

SKUODAS, Lithuania

From soviet-type hospital block to 21st century flats

In 2009, Skuodas - the district centre of one of 14 most problematic districts in Lithuania - had 91 occupied social flats and 48 families on the “waiting list”. Due to the economic crisis, the need for social housing was constantly increasing. The municipality was not financially capable to renovate, maintain or purchase new premises for the development of social dwellings. With 0.337 million euro of ERDF money allocated under the nationally coordinated scheme “Social housing development and quality improvement”, an abandoned block of Skuodas hospital building was completely reconstructed to arrange 16 social flats and accommodate 54 persons. The project is one of the first completed social housing development projects in Lithuania.

From soviet-type hospital block to 21st century flats

As a rule, the demand for social housing in deprived territories is high. Skuodas district by the Lithuanian–Latvian border - declared as one of 14 most problematic districts in Lithuania, suffering from high unemployment and high number of recipients of social allowances, is not an exception. An access to ERDP funding for the development of urban infrastructure allowed the district to implement one of the first social housing projects in the country under the nationally coordinated scheme “Social housing development and quality improvement”.

In 2009, Skuodas town had 91 occupied social flats and 48 families on the “waiting list”. Due to the economic crisis, the need for social housing was constantly increasing. The municipality was not financially capable to renovate, maintain or purchase new premises for the development of social dwellings. With ERDF funding allocated, the arrangement of social housing was suddenly possible. The main issue for the local authorities was to find a suitable building. It turned out that the only available and appropriate building owned by the municipality administration was an abandoned block of Skuodas hospital building, located almost in the very centre of a town. A huge and bulky building designed in soviet times was too large for a small town.

1.37 million litas (approx. €0.40 million) were enough to completely reconstruct the building applying energy saving measures. 16 social flats were arranged. While initially it was planned that 28 persons will be provided with social housing, actually larger families have been accommodated and currently there are 54 persons (including large families, young families with low income, orphans and disabled) living in the building. The social service centre located on the 1st floor of the same building plays an important role in the socialization of socially vulnerable families and especially families at risk.

During the project implementation the Beneficiary faced a number of technical challenges and had to deal with the dissatisfaction of close neighbours of future social housings, concerned about possible disorder, noise or increase in crime. Skuodas district municipality administration succeeded to positively influence the public opinion and engage the community by ensuring that the municipality, the local police (if required) and the social workers will undertake all necessary actions to secure the comfort of life in the neighbourhood.

The implemented project is not an isolated *ad hoc* action, but one of several coordinated urban development projects in town. It is expected that by the end of 2013 the town’s ‘face’ will change significantly.

Although the project was definitely a success, the case study highlights that the mere provision of social housing does not solve the general problem of integrating the socially vulnerable persons into the society and does not motivate them to become economically independent. On the contrary, the supply of well equipped and centrally located social apartments may increase the demand for social housing in people who used to live from their own sources but in apparently worse conditions.

From soviet-type hospital block to 21st century flats

Background

The ERDF Regulation of 2006 allowed housing interventions for areas experiencing or threatened by physical deterioration and social exclusion. The interventions should be limited to rehabilitation of buildings owned by public authorities or non-profit operators for use as housing designated for low-income households or people with special needs became possible.

The preconditions and limitations set in the Regulation required the member states to decide on the best use of limited financial sources. Responsible authorities of Lithuania determined to target 14 most deprived territories of the Republic. At the beginning of 2007 the Lithuanian Government approved the list of problematic territories that should receive a substantial financial support from the 2007-2013 EU structural funds. The list included municipalities characterized by two main social indicators – relatively high level of unemployment and high number of recipients of social allowances out of all residents (over 30 percent more than the country's average). In 2008, the programs for the development of problematic territories were approved.

As a rule, the need for social housing in deprived territories is high. Problematic territories of Lithuania are not exception. In 2006-2007, about 7 percent of county's households were waiting for the social housing. Actually, following the data of 2006, a comparative part of social housing of the available housing in Lithuanian is approximately five times lower than in EU-15 (3 per cent versus 15). Traditionally, a part of residential premises in hostel type building are owned by municipalities and used as social housing. As a rule, the remaining part of the building is also inhabited by residents with low income who can not guarantee proper upkeep of their apartments and often do not pay accounts for utility services.

