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The Role of a Credit Trap on Paths to Homelessness in the Czech Republic

Abstract: *This briefing paper aims to show the most common paths to homelessness in a post-socialist state: the Czech Republic. Homelessness in the Czech Republic is worthy of examination because the comprehensive provision of social services and tenure security in this country provided a more secure safety net against homelessness than many other EU member states: yet homelessness has still arisen. The theoretical approach applied in this paper attempts to move beyond the structure-agency debate in the homelessness literature by focussing on the characteristics that most homeless people share on their paths to homelessness. Although the simple association among factors associated with homelessness cannot provide a definitive account of the causes of homeless; such data can, however, provide invaluable insights into the constellation of factors that are associated with the phenomenon of homelessness. This briefing paper reveals that the pervasiveness of consumer credit has often been a critical juncture on the pathway to homelessness in the Czech Republic, despite the assistance available from a strong welfare state.*

Introduction

Visible homelessness is an entirely new phenomenon in post-socialist countries. It first emerged after 1990 as a consequence of the transformation of the economic and housing systems. Under socialism, unemployment and homelessness were officially non-existent as the right (and obligation) to work came with the right to adequate housing and the state's obligation to provide it.

Socialist countries had a high employment rate and, officially, a very equitable income distribution; slightly distorted by the existence of clientelism, a barter economy and a black market. The state itself was often directly responsible for the provision of housing. The allocation of public (semi-public) rental housing proceeded on an unequal basis, especially with respect to the quality of accommodation; and how long a person had to wait to be allocated a flat (Lux, 2003). On the other hand, because of the decommodification of housing, the large state support for housing construction, and the extensive interference of the totalitarian regime in the private life of households by various means of police and social control, there was very little visible homelessness under socialism.

After 1990, economic enterprises no longer had to employ surplus labour. The hidden unemployment (due to over-employment under socialism) and hidden homelessness (due to the illegitimate system of social control under socialism) of the previous regime began to become more visible (Hradecká and Hradecký, 1996). Post-socialist governments introduced giveaway privatizations of public housing and/or preserved conservative rent controls in an attempt to protect the sitting tenants as much as possible (Lux and Mikeszová, 2012). Despite these efforts, however, the scale of visible homelessness initially grew slowly during the 1990s; and thereafter more quickly after 2000.[1]

While numerous studies have been conducted on homelessness in North America and Western Europe, homelessness being a new phenomenon in the countries of Central and

Eastern Europe (CEE) has received relatively little scholarly attention.[2] Several studies have tended to focus on (a) quantifying homeless people through international comparisons, e.g. the regular FEANTSA studies or Fitzpatrick and Stephens (2007); (b) comparisons of assistance policies, e.g. Hertting et al. (1999) and Boswell (2010); and (c) providing descriptions of role of Non-Governmental Organisations (NGOs) in this area, e.g. Filipovič Hrast et al. (2009), Filipovič Hrast (2008), Hladíková and Hradecký (2007). However, the paths to homelessness in post-socialist environments where former tenants and homeowners were relatively well protected from the insecurities of economic reforms through rent regulation and giveaway right-to-buy policies have been only rarely analysed.

Unfortunately, it is not possible to analyse data from all post-socialist states because there is limited qualitative and quantitative evidence. Consequently, we focus on the Czech Republic as an appropriate example of an advanced post-socialist society. The Czech Republic abandoned central planning and substantially cut (or eliminated) housing construction subsidies at the beginning of 1990s; however, it did preserve a conservative form of rent control and municipalities privatized the stock of public rental housing to sitting tenants under giveaway conditions. Consequently, despite the state's immediate withdrawal from housing provision sitting tenants and homeowners remained relatively well protected due to the welfare effects provided by rent regulation and preferential public housing privatization.

Homelessness in the Czech Republic is worthy of examination in a comparative research context for another reason. The comprehensive provision of social services in this country provides a safety net against homelessness that is stronger than that present in other states where the welfare regime is more liberal. As a result, the Czech Republic has currently the lowest at risk of poverty rate in the European Union (i.e. 9% in 2010 according to Eurostat). Yet, this unique situation raises at least one question. What is the most common

path to homelessness in the Czech post-socialist environment where both tenants and homeowners have been relatively well protected from the insecurities of economic reforms by a conservative rent regulation regime, giveaway public housing privatization and a relatively strong, if residual, welfare state? This is the central research questions explored in this qualitative study.

The argument outlined in this briefing paper will be presented as follows. The first section outlines some of the main theories dealing with the causes of homelessness; and presents an attempt to overcome the structure versus agency dichotomy in the theoretical literature on homelessness. The main goal of the second section is, within the theoretical framework presented in section one, to provide a description of the data and methodology used in the empirical analysis. The penultimate section presents and discusses the results of our interview based empirical research; and the final section presents the main conclusions together with some further observations regarding our research question.

