

# CRESSI Policy Roundtable Summary



The CRESSI project explores the economic underpinnings of social innovation with a particular focus on how policy and practice can enhance the lives of the most marginalized and disempowered citizens in society.

## **D6.3: CRESSI Policy Roundtable on**

### **“Social Innovations in PAAVO housing programmes in Finland 2008-2015”**



*CRESSI Working Papers are published by the CRESSI Project and may be downloaded free of charge from the CRESSI website:  
[www.sbs.ox.ac.uk/cressi](http://www.sbs.ox.ac.uk/cressi)*

Cr | E | S | S | I

Creating Economic Space for Social Innovation

## **Social Innovations in PAAVO housing programmes in Finland 2008-2015**

On 13th June 2016, CRESSI partners at the University of Tampere organised a policy roundtable on social innovation in housing programmes to tackle long-term homelessness across Finland. The event was hosted at the Y-Foundation in Helsinki. The aim of the event was to facilitate an evaluative dialogue on long-term homelessness and the various social innovations, which have been introduced through the PAAVO housing programmes in Finland. The discussion was structured around the following questions and themes: what were the innovative solutions and models developed in the PAAVO housing programmes? How might these be used to solve current challenges in homelessness policy? What changes did PAAVO programmes introduce into the Finnish housing services system and housing support services? Participating delegates included policymakers, executive managers and civil servants from central government and cities involved with the PAAVO programme, housing financing foundations and organisations, third sector organisations, and research institutes. A total of 17 delegates participated in the roundtable.

The event started with a brief presentation by Jari Aro from the University of Tampere who presented research findings from an inquiry into social innovations present within the PAAVO housing programmes. The investigation drew on academic and grey literature on the PAAVO case as well as on qualitative interviews and discussions with civil servants, politicians, researchers and service providers. This research is part of a broader programme of work examining how social innovation, as a contested policy concept, manifests itself across divergent institutional contexts and policy regimes. For the Finnish case, CRESSI partners are examining social housing reform as a policy instrument designed to foster social innovation capable of tackling marginalisation. The purpose of this event was to disseminate research findings and to collect feedback from delegates who have been involved in the process of planning and executing PAAVO programmes.

PAAVO was a programme to reduce long-term homelessness in Finland. It was launched by the Government of Finland in 2007 and the programme was active in two phases: “PAAVO 1” over the period of 2008-2011 and “PAAVO 2” over the period of 2012-2015. The principle objective was to convert temporary shelters into housing units and acquire rental housing for the homeless. These units provide housing linked with social and health care services specified to meet the needs of residents. Residents live in the units based on tenancy agreements. The key underlying concept is to provide housing services for the long-term homeless, in line with the ‘Housing First’ principle. The central idea of the Housing First principle is that a homeless individual's primary need is to obtain stable housing with other issues addressed after that (rather than the other way around, as is often the case in so-called ‘Staircase Models’). According to an international review panel, the main goal of the programme - permanent reduction of long-term homelessness - has been reached. Between 2008 and 2015, long-term homelessness decreased by 37% (1,345 persons). At the end of 2015, there were a total 6,785 homeless people living in Finland, 2,252 belonging to the group of long-term homeless (the population of Finland is 5,5 million).

Partners involved in PAAVO programmes include the Housing Finance and Development Centre of Finland (ARA), Ministry of the Environment, Ministry of Social Affairs and Health, Finland’s Slot Machine Association (RAY), the Criminal Sanctions Agency and municipalities that have signed the letter of intent: the cities of Helsinki, Espoo, Vantaa, Tampere, Turku, Lahti, Jyväskylä, Kuopio,

Joensuu, Oulu and Pori. Several foundations and other institutes are also involved in these programmes.

The phenomenon of long-term homelessness is a complex social problem: there are many different risks and factors that contribute towards the likelihood of someone becoming homeless. With this in mind, initiatives designed to tackle long-term homelessness need to take into account this complexity. The PAAVO programme comprised different measures for improving the condition of different groups of homeless people (young people, substance abusers, people with mental health problems and recently released prisoners). Documents and published materials about PAAVO give a rather unified description of an ostensibly successful programme. On the other hand, interview-materials give a more polyphonic impression of the programme.

