



**ANNUAL REPORT
ON HOUSING POVERTY IN HUNGARY
ENGLISH SUMMARY**

2020

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Habitat for Humanity Hungary

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Introduction

Ákos Gosztonyi (*Habitat for Humanity Hungary*)

It is both a great challenge and an opportunity to report now, in 2020, on the housing situation in Hungary in 2019 and on housing policy for vulnerable groups. **The Covid-19 pandemic reframed and highlighted the importance of safe and affordable housing, since the main means of staying safe is staying at home.** Safe and affordable housing, however, is still not provided for many families, households and individuals. As in the previous years of compiling the Housing Report, there is no reason to believe that the number of the estimated 3 million people who are affected by some form of housing poverty will have declined significantly in 2019. The uncertainty of the previous years, the growing lack of affordable housing for a wide segment of the population, the very few political interventions serving people affected by housing poverty, the subservience of housing policy to family policy and a number of other tendencies show that **in the absence of measures against housing poverty, societal inequalities will increase, especially in light of the economic crisis caused by Covid-19.** Therefore, while this year's Report on Housing Poverty primarily focuses on the year of 2019 and the beginning of 2020, we felt it was inevitable to reflect on the events of the recent past.

In this year's report, as in previous years, we consider households in housing poverty to be those who are in a worse than average, vulnerable situation in terms of affordability, housing quality, energy efficiency, territorial aspects and legal status.

As illustrated in the first chapter of the report, [Budget expenditure and public policy changes](#), this year central government spending on *non*-socially targeted subsidies is almost 11 times the amount spent on socially targeted benefits. Among the currently available housing subsidies, CSOK (*családok otthonteremtési kedvezménye*, family housing benefit), a direct, nonrefundable monetary subsidy for families with children, and its newer form, rural CSOK are still the most common. Although the conditions of access have been somewhat relaxed and the range of subsidies available has been extended, this instrument still excludes a significant proportion of people experiencing housing poverty, thus further deepening inequalities. Moreover, in Hungary today, housing related costs impose a disproportionate burden on the poorest households.

The second chapter, [Is housing affordable?](#), shows that the lowest-income households have to spend almost twice as much of their income on housing and household energy than the highest-income households. The gap between the poorest and the richest is even more pronounced in terms of borrowing: households in the bottom quintile of income groups with credit spend almost 40 percent of their income on loan repayments, while the richest 10 percent spend only 6 percent of their income. Although housing loans are not considered high risk loans due to the stricter regulations introduced after the global financial crisis, studies show that those households with housing loans need to cut down on other expenses or figure out other strategies to save up. A worrying trend is the rise in the popularity of personal loans, which are riskier but more available to poorer households. Indebtedness in personal loans, often used directly or indirectly for housing but not formally for housing, is closely linked to housing affordability. However, it is not only the difficulty in paying the loan repayments that can lead to the most serious consequence of unaffordability, namely loss of housing: other debts (such as personal loans or utility bills) can lead to the same result in just a few short steps.

Almost all the chapters of the report identify the strikingly low (and further declining) proportion of public and social rental housing as a key problem. With housing prices and rents rising radically, particularly in the capital, housing is becoming less stable and less secure in the absence of affordable alternatives and well-coordinated, targeted interventions.

This trend is reinforced by the processes analysed in the third chapter of the report, [Investment property purchases and the financialization of housing](#). A property is considered to be investment property if it is purchased by its owner for short or long-term rental and/or capital appreciation purposes, i.e. to generate income in itself. The financialization of housing refers to the process whereby the role of financial actors, markets, practices and narratives in housing is reinforced ([Wijburg, 2020](#)). Both phenomena are part of global trends following the 2008 crisis, which have also gained ground in Hungary and are contributing to the increasing financial vulnerability of housing. Since 2015, at least 40 percent of new homeowners have consistently cited investment as the reason for purchase. The data outlined in this chapter allow to suggest that these properties are emerging strongly in the short-term rental market rather than the long-term rental market, to the detriment of the affordability of long-term secure housing, thanks to market mechanisms.

One of the main arguments in favour of buying for investment is the renewal of the housing stock - which is only the case if the owner is actually selling for housing. However, since 2009 the renewal rate of the housing stock has been particularly low and new housing is typically sold mainly to (upper) middle class demand. In general, around 70 percent of the housing stock in Hungary can be considered outdated.

As will be shown in the fourth chapter on [Energy poverty](#) poor quality, low energy efficiency housing is a particular burden on low income households. However, reducing the environmental and health burden of energy poverty is in everyone's interest: particulate matter emissions, of which 80 percent is caused by domestic solid fuel heating in Hungary, do not stop at the borders of villages and towns. Energy efficient renovation of dwellings, modernizing heating systems and switching to less polluting forms of heating are all quite costly, and poorer households lack the financial means to do so. Thus, the vicious circle persists: poor quality housing leads to higher utility costs, which in turn further reduces households' financial options, including the availability of housing renovation. What further contributes to the problem is the fact that while governmental interventions halted the increase in the respective prices of gas and electricity, the price of firewood, commonly used by low income households, continues to grow higher. The social solid fuel subsidy in its current form does not provide a solution to this problem and, in some cases, even increases the environmental and health damage.

This year's report focuses on the housing situation of people with disabilities. In the fifth chapter on [Accessibility](#), we highlight the need for housing-focused reform of the social care system and support for independent housing solutions by analysing the interplay of spatial, economic, advocacy and service disadvantages affecting people with disabilities. Public policy issues affecting people with disabilities also have strong overlaps with wider housing policy issues. These include the lack of comprehensive, systemic thinking and the institutional fragmentation of tasks and responsibilities, which could be addressed by the creation of an umbrella government institution or role responsible for housing issues, at least at the level of the State Secretary, as Habitat for Humanity Hungary has been proposing for several years.

Although we have tried to take a holistic approach with this report, space limitations have of course prevented us from addressing many of the issues - such as the housing situation of Roma - that are essential to a full picture of housing poverty in Hungary. In addition to illustrating and analysing the problems, this year's report has been specifically designed with the aim of making constructive

concrete recommendations to decision-makers to alleviate housing poverty, based on the available and requested data. Habitat for Humanity Hungary made a wide range of data requests to the institutions involved in housing, some of which were public interest data requests. As in previous years, in some cases we did not receive a response or the response was unsatisfactory. The data requested and publicly available and used will be published again this year in the [Data Repository](#).

The importance of this year's analysis is further enhanced by the fact that it comes at the end of the EU's long-term budget negotiation process and during the planning of the related operational programs. We would also like to highlight that the Renovation Wave, which is a key element of the European Green Deal, which aims to make Europe climate neutral by 2050, could bring significant changes to the housing conditions and quality of the housing stock in the member states, including Hungary, in the coming years. According to Habitat for Humanity Hungary, climate neutrality and a Just Transition towards it can only be achieved if we can provide meaningful assistance to the most vulnerable, low-income groups.

Finally, this report provides a non-exhaustive overview of the housing-related NGO initiatives that were launched during the coronavirus epidemic and regularly summarised in Habitat's [Housing Review](#) (only available in Hungarian). Alongside otherwise welcome public measures (such as extending the eviction moratorium until the end of the emergency, or declaring a moratorium on mortgage repayments until the end of 2020), we believe that the overview could be a useful basis for developing a crisis management package that could potentially be put in place in the event of a new wave of the pandemic.

Budget expenditure and public policy changes

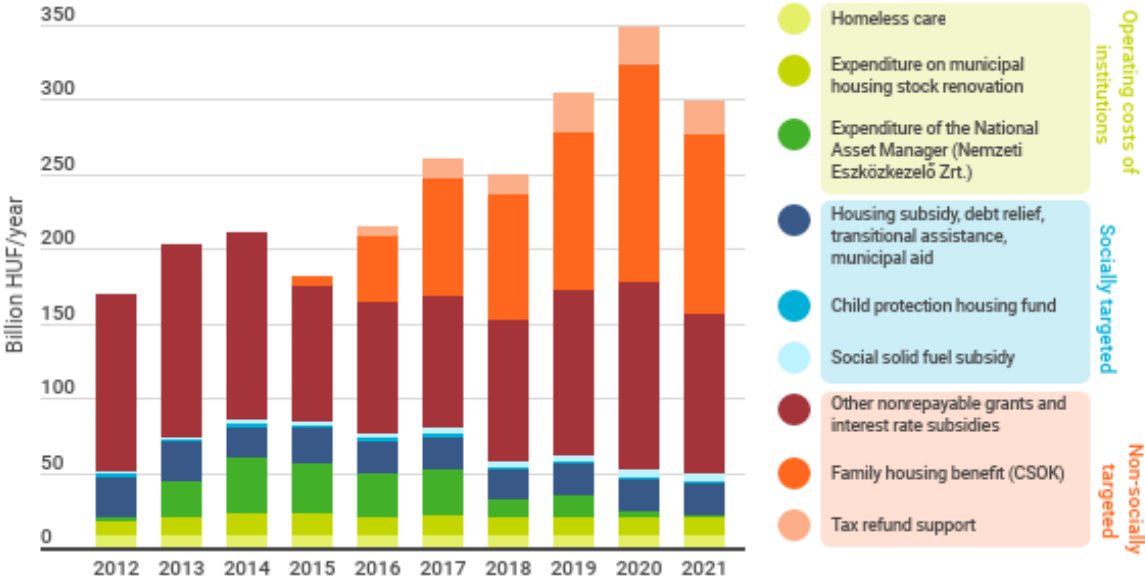
Author: Márton Czirfusz (*Periféria Policy and Research Center; Centre for Economic and Regional Studies*).
 Editing ended on August 31, 2020.
 An excerpt from the chapter can be read below, the full housing report can be downloaded [here](#).

Housing expenditures of the central budget

2020 could mark a turning point for central budget spending on housing in several ways. On the one hand, it could be the peak year for housing policy support, based on available data and government plans, and on the other hand, the Covid-19 crisis could transform housing and housing poverty processes to such an extent that it could mark a turning point in the government's housing policy toolbox built up in recent years.

What is unchanged is that the Hungarian government's housing policy is still not based on any meaningful social criteria, but primarily on family policy and demographic objectives. **This year, the central government is spending eleven times as much on non-socially targeted subsidies as on socially targeted subsidies.** Although the central budget bill is difficult to decipher in terms of housing spending, it is estimated that 297 billion HUF was planned to be spent on non-targeted housing subsidies in 2020, - down to 290 billion HUF based on end-April data -, and 28 billion HUF on means-tested subsidies, including 23.5 billion for the operating costs of institutions.