With the aim to increase the supply of social housing in the problematic territories and improve the living conditions, the Ministry of Interior of Lithuania initiated the measure "Social housing development and quality improvement" under the 1st priority of the 2007-2013 Operational Programme for the Cohesion Promotion. The measure is exclusively targeted at the towns with more than 1 500 inhabitants. The eligible activities include reconstruction and renovation of buildings belonging to the municipalities, such as hostel type houses in order to adapt them for social housing. It is projected, that the EU support for the development of social housing in 2007-2013 will make about 40 million litas (€11.6 million).

At the beginning of 2012, only 4 projects under this Measure were fully completed in the country. The project "**Reconstruction of a part of the three-storey hospital building and adoption of premises for social housing**", implemented in a small Skuodas town on the skirts of North-West Lithuania, was selected as the mostly interesting and innovative out of four since it resulted in a conversion of an abandoned hospital into housing, whereas other projects were ordinary renovation of hostel buildings.

Objectives and expectations

Skuodas district is one of the smallest administrative unit of the Lithuanian Republic and the only problematic territory in an economically strong Klaipeda County (region). The district centre is a small and calm provincial town second furthest from Lithuanian capital, located only 2 km away from Lithuanian-Latvian border.

Until the Second World War Skuodas town, located on the border, was famous for its markets, as well as its fair, which was attended by many merchants and visitors. During the war the town was largely destroyed and rebuilt from ruins. Almost all buildings in the town date from the Soviet period, with the exception of two churches that survived the War. The central part of Skuodas on both banks of the river Bartuva has been declared as an urban monument, but buildings of this part of the town hadn't seen any renovation for decades. The

last multi-family house was built in 1996. The local inhabitants joke that afterwards the major infrastructure project was the erection of town's second traffic-light.

Meanwhile, the social and economic situation of the district was deteriorating. The number of inhabitants was constantly decreasing. At the beginning of 2010 only 7 148 people lived in Skuodas town. This decrease of population in Skuodas as in many provincial towns is mainly due to a high morbidity level (the highest in Klaipeda County) and increased migration to bigger towns and abroad, stimulated by high level of unemployment. High really means high, because in 2007 the average annual level of unemployment, expressed by the ratio of registered unemployed people versus residents of employable age, in the municipality was 59.1 percent larger than the country's average. At the same time, the part of socially and economically disadvantaged population in the district has been increasing. In 2009, the number of recipients of social allowances increased by 37.7 percent compared to 2008, thereby increasing the demand for social housing. In 2009, Skuodas town had 91 occupied social flats and 48 families on the "waiting list". The municipality was not financially capable to renovate, maintain or purchase new premises for the development of social housing.

The situation suddenly changed as soon as Skuodas district got access to the EU structural funds for the development of urban infrastructure as all problematic territories. The status of a problematic territory, though psychologically unpleasant, provides many advantages to the district. If everything goes as planned, in a few years Skuodas' central part and public spaces will look fresh and new. By the end of 2013 it is foreseen to renovate 5 multi-family houses in the town centre, to reconstruct the cultural centre, to modernize municipality's preschool education institutions and schools and other public buildings, to improve energetic characteristics of buildings, to build a new public library, to reconstruct the town's streets, and to set car parks.

As for the social housing, the main issue was to find a suitable building. It turned out that the only available and appropriate building owned by the municipality administration was one block of the Skuodas hospital building, located almost in the very centre of a town. The hospital was opened in 1991. A huge and bulky building designed in soviet times was too large for a small town. One block of it has been vacant since 1997 then the hospital obstetrics and gynaecology department was moved to Klaipeda.

1.37 million litas (approx. €0.40 million) were enough to completely reconstruct the building applying energy saving measures. The grant agreement was signed on 3 February 2010. The complex renovation of an abandoned hospital building was the first social housing development project in Skuodas implemented using the assistance from the EU structural funds. Besides the obvious objectives to increase the supply of municipality's social housing and to reduce the number of families waiting for social housing, the project promoters also emphasised the need to reduce expenses for municipal compensations for constantly rising prices for heating. In this regard, a number of energy saving measures were planned. The local politicians had cautious expectations that the availability of social housing for reasonable prices would prevent from emigrating the young families, because recent statistics were quite frightening: the number of residents at the age of 0-15 decreased by 15.5 percent from the year 2007 until the year 2010.

It was planned to arrange 16 flats for social housing on the 2nd and 3rd floors of the building and provide social housing for at least 28 socially vulnerable persons of Skuodas town for a symbolic rent - approximately 0,104 euro per 1 sq. meter). .



Challenges

Nothing was happening easy. The project promoter – Skuodas district municipality had to face a number of challenges.