Theoretical framework

Housing inequalities can be defined as the unequal distribution of housing consumption in terms of both quality and quantity (e.g. Norris and Shiels, 2007). An extreme form of inequality is social exclusion, which comes with a lack of access to qualitatively adequate and spatially integrated permanent housing (Lee and Murrie, 1997; Marsh, 2001; Somerville, 1998). Although there is a strong link between social exclusion and poverty, the concept of social exclusion is wider, and poverty is far from the only cause of social exclusion (Walker, 1997; Room, 1999).

According to Pleace (1998) homelessness is caused by social exclusion. In contrast, Somerville (1998) concludes that loss of housing can lead to social exclusion. Such debates reveal that there is an important debate over the causal relations between homeless and other

social problems. It is important to stress, that a homeless person is not just someone who has lost or left his/her home. In a wider sense, there is also what may be described as the latent or potential risk of homelessness (Hradecká and Hradecký, 1997). A homeless person can also be someone who has housing, but their housing is either precarious or unsuitable (i.e. due to poor housing quality) or located in spatially segregated areas.

Consequently, the European Federation of National Organizations Working with the Homeless (FEANTSA) defines a homeless person as someone without a home (Edgar et al., 2004). Yet, three different criteria are often applied in the definition of what constitutes a 'home.' First, a home is a space for the exclusive use of a family: the physical dimension. Second, a home is a space in which to form social ties: the social dimension. Third, a home is a space to which one has a legal title: the legal dimension. If a person does not possess at least one of these characteristics then according to this FEANTSA definition that person is considered to be homeless.

Structure vs. agency approaches to homelessness

Practically all theoretical works on homelessness represent attempts to explain the causes of homelessness. There are basically two approaches toward explaining the origins of homelessness and these tend to adopt either Durkheim's (1895) structural perspective or Weber's (1922) social action or agency viewpoint (Neale, 1997; Fitzpatrick, 2005; Warnes and Crane, 2006). The structural approach stresses the idea that homelessness is a consequence of macroeconomic and structural conditions such as poverty, unemployment, housing shortages, curtailed social rights and the growing fragmentation of the family (Drake et al., 1981). The agency perspective views the causes of homelessness in terms of individual level factors such as personality disorders, mental disabilities, vulnerability and various forms of dependency (Neale, 1997; Pleace, 2000).

Although most explanations of homelessness tend to emphasise either structure or agency, few scholars adhere completely to either theoretical perspective because there is a general recognition that homelessness is a product of both macro- and micro-level factors. One example of a theoretical approach that has tried to overcome the sterile structure vs. agency discourse has been called the 'new orthodoxy' (Caton, 1990; Cohen and Thomson, 1992; Dant and Deacon, 1989; Pleace, 1998).

The core premises of the new orthodoxy to homelessness may be unpacked into three main claims. First, structural factors create a negative social and economic environment. Second, people with personal problems are more susceptible to negative social and economic trends. Third, the higher concentration of people with personal problems among the homeless population may be explained as the greater susceptibility of such people to structural factors rather than by individual factors (Fitzpatrick, 2005). However, Neale (1997) has pointed out that the new orthodoxy's explanation of the causes of homelessness is an oversimplification of reality. According to Neale (1997), the differences among members of the homeless population are so great that it is impossible to explain the causes of homelessness with one general theory.

In this respect, Pleace (2000) has concluded that the empirical research literature on homelessness fails to demonstrate the importance of specific structural or individual factors in determining the transition to homelessness. According to Pleace (2000), homelessness is caused by (a) a complex interaction of various factors and (b) the character of these interaction effects is often unique for each homeless person. The key policy implication here would seem to be that "one-size-fits-all" types of assistance programmes are likely to be inappropriate and ineffective. However, the major drawback with such a perspective is that it undermines any institutional policy approach toward alleviating homelessness.

A context rich conception of homelessness

If one accepts that there are important theoretical and methodological obstacles to determining the causes of homelessness and subsequently using such information to inform policy making; perhaps an alternative approach might yield some progress on a more specific research question. In this study, the goal is to demonstrate how data derived from focus groups and in-depth interviews with homeless people may be used to gain insight into this social problem. A key feature of the fieldwork undertaken in this study is that it provides a detailed "insiders" account of the life of a homeless person.

From a methodological point of view, it is not possible to construct causal (regression) models of the determinants of homelessness from such data. The chief advantage of this type of qualitative information is that it provides a context rich map of the context of homelessness and how homeless people themselves perceive and interpret their own life situation. Consequently, in this study the focus will be on examining the inter-relationship between key factors or attributes of homelessness.