The CRESSI research team uses the following definition of social innovation: ‘the development and delivery of new ideas and solutions (products, services, models, markets, processes) at different socio-structural levels that intentionally seek to change power relations and improve human capabilities, as well as the processes via which these solutions are carried out’<sup>1</sup>. By using this understanding as a starting point, the presentation at the roundtable event defined four distinctive social innovations in the PAAVO programme.

The first social innovation in PAAVO was sensitivity to the fact that long-term homeless people have a number of complex and compounding special needs, which have to be taken into account in order to find effective ways to improve their conditions, capabilities and prospects. It was critical to understand that long-term homeless people are internally heterogeneous and that this group needs to be understood and assisted in distinct ways from the larger category of homeless people. This conclusion in PAAVO was reached by studying the results of previous social housing programmes in Finland. Historically, there has been a particular group of people who, in addition to requiring assistance with housing-related problems, have also required special support services.

The second social innovation in PAAVO was the adoption of the Housing First principle into practices of social housing and decision-making, and the use of rental agreements with residents in housing units. The Housing First principle marked a new way to think about the process of getting people onto a path towards normal independent housing. Rental agreements again provide security and continuity to housing arrangements.

The third social innovation was a series of important changes in legislation, which made it possible to allocate public resources to the reduction of homelessness amongst the long-term homeless. The Act on interest subsidy for rental housing loans and right of occupancy housing loans defined the status of non-profit social housing corporations and social housing construction. This Act regulates the social aims of social housing corporations, how dwellings can be applied for, and how profits from these corporations are shared. An Act on subsidies for improving the housing conditions of special groups regulates the issuing of investment grants to improve housing conditions of those whose income is exceptionally low and who require support services in their housing, because of substance misuse, mental problems or other corresponding problems. These changes were made

---

<sup>1</sup> Nicholls, A. & Ziegler, R. (2015). An extended social grid model for the study of marginalisation processes and social innovation. *CRESSI Working Paper 2/2015*, Oxford: University of Oxford

prior to the start of the PAAVO programmes, but their existence was a critical condition for the financial model underpinning PAAVO.

The fourth social innovation in PAAVO was the manner in which all relevant actors in the implementation process of the programme were brought together and formed into an operational network. The model of co-ordination in the PAAVO programme was in some respect 'special'. This approach to service provision and housing assistance was underpinned by cross-governmental and cross-sectoral collaboration and learning. This made it possible to better identify and address the multiple and distinctive needs of the long-term homeless.

In what sense PAAVO was an innovative policy instrument? This can be evaluated from at least two perspectives: on the level of central administration and on the more practical level of social work in social housing.

Arguably, PAAVO was a top-down and from center-to-periphery type of process. The programme was developed and launched through the co-ordinated efforts of central ministries and the Government of Finland. In this respect, the programme was greatly dependent on political will and financial resources. Of course, there were several preconditions necessary for this: accurate analysis of the problem; a clear strategy of ways to solve it; changes in legislation; an effective financing model; an operational network of actors and favourable conditions for state financing. The Finnish public sector often makes innovations and improves its performance, but due to the great number of local municipalities and their limited resources, the problem often lies in the dissemination information about innovations and the implementation of best practice at the local level. In this respect PAAVO was different. It was well funded, it was focused only on the largest cities and its implementation was closely monitored. PAAVO also invested in the sharing of information and experiences between actors in the programme.

It can be said that PAAVO was a successful programme to the extent that it has managed to improve human capabilities among long-term homeless people. Because of binding rental agreements between residents and housing units the customers of housing services are now in a more secure position than before. Also, adoption of the housing first principle has engendered a changed approach in social work and services. This was often mentioned in discussions and interviews with social work practitioners. Many of these individual felt that customers were now treated in more humane ways and that they were also granted more rights and freedoms as a result.