State budget expenditure on housing (2012-2021)



Source: Habitat, 2019; 2018. Report on Final Accounts; budget bills for 2019, 2020 and 2021; Hungarian State Treasury; Central Statistical Office (KSH); Habitat data request.

Meanwhile, the budget outlook foresees a steady decline in spending on the maintenance of housing institutions and non-targeted housing subsidies in the coming years.

The place of housing in the government hierarchy

Housing, like health or education, is the responsibility of several ministers at once. Within this ministerial structure, housing issues have been steadily fragmented in recent years, with more and more ministries having more and more state secretariats involved, without any meaningful coordination, and with several people seeing themselves as responsible for different policy instruments at the same time. The introduction of housing policy measures therefore seems to be driven by power relations and ad hoc ideas within government, rather than by an overarching vision.

We therefore continue to propose the **development of a government-level housing program that can substantially reduce housing poverty**, preceded by a social debate, sets long-term housing policy goals, and provides need-based support.

Significant public policy changes in 2019/2020

1. Housing subsidies related to family policy

In 2020, the family housing benefit (CSOK) is the most significant housing support instrument, with the highest planned expenditure of 145 billion HUF since its launch in 2015. Although there has been a small increase in the range of beneficiaries and range of subsidies available, **this instrument of housing policy, which in reality is much more of a family policy tool, is still not accessible to all those living in housing poverty.** In the first year of the rural version of CSOK, roughly ten thousand people applied for the subsidy, and according to the Mária Kopp Institute. Between 1 July 2019 and 30 June 2020, nearly 29,000 CSOK contracts were signed altogether.

As for the so-called baby loan introduced in 2019, 75,000 contracts were concluded in its first year, with a significant proportion of applicants using it for housing purposes. By 2021, the baby loan is expected to become the second largest housing policy instrument after CSOK, with a planned expenditure of HUF 67.7 billion.

Baby loan: *the interest-free loan of up to HUF 10 million is available to young married couples where at least one of the partners has been covered by social security for 3 years. Thus, those most in need are not eligible for a loan, or not for the full amount. After the birth of three children, the state forgives the entire debt.*

2. State aid for housing-related savings

The state subsidy for housing savings payments was discontinued for new contracts in 2018, but it will take several years before the related budget expenditure decreases. It is currently the second largest housing expenditure item after CSOK; a situation that is subject to change with the rise in baby loans. This instrument was not primarily intended to alleviate housing poverty, nor is it a socially targeted subsidy, but in recent decades it has helped individuals and people living in multi-unit apartment buildings to finance renovations and has also partly contributed to property acquisition.

3. Tax policy

From 1 January 2020, the government supports self-financed housing construction with a modified tax refund subsidy: a maximum of HUF 5 million of the VAT on the construction costs or land price supported by invoices can be claimed back. However, this is only available in around 2,500 municipalities, where a quarter of the population lives. Further, **it is also inaccessible to many who live in housing poverty**, for example because it is conditional on social security status. In addition, the fact that the beneficiary has to live in the same place for ten years after the subsidy is granted reduces housing mobility.

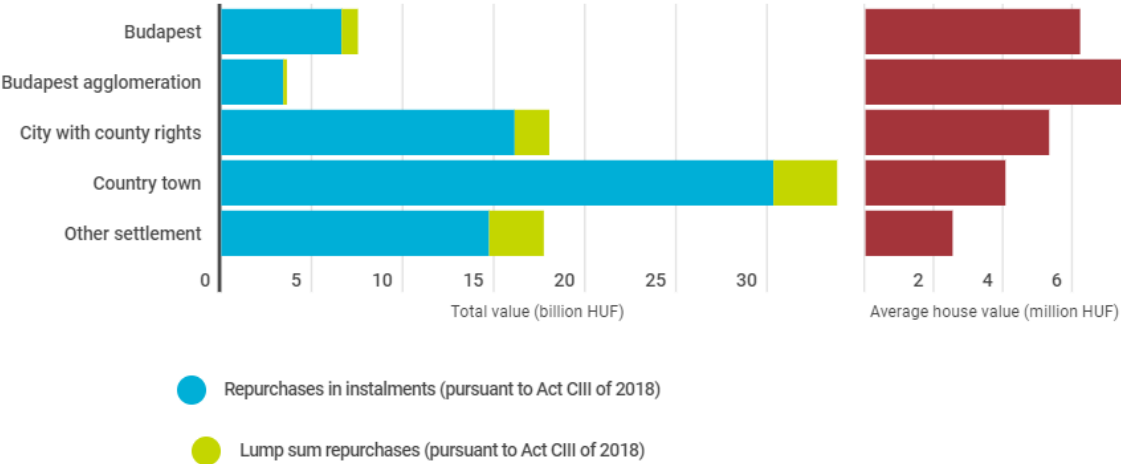
The introduction of a reduced VAT rate of 5 percent for new housing developments of up to 150 square meters in the rust belts of localities will not in itself lead to the construction of affordable and accessible housing. Rust belts are designated by a government decree, and the developments automatically become priority investments, effectively limiting the planning powers of local authorities. In addition, international experience suggests that it is doubtful that investors will choose to build affordable housing rather than more profitable properties that can be sold for higher prices.

4. National Asset Manager

With the termination of the National Asset Management program at the end of 2018, more than 20,000 homes were returned to private ownership in 2019, worth around HUF 80.5 billion, mainly in cities and towns outside the Budapest agglomeration. One eighth of the properties were paid for in one lump sum, while the remaining tenants bought the property back in instalments. With the interest-free installment purchase, the central government inflates the debts, thus providing very cheap ownership. The outstanding amount of these debts owed to the state will be HUF 63 billion at the end of 2020.

National Asset Management Inc. (NET): operating since 2012, NET's mission was to help the most socially vulnerable borrowers who were unable to meet their mortgage payments on a permanent basis. Subject to certain conditions, NET purchased the residential property of debtors, agreed with the bank to terminate the loan contract and ensured that the debtor could remain in the property as a tenant. This policy measure has reached a large number of people affected by affordability problems and has been targeted at those in need.

Value of residential properties sold by NET in 2019 by type of settlement



Source: NET Annual report for 2019

5. Municipal housing

The municipal housing stock fell further in 2019 to 105 thousand dwellings. **The number of municipal housing stock remains very low and does not significantly reduce housing poverty:** in 2019, only 120 such dwellings were built across the country, which is still a three-year high. At the systemic level, there are no programs for increasing the number of municipal rental housing units. Several Budapest districts have started to make vacant, poor-quality housing units habitable, amended their housing ordinances and started to develop a more transparent housing tendering system. The Budapest municipality has also relaunched the utility allowance scheme, helping households with utility arrears.

From 1 August 2020, municipal (and in Budapest, district) governments can limit the number of days per year for which rooms can be rented out in private accommodation. However, this measure does not comprehensively address the problem of short-term rental.

Habitat for Humanity Hungary has published in June 2020 its [Feketelakás 3.0](#) (Black Flat) package of proposals, which deals in detail with the regulation of the rental market. It proposes complex regulation of short-term accommodation to reduce rental prices: eliminating the current tax environment that is more favourable to such services than to other types of businesses; better control of advertisers' data and licences; a limit on the number of nights spent. On the latter, Habitat proposes that local authorities should have a flexible cap at a maximum of 120 nights per year.

6. Covid-19 crisis and housing policies

The coronavirus crisis and the introduction of the state of emergency brought public policy changes affecting housing; measures Habitat regularly collected in its [Housing Review](#). Some of these have temporarily mitigated further increase of housing poverty.

The moratoria on foreclosures and evictions, also proposed by Habitat, has temporarily prevented the loss of housing, but has not offered a systemic response. The central government has introduced only partial measures to address affordability problems by introducing a moratorium on mortgage payments.

To address the affordability problems related to energy, Habitat has made several proposals during the Covid-19 crisis, such as a one-off subsidy for utility bills, and has called for measures to be developed for people using prepayment meters, similar to the moratorium on disconnection of energy supply. In addition, the specific problems faced by homeless people during the crisis were highlighted by several organisations, which were also not addressed systemically by central government.

Municipalities have been able to respond quickly to the emergency, taking into account local specificities, but **there is still a need to increase the role of the central state in financing social benefits provided by municipalities.**

Recommendations

Housing policies should focus primarily on reducing housing poverty, as opposed to supporting those who are already better off.

It is essential to develop a long-term national housing program, based on a meaningful social dialogue and considering the views of all actors involved in housing.

Within government, housing issues must be given a clear place, at least at the level of deputy state secretary. Currently, the Minister of Finance is responsible for housing issues, but many subtopics are under the Interior Minister, the Minister of Human Resources or the Prime Minister's Office. Housing policy measures are therefore introduced in an uncoordinated way.

Budget reports and bills should provide a detailed breakdown of expenditures and revenues under the housing subsidies heading. This would ensure policy monitoring of the various housing support instruments and transparency for citizens.

It would also be important to create and increase central resources for maintaining or expanding the municipal rental housing system. This could prevent a social disruption in the event of a future crisis like the one in 2008.

We recommend opening up CSOK to disadvantaged families, which can only be imagined within a well-thought-out, socially and spatially targeted, comprehensive housing policy. We believe that public spending to support housing loans should be used to support housing for less affluent people and those in need, and to prevent indebtedness.

