



# Annual report on housing poverty

2013

English summary



**Habitat**  
for Humanity®  
Hungary

# Annual report on housing poverty 2013

## English summary<sup>1</sup>

Edited by:  
**Luca Koltai**

Editing finished on 15 April 2014.

The compilation of the report was supported by the National Cooperation Fund  
(Nemzeti Együttműködési Alap).



Habitat for Humanity Hungary, 2014



---

<sup>1</sup> This extract is based upon the Annual report on housing poverty – 2013 (Éves jelentés a lakhatási szegénységről 2013) of Habitat for Humanity, of which authors were: Anna Balogi, Éva Bódy, Lea Kőszeghy, Luca Koltai, Balázs Romhányi, Kyra Tomay. The document can be downloaded from <http://www.habitat.hu/hu/tudaskozpont/eves-jelentes-a-lakhatasi-szegenysegrol-2013?id=39> in Hungarian.



## Contant

<b>1</b>	<b>Executive summary</b>	<b>2</b>
<b>2</b>	<b>Economic and social environment</b>	<b>6</b>
<b>3</b>	<b>The development of housing poverty in Hungary</b>	<b>7</b>
3.1	Housing stock	7
3.2	Affordability	12
3.3	The legal security of housing	15
3.4	Special vulnerable groups	16
<b>4</b>	<b>Policy developments</b>	<b>24</b>
4.1	Utility price cuts	24
4.2	Housing benefit and debt management	26
4.3	Activities concerning mortgage debtors	27
4.4	Improving energy efficiency	30
4.5	Activities of the Home-making program	31
4.6	Housing benefit supporting mobility	32
4.7	Budgetary expenditures	32



# 1 Executive summary

Habitat for Humanity Hungary (HFHH)<sup>2</sup> publishes reports on Hungarian housing poverty annually. The aim of the reports is first to provide a regular overview on the general situation and trends in housing poverty, and second to analyse every year how and to what extent have each year's policies contributed to its reduction. Furthermore, our aim is to elevate the issue of housing poverty into its proper position in public discourse, and to support the development of a just and inclusive housing policy. This report focuses on the year 2013, but in some respects looks back upon the past period, and also refers to some new developments. In some cases there is no available data for 2013: in these instances we have used the latest published data, generally became available in 2013.

---

<sup>2</sup> Habitat for Humanity is an ecumenical Christian non-governmental organisation fighting for just housing policies and adequate housing for everyone. The organisation exists in 80 countries all over the world, and operates in Hungary since 1996. We help families and communities with cheap building materials, volunteer labour, and educating expertise to improve their housing conditions, and to make them able to improve the condition of their homes on their own. In Hungary, we have helped to solve their housing problems over 2 000 families: 149 families were able to move into new homes, 550 families had their homes renovated, and 1 300 families have participated in our trainings. Housing poverty in Hungary affects 1.5 million people. Curing such an immense problem calls for broad cooperation and an efficient housing policy. Habitat for Humanity Hungary has been working for years on advocating for housing policies that are sensitive to the problems of housing poverty. Our advocacy activities include, among others, research on housing poverty, development of professional solutions, networking, dissemination of information to experts, policy makers and the public.



The **concept of housing poverty** can be defined in different ways. The current report relies on the definition of adequate housing as defined by the UN Committee of Economic, Social and Cultural Rights.<sup>3</sup> Housing poverty is thus defined by housing conditions that do not fulfil the criteria for adequate housing, e.g. where affordability problems apply, primary services and access to infrastructure are not provided, or the accommodation is badly located or is inadequate either in qualitative or quantitative terms.

In our opinion, there is still need for a **coherent housing policy** sensible to the problems of people living in poverty, because the main policy measures on housing enacted during 2013 **did not provide efficient answers to the problems of housing poverty**.

While there are **383 thousand vacant dwellings** in the country, over 300 thousand families are in need of affordable housing. The proportion of people living in rental housing is very low in European comparison, especially of those living in affordable social rental housing. In our view, a much wider, better operating and more **affordable rental housing sector** should be developed. In this, the inclusion of the already existing housing stock should play a role, next to the construction of new rentals.

Although the **quality of housing** has been gradually increasing in the past decades, still 170 thousand children live in homes with no indoor toilet, 197 thousand children live in dark homes, 620 thousand children (almost one-third of all children) live in damp, moldy homes that are hazardous to health. 35.7% of the Hungarian population lives in overcrowded homes – in this respect we are lagging at the back in the European Union. The poorer households are even more heavily afflicted by the problem: 70.1% of families live in overcrowded housing.



<sup>3</sup> OHCHR (1991) The right to adequate housing (Art.11 (1)): 1991.12.13. CESCR General comment 4. (General Comments) <http://www.unhchr.ch/tbs/doc.nsf/%28Symbol%29/469f4d91a9378221c12563ed0053547e?Opendocument> hyperlinks last accessed: 15.04.2014

In our country, 120 thousand people live in social or child protection institutions, many because their housing is not ensured in any other way. Only 3% of institutional residences is located in group homes, therefore initiatives of deinstitutionalization must be continued. **One-third of children taken into temporary care (over 3,700 children in 2012 according to 2013 data) are forced to live in institutions due to their unsolved housing,** and are in many cases separated from their families.

In order to reduce energy poverty, a complex program must be developed, in which not only the transformation of the subsidy system, but **interventions aiming to increase energy efficiency**, and measures to reduce energy consumption also have to be put into focus (e.g. renovations for energy-saving, training for energy awareness).

In Hungary the **right to housing** is not explicitly codified in relevant legislation. Although there are commitments on the treatment of housing and homelessness in the Fundamental Law, it is not clear what kind of enforceable obligations they create towards the state and the local governments.



While in recent years changes in legislation have criminalised habitual residence in public spaces, 25% of the homeless in 2013 have lost their homes because of affordability problems. Symptomatic treatment is not enough to relieve the problems of homelessness. **We need complex programs and political action on a national scale to prevent loss of accommodation and homelessness.** However, for a part of people already becoming homeless, instead of temporary solutions, measures supporting independent housing can be the solution.

In our country, the housing poverty problem affecting most people are **utility, rent and housing loan arrears**. According to an European survey, 26% of the population, that is the households of 2.6 million people are in arrears. Utility arrears affect much more people than rent or housing loan arrears (2.3 million people compared to cca. 680 thousand people). In 2013, 63% of those living under the poverty line had some kind of debt, and with this figure we have attained the worst position in the European Union.

Although **utility price cuts have reduced housing maintenance costs, this reduction was not enough to substantially improve the affordability of housing**, while the measure has left significant savings to households, which were not in need of subsidy to pay for their housing costs. The largest part of cost reduction (income loss for service providers), 36% appeared at the highest income quintile, and only 15% at the lowest quintile. The situation of the most threatened groups (households disconnected from services, lowest income groups, households heating with wood) is generally not affected by utility price cuts, thus the targeted subsidy forms – such as, a well designed housing benefit, support for renovations aiming to improve energy efficiency – can not be substituted.

**Housing benefit (support for the payment of housing costs) reaches a proportionally large number of households, but this does not provide substantial support** (its average monthly amount was 3,700 HUF, cca. 12 EUR in 2013). **A normative housing benefit offering adequate help to cover housing costs is needed**, which would take into account the actual housing costs and incomes of households, and would subsidise both the rental and owner sector. Only a relevant amount of subsidy could provide adequate support for the deprived.<sup>4</sup>

For families that are threatened by losing their homes, complex solutions should be developed, which help the **repayment of loan/utility arrears, and getting out of the debt spiral**, through efficient debt management and in some cases applying personal bankruptcy.

---

<sup>4</sup> Darvas Á., Farkas Zs., Győri P., Kósa E., Mózer P., Zolnay J.: A szociálpolitika egyes területeire vonatkozó szakpolitikai javaslatok. *Esély, Társadalom- és szociálpolitikai folyóirat* 2013/6 pp. 108-132.





## 2 Economic and social environment

**In Hungary, there was no significant reorientation in economic and social politics in 2013; trends have remained similar to previous years. As an effect of the economic crisis since 2008, the economy had been stagnating for years. This trend was reversed in summer 2013: the economy started to grow slightly, and in 2013 the performance of the economy expanded by 1.1%. Inflation was relatively low (approximately 1.7%), which is mainly due to utility price cuts introduced in several waves. In sum, the more favourable economic environment could be generally traced back to EU and/or state funded large investments.**

According to Eurostat data from 2013, **33.5% of the Hungarian population is threatened by poverty and social marginalisation<sup>5</sup>** – this figure has further worsened in recent years.

