

Use of housing vouchers in Georgia

Andrew Golda

The use of Housing Purchase Vouchers offers IDPs durable housing and community integration, while allowing them an opportunity to choose their own homes and their own durable solution.

There are still hundreds of thousands of refugees and IDPs displaced by 'frozen conflicts' in Eastern Europe and the former Soviet Union. For more than ten years, return has been the most favoured solution, not only by those displaced but also by the host governments. In addition, because of economic development in the region, IDPs have had increasing pressure put on them to leave their temporary shelters by investors and governments who see the buildings they inhabit as an asset.

Prior to the August 2008 conflict in Georgia and its breakaway region of South Ossetia, Georgia had a displaced population of over 200,000 who had fled from the earlier conflicts in Abkhazia and South Ossetia. About half of this population lived in collective centres – public buildings that were partially or completely taken over by displaced families. The more recent conflict has added significantly to this population, increasing demands on buildings that were not designed for permanent habitation.

Housing Purchase Vouchers

From 2005 to 2007 an innovative approach¹, the Housing Purchase Voucher (HPV), was piloted in the Georgian city of Kutaisi. Based on a project that had worked in Armenia to provide housing to families left homeless by the 1988 earthquake, HPVs allowed 175 families who had been displaced by Georgia's internal conflicts in the early 1990s to purchase and have ownership of housing. This was a cost-effective way to assist IDPs' integration into the host community.

The HPVs were also used strategically to release back to the community important assets such as schools, hospitals and government buildings that had been occupied by the

displaced families. By focusing on a specific neighbourhood, the approach offered opportunities for concentrated redevelopment.

HPVs are a guaranteed subsidy for IDPs to purchase housing. Vouchers differ from a cash payment in that they are only redeemable for housing. The amount of the subsidy was based on average house prices and adjusted by family size in order to allow IDPs to purchase housing appropriate to them in the same communities where their temporary shelters were located so that vouchers did not encourage moves to Tbilisi or other more developed cities. Unlike new construction or even the renovation of temporary living space, HPVs allow IDPs to choose housing that is no different than the host community's and removes the potential stigma of being an IDP.

How do HPVs work?

HPVs can work where there is an available housing stock in the host community's housing market. Use of existing housing stock, instead of new construction or rehabilitation, keeps costs down while providing families with some choice in type and location of housing.

In Georgia, IDPs staying in specific public buildings that were a) in poor physical condition, b) owned by the government and c) housed residents who were interested in participating in the programme were registered as eligible and were issued vouchers. This approach has the added benefit of clearing public buildings or open space for redevelopment, a key obstacle to local economic development in many of the post-conflict societies of the former Soviet Union. Other criteria, such as socio-economic status or type of housing that was lost in

the conflict, could also be used with HPVs but in the Georgian context the benefits of freeing up public buildings provided an incentive for crucial government and community support.

IDP and community outreach activities proved important for the success of the programme. Outreach staff from local NGOs helped IDPs to collect documents, such as powers of attorney and housing registration, and to view available housing units. Efforts were made to build the trust of the host community in the programme and to collect information about housing units for sale. A project steering committee of central and local government was important in promoting the local visibility of the project.

IDP families that have been issued a voucher must register them with a participating financial institution whose role is to assist beneficiaries in the legal procedures of purchasing a house and to transfer the funds. At various stages in the programme, the documents are reviewed by an independent auditor to ensure the transparency of the transactions and to ensure that all documents are completed correctly, protecting IDPs' rights to the property that they are purchasing.

The final stage of the process is the official handing over by the IDPs of their temporary shelter to the relevant local authorities. The IDPs are entitled to receive, as cash, any difference between the cost of the housing and the amount of the subsidy, which encourages programme participants to look for the least expensive housing that meets their needs and discourages inflation of housing values. It was felt that if IDPs did not receive any benefit from 'shopping around' then purchases would tend to take place at exactly the amount of the subsidy.

HPVs will not be viable in all humanitarian emergencies. Based on the Georgian experience, the

following conditions are vital for the successful use of HPVs:

- the political will to improve living conditions for the displaced: in a number of post-conflict situations, the poor living conditions of the displaced are used as a political card in negotiations on the settlement of the conflict.
- an available supply of housing units: this ensures that IDPs' living conditions can be improved quickly instead of waiting for new construction to be completed.
- private ownership of property: HPV programmes work based on the choice and flexibility offered by a functioning property market. Private ownership of housing is necessary for IDPs to have a secure improvement in living conditions through this approach.
- operating and trustworthy banking institutions: in order for the programme procedures to work efficiently, beneficiaries and vendors must have at least a minimal amount of faith in and access to the local banking system.

Observations from Georgia

The HPV programme in Georgia surveyed participants to study

the impact of the programme on their well-being after the end of the second year of the programme. Some of the key findings were:

Housing Purchase Vouchers did not make IDPs more economically vulnerable. Families that successfully purchased housing did not face worsening socio-economic conditions by participating in the programme. In addition, they said that they did not lose their status as IDPs or their access to state benefits by moving into purchased accommodation.

While there were a number of factors that prevented IDPs from successfully redeeming their vouchers, such as family composition, type of housing desired and type and location of employment, income (and by extension the amount of the subsidy) was the most significant difference between successful and unsuccessful families. With income being the largest factor in determining success in the programme, the vulnerability of those who were unsuccessful was a concern.

The programme did not disrupt IDP social networks. Over 70% of IDPs who resettled using HPVs stayed within their community, many within sight of their former collective centres.

IDPs saw HPVs as an opportunity to invest in their future. Throughout the course of the programme in Georgia there was an increase in housing prices in the market overall, putting pressure on the fixed-price subsidies of the HPVs.² Slightly fewer than half of the families in the programme reported adding their own resources to the subsidy and nearly two-thirds said that they invested additional money to renovate their housing after purchase, in stark contrast with the 18% of IDPs who said they had invested (smaller amounts of) money in renovating or maintaining their temporary residences in the collective centre over the course of twelve to fourteen years.

With the conflict in August 2008 again highlighting the plight of IDPs in Georgia, the use of Housing Purchase Vouchers, while not an ideal solution for every displaced family, provides a politically appealing solution to IDPs' housing needs at an efficient cost.

Andrew Golda (andrewgolda@yahoo.com) is a Research Associate at the Urban Institute (<http://www.urbaninstitute.org>).

1. Funded by the US State Department Bureau of Population Refugees and Migration, and implemented by the Urban Institute.

2. HPVs of course do not need to be fixed price. However, for simplicity of administration during the pilot phase, the value of the Georgian vouchers was not adjusted.