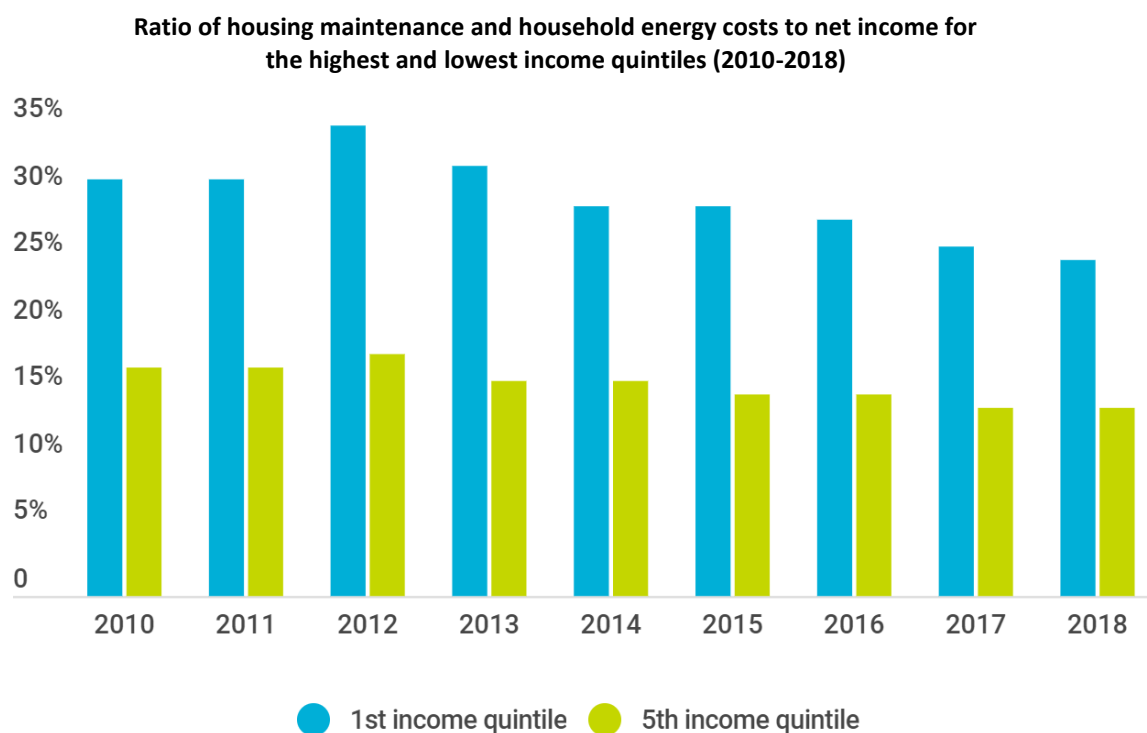
Is housing affordable?

Author: Pósfai Zsuzsanna (*Periféria Public Policy and Research Center*).

Editing ended on August 31, 2020.

An excerpt from the chapter can be read below, the full housing report can be downloaded [here](#).

Housing costs are a significant item in the monthly expenditure of Hungarian households, and the lower the income of a household, the larger the share. This high financial burden - which all households have to bear, as they have to live somewhere - often means cutting down on other spending, deteriorating living standards and/or accumulating debt.



Source: KSH, HKÉF, 2010-2018

However, housing-related impoverishment does not necessarily mean that households start to accumulate visible arrears. Statistics recording arrears of more than 90 days for bank loans and more than 60 days for utilities are the most frequently cited. In addition, there are many more who are on the verge of their payment capacity. The available surveys show that housing costs are a priority for the majority of households, even at the cost of drastic cuts in living standards and other expenses. Short-term arrears, which are a sign of households' difficulties in making ends meet, are also common, according to Hungarian National Bank (MNB) and Hungarian Energy and Public Utility Regulation Authority (MEKH) data. According to questionnaire surveys (e.g. TÁRKI's Household Monitor), it is much more common for households to adopt different saving strategies, such as spending less on basic food or electronic goods, than to accumulate specific arrears.

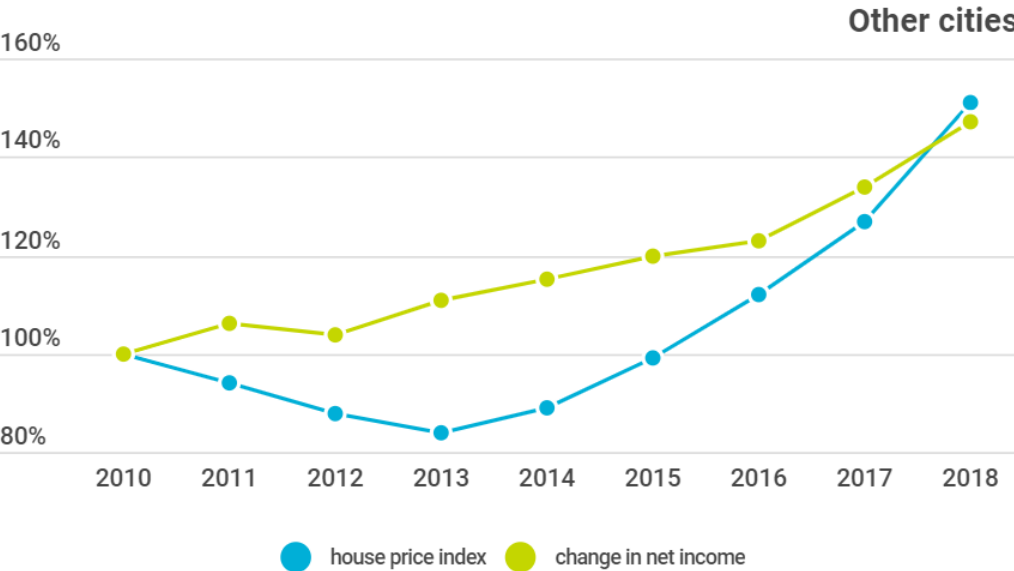
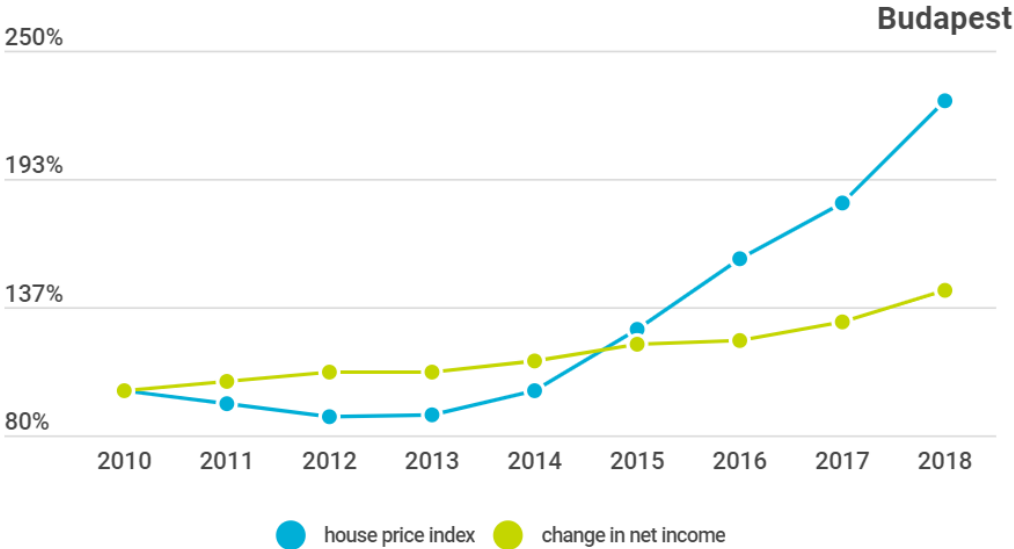
Both indebtedness and disproportionate saving for housing have harmful social and economic effects: they increase social inequalities, lower household living standards and consumption, and if debt is taken over by a bailiff, make legal employment. **Housing solutions that are affordable on a sustainable basis for lower income households are therefore needed.**

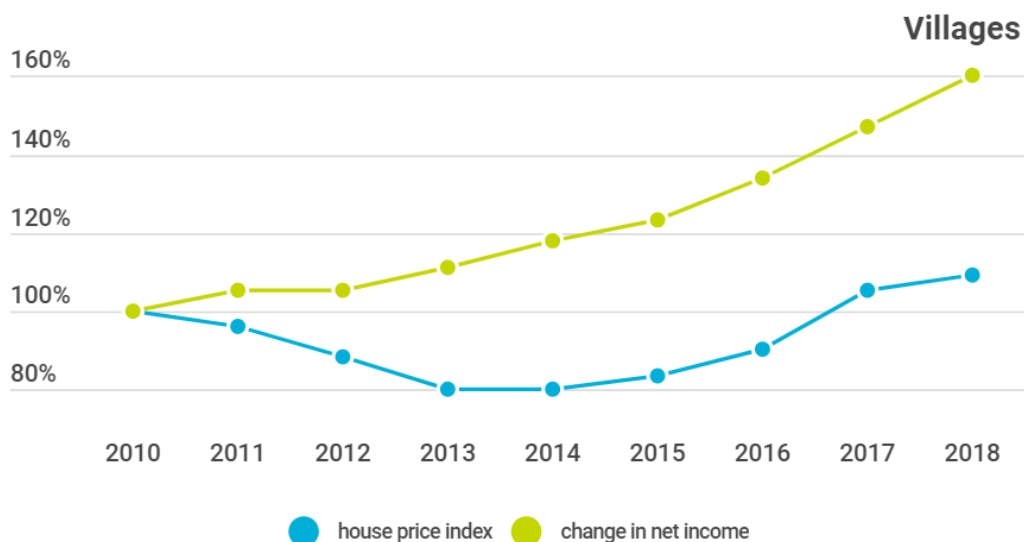
Indebtedness or impoverishment due to housing costs can be related to both access to housing and housing maintenance. In this chapter we discuss the affordability of these costs.

Housing loans

The primary way to get a home in Hungary is to buy one. House prices have risen significantly in recent years, which is a particular problem in Budapest, where the rate of income growth is significantly below the rate of house price growth. Therefore, fewer and fewer people can afford to buy their own home.

