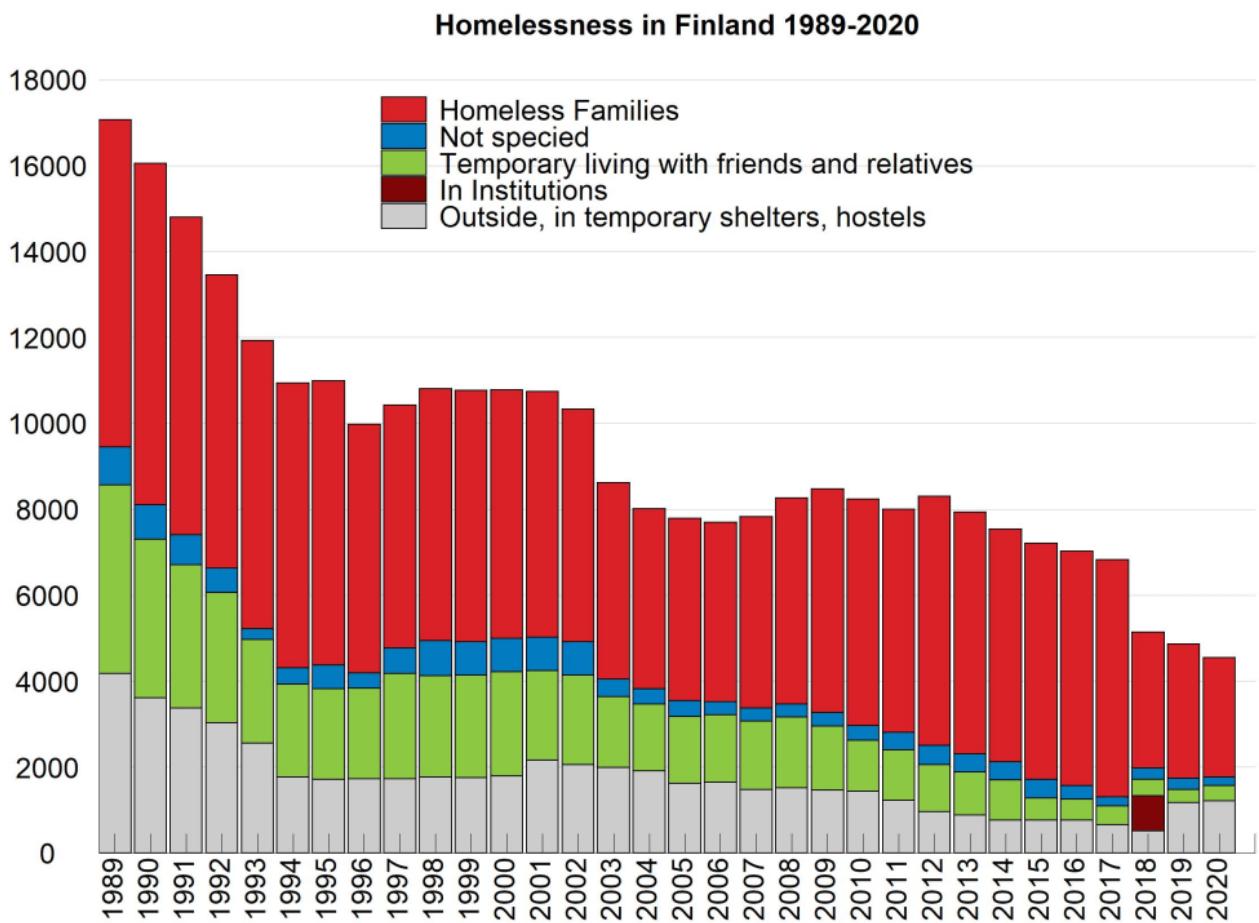
Following a period when homelessness rose in many countries, the onset of the COVID-19 pandemic prompted governments across the OECD area to provide unprecedented public support – including to the homeless. In the United Kingdom, for instance, people who had been living on the streets or in shelters were housed in individual accommodations in a matter of days. And in cities and towns across the OECD, public authorities worked closely with service providers and other partners to provide support to the homeless that had previously been considered impossible.

How can countries build on this momentum and ensure more durable outcomes? The experience of Finland over the past several decades – during which the country has nearly eradicated homelessness – provides a glimpse of what can be possible with a sustained national strategy and enduring political will.

The number of homeless people in Finland has continuously decreased over the past three decades from over 16 000 in

1989 to around 4 000, or 0.08% of the population (Figure 1). This is a very low number, especially considering that Finland uses a relatively broad definition of homelessness, whereby in particular it includes people temporarily living with friends and relatives in its official homelessness count. In 2020, practically no-one was sleeping rough on a given night in Finland.

Figure 1. Homelessness has shrunk remarkably in Finland



Source: Report 2021: Homelessness in Finland 2020, The Housing Finance and Development Centre of Finland (ARA).

