



# **HOSTING REFUGEES: THE IMPACT OF THE OCCUPANCY FREE OF CHARGE (OFC) SHELTER MODALITY IN LEBANON**

## **Summary**

This policy brief is based on a substantial review and assessment of the OFC shelter modality in Lebanon, specifically in three geographic areas: Amayer (Akkar), Bar Elias (Bekaa) and Minie (North). It explores the impact of the OFC shelter modality on (1) the livelihoods of Syrian refugees, particularly their access to food, healthcare, and education, (2) social cohesion between refugees and their host community, (3) housing conditions and future plans of targeted refugee households, and finally (4) the housing stock and market dynamics prior and post to the implementation of this modality. The research study is based on data retrieved from a total of 1284 surveys filled by OFC beneficiaries, previous OFC beneficiaries and non-OFC beneficiaries complemented by qualitative data collected from six focus group discussions conducted with current and previous OFC households and key informant interviews conducted with landlords and local authorities in the three areas of the study. The study was conducted by the Issam Fares Institute, in collaboration with Save the Children, Lebanon and was funded by DFID UK.

## **KEY RECOMMENDATIONS**

- ▶ Improve contractual agreements by clarifying the terms of the contract;
- ▶ Lengthen the OFC contract or provide a rent reduction period after the end of OFC;
- ▶ Provide clarity for what happens after OFC program;
- ▶ Set a standard for the quality of the housing stock based on refugee needs;
- ▶ Introduce environmental constraints/costs in the authorization of OFC units;
- ▶ Enhance the coordination between implementing organizations and municipalities;
- ▶ Recruit locals to implement the upgrading activities;
- ▶ Complement the OFC shelter modality with food aid and debt relief.

## **Introduction**

As the crisis enters its 9th year, around one million Syrian refugees in Lebanon remain in limbo as they continue to bear the costs of the conflict. The absence of adequate and affordable shelter options, coupled with the no-camp policy adopted by the Lebanese Government, forced many refugees to seek housing in poor neighborhoods, among the host community. Today, thousands of Syrian households are living in substandard conditions<sup>1</sup>. Many face the threat of eviction as a result of their inability to pay rent, and/or security issues raised by municipal and government actors (UNHCR, 2017).

Refugee settlement falls well in line with processes of housing acquisition for other vulnerable groups in the country. Although the formal market may tend to supply higher end units, given poverty rates, the majority of shelter production happens informally, where exchanges are highly unregulated, control over the quality of shelter is inexistent, and services are insufficient.

<sup>1</sup> Sub-standard accommodations are often comprised of unfinished and dilapidated housing structures, including converted garages and shops. Such housing structures lack basic amenities, privacy, protection and hygienic conditions.

These markets depend on ad-hoc agreements between tenants and landlords, often without specified terms and with little information made available for the transacting parties, leaving leeway for later negotiations, misunderstandings, abuse, and forced evictions.

In this context, humanitarian agencies played an instrumental role by implementing programmes that aim to alleviate the suffering of both vulnerable refugees and Lebanese host communities namely, the Occupancy Free of Charge (OFC) Shelter Modality. This aimed to improve refugees' livelihoods, enhance tenure security, reduce tensions between refugees and host communities, and increase the availability of adequate and affordable shelter (Inter-Agency Coordination Lebanon, 2016).

### ***Profiling Refugee Households: Demographic Characteristics***

Most households are male headed. On the level of marital status, almost 85% of the sample across the three areas are married. The majority of respondents are adults between the ages of 25 and 44 years. Surveyed refugee households are mostly comprised of three to five members. Vast majority of respondents do not hold valid residency papers (89.3% in Amayer, 91.50% in Bar Elias and 94.90% in Minie) which is significantly higher than the average percentage (73%) reported by the VASyR (2018). This is likely due to the fact that the chosen sample is highly to severely vulnerable. Indeed, in the three areas of the study, the vulnerability levels of surveyed households were evident. Most reported that their monthly income barely covers their expenses as they often earn less than USD 100 per month.

### ***Impact of the OFC shelter modality: Improving Livelihoods***

Rising poverty among refugees leads to negative coping mechanisms that often affects refugees' nutritional habits, healthcare, and education. Moreover, an often-overlooked aspect of poverty is household debt. High levels of debt may pervert livelihood strategies among the poor and vulnerable. In such contexts, debt repayment is often prioritized over long-term investments in building human capital, and the evaluation of the household savings attendant to the OFC modality needs to be cognizant of this fact.