Average net incomes and changes in house prices by type of settlement (2010 = 100%)





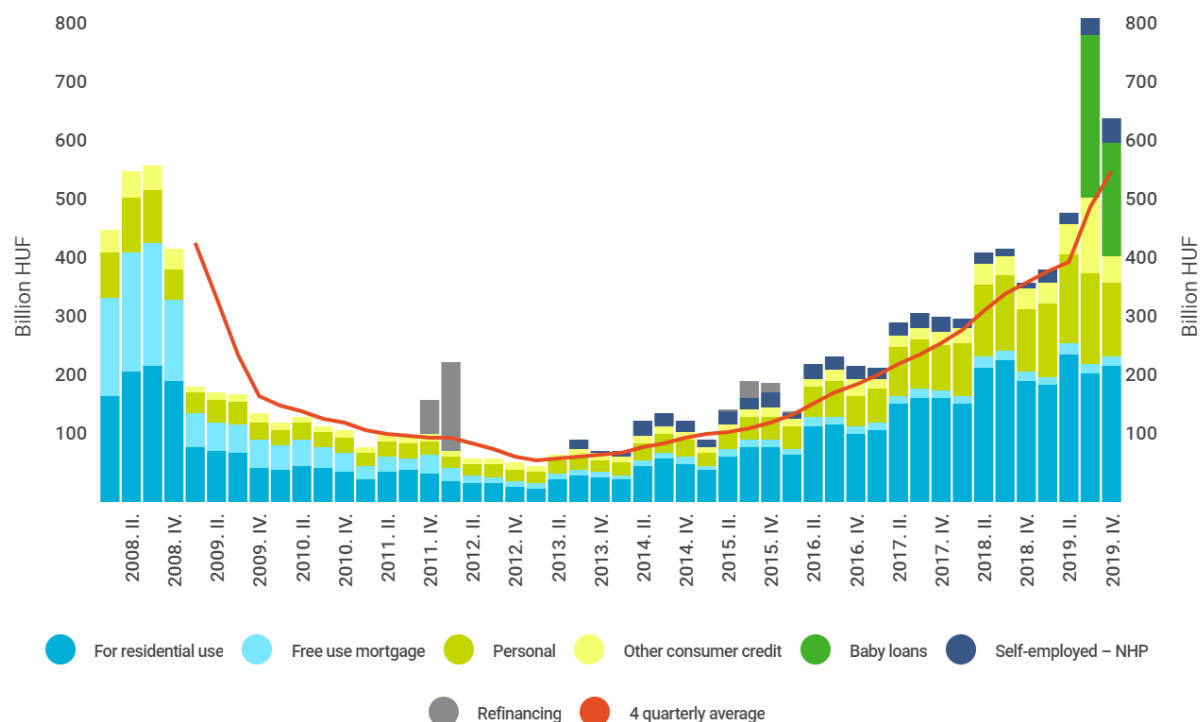
Source: [KSH, House Price Index](#); [HKÉF, 2010-2018](#).

Buyers' main sources of finance for buying a home are the sale of their previous home, family help and, increasingly, borrowing. This also illustrates the inequalities in access to home ownership, as those who do not already own property (the price of which they can turn over) or do not receive significant support from their family are in a much more difficult position. Due to rising house prices, credit loan amounts are also typically higher; however, due to stricter lending rules following the 2008 financial crisis, only those with relatively high and stable incomes will be able to take out higher loans. Thus, according to the MNB's assessment, taking out a housing loan currently does not count as high risk behaviour. However, even if one does not fall into arrears, borrowing will tie one's hands for many years about what kind of work one does and where one lives; and may also force one to cut back on other expenses. Even without defaulting, this situation can mean over-indebtedness.

Personal and other loans

The number of new personal loans is growing faster than the number of home loans. **In Q4 2019, there were more than three times as many new personal loan contracts as new home loan contracts.** This is also partly due to the introduction of the baby loan in 2019, but a very similar trend was already evident before that.

New household loans in the credit institution sector, by type (2008-2019)



Source: MNB, Lending processes, 2020.

According to the MNB survey, personal loans are often used for housing purposes (e.g. for the purchase price of cheaper property, to cover the down payment, renovation costs, deposit payments). This means that this option is likely to be chosen by people who are not eligible for a home loan or who need easier administration and faster lead times. However, while 85 percent of mortgages over 90 days in arrears were originally foreign currency loans taken out before the 2008 crisis, 76 percent of personal loans in default were loans disbursed after 2016. In addition, nearly two-thirds of the defaulting personal loans are with non-bank financial companies (such as Provident or Cofidis). **In other words, personal loans may represent a new, potentially risky segment of post-crisis lending.**

Personal loan indebtedness is also risky because it often serves to complement one's income rather than accumulating wealth - meaning that households are constantly trying to 'catch up' with these expenses using their subsequent income. Personal loans can be used, for example, to cover unexpected expenses (e.g. health problems, school enrolment) or to cover a number of current housing-related costs (e.g. overdue utility bills). **Thus personal loan indebtedness is also often linked to housing unaffordability.** In addition, lower-income households have greater access to this type of credit (relative to housing loans), which is why this type of loan is overrepresented in their case.

This poses a problem as there is a drastic difference between poorer and richer households in terms of how burdensome a loan is, and therefore how much risk it represents. **While households in the bottom income quintile with credit spend nearly 40 percent of their income on loan repayments, the same proportion among the richest 10 percent is only 6 percent.** Another risk factor is that lower-income households are more vulnerable to employment insecurity and tend to be the main victims of unpredictable labour market conditions.

Rent prices

The other main channel of access to housing is the private rental sector, the affordability problems of which are addressed in detail in Habitat's [Feketelakás 3.0](#) proposal package. Again, the problems in this market are mainly due to the steep price increases over the last decade and the lack of predictability of this sector in the absence of comprehensive regulation.

Of the households registered under different titles, those living in private rented accommodation spend the most on housing, which reduces the resources available for living and can lead to slippage on rent and the accumulation of arrears. A further problem is that renting a home typically requires paying at least two months' rent, which lower-income renters may have to cover with a loan. Moreover, a special type of 'deposit' when applying for municipal housing is the obligation to renovate dwelling, the costs of which many prospective tenants can only bear by borrowing or facing indebtedness.

Overheads and public utility charges

Utility bills are a major factor in affordability problems and indebtedness. Utility arrears are recorded by type of service provider and are therefore difficult to aggregate, but **approximately one sixth of Hungarian households have some kind of utility debt.** As mentioned above, many households have payment arrears of less than 60 days (or even 30 days). These small arrears may indicate that paying utility bills is a burden on the family budget. In fact, even if a household is not in arrears, utility bills can still represent a financial pressure.

In the short term, the consequence of arrears is disconnection of service, leading to a significant reduction in living standards, and in the medium term, if the debt is collected by a bailiff, the amount of the debt plus late payment fees is automatically deducted from income. In the worst case, even one late payment can lead to loss of housing.

Loss of housing

The ultimate consequence of affordability problems is loss of housing. **In Hungary, there are approximately 3,000 evictions per year, but the total number of people losing their homes to debt is much higher,** as many people prefer to sell their homes and move out on their own.

According to the auction notices published on the National Order of Judicial Officers of Hungary (MBVK) website, evictions are often due to small debts of less than HUF 5 million. Furthermore, it is common for debtors with many different types of debts (e.g. personal loans, utility bills, other bills) to fall into **a debt trap.** These debts are 'queued up' in the enforcement proceedings and are gradually settled with the proceeds of the auction. In 60% of cases, however, the value of the property does not cover the full amount of the debt, in which case the arrears are further deducted from the debtor's later income.

The impact of the coronavirus crisis on affordability and indebtedness

According to surveys in August 2020, nearly a third of workers have seen their incomes fall as a result of the coronavirus outbreak, while only half of Hungarian households have enough money saved to keep them afloat for two months. However, the economic difficulties caused by the pandemic will last much longer and **the risk of household indebtedness is expected to increase.**

On the one hand, these households are likely to accumulate arrears, and on the other hand, households with loans will face difficulties in paying their installments. The moratorium on loan repayments will address or at least mitigate the problems in the short term, but after its end in December 2020 (or June 2021 for those subject to an extension), repayment difficulties are likely to emerge shortly.

In addition, rents have fallen, especially in some inner Budapest districts, with a temporary return of short-term accommodation to the classic rental market. This has had a positive impact on housing affordability, but without regulatory intervention it merely represents a temporary change.

Recommendations

There is a clear need to ensure housing affordability more comprehensively and to develop solutions that create a predictable and secure situations for lower-income households.

Above all, a comprehensive data collection is needed that summarizes the factors that contribute to household indebtedness and provides a realistic picture of the scale of the problem.

In addition, we propose the development of comprehensive debt management programs including the possibility of conciliation or mediation between debtors and debt claimants, which could resolve the situation of households caught in a debt trap.

There is also a need to expand the affordable housing sector, which will prevent future indebtedness by providing lower-income households with permanently affordable housing. In addition, targeted housing maintenance assistance programs are needed.

Comprehensive regulation of the private rental market is essential to making this segment also safer and more affordable. We have previously developed a detailed set of proposals to this end under the title [Feketelakás 3.0.](#)

Investment property and the financialization of housing

Author: Kinga Tóth (*Public Policy Analyst*)

Editing ended on August 31, 2020.

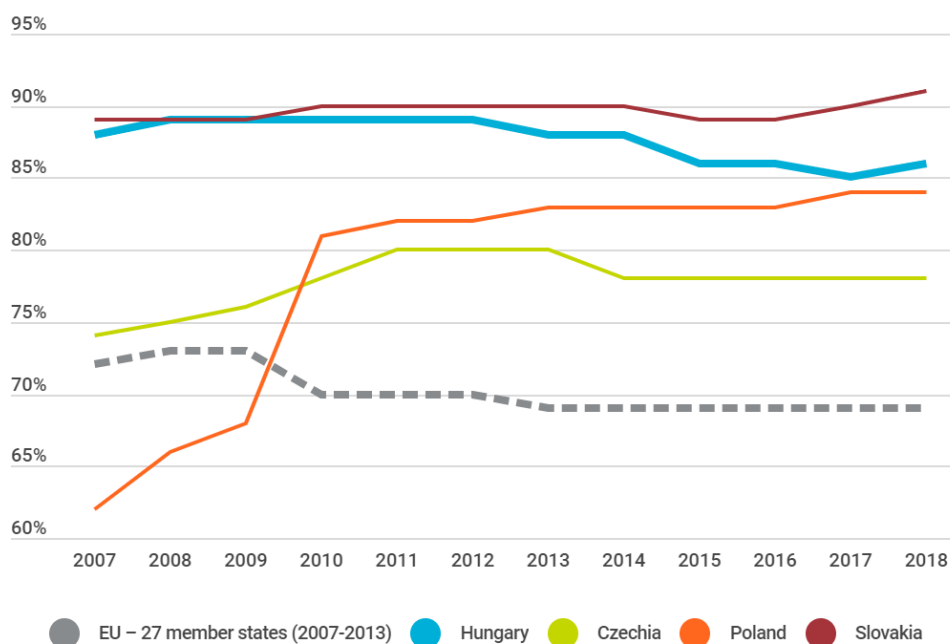
An excerpt from the chapter can be read below, the full housing report can be downloaded [here](#).

What is financialization and purchase of property for investment purposes?

It is almost a truism that housing conditions in Hungary are becoming more and more precarious for a growing section of society; and that it is almost impossible to own a home without family support, regardless of one's educational attainments. This process is in line with global trends following the 2008 financial crisis and has shifted previously held ideas in matters of housing based on the primacy of home ownership. Since the crisis, stability and security are no longer the first concepts that come to mind when discussing housing; it is rather the thought of financial vulnerability.