<sup>5</sup> In the definition of Eurostat, those are at risk of poverty and social exclusion, who are members of low income or low work intensity households, or live in financial deprivation. (Eurostat News Release: In 2011, 24% of the population were at risk of poverty or social exclusion. – last viewed: 21 February 2013)





## 3 The development of housing poverty in Hungary

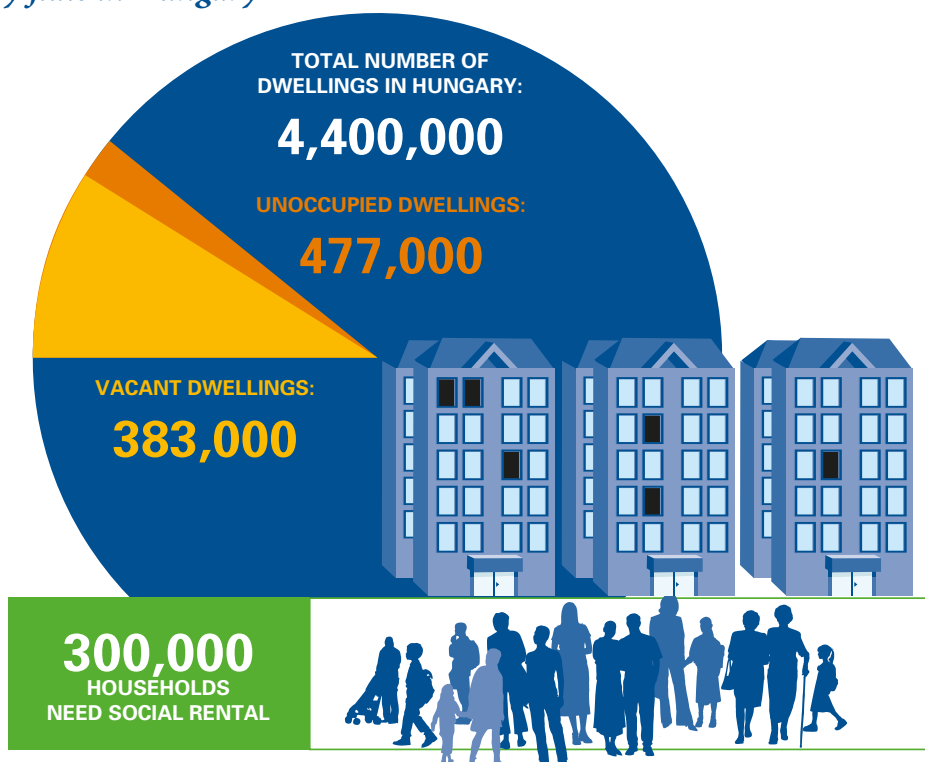
### 3.1 Housing stock

Following from extrapolated 2011 census data, in 2013 there were approximately 4.4 million dwellings or other housing units in Hungary. Meanwhile, there were 4.1 million households in Hungary. **This means that in quantitative terms there is no housing shortage.**

Since the economic crisis from 2008, the housing market has fallen both in sales and prices. Since the beginning of the housing market crisis (2008), the real value of used apartments has decreased altogether by 31.5% (their price level has dropped by 16.5%).<sup>6</sup>

<sup>6</sup> KSH Statisztikai Tükör: Lakáspiacek, lakásárindex - A 2012. év végleges adatai <http://www.ksh.hu/docs/hun/xftp/stattukor/lakaspiacar/lakaspiacar12.pdf> and KSH Statisztikai Tükör: Lakáspiacek, lakásárindex, 2013. III. negyedév <http://www.ksh.hu/docs/hun/xftp/stattukor/lakaspiacar/lakaspiacar133.pdf>

## Empty flats in Hungary



The 2011 census has found nearly half million (477 873) dwellings, **10.9% of the total housing stock as uninhabited**: either vacant or not in residential use.<sup>7</sup> Some of the uninhabited apartments are used seasonally, or secondarily (nearly 70 thousand apartments), or as offices or workshops (about 25 thousand apartments).<sup>8</sup> However, a great number of apartments are actually left vacant. The Social Rental Agency model of Habitat for Humanity Hungary and Városkutatás Kft. would provide a solution for the latter. Of vacant housing, 85 thousand are in the capital, 65 thousand in cities with county rights, the great majority (92% in the capital, 88% in cities with county rights) are well equipped with amenities (sole use of bath or shower and toilet, and central heating, or sole use of bath or shower and toilet without central heating). In contrast, 45% of the more than 130 thousand vacant apartments in villages lacks amenities, is emergency housing or other type of housing, and therefore in their present state would not provide decent housing conditions. **The owners of nearly 14 thousand (13,911) vacant apartments are local governments (predominantly of the capital's districts and of cities with county rights).**

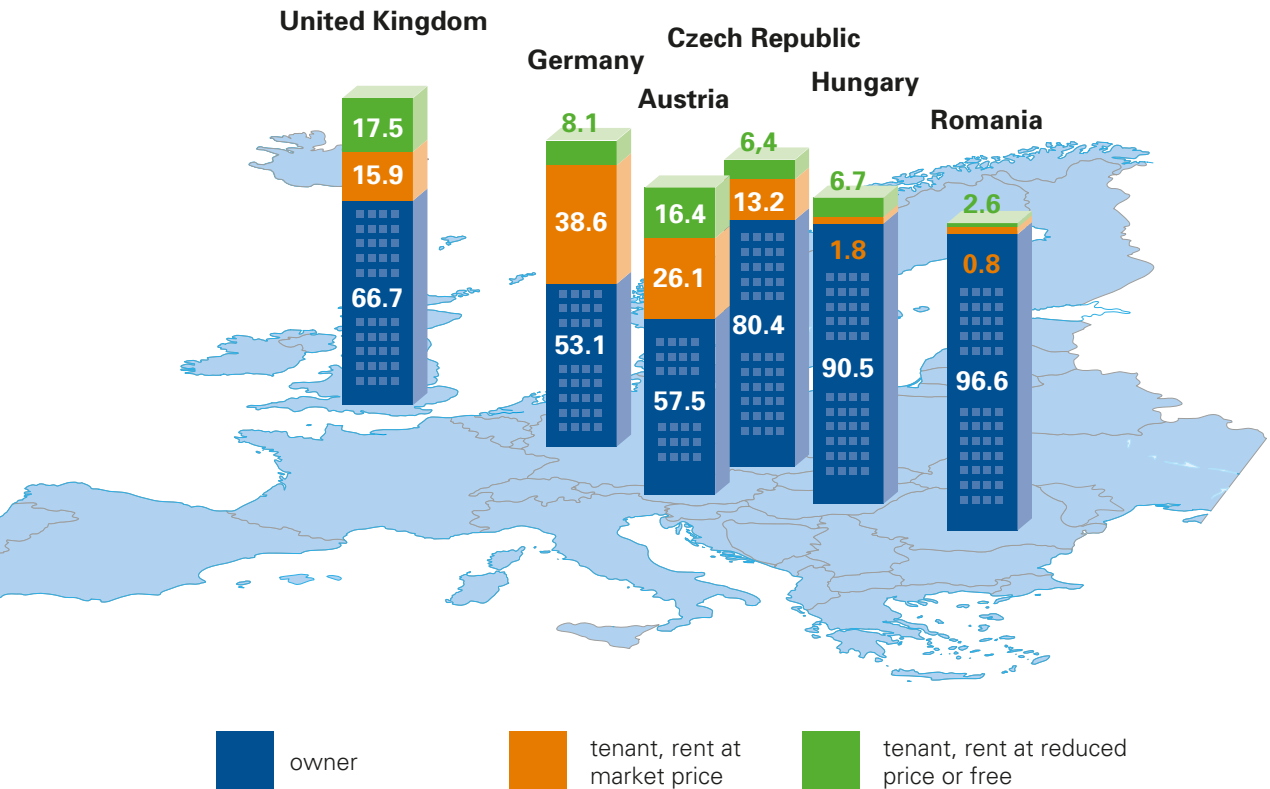
<sup>7</sup> The housing is uninhabited if no person inhabited it in a regular, habitual way on the census date. Uninhabited housing are classified according to use in the following way: only seasonably, secondarily inhabited; housing used for other purposes, which at the time of census were used not in accordance with its original purpose, e.g. as offices, medical clinics, workshops, but could be used without conversion in its original function; actually not inhabited, vacant housing, which fulfil their original purpose (they have not been converted, nor used for a different purpose), but did not have any inhabitants in the moment of census. Source: KSH (Central Statistical Office)

<sup>8</sup> KSH Census 2011

On European standards, the share of the domestic rental housing sector from the housing stock is still considerably low. One of the most fundamental housing policy problems of the recent decades is the lack of (social) rental housing. According to the Eurostat SILC survey, 10.4% of the Hungarian population lives in rented apartments, within this 7.2% lives in low rent, 3.2% in market rent apartments. Out of people living under the poverty line 13.8% live in low rent (social) housing, 3.7% in market or market price rent, while 19.1% lives in privately owned housing charged with loan.<sup>9</sup> The latter information warns us that the lack of a social rental housing system, and the irresponsible housing loan practice of the 2000s have forced many families and individuals into indebttness by purchasing housing property exceeding their limits.



### *Distribution of population by tenure status*



<sup>9</sup> Eurostat, Statistics on Income and Living Conditions (SILC), Distribution of population by tenure status, type of household and income group <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do> Reference year of data is 2013.

In 2013 **about half of the Hungarian population, 45.7% lived in overcrowded housing**,<sup>10</sup> and in this respect we are lagging behind European Union members.<sup>11</sup> The utility-coverage of housing has gradually increased since 1990. In 2013 nearly 97% of Hungary's housing stock was supplied by water utilities, but still 145 thousand homes lack running water.