Of course, changes happen also because of external circumstances. In the Finnish social housing system third sector organisations have traditionally been central actors in providing services for the long-term homeless. Over time, municipalities and third sector organisations have built durable forms and terms of co-operation. This structure is now changing due to two reasons. First, big companies acting on the health- and housing services sector are entering the field. Second, regulations on the public procurement of social services have changed because of actions by the EU and changes in Finnish legislation.

### **Summary of themes and questions raised by delegates**

Some delegates remarked on the relation between the state, municipalities and third sector organisations in the planning and implementation of the PAAVO programme. Due to the structure of Finnish public administration, it was possible for all relevant organisations and actors to take part

in the negotiations and decisions both at the central administrative and local level. Central instruments in the implementation process were "letters of intent" or agreements between ministries and the cities joining the programme. These agreements defined in detail all measures and resources for each city and organisation.

The housing first principle as a social innovation raised several comments. Experiences in social housing with long-term homeless people in Finland had made it clear that it was important to listen to customers' opinions and needs and incorporate their perspectives into the design and implementation of services. At present, there is a widespread support for the housing first principle and it is considered a worthwhile approach to service provision for long-term homeless people. However, it is also clear that the idea of housing first has been put into practice in slightly different ways, depending on local circumstances.

In recent years, social housing services have been actively developed in Finland. Compared to the American Housing First approach, the Finnish Housing First approach entails a much greater amount of experience and expertise when it comes to the social care system. On this basis, there is little need to build a completely new support system for the Housing First type of social housing as it already exists. Having said that, the position and role of long-term homeless people has changed significantly due to the adoption of the Housing First principle. These individuals are now understood and recognised as active agents, not only as passive recipients of support in the social care system. In this respect the contribution of peer support and expertise of people who have experienced homelessness themselves has been important, because they can both express and respond to the voice of customers.

Comments regarding the commissioning of social housing services in Finland suggest that the field is currently undergoing a series of changes. Contracts are often made for short periods and because there is no clear unified model for making these contracts, this presents some difficulty for both service providers and public sector commissioners. Both parties have an interest in finding new models of co-operation and co-ordination between service buyers and service providers in social housing. In a small number of cities, this so-called 'alliance model' has been trialled. The basic idea behind it is that the public sector commissioner and the service provider (which can be more than one) make a single contract for a whole service package. All parties within the contract share both risks and profits together and all parties have a right to terminate the contract.

There is some concern among actors in the field that in the current system some customers may fall outside of existing service provision. The needs and capabilities of customers may not be sufficiently met within standard rehabilitation programmes, because these are planned to take a certain limited period of time - e.g. 12 months - which can be too short. Usually bidding systems in public procurement try to measure the efficacy of services, and service providers receive a bonus depending on how well their customers rehabilitate. This has changed ways of thinking about social services in social housing. Previously, the shared focus was on securing accommodation for customers. However, now the emphasis is put on the rehabilitation of customers. Whilst this offers a number of benefits for customers, it is less positive when rehabilitation is connected with service providers remuneration systems.

Cressi partners will reflect on these points before proceeding with the next phase of Work Package 6.

The CRESSI project explores the economic underpinnings of social innovation with a particular focus on how policy and practice can enhance the lives of the most marginalized and disempowered citizens in society.



“Creating Economic Space for Social Innovation” (CRESSI) has received funding from the European Union’s Seventh Framework Programme for research, technological development and demonstration under grant agreement no 613261. CRESSI is a collaboration between eight European institutions led by the University of Oxford and will run from 2014-2018.

Contact person: Project Manager: [cressi@sbs.ox.ac.uk](mailto:cressi@sbs.ox.ac.uk)



*CRESSI Working Papers are published by the CRESSI Project and may be downloaded free of charge from the CRESSI website:*  
[www.sbs.ox.ac.uk/cressi](http://www.sbs.ox.ac.uk/cressi)

Cr | E | S | S | I

Creating Economic Space for Social Innovation