B.2 Evaluating cash-for-rent subsidies

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Background to cash-for-rent

In the last decade or so, the use of cash as a modality in humanitarian interventions has become increasingly prevalent. Today it takes on many diverse forms, from direct, “unconditional” cash transfers to different forms of conditional payments such as vouchers, cash-for-work, or cash-for-rent (see Shelter Projects 2011-2012, B.2).

Rental subsidies have long existed as a form of support within modern social welfare systems in many countries. The use of cash-for-rent in humanitarian projects, however, is relatively new. One of the first projects to involve cash-for-rent was UNHCR’s cash scheme in the Balkans in 1999 to support Kosovar refugees who were being sheltered by the host Albanian population.

The rise in displacement in urban settings, especially following the Syrian crisis, has led to an increase in the use of cash-for-rent. Many refugees or IDPs, given a choice, prefer to live in rental accommodation rather than other shelter solutions such as camps or collective centres. At the same time, this shelter option is often relatively expensive, and families with precarious livelihoods may find themselves pushed into debt or at risk of eviction.

Examples of cash-for-rent

During the Syrian refugee crisis, cash-for-rent projects first began appearing in Lebanon in June/July 2012. At that time the case for cash-for-rent appeared to be rather limited since alternative shelter options were available (collective shelter, small shelter units) and the host community had been very welcoming and eager to assist.

However, once refugee numbers began to rise dramatically, with refugees quickly using up their financial resources in rental accommodation, pressure increased on the rental market and evictions began to occur more frequently. Cash-for-rent is now considered as a quick-response option, necessary when other options have gone awry.

In Jordan cash-for-rent is used as way to support those families whose livelihood opportunities are limited because of the strained political context. Some NGOs that do not normally intervene in the shelter sector provide cash-for-rent to refugee households who do not have access to legal employment.

Not only is cash used by the Shelter and Livelihoods sectors, it is also an important part of protection work, providing a quick and effective means to offer safe shelter to vulnerable people when other options such as camps and collective centres may increase their vulnerability.

For example, an INGO in Lebanon has used the following mutually inclusive criteria when deciding whether to support a beneficiary with a rent subsidy:

- Vulnerable individuals, including victims of torture and survivors of gender-based violence;
- Ineligible for collective shelter or small shelter unit assistance; and
- Already living in a rented apartment or willing to find an apartment and negotiate price with the landlord.

The use of cash-for-rent by different sectors demonstrates that the methodology has yet to find its place within the traditional structures of operational organisations: in Sphere, standards on the use of cash and vouchers are found in the Food Security Chapter. This then frames part of the debate around the appropriateness of cash-for-rent interventions.

Those arguing for and against the use of cash-for-rent do not fall into clear groups between or within organisations. However, it does appear that a number of donors see cash-for-rent as a cost-inefficient and unsustainable modality of assistance.

Problems with cash-for-rent

The use of cash-for-rent within the urban context makes theoretical sense due to renting being a common shelter option, and the injection of cash into the host community can help mitigate tensions as it provides some compensation for hosting large numbers of displaced people. It is also a very direct solution in preventing forced eviction, an increasing problem in Lebanon.

Unfortunately, there are side effects, and it is hard to see the modality as a sustainable one. It may contribute to inflation of rental prices or create an informal negative parallel rent market. Evictions remain likely, as landlords know that there are plenty of other renters supported by subsidies who are waiting to take over accommodation.

Cash-for-rent also raises expectations in the host communities in terms of receiving compensation for hosting. This can cause problems for displaced families if landlords assume that their tenants have more resources than they actually do.

Finally, a cash-for-rent intervention itself can be very expensive in terms of cost per household over a long period of time, especially in countries with a relatively high cost of living, like Lebanon and Jordan.
Summary of one INGO’s findings in Jordan:

Many INGOs have supported Syrian refugees to meet their rental costs in Jordan, either through unconditional cash transfers or specific cash-for-rent programmes. The organisation profiled in this summary has used the former approach.

According to an assessment conducted in late 2013, the organisation’s cash assistance largely served its intended purposes and had a significant, though short-term, impact on beneficiary families. It helped refugee families to meet their basic needs, including housing, and in some cases it allowed financially desperate families to remain in Jordan rather than return to an insecure Syria.

The organisation’s cash transfer programme did not seem to contribute to families’ resilience; all families interviewed expected to plunge into debt within a few months of the programme’s end. Clearly, such programmes are unsustainable unless beneficiaries are able to secure viable, long-term income sources during the assistance period.

The enormous humanitarian response for Syrian refugees in Jordan, of which cash transfer programmes are a significant part, has helped to fuel a perception that refugees are receiving massive, comprehensive assistance. This feeds into Syrian-Jordanian tensions, which threaten to make refugees’ lives more expensive and more challenging. Any contribution that cash assistance programmes have made to rising rental costs should be of particular concern to INGOs.

More evaluations needed

One INGO’s report on unconditional cash transfers in Jordan provides some insights into the issues around cash-for-rent (see box below), but to date there have been no extensive or detailed evaluations of the full impacts of cash-for-rent.

Any cash-for-rent intervention needs to have a well-defined scope and is most likely to be used in a very specific part of the cycle of humanitarian response and almost exclusively in urban contexts. When assessing whether cash is an appropriate modality to support beneficiaries in rental accommodation, programmers should consider:

- Vulnerability profiling of the potential beneficiaries.
- Local context analysis via interviews with key informants, such as protection case workers, protection specialists, potential stakeholders, official or de facto authorities.
- A rental market survey, in order to minimize potential inflation or identify pockets of inflation caused by landlord expectations of beneficiaries’ ability to pay.

One suggestion for improving the design and effectiveness of cash-for-rent programming globally is to make an evaluation of several projects in urban settings in different types of emergencies. These projects need to be identified at the very beginning of their life-cycle and require sufficient representative characteristics to allow for comparisons and inform the debate on cash-for-rent.

Each study should:

- Establish baseline indicators required to measure the impact and efficiency of cash-for-rent (such as the rental market, the impact on local economy, the impact on host community behaviour, etc.).
- Involve an extensive secondary data review to make sense of what data are available and identify gaps.
- Following the baseline survey, run further surveys every six months for two years in order to capture the changes over time and the impacts of factors such as seasonality.

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Further reading

ECHO: The use of cash vouchers in Humanitarian Crises - 2013: http://ec.europa.eu
ODI: Cash transfers and response analysis - 2012: www.odihpn.org
External evaluation of the Rental Support Cash Grant Approach Applied to Return and Relocation Programs in Haiti: http://www.eshelter-cccmbhaiti.info
The social impact of cash transfers: a study of the impact of cash transfers on social networks of Kenyan households participating in cash transfer programs: www.ifpri.org
Cash-based responses in emergencies: www.odi.org

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