Severe housing conditions affect families with children, and **thus affect especially children**. 170 thousand children live in homes without a toilet, and nearly 136 thousand reside in homes, where there is no shower or bath tub.<sup>12</sup> A considerably greater number of people, one-third of **children (approximately 620 thousand children)** live in housing with leaking roofs, damp walls, floors or foundation, or rot in window frames of floor, multiplying the chance of the development of respiratory diseases and allergic symptoms.

### *Housing poverty among children*



10 According to the definition of Eurostat, a housing can be defined to be overcrowded if it does not meet the minimum number of rooms: (1) at least one room in one household; (2) a separate room for every pair living in the apartment; (3) a separate room for every single person living in the apartment above 18 years of age; (4) a maximum of two 12-17 years old children of the same sex can live in one room; and (5) a maximum of two children below 12 years old can live in one room.

11 Data for 2013 is available only for some countries from the Eurostat database, therefore the European ranking was analysed according to data from 2012.

12 Personal estimation following from Eurostat: Statistics on Income and Living Conditions (SILC), Share of total population having neither a bath, nor a shower in their dwelling (source: SILC). The headcount of the 0-17 years age group also following from Eurostat: 2 028 388 persons. Reference year of data is 2013.



## Spatial disparities

Spatial disparities intensifying after the system change have still not decreased, on the contrary, in some respects they continue to grow. The different regions of the country further differentiate according to economic performance, labour market opportunities and human resources. Under the changed labour market conditions, unqualified labour power had been devaluated. Peripheralised regions were formed, characterised typically with small villages, where extreme poverty concentrates. Those areas, that are in a disadvantaged position in economic and geographical aspects, were also challenged by a number of social problems, thus disadvantages mutually reinforce each other.<sup>13</sup> In our country, there are more than 400 settlements, where less than 200 people live. On these constantly shrinking and aging settlements only few are employed, and their income is considerably lower than the national average. The railroad network seldom reaches these villages, there are no doctors or post offices. Settlements as such have more and more abandoned houses (an average 43% of dwellings are abandoned).<sup>14</sup>

According to the National Development Agency's (Nemzeti Fejlesztési Ügynökség) survey in 2011, in 823 settlements of the country and in 10 districts of Budapest, there were altogether 1600 segregated areas, settlements of people in deep poverty, often of Roma origin. **In our country, 300 thousand people live in segregated residential areas.** These isolated settlements are usually located at the perimeters or the outer area of the settlement, where there leads no concrete road. 16% of them have no access to running water, in 77 settlements even public wells do not exist, and 118 settlements lack public lighting. **Roma inhabitants are over-represented in these segregated areas isolated from the non-Roma population.**<sup>15</sup>



13 Nemes Nagy J. (2003): Gazdasági-társadalmi súlypontok és mozgásuk az ezredvégi Magyarországon. Területi Statisztika, 1. pp. 3–14.

14 KSH Települések a lét határán, 2014

15 MTA KRTK (2013): Vidékkutatás 2012–2013. Az etnikus és nem etnikus szegénység mérséklését szolgáló szakpolitikai beavatkozások tapasztalatai vidéki térségekben. (Supervisor: Dr. Váradi Mónika Mária) Manuscript



## 3.2 Affordability

The affordability of housing means that households are able to pay for the costs a socially acceptable home, and/or housing costs do not mean a burden as great as to risk the everyday subsistence of the family. According to the most common quantitative definition of affordability, the total costs of housing (rent or repayments, utility costs, common charges etc.) may not exceed 30% of the household's total income.<sup>16</sup>

Based on the household consumption survey of the Central Statistical Office (Központi Statisztikai Hivatal, KSH),<sup>17</sup> in 2013 **the costs of housing and household energy add up to 25.6% of the consumption per capita costs of households.** This ratio is **1.5% lower on average than the data measured in 2012.** The explanation for this is the measures introducing utility price cuts from 2013.

Every year, the greatest challenge for households is paying for heating costs. According to Eurostat data from 2012, in Union member states approximately one-tenth (10.8%) of the population, while in our country **14.5% are unable to properly heat their homes** by their own admission.<sup>18</sup> During 2012, 225 have died because of overly low temperature.<sup>19</sup> **The majority of such deaths (63%, 143 people) occurred at home,** with only 13% (29 people) occurring on the street or in any other public space. **This means that severe cold takes the most victims in improperly heated homes.**

<sup>16</sup> Housing Affordability in the EU. Current Situation and Recent Trends. CECODHAS European Housing Observatory, January 2012.

<sup>17</sup> KSH Statisztikai Tükör. 2014/32. A háztartások havi fogyasztása, 2013 (előzetes adatok alapján). 2014. március 28. <http://www.ksh.hu/docs/hun/xftp/stattukor/haztfogy/haztfogyhavi1312.pdf>

<sup>18</sup> [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_mdcs01&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdcs01&lang=en)

<sup>19</sup> Demography Yearbook of the Central Statistical Office

**One quarter of the Hungarian population had arrears (in loan repayment, house rent and utility debt), which is more than two and a half times over the Union average (26.4%).<sup>20</sup>**

The proportion of those in arrear shows a gradually increasing tendency since the accession to the Union. A greater jump occurred as the result of the economic crisis, in 2013 the proportion of those in arrears was still 10% higher than before the crisis, in 2007. **In Hungary, 63.4% of people living under the poverty line had some kind of debt in 2013, by which we have gained the worst position among Union members.** 6.8% of the total population had loan repayment or housing rent arrears in 2013.<sup>21</sup> One quarter of them had utility arrears, and among low income groups this ratio is almost two-thirds.<sup>22</sup>

20 Eurostat Arrears (mortgage or rent, utility bills or hire purchase) from 2003 onwards (source: SILC) [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_mdcs05&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdcs05&lang=en)

21 Eurostat Arrears on utility bills (source: SILC) [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_mdcs06&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdcs06&lang=en)

22 Eurostat Arrears on mortgage or rent payments (source: SILC) [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_mdcs07&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdcs07&lang=en)

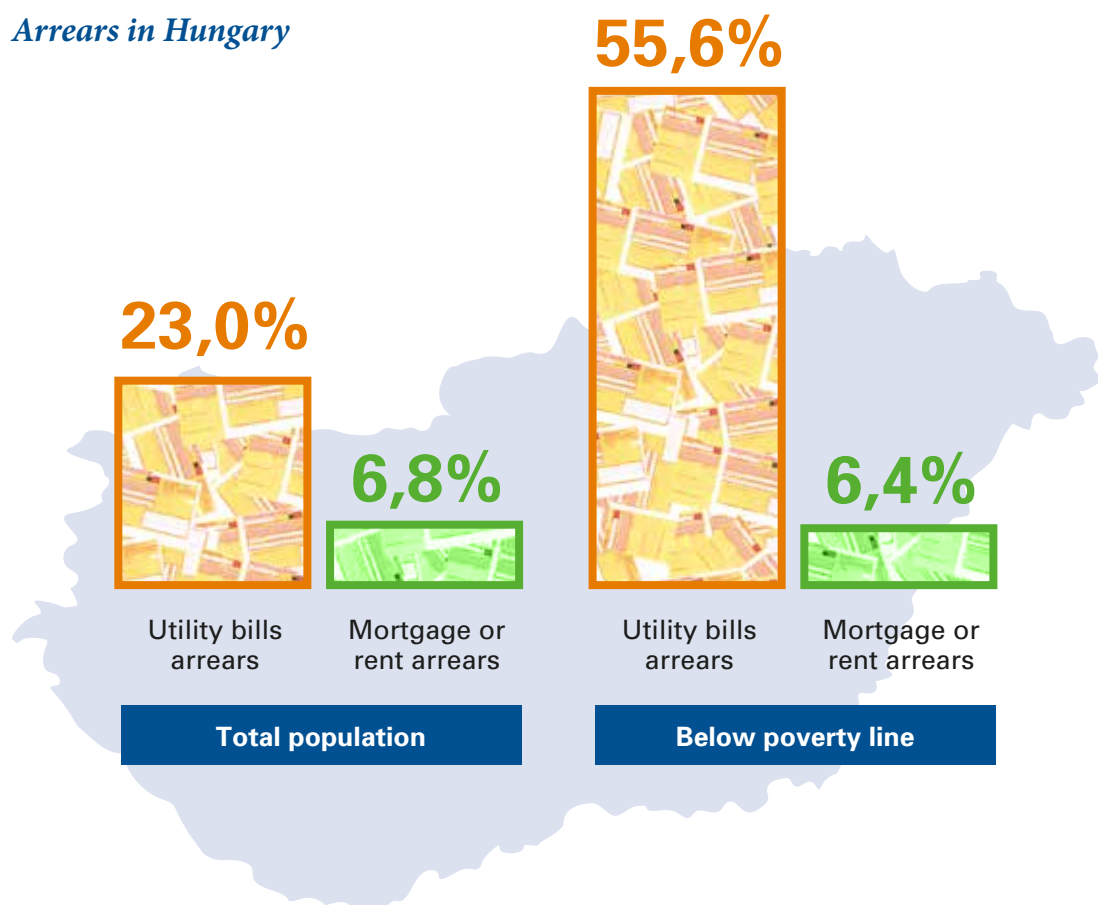




In June 2013, there were 120 thousand non-paying mortgage contracts in the country.<sup>23</sup> Special attention should be given to foreign currency-based mortgage equity withdrawals, as this type of loan (which is in practice often spent on housing) has the highest non-performance rate.<sup>24</sup> **Loan repayment means a serious challenge to the budget of households in the lower income decile: in the case of the poorest 10%, the rate of loan repayment reaches 44% of household incomes, in case of the second decile, it reaches 32%.**<sup>25</sup>