Moving away from parents is often postponed due to financial reasons. 42.4 percent of the 25-34 age group live with their parents; a phenomenon that Habitat addressed in detail in its [Habitat's 2019 Housing Report](#). Over the past decade, the number of homeowners in the European Union has stopped growing, and even started to decline in some member states, including Hungary. In contrast, the share of people living in rental housing has increased in most EU countries since the crisis, then began to stagnate — in Hungary it has been growing steadily since 2010. Today, a so-called 'generation rent' has emerged (see in more detail in Habitat's [Feketelakás 3.0](#) issue).

Proportion of owner-occupied dwellings within the housing stock (2007-2018)



Source: [Eurostat](#)

Among other things, these changes are part of the financialization of housing over the past decade — that is, the process **whereby the role of financial actors, markets, practices and narratives in housing is reinforced** (Wijburg, 2020). This process includes the increasing role of mortgage lending, as well as the changes in ownership structure outlined above, the increasing share of legal entities among owners, and the purchase of real estate for investment purposes.

A real estate is considered an investment property if the owner purchases it for short- or long-term rental and/or capital increase purposes, i.e. to generate income on its own. Real estate built by companies are, by definition, all included here - the company does not use it for its own housing purposes but resells it - but a private individual can also own a property for investment purposes, for example by buying it with the aim of renting it out.

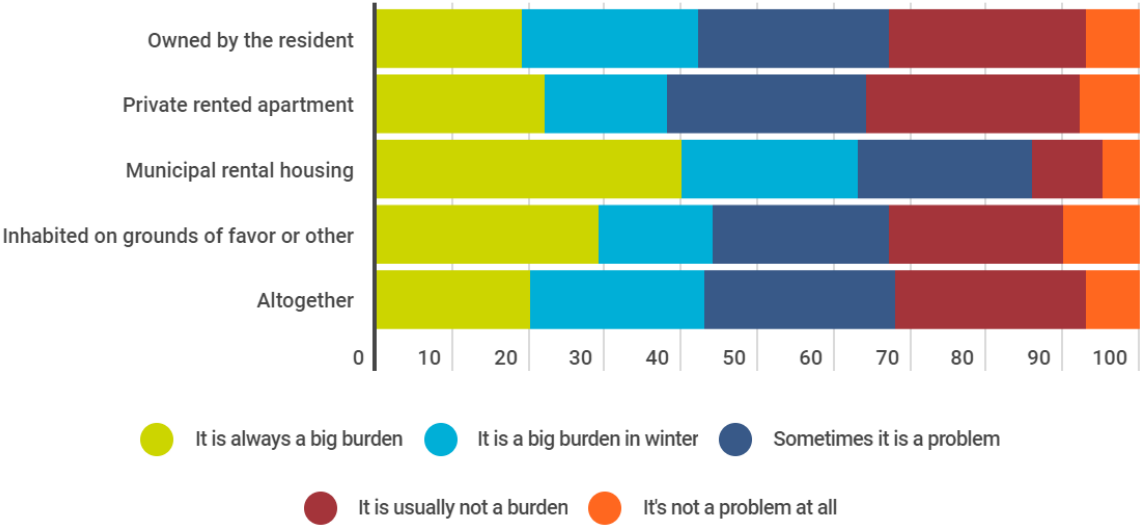
What impact do they have on housing?

Investment property is one of the reasons why property prices in prime areas have risen significantly in recent years. The rise in house prices is both excluding a growing section of society from home ownership and encouraging those for whom this is an option to take out ever higher mortgages. Buying property as an investment can help to renew the housing stock, but only if the owner is genuinely selling it for housing.

Although the crisis has set back the take-up of home loans in Hungary, **the number of newly approved housing loans has been growing steadily over the past 5 years.**

These long-term, high-cost loans, coupled with an unpredictable and difficult-to-afford rental market, have contributed to the fact that a fifth of households always and half at least occasionally have problems maintaining their housing, according to the 2015 Hungarian Central Statistical Office (KSH) survey.

Is housing maintenance a burden? Distribution of responses by housing title

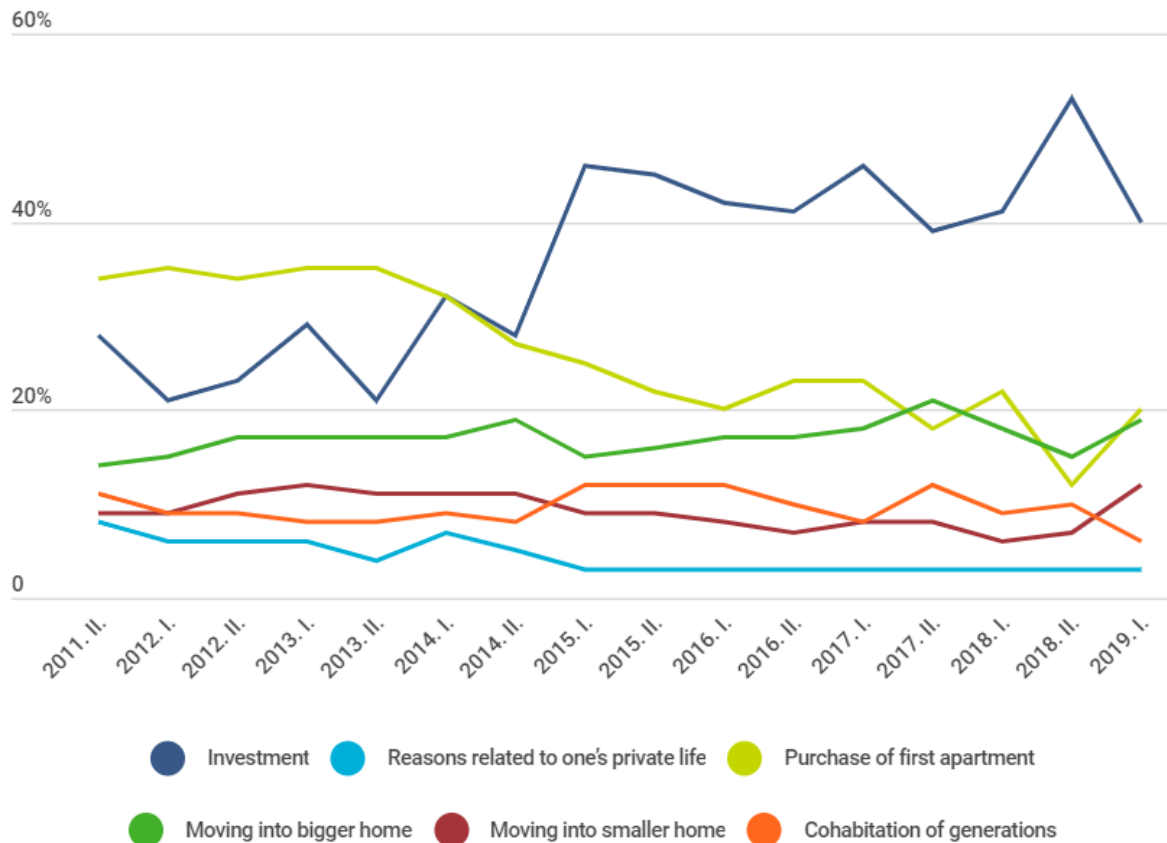


Source: KSH, What do we live in? 2015. Habitat data request

Overview in Hungary

There is little data available on investment properties: Duna House's monthly real estate market overview ([Duna House Barometer](#)) provides the most information. According to this, since 2015, at least 40% of new homeowners have consistently cited investment as the reason for their purchase, which is a remarkable proportion even if it includes those who bought for their children, for example.

Distribution of home buyers in Budapest according to the purpose of home purchase (2011-2019)



Source: [MNB Housing Market Report, November 2019](#), on the basis of data from Duna House

Over the past decade, rental prices have also nearly doubled nationwide, meaning that the large amount of investment property are in vain; as demand for rentals has increased and only a fraction of these homes are likely to have entered the long-term rental market. However, the proportion of investment property sold is usually a quarter to a fifth higher than the proportion of investment purchases. This suggests that investment properties are entering the rental market but, as mentioned above, are presumably entering the short-term rental market (e.g. Airbnb).

Proportion of buyers and sellers of investment purposes in and outside of Budapest (2018-2019)



Source: [Duna House Barométer](#).

According to the data of the Central Bank of Hungary (MNB), property prices in Budapest increased by 133 percent between 2008 and 2019. Since 2014, purchasing property promised significantly higher return on investment than, for example, investing in government securities, even if one took out a loan to be able to buy the property in the first place. The continuous reduction of the central bank base rate and the introduction of the family housing benefit (CSOK) in 2015 have only further strengthened this process, making **real estate by far the most lucrative investment**.

In addition, the renewal rate of the housing stock in Hungary has been very low since 2009 and since 2015 more than half of new housing has been built by a company, so these homes are probably mainly sold to (upper) middle class demand, without taking into account issues of affordability for a wider segment of society.

The logic of current Hungarian tax policy is to discourage the rapid resale of real estate. If the owner sells the property, the proceeds from the sale of the dwelling (i.e., if it is sold at a higher price than the original purchase price) are subject to 15 percent VAT, that one is exempt from paying if the purchase takes place at least after five years. And on purchase, the new owner is liable to pay a property transfer fee, which usually amounts to 4 percent of the value of the property.

International outlook

The dramatic rise in housing and rental prices, the exclusion of lower-income households from the housing market, and the upsurge of short-term rental are growing problems in many cities and countries. In order to make rental markets affordable and to reasonably limit short-term accommodation services, a variety of approaches are being used in Western European cities - such as regulatory mechanisms, tax incentives, the involvement of non-profit organizations, restructuring of the rental sector - some of which were highlighted by Habitat's in its 2017 publication on the affordable rental sector and in the [Feketelakás 3.0](#) proposal package.

Recommendations

The market will not spontaneously find a solution to these processes that yields positive results for society as a whole. Investing in real estate is simply too lucrative, for individuals and businesses alike. Thus, all else being equal, the effects of investment property purchases and the financialization of housing are expected to further intensify. Policy intervention is therefore needed.

On the one hand, residential and corporate investments can be encouraged to be realized in other sectors. For example, the state can contribute to this by issuing government securities with expected returns that can compete with real estate investments.

Another way of counteracting this could be to increase the cost of buying property for investment purposes, which will also help reduce demand, for example by increasing the transfer tax. However, for such a scheme to work effectively, a clear legal framework, transparency and control are needed.

The emergence of investment property in the long-term rental market would also help to reduce the housing crisis. To this end, Habitat has developed a package of proposals that provide a safer, more predictable environment for both tenants and landlords in one chapter of the aforementioned Feketelakás 3.0 publication, entitled 'Security'. These include, for example, providing landlords with tax relief and the possibility of mediation, clearer rules of notice periods, and clarification of both parties' obligations.