First of all – how to conquer the prejudices of the local community? Although all and everyone was positive about the renovation of an abandoned building and the surrounding territory, quite a few enjoyed the idea of living in the neighbourhood of socially vulnerable persons, being afraid of disorder, noise and crime. Mainly because there was no experience of having a large

number of disadvantaged population located in one building, as they used to be spread in different parts of the town.

The municipality has organised a number of public discussions and assured of permanent involvement of social workers and (if needed) strengthened supervision of the area by the local police. In general, the local population accepted that the hospital building is an appropriated location for social housing.

Second challenge – how to technically re-design and rebuild the building to make it suitable for living? The Beneficiary had no previous experience in turning hospitals or industrial buildings into residential apartments and there was nobody around to ask, because neighbours from other problematic territories simply renovated the hostel type houses.

Moreover, on 1st floor of the building it was decided to open the municipal centre providing social services for families. For this purpose 0.35 million euro of ERDF funds have been allocated from another measure “Non-stationary social services infrastructure development” under the 2nd priority of Operational Programme for Cohesion Promotion. Therefore the same building had to be renovated combining the funds from two different cohesion measures and through two different grant agreements. The technical design and cost breakdown was prepared for the reconstruction of the whole building and had to be split into two parts. A proper coordination of both projects was a challenge: the project for the establishment of the social service centre was approved for funding earlier but its implementation had to be postponed until both grant agreements were signed. The combined public tender was announced for the reconstruction of the whole building and the only contractor was selected. A successful coordination of both projects was mainly due to the fact that both projects have been administrated by the same project team.

In addition to an innovative combination of different funding sources, some technical innovations had to be thought through as well. First of all, completely new engineering and communication networks had to be laid down to make the building suitable for living. It was found out that the old hospital didn't have an emergency exit imperative for the residential houses. Therefore an outside closed staircase had to be designed and connected to the existing constructions. This element may be considered as the most challenging and the most expensive engineering solution of the project.

The third difficulty – how to clearly delimitate the territory of a future social housing from the hospital without violating sanitary norms? It should be reminded that only one block of the hospital building was about to be turned into social housing. The remaining two blocks belonged to the hospital and were fully operational.

The project beneficiary had to go a long way to find a solution. At the end the project implementation was coordinated with the Ministry of Health of Lithuania. Physically the two territories have been separated by a fence.

Last but not least – financial problems: it was found that the initial cost estimate presented by the project designers was far too expensive. The project team and designers faced a

difficult task to reduce the estimated costs without significantly affecting project's quality. Tough as it was, the economic crisis was beneficial in the case of this project as far as due to the substantial decrease of demand for construction works the prices requested by contractors went down significantly just on time.

Results and achievements

The project was focused on the implementation of hard infrastructure; therefore the main project activity in terms of time, complexity and finance was the implementation of the construction works. The construction works have been carried out by the local Contractor. The building was insulated, the roof and windows replaced, 16 flats arranged and sanitary units installed. In addition, the entrances and elevators for disabled have been arranged. The reconstructed building also has an outdoor playground for children and the new parking lot (also used by the hospital).

The main construction works have been carried out within 12 months in accordance with the agreed time schedule with not major problems, except for final landscape works that have been delayed due to unfavourable weather conditions.

The newly arranged flats have been rented for socially and economically disadvantaged persons immediately after the project completion. Although it was envisaged that 28 persons will be provided with social housing larger families have been placed and currently there are 54 persons living in the building. At the time, the new social apartments satisfied the demand of 24% people on the "waiting list". Only 2 persons refused the social housing in the newly reconstructed building due to its central location, unavailability of larders (often, the inhabitants of small provincial towns prefer to have small pieces of ground to grow own vegetables) and central heating which is more expensive compared to a stove heating.

To conclude, the project achieved the foreseen outputs and almost doubled the planned results. An abandoned building was revived for a new life.

The social service centre located on the 1st floor plays an important role in the socialization of socially vulnerable families and especially families at risk. The social workers and psychologists of the centre are in permanent contacts with people residing in the building; moreover, the centre provides numerous after-school activities for children and the assistance in homework preparation. These are very popular and the only complaint from children is that the centre closes at 18 p.m. and doesn't work in evenings. Therefore, an operational and beneficial combination of social housings with the social service centre may be considered as the key achievement of the project.



After the reconstruction

Somehow the number of people asking for social housing has considerably increased since the news about the project was spread; mostly everyone on the 'waiting list' was keen to move into an economical and well arranged apartment. Town's inhabitants even say that these apartments are much better arranged than the ones lived by ordinary families. Without doubt, the economic crisis also contributed to the increase of people asking for social housing in 2008-2011. Only in 2010, the number of recipients of social allowances increased twice compared to 2009. Therefore the project has been completed just in time to satisfy the increasing demand.