Indeed, the study found that although OFC facilitated the access of refugee households to better and steadier nutrition; comparing OFC with previous OFC samples shows that this was restricted to the period of the OFC agreement, i.e. one-year period. In many cases, OFC households were still struggling to pay off debts accumulated over the past years. Indeed, the meager monies saved by households through the temporary OFC rent waiver were quickly absorbed by their pressing food and nutrition needs which are often prioritized over longer term human capital investments such as education. What is more, the means through which food needs may be temporarily better satisfied by the OFC modality is through the settlement of past debts with grocers, and the purchase of more, if lower quality, food partly through further debt. It is therefore fitting to speak of the 'refugee economy' more as one in which purchasing power is mediated through debt, rather than money.

## ***Refugees' Housing Conditions and Future Plans***

### **Physical assessment**

Well in line with the recurrent shelter surveys and the successive VASyR reports, the study shows that in all three surveyed localities, most refugees live in substandard, overcrowded conditions, often in unfinished building apartments that offer insufficient services.

Among the most recurrent concerns raised by refugees is the lack of privacy, which seemed to be prevalent in both OFC and non-OFC housing units. Looking into the conditions that produce this lack of privacy, we found that refugee families often reside in substandard housing units redesigned subdivide a larger unfinished apartment into two or three units, each made up of two to three rooms, separation between the individual units is often insufficient. In some cases, refugee households find themselves obliged to share the kitchen and/or the toilet with other families living in the same floor/apartment.

Overcrowding appeared as another main concern for refugees: Most households in Bar Elias (59.2%), Minie (75.2%), and Amayer (69.3%) reported that their housing unit is made up of two to three rooms (including kitchen facilities and bathrooms). They lived as households of five or six, meaning that there were often more than two individuals living in a room- pointing to overcrowding. Aside from the privacy concern, overcrowding is correlated with serious hygiene concerns that could lead to worse health problems.

Refugees also stressed that their housing units still need tiling and plastering to be considered livable and decent. It is important to note that the building standards secured in OFC units are slightly better than what refugees can secure on their own, showing consistently more satisfaction among OFC beneficiaries of housing standards compared to others.

### **Tenure Security**

Given that most refugees struggle to pay rent and face growing barriers to secure the needed income, tenure security is likely to emerge as one of the worst threats to face them. Tenure insecurity among interviewed households was mostly related to the inability to pay the rent, with evictions occurring particularly in urban contexts without any of the required legal steps (e.g. pre-notification, official notice, and municipal police enforcement). Instead, their application rested on the profile of the landlord and her/his proximity to the tenant and/or whether she/he was able to implement the eviction. The fact that the OFC shelter modality entails a written contract that is overseen by the organization providing the OFC support and often registered at the Municipality introduces a practice of accountability that could produce positive ripple effects. Moreover, being part of the OFC program helps build a healthy relationship between the landlord and the tenant which helps both parties after the end of the OFC period.

### **Future Prospects**

Refugees faced the end of the OFC with apprehension, with about half of them predicting that they would be unable to cover rent at the market rates of the localities where they were staying, particularly with work opportunities becoming less available.

The majority of refugee households declared that after OFC, their situation will go back to how it was before benefiting from OFC assistance. However, the fact that at least 50% of previous OFC beneficiaries in the three localities stayed in the same house after the OFC ended confirms that the OFC shelter modality is increasing/widening the stock of affordable housing for the same refugee population it targets.

### **Housing Market**

The Lebanese housing sector relies heavily on market exchanges for the provision of housing. In the absence of national policy supporting the production and/or protection of affordable units, access to shelter is left to a poorly regulated market. Indeed, the findings of the study are well in line with other studies that looked at housing challenges of Syrian refugees in Lebanon. Rent cost remains the primary reason for 60% of refugees selecting their place of residence (VASyR 2018). Our findings revealed that most refugee households find it very difficult to cover the rent expenses that often range between 100 USD and 300 USD per housing unit<sup>2</sup> depending on the area.

As a result, OFC introduces important dimensions to the rental market by increasing the stock of affordable housing, providing a level of (albeit low) standards and raising tenure security by guaranteeing housing for a year with a fixed no cost. While temporary, the arrangement contrasts with existing market conditions; creating a different reference for refugees to consider. This is critical because reliance on housing affordability (cost/income ratios) outside of “deprivation” standards can mask very poor housing conditions where affordability is met at the cost of physical standards of decency, overcrowding, security of tenure, safety, and/or accessibility.

Moreover, the fact that the majority of property owners are small-scale landlords provides important indications of the positive economic impacts of the OFC on host communities since the small scale of apartment holding will secure the redistributive impacts of the intervention. However, as the Syrian crisis extended, and following the increased demand on housing and more specifically the implementation of the OFC shelter modality, large-scale landlords were encouraged to benefit from the opportunity, and they started participating in the housing production.