It is important to stress that the primary strength of qualitative data is the rich information it provides about the relationships between the attributes that most homeless people share on the path to homelessness. Although the association among the factors associated with homelessness cannot provide definitive information about the causes of homeless, such observational data can represent a potentially invaluable means of exploring (a) the mechanisms associated with homelessness, and (b) identifying potential points of strategic intervention where policy making might have maximum impact.[3]

Data and methodology

The aim of this research is to explore in detail the paths to homelessness in the Czech Republic. Knowing the limits of using nationally representative sample surveys with

difficulty to reach populations such as the homeless, the best way to obtain a deeper understanding of the paths to homelessness is to adopt a qualitative research methodology with multiple perspectives. Therefore, in our empirical research in the Czech Republic we combined the perspectives of (a) homeless people themselves with (b) insights from social workers with long-term experience in this field. We conducted our interview fieldwork in three geographically diverse locations in the Czech Republic in order to partially control for the effect of specific local factors. The first location was Prague (the capital); the other two fieldwork locations were the cities of Ostrava and Brno: these represent two of the largest urban centres in the Czech Republic.

In the first stage of the research, six focus groups (lasting approximately 90 minutes each) and ten in-depth semi-structured interviews (lasting approximately 120 minutes each) were conducted to examine the life histories of homeless people themselves. We used the ETHOS typology for our research and interpreted homelessness in its widest sense: respondents were not just people without a fixed residence, but also included people living in temporary, unhygienic or makeshift housing conditions.[4] We used the life history approach to prepare the script for both the interviews and focus groups. Within this approach, people who have lost their housing are treated as active participants in the formation of their personal and social history (Tomas and Dittmar, 1995). The objective of this research was to closely examine the biography of homeless people, their life trajectories, and their experiences before and after becoming homeless.

During the focus groups, respondents were able to express their opinions and attitudes in a group framework, were able to communicate with each other, and had room to clarify their views and elaborate them (Morgan and Spanish, 1984; Frey and Fontana, 1991; Puchta and Poter, 2004). Special care was taken in preparation of the script to avoid potential social embarrassment by posing direct questions about sensitive issues regarding why a person

became homeless and what was their immediate reaction to this event. Instead, various indirect methods were employed, such as word association, indirect questioning, role-playing and describing how one would behave in model situations. These interviewing methods help to uncover real behavioural motives even when respondents have a tendency to conceal certain facts indicating their own mistakes and cast blame elsewhere. Asking respondents about the same thing from different angles also helps to uncover information that might otherwise be omitted or concealed.

There were a total of six focus groups (two in each city) involving the participation of 59 homeless respondents; there were between eight and eleven respondents in each group. The selection of respondents ensured 'proportional' representation on the basis of sex, age and participation in different stages of the housing reintegration process. An audio recording was made of each group discussion, and it was later transcribed and analysed. A quasi-quantitative approach was used to construct individual housing careers, i.e. the sequence of different types of housing the respondent had lived in from childhood up to the present. During the post-focus group analyses considerable effort was placed on (1) identifying the context and ties between various phenomena, e.g. the various factors on paths to homelessness, and (2) comparing the life trajectories and attitudes of individual homeless respondents.

In addition to the focus groups, ten in-depth individual face-to-face interviews were conducted with people who had lost their housing. Respondents for interview were recruited solely from the City of Prague; and these were not the same respondents as those who participated in the focus groups. These interviews were primarily aimed at cross-validating the findings from the focus groups. We applied the biographic method, wherein each respondent was asked to talk about their lives (Hesse-Biber and Leavy, 2006). The objective, however, was not to obtain a complete biography but rather a thematic one associated with

one event: the loss of housing (Denzin, 1989). The interviews were conducted with five men and five women. Again an audio recording was taken of each individual interview. The recordings were later analysed and the life trajectories, feelings and attitudes of all respondents were compared. Here there was an emphasis on examining the context of individual events; and the respondent's interpretation of them.

In the second stage of the research, 26 semi-structured interviews were conducted with social workers. The central goal of this set of 'expert' interviews was to obtain information regarding the paths to homelessness and the possible routes to successful reintegration into society. The social worker respondents were drawn from the ranks of employees in municipal social services departments and representatives of NGOs.

Findings: paths to homelessness

This section presents the main findings from all the empirical research undertaken in this study. The data presented will focus on housing careers and will identify the paths to homelessness in the specific context of post-socialist society, reflecting the theoretical framework outlined earlier. Most respondents interviewed in the focus groups and individually (n=69) had a similar profile: (1) most were born before 1989 or shortly thereafter; and (2) most spent their childhood in state (later municipal) rental housing (≈40%) or cooperative housing (≈20%). Some of the respondents had grown up in single-family houses (≈12%) and a small few had grown up in flats for employees of enterprises (≈6%). A non-negligible number of those interviewed spent much of their childhood in a children's home (≈10%). In this respect, it is important to note that in many post-socialist countries such as the Czech Republic, the number of children in institutional care has always been relatively high.[5]

The focus group respondents (n=59) were asked to describe their housing careers in detail. For half of them (n=31) their first step on the housing ladder was a form of standard (proper) long-term housing, usually a rental flat – municipally or privately owned. Three respondents received a standard municipal flat after a short period of living with friends, and four respondents found a standard rental unit after a short period spent living in a squat, dormitory, sublease or half-way house. Altogether, 38 respondents (64%) lived for some period of time, especially at very beginning of their housing careers, in standard (proper) long-term housing, usually being tenants in a municipal or private rental flat.