According to the report of the Hungarian Court Bailiffs' Chamber in May 2013, **there are annually 500 thousand enforcement cases in Hungary**, and this number grows by every year. 1% of debtors lose their homes or their important personal properties.<sup>26</sup>

### *Arrears in Hungary*



23 [https://felugyelet.mnb.hu/bal\\_menu/jelentesek\\_statistikak/statistikak/pszaf\\_idosorok/idosorok](https://felugyelet.mnb.hu/bal_menu/jelentesek_statistikak/statistikak/pszaf_idosorok/idosorok)

24 Magyar Nemzeti Bank (2013) Jelentés a pénzügyi stabilitásról 2013 november [http://www.mnb.hu/Root/Dokumentumtar/MNB/Kiadvanyok/mnbhu\\_stabil/mnbhu\\_stab\\_jel\\_201311/Jelent%C3%A9s%20a%20p%C3%A9nz%C3%BCgyi%20stabilit%C3%A1s%C3%B3l%202013.%20november.pdf](http://www.mnb.hu/Root/Dokumentumtar/MNB/Kiadvanyok/mnbhu_stabil/mnbhu_stab_jel_201311/Jelent%C3%A9s%20a%20p%C3%A9nz%C3%BCgyi%20stabilit%C3%A1s%C3%B3l%202013.%20november.pdf)

25 Magyar Nemzeti Bank (2013) Jelentés a pénzügyi stabilitásról 2013 november [http://www.mnb.hu/Root/Dokumentumtar/MNB/Kiadvanyok/mnbhu\\_stabil/mnbhu\\_stab\\_jel\\_201311/Jelent%C3%A9s%20a%20p%C3%A9nz%C3%BCgyi%20stabilit%C3%A1s%C3%B3l%202013.%20november.pdf](http://www.mnb.hu/Root/Dokumentumtar/MNB/Kiadvanyok/mnbhu_stabil/mnbhu_stab_jel_201311/Jelent%C3%A9s%20a%20p%C3%A9nz%C3%BCgyi%20stabilit%C3%A1s%C3%B3l%202013.%20november.pdf)

26 [http://os.mti.hu/hirek/85763/a\\_magyar\\_birosagi\\_vegrehajtoi\\_kamara\\_kozlemenye](http://os.mti.hu/hirek/85763/a_magyar_birosagi_vegrehajtoi_kamara_kozlemenye)



### 3.4 The legal security of housing

An important question in guaranteeing the legal security of housing is whether the right to have a home is codified by the legislation of the country. The Fundamental Law states certain aims regarding housing, among these securing the conditions for humane housing, and that the state and the local governments „seek to” provide accommodation for the homeless, but in this same article states the possibility of declaring habitual residence of public space an illegal act.<sup>27</sup> Furthermore, **it is unclear what kind of accountable obligations are generated by the Fundamental Law** for the state and the local governments in providing housing and supporting homeless people.



There is still no available data on households that are faced with the lack of legal security of housing.<sup>28</sup> Below we summarise some main types of such situations. A part of these insecure legal situations derives from the **weak regulation of the rental housing sector, and in most part to its informal status**. An additional part of the problems connected to the legal insecurity of housing can be traced back to **administrative problems and bureaucratic maladministration**.<sup>29</sup> Homeless people are especially vulnerable to these problems.<sup>30</sup> This includes a special problem gaining great attention in public discourse in 2013, the case of unauthorised building of huts and their later demolishment. In the past years, there have been hut demolishments or attempts at clearing these areas of various legal status and on different points of the capital. According to the statements of NGOs and the Commissioner for Fundamental Rights, following from current legislations these hut-dwellings can only be evicted through formal procedure (which depending on the situation can mean either judicial enforcement or administrative proceedings), and a prior written notice given to the dwellers.<sup>31</sup> The amendment of the Petty Offences Act coming into force on 15 October 2013 declared the building of huts in public space without consent of the owner or the authorised signatory a violation.<sup>32</sup>

27 Magyarország Alaptörvénye (2011. április 25.) article XXII. [http://www.njt.hu/cgi\\_bin/njt\\_doc.cgi?docid=140968](http://www.njt.hu/cgi_bin/njt_doc.cgi?docid=140968)

28 The definition referred to here leaves out those cases, where a household loses its housing under legally sound conditions (e.g. possibility of appeal is provided).

29 In theory this consists of two different problems, but in practice these are hard to separate, because the inadequate functioning of state administration in many cases can be traced back to chaotic and/or controversial regulation.

30 A Város Mindenkié (2013) Lakcím kisokos Budapesten élő hajléktalan embereknek <https://docs.google.com/file/d/0B4k9StDq8GYaDRZNlRfbUtuM2c/edit?pli=1>

31 A Város Mindenkié (2013) Jogi információk kilakoltatás esetén [http://utcajogasz.blog.hu/2013/08/20/jogi\\_informaciok\\_kilakoltatas\\_eseten](http://utcajogasz.blog.hu/2013/08/20/jogi_informaciok_kilakoltatas_eseten)

32 2012. évi II. törvény a szabálysértésekről, a szabálysértési eljárásról és a szabálysértési nyilvántartási rendszerről [http://net.jogtar.hu/jr/gen/hjegy\\_doc.cgi?docid=A1200002.TV](http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1200002.TV)



### 3.4 Special vulnerable groups

In our report we take into account every year some social groups, whose housing situation needs special attention.

#### Homeless people

Estimating the exact number of homeless people is still not possible, but according to different calculations, their numbers may be put between 15–30 thousand. The homeless provision system has been visited by 48 thousand people in the past five years, which means that this number of people have experienced homelessness for shorter or longer periods. About one-third of homeless people has been living without a home for over 10 years, and one-tenth has lost a home in one year. The process of becoming homeless can be traced back in the majority of cases to family conflicts and divorce. **But in 2013, the proportion of those who have lost their homes because they were unable to pay for housing costs have increased by 25% (in 2009 this rate was 17%). Among those who have lost their homes in less than a year, the rate of economic causes is even higher (34%).** In other words, this data shows that **the proportion among homeless people that are not able to pay for independent accommodation is on the rise.**

In accordance with the fourth Constitution Amendment, the Parliament in March 2013 enacted into the Fundamental Law the possibility to declare habitual residence in public space illegal. On this event, **UN rapporteurs of extreme poverty and housing issues have written a joint professional critique.**<sup>33</sup> This criticism was later **refused by the government**, as in its view the amendment does not allow for the criminalisation of „homeless lifestyle”, but only for

<sup>33</sup> <http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=13206&LangID=E>

„calling upon to leave the restricted area”.<sup>34</sup> In contrast, however, in the fall of 2013 the modification of the Petty Offences Act that became allowed by the modification of the Fundamental Law, sanctioned from 15 October 2013 habitual residence on world heritage sites and on public spaces specified by local governments.<sup>35</sup> During the fall, many municipalities, among them cities giving home to larger homeless communities and Budapest have also enacted local regulations, which have created restricted zones in significant parts of these cities. According to information of The City is for All (A Város Mindenkié) group, until March 2014, 390 people were ordered by the police to leave the restricted zone, and in 75 cases they were prosecuted.

The largest-scale initiative in homeless provision are the European Union funded TÁMOP (SROP, Social Renewal Operative Programme) 5.3.3 projects, which have been provided with a reserve of 2.7 billion Forints for 2011–13. These projects support the social reintegration and the raising of employability of homeless people. The projects put ever more emphasis on aiding those who live in the streets and providing their self-reliant housing. Of the almost 600 people who have participated in the projects already realised, 240 had lived in the streets. Nearly half of those, who had finished all projects, live now under normal housing conditions, despite that many have moved into private rental housing, which will be hard to maintain after the subsidy is terminated. The Back from the streets (Vissza az utcáról) project managed by the Public Foundation for the Homeless (Hajléktalanokért Közalapítvány) had been providing support from March 2012 for the accommodation, housing solutions and aftercare of pairs and groups living in the streets. In the projects terminating until June 2013, altogether 203 people have received support. Of those gaining housing under the project and had previously been living permanently in public space, 90% were able to change their housing conditions permanently.<sup>36</sup>

34 [http://hvg.hu/itthon/20130403\\_Hajlektalanok\\_vitatkozik\\_a\\_Fidesz\\_az\\_ENSZ](http://hvg.hu/itthon/20130403_Hajlektalanok_vitatkozik_a_Fidesz_az_ENSZ)

35 2012. évi II. törvény a szabálysértésekről, a szabálysértési eljárásról és a szabálysértési nyilvántartási rendszerről 179/A. § [http://net.jogtar.hu/jr/gen/hjegy\\_doc.cgi?docid=A1200002.TV](http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1200002.TV)

36 <http://www.hajlektalanokert.hu/dokumentumok/palyazatok2011/beszamolo2012UNY.pdf>







## Roma

In Hungary, the housing conditions of the Roma are considerably worse compared to the population average either in terms of housing quality, housing location, or the legal security of housing.<sup>37</sup> These figures have not shown positive change in the recent decade. The spatial segregation of the Roma population, bad housing conditions, and the lack of legal security are all increasingly common phenomena.