This is undoubtedly a remarkable success, even if comparing homelessness statistics across countries is fraught with difficulties (OECD, 2020). Many homeless people live precariously, with the implication that statistical tools such as household surveys typically fail to accurately measure their living conditions. Furthermore, countries define homelessness very differently, for instance counting people who temporarily live with friends or relatives as

homeless (as Finland does) or excluding them from homelessness statistics. While there is no OECD-wide average against which to compare Finland's homeless rate of 0.08%, other countries with similarly broad definitions of homelessness provide points of reference, such as neighbouring Sweden (0.33%) or the Netherlands (0.23%).¹

Finland's success is not a matter of luck or the outcome of "quick fixes." Rather, it is the result of a sustained, well-resourced national strategy, driven by a "Housing First" approach, which provides people experiencing homelessness with immediate, independent, permanent housing, rather than temporary accommodation (OECD, 2020). A key pillar of this effort has been to combine emergency assistance with the supply of rentals to host previously homeless people, either by converting some existing shelters into residential buildings with independent apartments (Kaakinen, 2019) or by building new flats by a government agency (ARA, 2021). Building flats is key: otherwise, especially if housing supply is particularly rigid, the funding of rentals can risk driving up rents (OECD, 2021a), thus reducing the "bang for the buck" of public spending.

The Finnish experience demonstrates the effectiveness of tackling homelessness through a combination of financial assistance, integrated and targeted support services *and* more supply: using just one of these levers is unlikely to work. Financial assistance comes from the social benefits systems, which includes a housing allowance for low-income people (mostly jobless persons with no or low unemployment benefits) covering about 80% of housing costs (Kangas and Kalliomaa-Puha, 2019). Emergency social assistance funding can complement the housing allowance if it is insufficient. Social services provide housing before other interventions that are targeted to beneficiaries' needs (such as, to pick one example, providing health services to help overcome substance abuse). These

efforts require dwellings: investment grants by Finland's Housing Finance and Development Centre financed the construction of 2 200 flats over 2016-19 for long-term homeless people (ARA, 2021). Indeed, investing in housing development should be a priority for OECD governments as they navigate the recovery from the crisis: over the past two decades, public investment in housing development has dropped to just 0.06% of GDP across the OECD on average (OECD, 2021b).

Another important driver of Finland's success is the integration of efforts to fight homelessness with other parts of the social safety net. When a housing need is identified in any part of the social service system, housing is provided first, to provide a solid basis for employment, long-term health and/or family assistance (OECD, 2020). This integrated approach avoids the pitfalls that can arise, for instance, when benefits are preconditioned on having an address, or when obtaining a flat requires a minimum income. There are indications that, by facilitating the integration of previously homeless people in society, the upfront Finnish investment that provides people with housing *first*, pays off by reducing subsequent costs incurred by social services. Evaluations point to annual savings in public expenditure in the range of EUR 9 600-15 000 per person who had previously experienced homelessness (Y-Foundation, 2017; Ministry of the Environment, 2011).

Overall, Finland's achievements illustrate the benefits of integration, balance and continuity in policies to tackle homelessness: *integration* across housing and social assistance programmes, *balance* between demand and supply, and political *continuity* over time have helped to maximise the results of the country's investment to end homelessness. Not only has this approach resulted in a steady decline in homelessness, but it has also made the system more resilient to shocks, including the COVID-19 crisis. Indeed, the pandemic

was less of a strain to Finland's homeless support system compared to other countries, given that many vulnerable people were already housed and supported in individual flats (Fondation Abbé Pierre – FEANTSA, 2021).

These lessons can be transposed to other OECD countries as they look to build on the momentum and lessons learned from the COVID crisis.

References

ARA (2021), *Report 2021: Homelessness in Finland 2020*, The Housing Finance and Development Centre of Finland (ARA). Fondation Abbé Pierre – FEANTSA (2021), Sixth Overview of Housing Exclusion in Europe, FEANTSA – Abbé Pierre.

Kaakinen, J. (2019), "Time to act: Let's end homelessness for good," OECD Forum Network Series on the New Societal Contract.

Kangas, O. and L. Kalliomaa-Puha(2019), "ESPN Thematic Report on National Strategies to Fight Homelessness and Housing Exclusion: Finland", European Social Policy Network (ESPN), European Commission, Brussels.

Ministry of the Environment (2011), *Asunnottomuuden vähentämisen taloudelliset [Economic effects of reducing homelessness]*, Ympäristöministeriön.

OECD (2020), "Better data and policies to fight homelessness in the OECD", Policy Brief on Affordable Housing, OECD, Paris, <http://oe.cd/homelessness-2020>.

OECD (2021a), *Brick by Brick: Building Better Housing Policies*, OECD, Paris.

OECD (2021b), *OECD Affordable Housing Database*, indicator PH1.1, OECD, Paris.

Pleace, N. et al. (2021), *European Homelessness and COVID 19*,

European Observatory on Homelessness.