### **Recommendations for enhancing the impact of the OFC Shelter Modality**

The shelter approach should be based on an evolving, planned and monitored incremental assistance. It should target effectiveness, sustainability, and vulnerability and at a larger scale stabilize the housing market. Therefore, we suggest the following:

#### **► Improve contractual agreements**

Written contract templates can help reduce conflict between landlords and tenants by clarifying the terms of the contracts: we find that 80% of OFC recipients do not know how long the OFC duration is, more than half of the respondents do not know when or if their rent will increase and the vast majority responded “I don’t know” to whether the landlord has the right to increase the rent or not. This includes OFC recipients.

Moreover, having clear contacts could also improve communication between refugees and landlords and thereby provide a sense of security particularly after the OFC contract ends.

#### **► Lengthen the contract or provide rent reduction period after the end of OFC**

Most refugee families suggest that the OFC assistance should be much more developed such that organizations would offer follow ups even after the 12-month contract is over in order to assess if the situation requires further upgrading of the housing unit or maybe renewing the contract for an additional year, or providing rent reductions. This is very important since most of the targeted OFC population are highly to severely vulnerable, mostly unemployed and have accumulated debts all over the year. Hence, they cannot afford rent after OFC, they do not hold lease agreements after the 12-months OFC period is over and are more prone to being evicted.

#### **► Provide clarity for what happens after the end of OFC**

Most individuals do not have a clear idea of the landscape of housing options they could benefit from. Almost 50% of the interviewed OFC households did not know what to do after their OFC contract ends and are not aware whether they can renew their contracts or afford paying rent in the same housing unit. Many of the refugees hoped that they would be able to secure another OFC contract after the one-year period. That could be an easy entry for regulating the market: help set a rate for rentals and develop a contract template, making it easier if the refugees/landlords want to enter a contractual transparent agreement.

#### **► Set a standard for the quality of the housing stock**

The OFC assessment study focused not only on the affordability of available housing units but also on the living standards that these units provide. Indeed, the OFC shelter modality, by upgrading available housing units to a certain extent, can help set a minimum housing standard that enhances the quality of the available housing stock and defines a standard for relief agencies. Therefore, it is important that this upgrade factors in refugees’ needs, particularly those that were raised by interviewed households throughout the study such as privacy, insulation, tiling and plastering.

#### **► Introduce environmental constraints/costs in the authorization of OFCs**

Environmental constraints/costs should be taken into consideration when authorizing OFC units such that this program doesn’t end up encouraging the development of sprawling building stocks that have huge negative environmental externalities.

#### **► Enhance coordination between the implementing organizations and the municipalities**

Both the municipality and the organizations raised the fact that coordination is weak. In the three areas, municipalities are often not involved in the process of landlord and refugee selection. Hence, they rarely have specific/detailed records on how many interventions have been executed.

<sup>2</sup> In this report, a housing unit is referred to as a room and a kitchen and a toilet. A single apartment can be divided to 2-3 housing units.

Furthermore, in some instances organizations are facing difficulties on the ground when implementing their programs. Hence, we suggest having a monthly meeting between all organizations and the municipal authorities to synchronize the implementation of projects in the area, encouraging a participatory approach.

#### ► **Recruit locals to implement the upgrading activities**

The OFC shelter modality engages local actors and economic networks in implementing the upgrading activities. However, the modality has had a limited impact on business development and job creation so far. Therefore, we suggest that recruiting locals to implement the upgrading activities would help increase the overall process and facilitate the acceptance of the project and reduce tensions between Syrian refugees and the host community. Moreover, this would allow the OFC shelter modality to promote urban development, as shelter is considered as an entry point for multi-sector Area Based Approach.

#### ► **Complement OFC with food aid and debt relief**

The OFC does not seem to be delivering on its promise to alleviate the vulnerability of refugee households in the long term. This is mainly due to the fact that the savings it affords to households prioritize food and nutrition needs over longer term human capital investments and do so through debt. It is therefore recommended that the OFC modality be accompanied by a mechanism through which household food security is assessed, and food provided accordingly through aid in kind. Further, the longer-term benefits could be enhanced further by coupling OFC with a mechanism of debt relief, where beneficiaries' debts to grocers (or others) would be paid in part or in full. This could contribute to breaking the debt cycle and redirect some of the savings attendant to OFC to longer term investments in human capital.

This Policy-Brief is based on the Research Report:

#### **Hosting Refugees: The Impact of the Occupancy Free of Charge (OFC) Shelter Modality in Three Localities in Lebanon**

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#### **Refugee Research and Policy Program**

Lebanon and the Arab region are facing one of the largest refugee crises that have spawned serious public policy challenges. Given this context, the Refugee Research and Policy in the Arab World Program seeks to harness refugee-related, policy-oriented research that addresses an existing knowledge gap, enrich the quality of refugee-related debate among scholars, officials, international organizations and civil society actors, and subsequently inform decision- and policy-makers in the Middle East and beyond.

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