**A large proportion of the Roma population is affected by residential segregation** and spatial separation from non-Roma population, which leads to additional problems and the worsening of housing opportunities. Since the UNDP's Roma research study in 2011,<sup>38</sup> there has been no comprehensive survey on trends and comparisons in living conditions of Roma and non-Roma people. We have presented these data in detail in our report in 2012. As a reminder: **29% of the Roma population lives in inadequate, run-down and/or extremely segregated housing, while the same is true for only 8% of non-Roma population.**

**30% of Roma people have no access to proper running water**, and one-third lack sewage. Additional problems are the lack of proper heating, **heating with wood (affecting 81% of Roma people)** and the improper thermal insulation of homes. The survey indicates that about 50% of Roma people have some kind of utility debt, which mostly consists of arrears in electricity or water utilities.

37 UNDP-WB-European Commission regional Roma survey 2011. The survey of the UN Development Program, the World Bank and the European Union Agency for Fundamental Rights (FRA) on the living conditions of Roma and non-Roma inhabitants of the settlements densely populated by Roma. UNDP-WB-FRA 2011.

38 UNDP-WB-European Commission regional Roma survey 2011. Created on behalf of the European Commission Directorate-General for Regional and Urban Policy.



The government objectives concerning Roma integration in the case of housing are included in the National Social Inclusion Strategy (Nemzeti Társadalmi Felzárkózási Stratégia)<sup>39</sup> and its recent Action Plan for the 2012–14 period.<sup>40</sup> The Action Plan has appointed the following tasks on housing: (1) the revision of the system of state aid provided for housing purposes, in order to reduce housing maintenance costs and the risk of housing loss; (2) the initiation of projects for the rehabilitation of segregated urban areas that are non-eliminable due to their extent, and for supporting the reintegration of their dwellers; (3) implementation of complex programs for the social inclusion of people living in extremely segregated settlements and similar living environment; (4) defining framework conditions for the creation of social rental housing.

To secure the enforcement of these measures, **the government has developed and initiated a monitoring system, which also received positive feedback from the European Commission's study published in June 2013 concentrating on the structural conditions of implementing the National Roma Integration Strategies.**<sup>41</sup> Nevertheless, in the monitoring system there is currently **no information available on the housing measures** defined by the Action Plan.



39 KIM Társadalmi Felzárkózásért Felelős Államtitkárság (2011) Nemzeti társadalmi felzárkózási stratégia – mélyszegénység, gyermekszegénység, romák (2011–2020) Budapest, 2011 november <http://romagov.kormany.hu/download/8/e3/20000/Strat%C3%A9gia.pdf>

40 1430/2011. (XII. 13.) Korm. határozat A Nemzeti Társadalmi Felzárkózási Stratégiáról, valamint végrehajtásának a 2012–2014. évekre szóló kormányzati intézkedési tervéről [http://romagov.kormany.hu/download/6/67/20000/MK149\\_1\\_1.pdf](http://romagov.kormany.hu/download/6/67/20000/MK149_1_1.pdf)

41 COM(2013) 454 Brussels, 26.6.2013 Steps forward in implementing national roma integration strategies [http://ec.europa.eu/justice/discrimination/files/com\\_2013\\_454\\_en.pdf](http://ec.europa.eu/justice/discrimination/files/com_2013_454_en.pdf)

Some NGOs – among them Habitat for Humanity Hungary – have analysed on several occasions in the recent period the realisation of the Action Plan for the National Social Inclusion Strategy (Nemzeti Társadalmi Felzárkóztatási Stratégia Akcióterve), and have published civil society reports on it.<sup>42</sup> Concerning the implementation of commitments in the Action Plan we can say that no systemic steps were made regarding the reduction of home loss risks and housing maintenance costs, although one could highlight **utility price cuts** from the policy actions of 2013. Changes took place regarding the framework conditions for the creation of social rental housing, though not directly related to the Action Plan, but due to the extension of the National Asset Management Company's program.

As for the programs aiming at the reintegration of segregated areas,<sup>43</sup> with significant delay, but apart from the 22 tenders winning support in 2012, decision was made to support 18 further projects on the complex settlement program supported from TÁMOP (SROP, Social Renewal Operative Program),<sup>44</sup> and additionally **in May 2013 the call for the complex settlement program's housing component in the framework of TIOP (SIOP, Social Infrastructure Operative Program) was initiated**, which was eventually extended several times by the National Development Agency. The deadline for the submission of tenders was on January 2014. Following the modification of the two Operative Programs' Action Plans, **more projects can be realised than planned** under the complex settlement program. However, it is still a question how the housing component will contribute to the reduction of segregation, since the tender **did not contain obligatory measures of desegregation**. The report also raises attention to the fact that **methodological elements built into the planning system to help to reveal segregation and articulate relevant actions on the local level seem to weaken**.<sup>45</sup>

42 Roma Integráció Évtizede Titkárság Alapítvány (2013) Civil társadalmi jelentés a Nemzeti Társadalmi Felzárkóztási Stratégia megvalósításáról Magyarországon 2012-ben [http://www.habitat.hu/files/Civil\\_Society\\_Monitoring\\_Report\\_HU.pdf](http://www.habitat.hu/files/Civil_Society_Monitoring_Report_HU.pdf), Updated Civil Society Monitoring Report on the implementation of the National Roma Integration Strategies and Decade Action Plan in 2012 and 2013 in Hungary [http://www.habitat.hu/files/HU\\_updated\\_civil\\_society\\_monitoring\\_report.pdf](http://www.habitat.hu/files/HU_updated_civil_society_monitoring_report.pdf)

43 Updated Civil Society Monitoring Report on the implementation of the National Roma Integration Strategies and Decade Action Plan in 2012 and 2013 in Hungary [http://www.habitat.hu/files/HU\\_updated\\_civil\\_society\\_monitoring\\_report.pdf](http://www.habitat.hu/files/HU_updated_civil_society_monitoring_report.pdf)

44 TÁMOP-5.3.6-11/1 Komplex telep-program (komplex humán szolgáltatás hozzáférés biztosítása) <http://palyazat.gov.hu/doc/3367>

45 After most cities have published an Integrated Urban Development Strategy (Integrált Városfejlesztési Stratégia) and as part of it, an anti-segregation plan, which appeared as a new, legally not codified strategy document in the planning system made obligatory by the tender terms of urban rehabilitation projects co-funded by the European Union, in 2009 the Construction Act (Építési Törvény) enlisted the so-called Integrated Settlement Development Strategy (Integrált Településfejlesztési Stratégia) under obligatory strategy documents. In late 2012, this was removed from the act in accordance with that under the new Local Government Act, only tasks that have secured funding can be made obligatory for local governments. Source: Updated Civil Society Monitoring Report on the implementation of the National Roma Integration Strategies and Decade Action Plan in 2012 and 2013 in Hungary.



## Institutional housing

**More than 120 thousand adults and children lived in 2012** for longer or shorter periods in social or child protection institutions. Many of them indeed need intensive support or social provision. But still many live in these institutions because their dwelling can not be solved otherwise. These people consist, for example, in part of those who are in institutional rehabilitation care, or of those living in families' temporary homes, as of those living in temporary homeless shelter. The services provided by institutions and the ensuring of dwelling do not separate, thus **many live in institutions despite not depending on their services**. In their cases progress would be ensured by affordable rental housing and adequate housing benefits.

The features of institutions are very different in the country. There are apartment-style institutions for 1–2 people, elsewhere 10–12 bed rooms can also be found. But in 2012 only 2.6% of total institution capacities consisted of small capacity group homes.<sup>46</sup> The **deinstitutionalisation of residential institutions** have become an important policy discourse in the recent decade. The voices of those have become louder, who advocate the closing of large capacity institutions, and transferring dwellers into individual housing, replacing institutional services with community care.

46 KSH Szociális Statisztikai Évkönyv 2012





Child protection services provide care and housing solutions focusing on children's needs. **Approximately 15 thousand children live in homes as such either temporarily or permanently.**

**One-third of children in temporary care, among them living in temporary homes of families are forced to live in institutions due to their housing conditions (14% due to danger of becoming homeless, 18% due to inadequate housing conditions).<sup>47</sup>**

**Subsidised housing as a new form of social provision** appeared in 2013. The service of subsidised housing is like a social welfare centre, with residential areas in its close distance. A personal assistant and the social welfare centre helps the everyday lives of those dwelling nearby. The service gives assistance to homeless, disabled people, and people with mental illnesses and addictions.