The remaining 21 respondents (36%) did not have any familiarity with standard long-term housing; and their only experience was living in temporary accommodation, i.e. dormitories or shelters. This sub-sample of respondents was characterized by its youth and related characteristics such as (a) leaving a children's homes (n=5); (b) eviction from the family home by parents due to their debts and/or criminal behaviour (n=5); (c) addiction to drugs (n=2); and (d) voluntary or forced departure from the family home due to unexpected pregnancy (n=5).[6] In summary, this sub-group of respondents had a unique homelessness profile due to their lower age and strained relations with parents who were either missing or uncooperative. In addition, the younger homeless cohorts have specific social problems as noted above such as criminal behaviour, addictions, and early pregnancy.

Despite the fact that housing accessibility worsened for young people during the 1990s,[7] the Czech state did introduce housing allowances and a relatively generous social assistance system (Lux, 2009).[8] Consequently, it is reasonable to conclude that strained relations with parents and worsened housing accessibility for young people did not solely determine a person's path to homelessness; and other factors also played an important role.

This interpretation is supported by the fact that the older homeless age cohort who started their housing careers with pretty much the same housing security as the general

population also experienced loss of a proper residence. Figure 1 and Table 1A in more detail outline the housing careers of this older (first) sub-group of respondents before they became homeless; these are respondents who lived in proper and well protected permanent housing at least once in their housing careers.

Table 1A: Housing careers of respondents who lived at least once in proper permanent housing

Parental home/institutional care	Independent housing after leaving the parental home or institutional care				No.
	Housing careers				
Private renting	Private renting	*Temporal*			1
	Private renting	Public renting	*Temporal*		1
	Public renting	*Temporal*			1
	Ownership	*Temporal*			1
Municipal renting	*Temporal*	Private renting	*Temporal*		1
	Private renting	*Temporal*			3
	Private renting	Public renting	*Temporal*		1
	Private renting	n.a.	*Temporal*		1
	Public renting	*Temporal*			4
	Public renting	Private renting	*Temporal*		1
	Ownership	*Temporal*			1
	With a partner or relatives	*Temporal*	With a partner or relatives		1
	With a partner or relatives	*Temporal*			1
	With a partner or relatives	Ownership	Private renting	*Temporal*	1
Ownership	*Temporal*	Private renting	*Temporal*		1
	Temporal	Public renting	Ownership	*Temporal*	1
	Private renting	*Temporal*			4
	Private renting	*Temporal*	Private renting	*Temporal*	1
	Public renting	*Temporal*			4
	Public renting	Ownership	*Temporal*		1
	Ownership	*Temporal*			2
	Ownership	Private renting	*Temporal*		2
	Ownership	Public renting	*Temporal*		1
	With a partner/relatives	*Temporal*			1
Children's home	Public renting	*Temporal*			1

Source: Focus groups. N = 38 (remaining 21 respondents of focus groups did not have any experience with permanent proper housing)

Note: The housing career data refer to decisions made after leaving parent's residence or residential care in a state institution for children (first column). The following columns refer to housing tenure of respondents after leaving the parent's residence or residential care for children. The final column shows the number of particular pathways in sample of respondents. *Temporal* means temporal accommodation in shelters or half-way houses (basically homelessness); private renting means private rental housing; public renting means municipal rental housing; ownership means homeownership or coop housing.