On the other hand, the increasing willingness of town inhabitants to reside in social apartments may be considered as a risk factor, because after being offered good quality social housing for a very small rent, many often lose motivation to find a job and increase family's incomes since in such case they may lose the right to reside in the social housing.

What's next?

Today the Skuodas district municipality administration is responsible for the maintenance of the new social housings. The costs are partly covered from rent incomes and the remaining part co-financed from municipal sources. The municipality expects that the building maintenance costs shall be lower than average due to the implemented energy efficiency measures, such as insulation and replaced windows. Still, for the time being the Beneficiary could not provide the exact data on the savings made.

The building accommodated its new tenants just a year ago. Sadly, but some of the apartments already appear much worn and neglected. Therefore municipal expenses for the maintenance and upkeep of social housings may be higher than expected. According to the Ministry of Interior of Lithuania, this problem is present in almost all districts where the social housing projects have been completed. In order to minimise similar costs, the whole social welfare system of the country has to be revised.

Although necessary and successful, this project may remain the only social housing project in Skuodas for the next few years. In 2012, the Skuodas municipality planned to reconstruct one more building in Skuodas town to offer more social housings, but the building in question currently is not owned by the municipality, is very worn out and the cost calculations demonstrated that the total cost of purchase and renovation of the building are too high to be efficient. Therefore this idea was abandoned and the envisaged ERDF support used for the renovation of multi-flat apartments.

Lessons learned

Skuodas example demonstrates that rather complex hard infrastructure projects can be successfully implemented in the problematic territories and managed by small project teams with no extensive previous experience in the implementation of EU-funded projects, provided the presence of due determination, enthusiasm and efficient support from the Implementing Agency. The intervention received strong political support from Skuodas Municipal Council and was integrated in the regional and district's strategic documents. Moreover, the project was complimentary with the other measures orientated at the promotion of regional cohesion, in particular with the social infrastructure development measures.

The decentralisation factor played an important role as well: the project was initiated by Skuodas district municipality administration and selected via the regional project planning procedure. The essence of regional planning is that the lists of public priority projects are formed at the regional level. The set amount of funding is being allocated for each district and the priority projects are selected by district municipalities and approved by the relevant regional (county) council (Klaipeda regional council, in the case of this project). Therefore the power of decision on the projects to be funded lies with regional bodies that are more familiar with the local situation, needs and priorities than the line ministries.

Project experiences taught a number of lessons and outlined several weak points in relation to the efficiency of use of EU and national funding for the establishment of social housing:

- ⇒ In most cases, the reaction of local community to the neighbourhood of socially vulnerable people and(or) families at risk is negative, but it may be positively influenced by proper communication, concrete measures by the local government and other responsible bodies and people (such as involvement of social workers, close supervision of the area by the local police) to secure the order and sustain the quality of life of the local community;
- ⇒ It is a good solution to have social services centre and social workers in close proximity to the social housings (in Skuodas case, in the same building) so that they might keep an eye on families at risk in general and children in particular, help their social integration and immediately intervene in critical situations;
- ⇒ The mere provision of social housing does not solve the general problem of integrating the disadvantaged persons into the society and doesn't motivate them to become economically independent. On the contrary, the supply of well equipped and centrally located social apartments often increases the demand for social housing in people who used to live from their own sources but in apparently worse conditions. Indeed there are persons and families such as people with disabilities that must be supported. On the other hand, the support of local entrepreneurship and business start-ups if followed by the increase of working places, as well as implementation of specific measures facilitating the employment of socially vulnerable persons (for example, certain tax exemptions) may appear much more efficient and long lasting solutions. Therefore the project impact would be more tangible if supported by parallel soft measures targeted at the socially vulnerable people. ;
- ⇒ The current ERDF regulation implies that the expenditure on social housing is eligible only for reconstruction/renovation of buildings owned by public authorities or non-profit operators. However the municipalities often do not own suitable buildings and have no local funds to purchase them since the EU funding is not eligible for this. Also, in the small provincial towns of Lithuania the real estate prices are low and in the majority of cases it would be more cost-efficient for the municipality buying fully arranged flats in the living houses rather than paying for the renovation of old unused buildings with the purpose to install social housings;
- ⇒ There is a big question if municipalities or similar bodies are the best operators of social housing. The involvement of private developers into the market of social housing may appear more appropriate and cost efficient.

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