---

<sup>47</sup> KSH Szociális Statisztikai Évkönyv 2012



## Housing conditions of youth

An important issue of access to housing is that how young people can provide their own homes, especially in the case if they have no savings, and the family can not support them.<sup>48</sup> For the young, housing problems emerge when leaving their parents and developing their first independent households. Young people form families and leave their family homes more and more later. Today, 71% of people of 15-29 years of age live with their parents (this rate has steadily grown in recent years). Housing problems emerges again later on at the time of family formation and having children. From the survey conducted in 2012 by the National Family and Social Policy Institute (Nemzeti CSalád- és Szociálpolitikai Intézet), we can find that the second most important condition for young people to have children (after finding an appropriate job) is housing.<sup>49</sup>

For young people – especially in the early stage of family formation – subsidised rental housing would provide an affordable, and flexible housing opportunity fitting their life situation.

In our report, we give great emphasis every year to the current year's policy actions connected to housing issues. We analyze to what extent these policy measures give answers to the problem of housing poverty, and how they affect people living in housing poverty.

---

48 Source of section: Otthont Mindenkinek! blog, post by Luca Koltai, 24.10.2013 <http://habitat.blog.hu/>

49 Fiatalok családalapításhoz, házassághoz és gyermekvállaláshoz kapcsolódó attitűdjei a családi minták tükrében, NCSSZI 2012.





## 4 Policy developments

### 4.1 Utility price cuts

In 2013, under the theme of housing, the **most significant issue in public discourse were the „utility price cuts”** (which referred to price cuts in gas, electricity, heating, water, sewage and other utilities connected to housing).

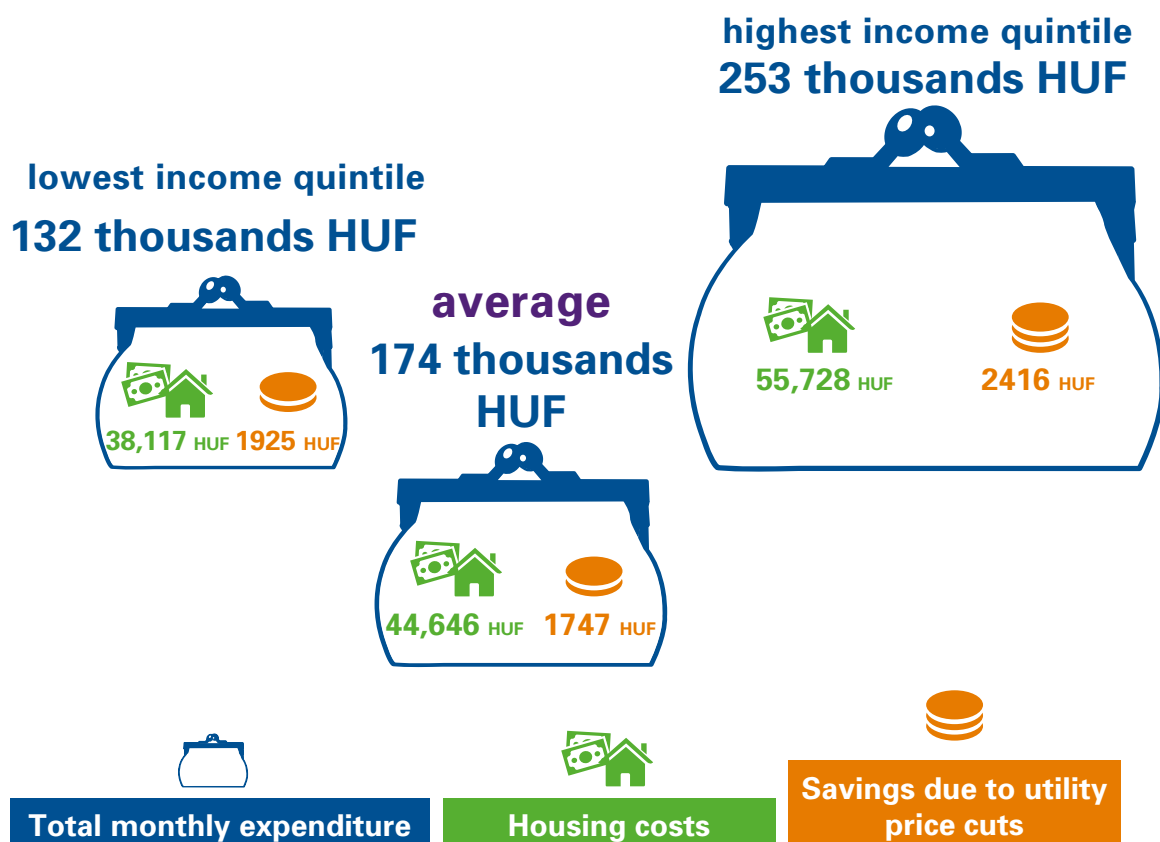
The effects of reduced housing costs due to these measures obviously **do not reach households that have no access to these utility services**. According to data of the 2011 census, there are **917 thousand** dwellings in the country, which are exclusively heated by energy sources not affected by utility price cuts (wood, coal, heating oil, other fuel, renewable energy source).<sup>50</sup> A significant part of these are households lives in housing poverty, for these are typically the heating sources used by households in lower income categories. These measures also **do not reach** those, who already had their utilities turned off due to accumulated arrears. In January 2013 we estimate that at least 100 thousand consumers had at least one utility service turned off.<sup>51</sup>

<sup>50</sup> [http://www.ksh.hu/nepszamlalas/tablak\\_lakas](http://www.ksh.hu/nepszamlalas/tablak_lakas), 2.1.12 A lakott lakások szobaszám, komfortosság, falazat, fűtési mód, fűtőanyag és felszereltség szerint, 2011

<sup>51</sup> Ministry of National Development answer to written query PKF/2883-2/2013-NFM

Data from the Central Statistical Office show that **the average monthly housing expenditures of households in the poorest 20% have decreased by 1925 Forints**, and the average monthly costs for housing for the wealthiest 20% of households have decreased by 2416 Forints. Apart from the wealthiest households, the biggest winners of the utility price cuts are households having somewhat more income than ones in the poorest quintile, but are still relatively poor, falling in the second income quintile (there are possibly many households among these that dwell in houses with large floor space and bad energy efficiency).

### *Population savings due to utility price cuts*



Population was divided to income quintiles, the first quintile is the population with the lowest income, while the fifth is with the highest income.





## 4.2 Housing benefit and debt management

According to the latest available statistics for 2012, in that year almost half million (498,931) individuals have received housing benefit (support for the payment of housing costs), and **the average amount of the benefit was a monthly 3700 Forints**, which was 6.5% more than the year before.<sup>52</sup> However, the low amount of the benefit is still a problem: **the average monthly amount covers less than 10% of housing costs of even the most deprived households.**<sup>53</sup>

**The system of the debt management service has not changed** during the year, the providing of the service is still only obligatory for settlements with more than 40 thousand inhabitants, if the necessary conditions are met. The service **contains monetary support for debt relief, housing benefit on automatic entitlement, and debt management consultancy.** With the **strictening of access conditions coming into effect in January 2012,**<sup>54</sup> **the number of service users have considerably declined.** In 2012 one-third (32%) less, altogether 13.450 people have received debt relief benefits – the money spent on this has also declined from 1.86 billion Forints in 2011 to 1.4 billion Forints. **The debt management service thus still reaches only a(n ever smaller) fraction of households in utility arrears.**

<sup>52</sup> Source of data: KSH Szociális statisztikai évkönyv 2012

<sup>53</sup> KSH (2013) Statisztikai tükör VII. évfolyam 29 szám 2013 április 24. A háztartások havi fogyasztása, 2012 (előzetes adatok alapján) <http://www.ksh.hu/docs/hun/xftp/stattukor/haztfogy/haztfogyhavi1212.pdf>

<sup>54</sup> Ld. Hegedüs, J–Horváth, V (2013). Éves jelentés a lakhatási szegénységről 2012. Készült a Habitat for Humanity számára, [http://www.habitat.hu/files/jelentes\\_veglszoveg\\_web.pdf](http://www.habitat.hu/files/jelentes_veglszoveg_web.pdf), p75-76



### 4.3 Activities concerning mortgage debtors

During the year in the public discourse of housing policy **the issue of mortgage debtors experiencing repayment difficulties was still prominent**, just as the answers provided and to be given. Trends in the number of households having repayment difficulties shows, that **their repayment strategies were significantly influenced by planned/expected „loan-saving” measures during 2013 also**. As for concrete measures, compared to the position this issue holds in public discourse, there has been relatively little actual progress, and these were about refining and forming existing elements.