Figure 1: Housing careers of respondents who lived at least once in proper permanent housing (cumulative pathways)
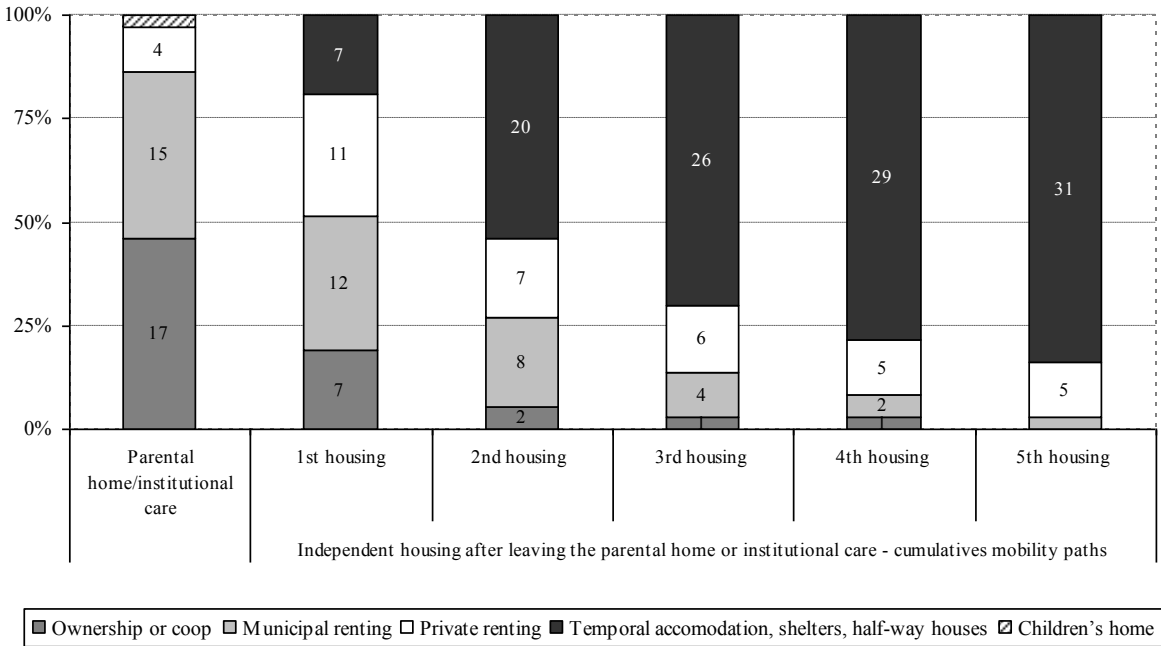
Source: Focus groups. N = 37 (1 respondent did not answer the question on housing career after indicating the first housing and remaining 21 respondents did not have any experience with permanent proper housing)

Note: The housing career data refer to decisions made after leaving parent's residence or residential care in a state institution for children (first column). The "1st housing" column refers to housing tenure of all respondents after leaving parent's residence or residential care for children. Further columns show the housing tenure changes cumulatively (if respondent did not change housing his/her previous, i.e. final, housing tenure is assigned to him in all following columns). The key idea is to demonstrate the general trend: increasing instability in housing tenure over time resulting in homelessness.

The respondents themselves cited very diverse facts associated with their loss of proper housing: addiction (alcohol or drugs), divorce and separation from a partner, unemployment, release from imprisonment or institutional care, lack of knowledge about how the social assistance system works and debts. After making a more in-depth analysis of the respondents' statements, we classified them into two basic groups: (1) respondents whose inability to retain proper housing was associated with addiction; and (2) respondents whose homelessness was linked with bad debts, poor financial literacy and lack of knowledge about their rights and/or

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how the social assistance system works. For illustration, typical examples of respondents' statements that represent major pathways to homelessness are quoted below.

People with addictions lost their housing because they showed no interest in dealing with the world; such lethargy and passivity is a classic symptom associated with drug or alcohol abuse. Most of our respondents who experienced addiction stated that their slide into homelessness could have been prevented.

> '[…] now you can say that it could have been avoided, but when you're out of it, in the euphoria of drugs, you don't think about that happening. You don't even realize you don't have a home, you don't worry about it.' (FG 2)[9] 'Towards the end I had a feeling that it was going to happen, but I was so resigned, it didn't matter to me.' (FG 2)

The largest group was made up of respondents whose homelessness was associated with poor financial literacy and falling into debt (especially bad debts from consumer loans).

> 'I had a two-room flat, a cooperative, I paid off something, and then when I was without work I had the chance to exchange for something smaller. I was in debt, but I wanted to hold on to that large flat, so I didn't exchange it. Then there was no work and by soon I was out.' (FG 4) 'I had various loans to reconstruct my flat, for furnishings, when I was working it was not problem, but then I lost my job and I couldn't pay the loan. I ignored it, I didn't care, I had debts on rents as well, and after a while I got an eviction. Even then it didn't bother me much, I moved to my boyfriend, who had a flat. But then when he threw me out I didn't have anywhere to live.' (resp. 1_03)[10]

The accumulation of bad debts was followed by a court procedure where the respondent's assets were seized to pay creditors (this type of court action is known as 'distraint' in the UK).[11] As a result, the person lost their capacity to obtain regular employment and income that could be used to pay rent.

> 'When your account is levied, almost every company now deposits wages straight into your account, and then you don't have a penny left from your pay. You have no choice but to find work that pays in cash, but that has the disadvantage that sometimes you work a week and they don't pay you anything. You can't pay the rent and out you go.' (resp. 1_8)

Other statements indicate that some respondents did not seek assistance in time and did not take advantage of social assistance, e.g. housing allowance. In fact, more than 40% of our respondents did not receive housing allowances, and 80% of them never received the special housing supplement designed for the lowest-income households.