Lack of information is a serious obstacle to the adoption and effectiveness of any given measure: there is a lack of detailed and comprehensive data on investment housing, on real estate investment by foreign companies and on short-term housing rentals. Thus, any sort of meaningful action must be preceded by a comprehensive statistical data collection.

In the longer term, moreover, affordable housing requires a structural change in the housing sector, with a higher share of community, municipal, publicly owned and rented housing, where affordability and social considerations can be more strongly taken into account than at present.

It is also important that housing policies take account of the emerging generation of renters. There is a need to re-regulate the private rental market and create a good quality affordable rental sector, partly through construction and partly through the inclusion of existing housing stock. This could be achieved through the involvement of non-profit housing associations, just as the establishment and support of social housing agencies could alleviate the current housing crisis.

Energy poverty

Author: Nóra Feldmár (*Habitat for Humanity Hungary*)

Editing ended on August 31, 2020.

An excerpt from the chapter can be read below, the full housing report can be downloaded [here](#).

What does energy poverty mean?

A fundamental condition of our everyday lives is the energy we use at home: it is needed for lighting, heating, cooking and many other appliances of necessities and comfort. Those who cannot afford to have access to sufficient energy face disadvantages in further aspects of their life.

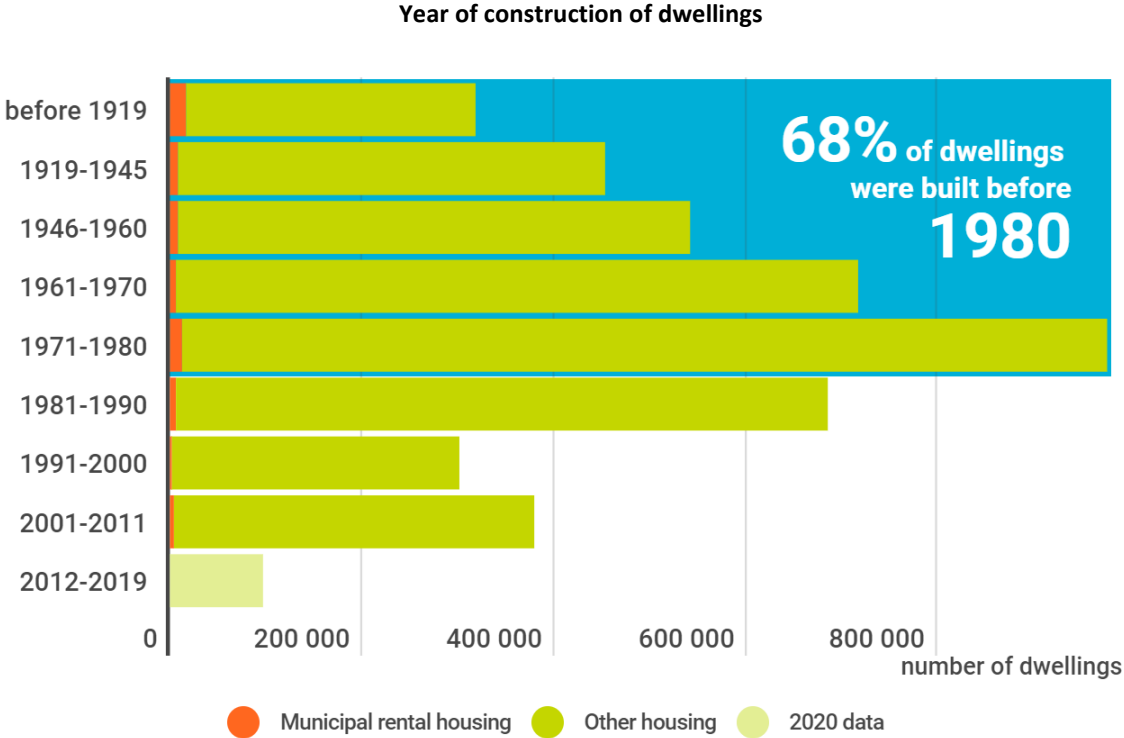
A household is considered energy poor if it is unable to afford the level of heating or other basic energy services needed for a decent quality of life. People from poorer households often live in substandard properties with low energy efficiency and lack the financial means to change this. External support is therefore needed to break the cycle of energy poverty.

In Hungary, there is currently no official definition or indicators to measure energy poverty. Due to the different characteristics of countries, along with various available data sources, the European Union encourages member states to define and measure this phenomenon on the national level. Energy poverty related ambitions should be set out in the National Energy and Climate Plans (NECPs), however, in the most recent Hungarian NECP concrete commitments and goals to alleviate energy poverty were not set.

The main drivers of energy poverty are income, the cost of energy, and the quality – especially the energy efficiency – of dwellings. The extent of energy poverty can be determined according to different criteria and indicators; however it can be stated that, **in Hungary around 10% of households are definitely affected.**

The most vulnerable groups when it comes to energy poverty are single elderly people, unemployed people, large families and single-parent families. Energy poverty is particularly acute in smaller settlements, as rural areas, especially villages, tend to be economically disadvantaged, and the single-unit houses that make up most of their housing stock are on average larger than flats in multi-unit apartment buildings, leading to higher utility costs.

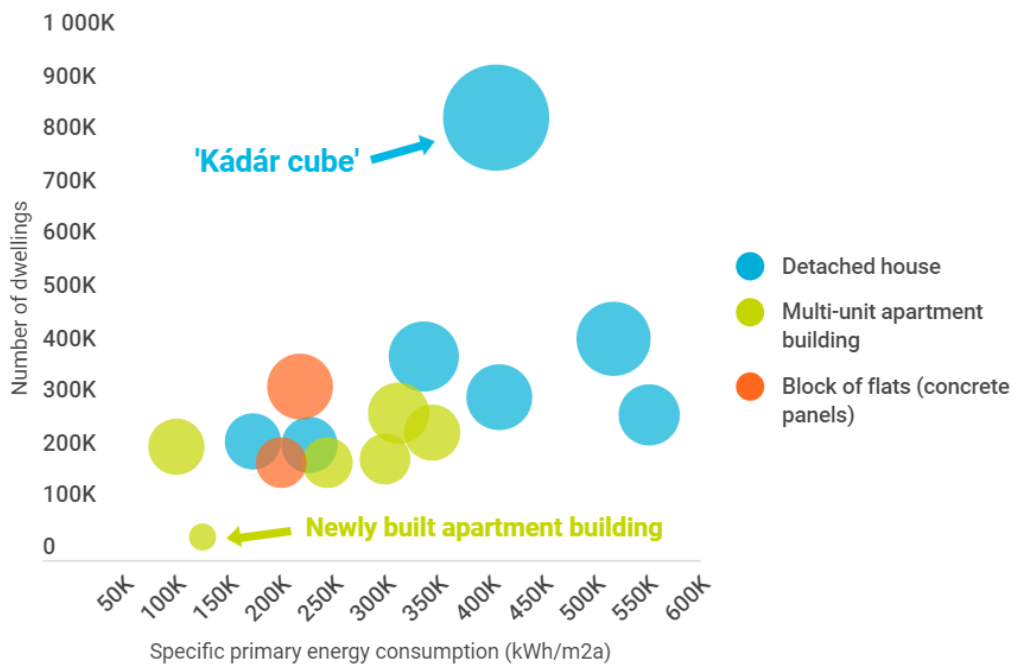
Household energy use and energy prices



Source: KSH, 2017; KSH 2020.

The housing stock in Hungary is predominantly outdated, that is to say, residential buildings typically have poor energy efficiency, which leads to high utility bills, carbon-dioxide emissions and air pollution. The most common type of housing – almost one in five – is the single-unit (“family”) house built around 1960s to 1980s, colloquially known as the „Kádár cubes”. Heating such a building without installing thermal insulation requires up to twice as much energy per square metre as a typical prefabricated block of flats (the so-called ‘panel’), and four times as much as an apartment block built in the 2000s.

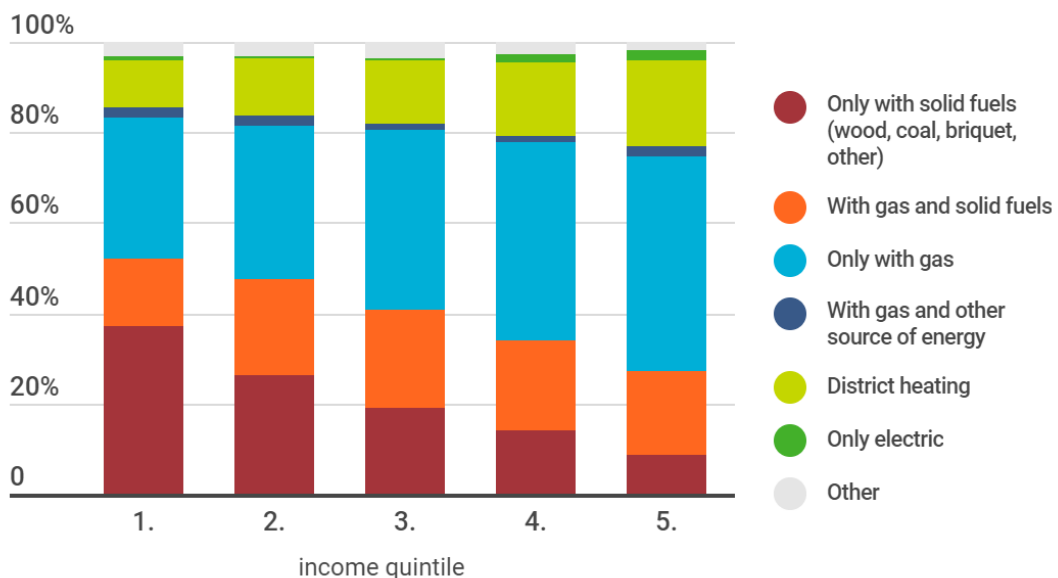
Number of dwellings vs. energy characteristics by building typology



Source: [National Building Energy Strategy](#)

The energy consumption of households accounts for 30 percent of national energy use. Almost three quarters of this is used for household heating. Gas was the most common energy source in 2019, with solid fuels (e.g., wood, coal, briquettes) in second place and district heating (prevalent in urban areas) in third. **Almost 40 percent of households in the bottom quintile of income groups heat exclusively with solid fuels, compared to only 9 percent in the top quintile.** In other words, solid fuel heating is mainly the fuel of the poorer households, as opposed to gas heating.