During 2013 the terms of access to the **exchange rate cap scheme** have been simplified in several steps. More and more households choose the program that have payment delays already prior to admission, and simultaneously the proportion of those in arrears has increased.<sup>55</sup>

---

<sup>55</sup> mmonline (08.10.2013) Újabb veszély leselkedik a devizhitelesekre [http://www.mmonline.hu/cikk/ujabb-veszely\\_leselkedik\\_a\\_devizahitelesekre](http://www.mmonline.hu/cikk/ujabb-veszely_leselkedik_a_devizahitelesekre)



By the end of the year, 32% of foreign currency mortgage loan contracts have stepped into the exchange rate cap.<sup>56</sup> With the extension of the exchange rate cap, admission has become open for lower status households previously not eligible. Still it is questionable, whether the extension of the exchange rate cap is an adequate solution for this group. The **National Asset Management Company** (Nemzeti Eszközkezelő Zrt.) was founded to provide support for the most deprived, foreign and home currency mortgage loan debtors. The idea of the program is that the loan debtor resigns from the ownership of the real estate, and can then continue to live at home as a renter, after the state (for a defined proportion of the purchase price estimated in the mortgage contract)<sup>57</sup> has purchased the offered property, and the lender releases the remaining debt. In addition, in June 2013<sup>58</sup> the legal basis was established to **expand the National Asset Management Company's stock with currently vacant, state-owned real estate suitable for housing, registered as „reserve real estate.”**<sup>59</sup> By the end of 2013, almost **15 thousand dwellings had been offered for the National Asset Management Company, of which 4.810 transactions had already been closed.**

According to the original regulation on National Asset Management Company, in case of arrears exceeding <sup>60</sup> days, the National Asset Management Company was obliged to terminate the rent agreement, thus it was feared that the indebted inhabitants „saved” by the state program would lose their homes on a mass scale. In October 2013 the law on the functions of asset management were modified on several points.<sup>60</sup> These changes enabled that **in case of six months of housing rent arrears, the National Asset Management Company offers a fixed-term contract (for 12 months) instead of enforcing eviction.** This law also made it possible, that in these cases the National Asset Management Company would **offer a more affordable reserve real estate with lower costs.** With the fixed-term contract the signing of a **debt management and cooperation agreement** would also be signed, thus the family receives the help and opportunity to repay their accumulated debts.

With a major delay compared to original plans, the **residential block of Ócsa** built under the so-called social family house-building program was at last handed over in March 2013 (originally meant for the first step of the program, and debated by many expert groups).<sup>61</sup>

56 [https://felugyelet.mnb.hu/bal\\_menu/jelentesek\\_statistikak/statistikak/arfolyamgat/archivum.html](https://felugyelet.mnb.hu/bal_menu/jelentesek_statistikak/statistikak/arfolyamgat/archivum.html)

57 55% in Budapest and in towns with county rights, 50% in other towns, 35% in settlements

58 [http://net.jogtar.hu/jr/gen/hjegy\\_doc.cgi?docid=A1200128.KOR#lj57param](http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1200128.KOR#lj57param)

59 Parliament's decision on 17 June on the modification of the 2011 year law on the securing of housing of natural persons unable to meet their obligations under loan contracts.

60 Government 368/2013. (X. 24.) Gov. decree

61 Habitat for Humanity Magyarország. Éves jelentés a lakhatási szegénységről 2011 [http://www.habitat.hu/files/Eves\\_jelentes\\_a\\_lakhatasi\\_szegenysegről\\_2011\\_Habitat\\_for\\_Humanity\\_Magyarország.pdf](http://www.habitat.hu/files/Eves_jelentes_a_lakhatasi_szegenysegről_2011_Habitat_for_Humanity_Magyarország.pdf), MUT (2011) A MUT Elnökségének állásfoglalása az Ócsára tervezett szociális bérlakás-együttes beépítési és környezetalakítási javaslataira vonatkozó ötletpályázatról 2011. szeptember 27. <http://www.mut.hu/?module=news&action=show&nid=182010>

The government asked the Hungarian Maltese Charity Service (Magyar Máltai Szeretetszolgálat) to manage the tender and provide social work for families moving in. **Until the end of the year, more than half of the 80 built houses have become inhabited by tenants.**<sup>62</sup>

In November 2013, with the expansion of the exchange rate cap the **extension of the eviction moratorium** took place, until 30 April 2014<sup>63</sup> (the moratorium was originally valid for three months). This refers to evictions ordered by court judgement, therefore not to squatters living in housing for less than 60 days for example, and **does not provide mid- and long-term solutions** for settling the housing conditions of indebted households.<sup>64</sup>

---

62 vg.hu (7.11.2013) Üresen áll az ócsai házak fele <http://www.vg.hu/penzugy/hitel/uresen-all-az-ocsai-hazak-fele-415408>

63 2013. évi CLXXIII. törvény a devizahitelek megsegítése érdekében szükséges egyes törvények módosításáról Magyar Közlöny 2013. évi 185. szám (08.11.2013) <http://www.magyarkozlony.hu/dokumentumok/3a607ab957adbdc2fdf54c0c18ba9f3e8a84cbc9/megtekintes>

64 Government plans were also made on the further extension of the moratorium.



## 4.4 Improving energy efficiency

In recent years, renovation subsidies aiming at the improvement of energy efficiency have been almost exclusively focusing on building stock constructed by industrial technology. In June 2013, the Ministry of National Development (Nemzeti Fejlesztési Minisztérium) launched a call for an allocated 834.2 million Forints on the renewal of brick apartments in terms of energy efficiency, upgrading heating systems, and increasing the use of renewable energy.<sup>65</sup> Experts have called attention to the fact that **available funds cover only less than one thousandth of needs**. The national, representative study of Energiaklub Climate Policy Institute showed that one quarter (24%) of Hungarian households plan a renovation in three years in order to improve energy efficiency (this means 900 thousand households), while the aforementioned call is expected to support the renovation of about 1 500 dwellings.<sup>66 67</sup> The mismatch between the significant demand and the relatively low funds is signified by the fact that the available funds were depleted in one single day, and the tender had to be suspended one day after its launch.<sup>68</sup>

65 Új Széchenyi Terv Társasházak Energetikai Felújítása Alprogram <http://www.emi.hu/emi/web.nsf/pub/tarsashaz-energetikai-felujitas.html>

66 Greenfo (11.07.2013) Csepp a tengerben az új lakossági energiahatékonysági pályázat <http://www.mehi.hu/rolunk-irtak/greenfo-csepp-a-tengerben-az-uj-lakossagi-energhatekonysagi-palyazat>

67 Energiaklub (06.03.2013) A háztartások negyede korszerűsítene <http://energiaklub.hu/hir/a-haztartasok-negyede-korszerusitene>

68 Nemzeti Fejlesztési Minisztérium (16.08.2013) Közlemény: Sikeres volt a téglalapítású társasházak energetikai korszerűsítésére kiírt pályázat [http://www.emi.hu/emi/web.nsf/pub/A8NCTQ/\\$FILE/2013-08-16-USZT-TEF-felfuggesztes-2013-08-14.pdf](http://www.emi.hu/emi/web.nsf/pub/A8NCTQ/$FILE/2013-08-16-USZT-TEF-felfuggesztes-2013-08-14.pdf)





## 4.5 Activities of the Home-making program

The Program for Home Creation (Otthonteremtési program) includes two schemes for acquiring housing property: a state interest subsidy for Forint-based housing loans, and a housing construction subsidy meant as the continuation of the formerly suspended „szocpol” scheme. Nevertheless, the number of the recipients of the programs remained low, partly due to the narrowly defined terms of conditions of eligibility.<sup>69</sup>

The government modified the terms of conditions of the **interest subsidy program**, in many cases (e.g. in the case of used housing) increasing the accessible loan and the upper limit of the value of the housing, and fixed the state interest subsidy for the first five years, which in the original scheme was gradually declining.<sup>70</sup> During 2013 a total number of 8400 households took up interest subsidised loans, the majority of these spent on purchasing used housing<sup>71</sup> (which this scheme supports less, than building or purchasing new housing).<sup>72</sup> The interest subsidy can mean progress for only those households, which are capable of providing the appropriate amount of own capital and are solvent, thus **it is not accessible to the majority of those having lower income.**

In March 2013, **the rules have been modified for the housing construction subsidy (commonly known as „szocpol”)**, which aimed at a significant expansion and transformation of the program, after the number of its recipients<sup>73</sup> fell way behind expectations. Since the initiation of the program in 2012, the housing construction subsidy was received by only slightly more than one thousand households (514 households in 2013).<sup>74</sup>

The current conditions of the housing construction subsidy exclude many households in housing poverty, while households not dependent on state support in solving their housing situation are open to the subsidy. It is questionable whether a subsidy as such aiming at property acquisition – even if it would be accessible to (a part of) households living in housing poverty – would provide adequate, efficient and successful support for reducing housing poverty.