An examination of the evidence from the focus group participants and in-depth interviews reveals that individuals who had at one point lived in permanent proper housing tended to follow one out of five main paths to homelessness. These paths and their relative frequencies are shown in Figure 2. The arrows in Figure 2 demonstrate the time sequence of events and are not meant to indicate causal links. It should be noted that the path that involves addictive behaviour involving alcohol, drugs or gambling often followed the fastest trajectory to homelessness because in these situations individuals did little to avert a rapidly escalating problem.

Figure 2 also reveals the unique role played by debts. Applying the theoretical framework outlined above, the evidence presented in Figure 2 demonstrates that debt constitutes a very important juncture on the paths to homelessness; it represents the factor (attribute) associated with homelessness that most homeless people share. In almost all cases (with exception of two respondents with normal mortgage debt) the debt trap was caused by bad debts, i.e. due to consumer loans and/or loans from non-banking institutions, generally loans with very high (usurious) interest rates. As noted earlier, our fieldwork repeatedly found that debts were associated with low financial literacy and unfounded positive expectations about ability to service debts.[12]

Figure 2: Paths to homelessness and the factors associated with the loss of proper housing
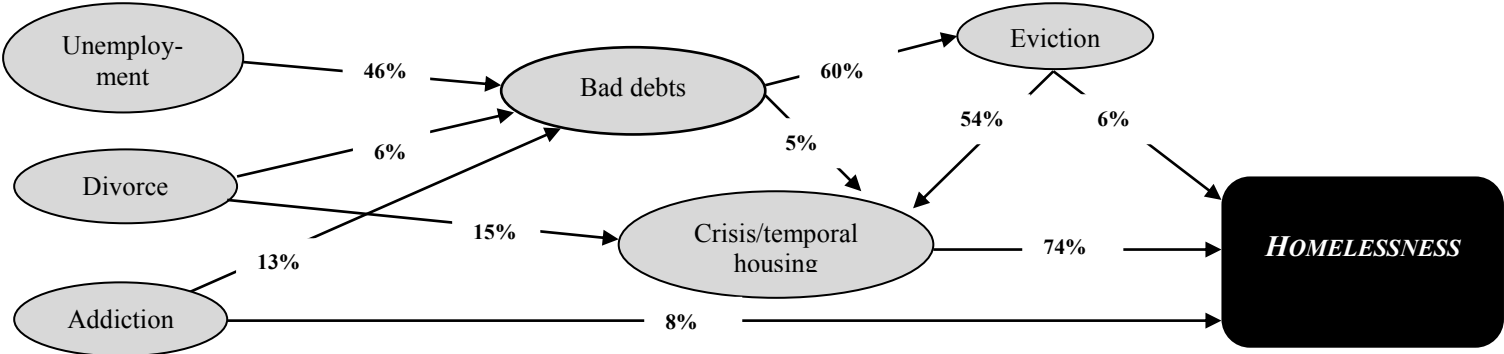
Source: Focus groups, in-depth interviews. N=48 (38 focus groups participants and 10 in-depth interview respondents; all of them had at one point lived in permanent proper housing).

Note: Total percentage quantifying the frequency of each path does not give 100% because six respondent paths are missing: one respondent moved to Prague and one went abroad to search for better employment opportunities, but both were unsuccessful and became homeless; one respondent was released from prison and lost previous housing; and three respondents refused to provide details about their paths to homelessness. The arrows show the time sequence of events and not a causal link.

In the interviews with social workers, similar paths to homelessness were highlighted, but the social workers assigned greater weight to psychological problems, about which the homeless people themselves naturally spoke little.

> 'I'm more and more convinced the more I do this job that the main factor is some psychiatric problem, de facto a health problem, that there is some personality disorder and some difficult social situation, as a result of which the psychiatric handicap is heightened, and then the person is unable to solve the situation by themselves.' (resp. 2_07)[13]

The second most frequently mentioned node on paths to homelessness was again the debt trap. Household indebtedness is not present just on the path to homelessness, but is also one of the main obstacles to getting back into proper housing.

> 'It happens when a person, as they say, starts to rob Peter to pay Paul, and begins to take out easy-to-get loans, which they have nothing to pay off with, and then they don't have enough income to cover it. Then the person can't pay it back and takes out another and another loan, and so on, and suddenly there's a debt of a million for things the person doesn't need.' (resp. 2_15) 'Most clients lose their housing because they are in arrears on their rent or utility payments and owe money to non-bank institutions. Then they usually end up in a commercial dormitory.' (resp. 2_19)

According to social workers, their clients often tend to underestimate their debts. For example, a householder does not pay the rent on the municipal flat because no official makes strong personal efforts to secure payment from tenants in arrears. Some tenants do not take the written reminders seriously. Once the debts mount up to a considerable sum, it is often too late to do anything about it. They in this respect noted that indebtedness may be the result of poor financial planning rather than low income.