Energy source used for space heating by income quintiles (2019)



Source: *KSH HKÉF 2019, own calculation.**

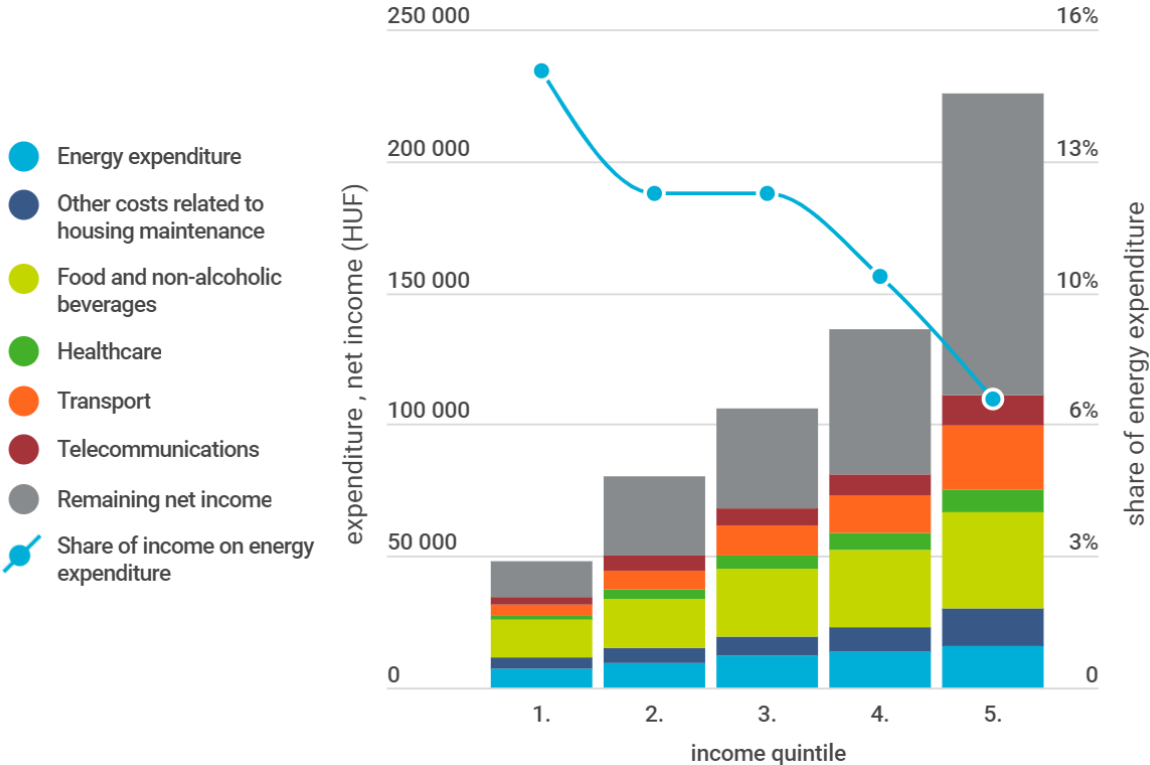
**Based on the Central Statistical Office's (KSH) HKÉF database from 2019 (reference year 2018). The calculations and conclusions drawn from them are solely the intellectual property of the author, Nóra Feldmár.*

Solid fuel heating is the primary driver of air pollution in Hungary due to outdated stoves and heating systems, poor insulation of buildings and the use of inappropriate fuels. Countrywide, household solid fuel heating accounts for 80 percent of the highly health damaging PM2.5 air pollutant emissions, while the EU average is only 41 percent. Moreover, according to [Eurostat](#), the EU average of fine particular matter emission per inhabitant is less than one third of the Hungarian average. The European Union has been pursuing infringement proceedings against Hungary for more than ten years for high levels of air pollution.

Affordability

The housing crisis is closely linked to energy poverty. Due to the large proportion of home ownership, on average households spend around 60 percent of their housing costs on energy. The lower the income of a household, the more likely it is to spend a higher proportion of its income on energy than a better-off family. In 2015, **9 percent of households spent more than 25 percent of their income on energy**; most of them are severely affected by energy poverty. Those who spend only a slight proportion of their low income on energy are also highly vulnerable, as **insufficient heating and electricity consumption and the lack of hot water have a detrimental impact on health and well-being.**

Monthly net income and expenditure per capita by income quintile (2018)

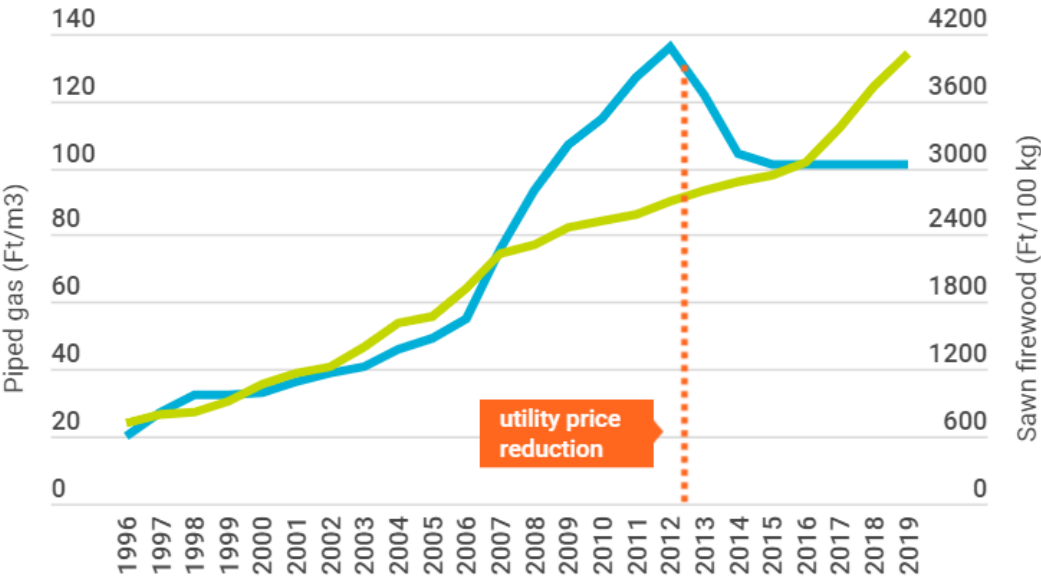


Source: [KSH](#)

However, energy bills can only be rationed and minimised to a certain extent, and if a household's income is insufficient or some unexpected expenses arise, debts start to accumulate with suppliers. According to the Hungarian Energy and Utilities Regulatory Authority (MEKH), approximately 500,000 consumers currently have payment arrears of more than 60 days.

Household energy expenditure is significantly influenced by the price of energy products. Following the change of regime, household gas and electricity prices have risen disproportionately in relation to incomes and other goods and services. This process was reversed by the utility price reduction between 2013 and 2015, as prices have been fixed with the introduction of this measure. At the same time, the price of firewood has been increasing steadily, accelerating since 2016. Low income families – despite their typically poor energy efficient housing – spend less on energy than better-off households and are therefore less affected by the cuts, while the increase in firewood prices mainly affects them.

Price of household gas vs. firewood 1996-2019



Source: KSH

Available subsidies

Vulnerable consumer status

In case of utility arrears – provided one meets certain eligibility requirements – the *vulnerable consumer status* can be requested. Such status allows for a deferral of payment and grants the possibility of paying in installments, but does not provide any discounts or other support. In order to prevent future debt, service providers often install pre-paid meters for such consumers, which, besides their advantages, may also increase the consumers’ vulnerability. Should a household be unable to top up their balance, they effectively lose their access to the energy network.

Utility price reduction

The utility price reduction, introduced in 2013, reduced household energy prices in three steps, at a uniform rate for all consumers regardless of income or other social targeting. While it appears in the NECPs as one of the main energy poverty measures by the state, it cannot be considered an effective intervention for the reasons mentioned above. Moreover, in 2015 the central housing cost subsidy was abolished, which was socially targeted in contrast to the utility reduction.

Social solid fuel subsidy

The social solid fuel subsidy scheme is available to municipalities with a population of less than 5,000 inhabitants and the funds can be used to purchase solid fuels to be distributed to households in need according to locally defined criteria. Since 2018, the program's financial framework has reached 5 billion HUF. However, the fairness of the distribution both on the state and the local level is somewhat questionable ([Bajomi/Habitat 2018](#)). It is also alarming that since 2014, this fund can be used for purchasing coal (often lignite) in addition to firewood. These coal products cause relatively the highest environmental pollution and the biggest threats to human health – especially when burnt in homes without filters (as opposed to industrial installations). Initially, 84 municipalities successfully applied for coal, but in 2019 the number rose to 252 adding up to around 500 million HUF in subsidies ([Átlátszó 2020](#)).

'Warmth of Home' Program

Launched in 2014, the 'Warmth of Home' program provided public support to improve the energy efficiency of residential buildings and households. Between 2014 and 2017, investments aimed at improving energy efficiency were executed in solely 1 percent of the housing stock – which amounts to 27 thousand dwellings. This includes the energy renovation of buildings, replacement of doors and windows or the modernization of heating systems. As these grants required up-front financing and a significant co-payment, low-income households were not able to participate in the program. At the time of writing in 2020, no call for proposals has been published, nor is there information available on future opportunities ([NFFKU](#)).

***The Covid-19 pandemic and energy services:** At the outbreak of the Covid-19 pandemic in Hungary, energy service providers introduced a moratorium on disconnections for households that accumulated arrears in utility services. The moratorium was a temporary relief for those who would have been at risk of losing their homes during the pandemic. However, this assistance did not affect one of the most vulnerable groups of consumers, the users of prepayment meters, precisely because of the principle of prepayment. [Habitat has also drawn the attention of decision-makers to their situation](#) and [has launched a petition to get the government to provide a one-off subsidy of at least HUF 12 000 to all Hungarian consumers during the Covid-19 pandemic or any similar crisis.](#)*

Recommendations

Reinstate the central housing allowance: A central normative housing assistance should be reinstated, providing assistance to households in need based on household income and housing costs.

'Progressive' energy pricing: We propose current utility price reduction with a banded pricing of household energy prices according to consumption. In this, the cheapest - or free - band should ensure that the most basic energy needs (e.g. lighting) are met, the middle band(s) should be priced according to the market price, and finally, the most expensive band should impose an additional cost on over-consumption. This surcharge on overconsumption could finance the subsidy for the lowest band, while at the same time increasing the willingness to invest in energy efficiency renovations among those who can afford it without external support.