---

69 Habitat for Humanity Magyarország. Éves jelentés a lakhatási szegénységről 2011 [http://www.habitat.hu/files/Eves\\_jelentes\\_a\\_lakhatasi\\_szegenysegrol\\_2011\\_Habitat\\_for\\_Humanity\\_Magyarorszag.pdf](http://www.habitat.hu/files/Eves_jelentes_a_lakhatasi_szegenysegrol_2011_Habitat_for_Humanity_Magyarorszag.pdf)

70 portfolio.hu (05.03.2013) Megtudtuk: jön az új szocpol többmilliós támogatásokkal [http://www.portfolio.hu/vallalatok/penzugy/megtudtuk\\_jon\\_az\\_uj\\_szocpol\\_tobbmillios\\_tamogatasokkal.180661.html](http://www.portfolio.hu/vallalatok/penzugy/megtudtuk_jon_az_uj_szocpol_tobbmillios_tamogatasokkal.180661.html) 314/2011. (XII. 29.) Korm. rendelet az otthonteremtési kamattámogatásról [http://jogszabalykereso.mhk.hu/cgi\\_bin/njt\\_doc.cgi?docid=143491.618963\\_379/2012.\(XII.19.\)Korm.rendelet az otthonteremtéssel összefüggő egyes kormányrendeletek módosításáról](http://jogszabalykereso.mhk.hu/cgi_bin/njt_doc.cgi?docid=143491.618963_379/2012.(XII.19.)Korm.rendelet%20az%20otthonteremtessel%20osszefuggo_egyes_kormanyrendeletek_modositasarol) <http://www.opten.hu/379-2012-xii-19-korm-rendelet-j213579.html>

71 Palkó, I (17.04.2014) A bolondnak is megéri – 10 soha nem látott ábra a lakáshitelekéről [http://www.portfolio.hu/vallalatok/penzugy/a\\_bolondnak\\_is\\_megeri\\_10\\_soha\\_nem\\_latott\\_abra\\_a\\_lakashitelekrol.10.197950-2.html](http://www.portfolio.hu/vallalatok/penzugy/a_bolondnak_is_megeri_10_soha_nem_latott_abra_a_lakashitelekrol.10.197950-2.html)

72 Habitat for Humanity Magyarország. Éves jelentés a lakhatási szegénységről 2011 p. 34. [http://www.habitat.hu/files/Eves\\_jelentes\\_a\\_lakhatasi\\_szegenysegrol\\_2011\\_Habitat\\_for\\_Humanity\\_Magyarorszag.pdf](http://www.habitat.hu/files/Eves_jelentes_a_lakhatasi_szegenysegrol_2011_Habitat_for_Humanity_Magyarorszag.pdf)

73 On details see: Habitat for Humanity Magyarország. Éves jelentés a lakhatási szegénységről 2011 [http://www.habitat.hu/files/Eves\\_jelentes\\_a\\_lakhatasi\\_szegenysegrol\\_2011\\_Habitat\\_for\\_Humanity\\_Magyarorszag.pdf](http://www.habitat.hu/files/Eves_jelentes_a_lakhatasi_szegenysegrol_2011_Habitat_for_Humanity_Magyarorszag.pdf)

74 Palkó, I (2014.04.17.) A bolondnak is megéri – 10 soha nem látott ábra a lakáshitelekéről [http://www.portfolio.hu/vallalatok/penzugy/a\\_bolondnak\\_is\\_megeri\\_10\\_soha\\_nem\\_latott\\_abra\\_a\\_lakashitelekrol.10.197950-2.html](http://www.portfolio.hu/vallalatok/penzugy/a_bolondnak_is_megeri_10_soha_nem_latott_abra_a_lakashitelekrol.10.197950-2.html)



## 4.6 Housing benefit supporting mobility

The **mobility of the population in Hungary is very low compared to international standards**<sup>75</sup>, and this acts as a barrier for the workforce to adjust to opportunities. The housing benefit supporting mobility was introduced in 2012 in order to improve the labour market chances of jobseekers.<sup>76</sup> This configuration gave support to jobseekers, who find employment at least 100 kilometres from their residence, or their commuting time exceeds five hours. Labour offices primarily contribute to house rent and other housing expenditures. This subsidy was **accessed by 1500 people until February 2014**.

## 4.7 Budgetary expenditures

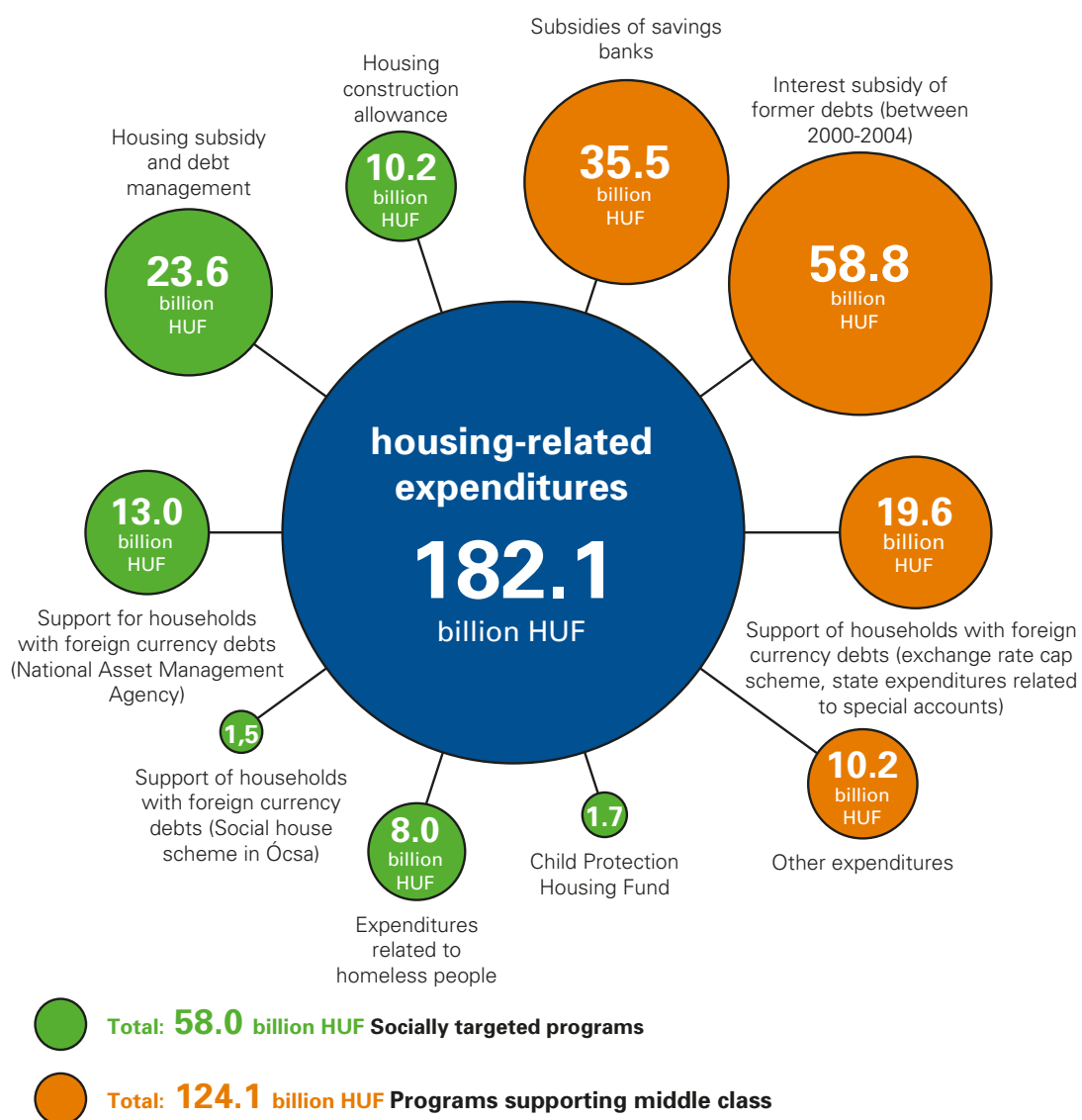
Giving an overview of budgetary expenditures connected to housing issues is a difficult task, since housing expenditures appear in the budget in various sections, often hardly separable. The structure of expenditures has not changed compared to last year. According to their sum, expenditures related to loans taken up earlier are of heightened importance (for example the interest subsidy of older loans, subsidy of home savings banks). They are followed by subsidies connecting to further housing loans (e.g. subsidies related to policy schemes for foreign currency mortgage loan debtors) followed, and funds supporting the attainment of housing closed the line.

<sup>75</sup> Source: Költözés munka reményében – Magyarországon még nem jellemző. Otthont mindenkinek blog, post by Luca Koltai, 31.10.2013 <http://habitat.blog.hu/>

<sup>76</sup> Provided from the National Employment Fund's (Nemzeti Foglalkoztatási Alap) decentralised base employment fund.

The structure of expenditures show that in central focus of the government's housing policy are the upper and middle classes, and families with children. 68% of budgetary expenditures consisted of programs aiming at the middle class with higher solvency. Programs supporting families with foreign currency loans costed more than 33 billion Forints (cca. 105 million Euros), while the scheme accessing the biggest bulk of households in housing poverty, the housing benefits costed 23 billion Forints (73 million Euros) in 2013.

### *Housing budget lines in 2013*



**Habitat for Humanity Hungary works for a fair housing policy and a decent home for everyone.**

You can help us to build hope and warm homes, too!

Using the QR code you can donate with only a few clicks!



Follow our work on our official website, blog and Facebook page:

**[www.habitat.hu](http://www.habitat.hu)**

**[www.facebook.com/habitathungary](https://www.facebook.com/habitathungary)**

If you have questions or comments please contact us at

**[habitat@habitat.hu](mailto:habitat@habitat.hu)**