> 'We had here cases of clients who were working on a construction site, they were earning more than me, so they had a relatively good income, and they were still unable to solve their housing problem becomes they had poor financial literacy. They could not save enough money for the rent.' (resp. 2_13)

Interviews with social workers confirmed the theoretical expectation that it is impossible to identify a single, typical path to homelessness or even a typical path for a specific group of individuals or households. However, the paths to homelessness described by social workers highlighted again two important factors (or attributes) that most homeless people share: psychological predispositions (leading often to addictions) and unaddressed bad debts.

The question remains what role is played by the fact that the accessibility to housing worsened for young people after 1990. In most of the interviews with social workers two related points were frequently made:

'Housing unaffordability is not the main thing' (resp. 2_5, 7, 11, 16, 19, 25)
[…] 'the fact that housing is expensive is not the problem' (resp. 2_9, 18, 23, 24, 26)

Many of the homeless did not originally live in high-rent flats, but tended to live in accommodation that had a low or reasonable rent, or in some cases their residences had regulated rent contracts. Moreover, the state social security system was, and still is, relatively generous. Rent defaults tended to occur most when a household had (a) been heavily indebted, and (b) applied a short-term approach to money management. In other words, householders live a "hand-to-mouth" day-to-day type of existence where the outlook adopted was short-term in nature. This modus vivendi inevitably had deleterious consequences regarding retaining secure accommodation.

Conclusions

The aim of this article has been to answer one key research question: what is the most common path to homelessness in the Czech post-socialist environment where both sitting tenants and homeowners were well protected from insecurities of economic reforms by rent

regulation, giveaway public housing privatization and relatively strong welfare state? One feature specific to the post-socialist transformation is the fact that housing policy remained untouched by the main reform efforts; and thus did not adequately reflect the dynamics of society. Its primary focus relied heavily on protecting existing housing occupants and this resulted, paradoxically, in a worsening of housing accessibility for young people. However, unequal access to housing was reduced when the Czech state introduced housing allowances and a relatively generous social assistance system.

The analysis used in this paper employed a qualitative methodology using focus groups and in-depth interviews conducted with experienced social workers and homeless people in three different locations in the Czech Republic. The results of this research confirmed that worsening housing accessibility has not been to date a critical factor associated with the emergence of homelessness, as most of the homeless people interviewed spent some time in permanent and proper housing.

The evidence presented in this briefing paper reveals that homelessness is primarily associated with experiences of addiction, debt, illness or some mix of these factors. However, the statements made by Czech homeless people revealed the central importance of bad debt and poor financial literacy. This factor could in itself be at the root of homelessness, or it may be a consequence of divorce, unemployment, or addiction. Regardless of where it figures on the path to homelessness, it forms a specific common denominator on almost all paths to homelessness examined in this article. The interviews with social workers revealed also a second key factor: the psychological predispositions of people that are often associated with addictive behaviour.

Such information did not aim to provide a general profile of the causes of homelessness, but it provides insights into the constellation of factors that are associated with the phenomenon of homelessness. Most importantly, it shows the pervasiveness of consumer

credit as a critical juncture in the pathways that lead people into homelessness despite of a relatively strong tenure security and welfare state.

A possible explanation as to why the debt and poor financial literacy play such a significant role is that under socialism all citizens were guaranteed work and housing. With such state paternalism and strict social controls this meant that incentives encouraging individual responsibility in financial decision making were restricted. Before 1990, there were few channels for securing loans. Often loans were only made for specific purposes, and loan agreements had low and long-term fixed interest rates. Loss of responsibility for one's own economic situation and lack of motivations to make financial plans for the future only became fully apparent after the collapse of socialism and the acquisition of individual freedoms.

The supply of consumer goods that began appearing after 1990s; and later the wide availability of consumer loans proved to be a great enticement trap for many low-educated people. In this situation, many Czech citizens had little or no experience with market-based borrowing, housing eviction, and had limited ability to make rational and sustainable long-term financial plans. Unsurprisingly, the rapid increase in personal debt was not just the result of structural changes in the economic system such as the emergence and spread of unemployment, but it was also the product newly acquired economic freedoms. The qualitative evidence presented suggests that the first expenses that people stopped paying when in a debt trap were expenses such as rent. Moreover, failure to appreciate the consequences of defaulting on rent and the incorrect idea that 'insurmountable' tenant protection could insulate a householder from rent arrears was the most common observed path to homelessness in the Czech Republic.

This information also represents a means of identifying potential points of strategic intervention. The formulation of strategic homelessness policies might include such measures as (1) allowing people easier to declare personal bankruptcy to get out of debt; (2) improving

the public's general level financial literacy through information campaigns and revisions of the high school curriculum; (3) regulation of the credit market to make it more transparent; (4) strengthening preventive measures and dissemination of information by creating a network of contact centres; and (5) adoption of an enhanced system of medical care for those with specific psychological conditions that make them more vulnerable to homelessness. A more detailed examination of such policies, however, is beyond the scope of this paper.

This article contributes to the literature on homelessness and more specifically the structure vs. agency debate because it shows that the provision of 'easy credit' (an institutional factor) resulted in specific types of personal decisions (agency factor) that form important part of the pathway to homelessness. In short, the structure and agency factors of homelessness are not rival causal models of homelessness; but are the context in which homelessness emerges. In other words, specific types of contexts increase the propensity of some (vulnerable) citizens becoming homeless. If the institutional context had been different with more restricted credit availability this vulnerable group might never have traveled the entire pathway to homelessness.

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Acknowledgement

Notes

[1] Taking the Czech Republic (10 millions of inhabitants) as an example, according to different censuses made after 2000 there were already 3,096 homeless people in the capital city of Prague (2004); 1,179 homeless people in the second largest city of Brno (2006); and 391 homeless people in the third largest city of Ostrava (2007).

[2] Exceptions to this pattern were the qualitative studies focusing on the situation of homeless people in Croatia (Šikić-Mićanović 2010) and Russia (Stephenson 2006).

[3] Although this study does not present a causal explanation of homelessness there are a number of approaches that might be adopted in future research. For example, the Qualitative Comparative Analysis (QCA), a methodology that faciliates the exploration of the necessary and sufficient conditions along different paths for homelessness (see Ragin 1987, 2000, 2008). Alternative methodologies include the "extended case method" of Burawoy (1998, 2009); or adopting the process tracing methodology of historical institutionalists (note Roberts, 1995; Bennett and Elman, 2006; Mahoney et al., 2009). We thank to an anonymous reviewer for highlighting these alternative methodological approaches.

[4] The ETHOS typology (Edgar and Meert, 2005) distinguishes different degrees of homelessness: homeless (without a shelter of any kind, sleeping rough); houseless (with a place to sleep but this is of a temporary nature in institutions or shelters); living in insecure housing (threatened with severe exclusion due to insecure tenancies, eviction, domestic violence); and living in inadequate housing (in caravans on illegal campsites, in unfit housing, in extreme overcrowding). Although this typology is frequently used, it is somewhat vague, especially in its definition of what constitutes adequate housing (Philippot et al., 2007).

[5] According to an international study on the number of children in institutional care in 32 European countries in 2003 to 2004 (Browne et al., 2004), the percentage is generally much higher in almost all the transition countries. The study found that in 2003 the share of children in institutional care in the Czech Republic is the highest of all the European countries studied (60 children in institutional care out of 10 000 children, i.e. 0.6%), which is six times higher than the European average (0.11%). A high share of children in institutional care at almost three times the average was also observed in Latvia (0.55 %), Bulgaria (0.5%), Lithuania (0.46%), Hungary (0.44%), Romania (0.33%) and in Slovakia (0.31%).

[6] We could not find the main reason for the three remaining respondents.

[7] The state preserved relatively strong housing security for existing housing occupants during the early post-socialist transition period but young people (new households) had often difficulty to get access to this secure housing.

[8] The main housing policy tool to support housing affordability is the housing allowance. Property owners or tenants are entitled to a housing allowance if 30% (in the capital city of Prague 35%) of family income is insufficient to cover housing costs and at the same time this 30% (in Prague 35%) of family income is lower than the relevant normative housing costs set by the law. The allowance covers the housing costs exceeding the ceilings stated above. Moreover, persons in material need, as long as they comply with the statutory requirements, are entitled to one or more allowances in material need including living allowance, housing supplement and immediate emergency assistance. In 'justified cases' a housing supplement (along with housing allowance) may cover housing costs in full; this, however, depends on the assessment made by a member of staff of the social department of the competent municipal office in the place of the citizen's permanent residence.

[9] FG 2 means that the citation is a statement from a respondent in focus group no. 2.

[10] Resp. 1_03 means that the citation is a statement from respondent no. 3 in the face-to-face interview, when homeless people were interviewed, i.e. during the first part of the research.

[11] The creditor has a right to ask the court to service the debt by imposing an 'arrestment' (UK) or 'garnishment' (USA) on the wage income of the debtor. All income of debtor exceeding the living minimum set by the law can be subject to such a legal action.

[12] According to the survey of the Ministry of Finance and the Czech National Bank (CNB) held in 2010 (quota based, 1005 respondents) only one third of respondents knew the difference between p.m. and p.a. interest rate and only 17% decided correctly whether it is financially more favorable to take a loan for interest rate of 1.74% p.m. or a loan for interest rate of 15.4% p.a. The share of consumer loans on outstanding total loan balance increased from 6.6% in 1997 to 24.2% in 2002 according to CNB and since then is slightly decreasing (19.1% in 2010). This figure exceeds the EU-27 average (12.4% according to ECB).

[13] Resp. 2_07 means the citations of a statement from respondent no. 7 in the face-to-face interviews conducted in the second part of the research, where the respondents were social workers.