Targeted housing renovation subsidies: Long-term, predictable and differentiated residential energy efficiency renovation programs are much needed. Achieving the EU's climate targets will require significant reductions in residential energy use and increased access to clean energy, for which the European Union is bound to introduce a large-scale support framework in the next budgetary cycle. A key aspect of the ongoing financial planning is the Just Transition Fund, which also means ensuring that those in need have access to modern, sustainable solutions. The Operational Programs of the next cycle should include various subsidies targetting lower income groups living in buildings with low energy efficiency. These include grants, interest-free loans and optimised own contribution and pre-financing arrangements.

Social fuel subsidy: National and local distribution rules for the subsidy should be harmonised. It would be desirable to define the beneficiaries of the solid fuel subsidy centrally and to strengthen the application of the principles of need. Local governments should be primarily responsible for the distribution of the subsidy and overseeing corrections to the allocations if needed. It is also necessary to introduce rules on the quality of fuels: limiting the moisture content of the firewood distributed to a maximum of 25 percent, as well as discontinuing the use of coal products under the subsidy. The financial framework of the subsidy should include the shipping costs of fuels as well, so that such costs would not have to be borne by the municipalities.

Heating modernization: In addition to the complete energy renovation of residential buildings, the upgrading of heating systems in dwellings should be prioritised, especially when it comes to replacing solid fuel burning stoves. In 2022, as part of the [EU Ecodesign regulation](#), the most polluting – and most affordable – stoves will no longer be permitted for commercial trade. To ensure that this measure, which will mainly affect the poorest, does not have serious negative consequences, major stove and chimney exchange programs ought to be implemented.

Since 2019, Habitat for Humanity Hungary has been participating in the Civitates Fund-supported [Elosztó](#) ('rEdistributor' Project), which aims to map energy poverty in Hungary and develop and implement effective policy proposals, as well as to implement local energy poverty reduction interventions (energy efficient renovations, insulation). The research and findings of the project have contributed significantly to this chapter.

Housing situation of disabled people – Accessibility in and outside of the capital

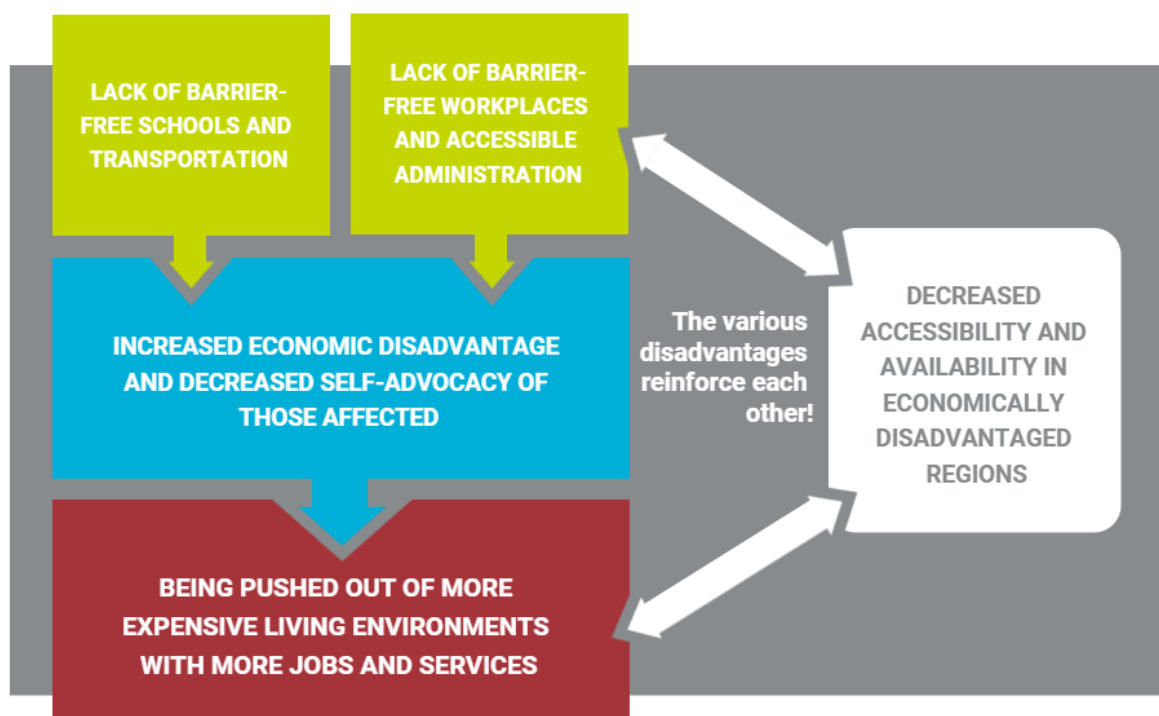
Author: Vera Kovács (*Utcáról Lakásba! Association*).

Editing ended on August 31, 2020.

An excerpt from the chapter can be read below, the full housing report can be downloaded [here](#).

Disabled people in society

Today, in Hungary, the majority of disabled people¹ have their right to housing violated. **Nearly one third of people with disabilities live in non-family households and roughly one in ten people with disabilities live in institutional households, according to 2011 census data.** Meanwhile, roughly one in ten, or 253,000 families in total, had a person with a disability living in them at the time of the census. However, if we want to draw any conclusions about the housing of disabled people, we must first ask: who are disabled and how many are there?



¹ In this chapter, the author systematically and deliberately used the term 'disabled people' or 'disabled person' in the singular when writing in Hungarian (*fogyatékos személy(ek), ember(ek)*). Using 'disabled' as an attributive (i.e. 'disabled person', 'disabled' + noun) is in line with the human rights discourse surrounding disabilities. The author consciously avoided using 'disabled' as a noun (i.e. 'the disabled'), along with the term 'people (living) with disabilities' (*fogyatékkal élő emberek*), given how far this latter term is from organic language use, not to mention its discriminatory overtones.

Statistics from the Hungarian Central Statistical Office (KSH) use different methods to report data on who is a disabled person, and the 2015 changes to the law meant that 70,000 fewer people became eligible for disability cash benefits. It is likely that this population is therefore less interested in identifying themselves as disabled in self-report surveys. However, despite the discrepancies, the number of people affected **is estimated to be around 5% of the population. According to the 2011 census, almost half of the disabled population, 235 thousand people, had physical disabilities.** Disabled people are often invisible in society and an and an unjustifiably high number still live in institutional households, while others who could benefit from institutional care are excluded due to the scarcity and distribution of places.

A large proportion of people with reduced mobility, however, live in family households; in 2011 their number was 150,000. Disabled people, especially those with reduced mobility, are over-represented in the capital. In addition, as society ages, there will be an increasing proportion of people with motor and sensory [disabilities acquired through ageing](#).

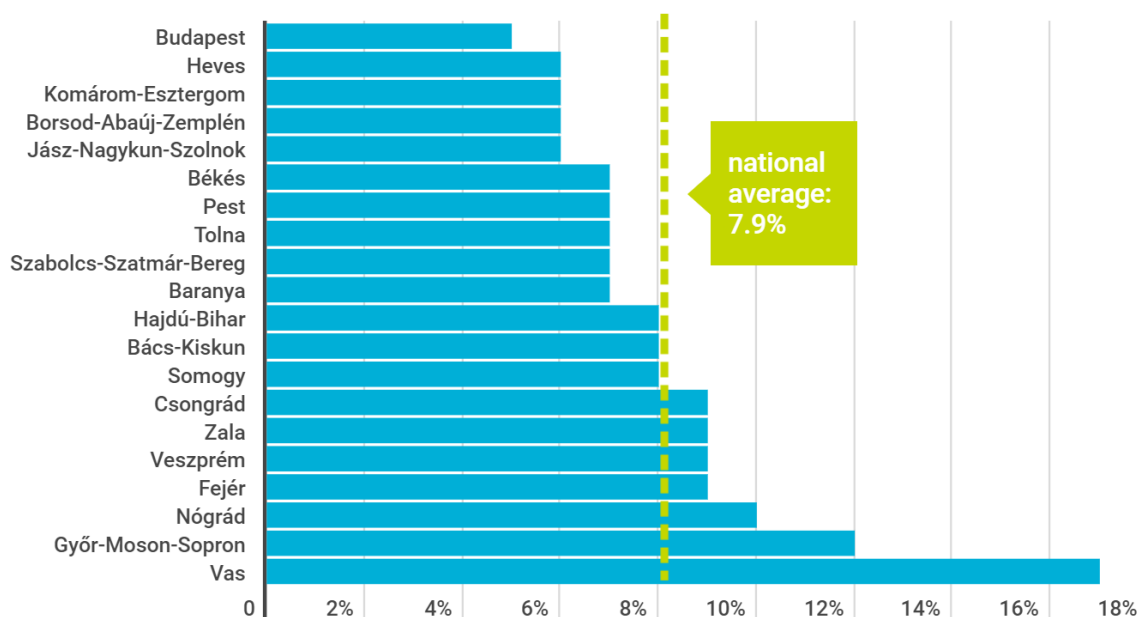
In this chapter of our housing report, we focus primarily on the housing situation of people with reduced mobility, partly because of their high proportion among disabled people and partly because their housing is determined not only by their housing and income situation, but also by the accessibility of the external environment – such as the accessibility of institutions, the presence or absence of support services and finally, the recognition of or disregard for extra expenses resulting from their disability. In addition, we provide data on the housing situation of the disabled population as a whole.

Housing conditions of disabled people

For people with reduced mobility, physical accessibility, access to high-quality education and services close to home are key. So **the fact that the vast majority of people with disabilities live in non-institutional households does not in itself mean that they are currently able to live independently** and provide for themselves the conditions for social participation. A common problem is that disabled people, often even those who do not need physical care or are married, are unable to move away from their parents. It is also not uncommon for them to be forced to stay longer in conditions so unsuitable that they have problems leaving home.

According to the Central Statistical Office, the housing conditions of disabled people are worse, and their housing tends to be smaller than than those of the general population. Both economic disadvantages and the lack of a barrier-free housing market play a significant role in hindering the establishment of an independent household. There is practically no data on the accessibility of the housing market. People with reduced mobility and **disabled people tend to have have low incomes**, partly due to their economic activity, lack of jobs and schools, and the scarcity of income sources available to them. Another recurring problem is is that they have difficulty affording market rents even in relation to the population as a whole, not to mention the difficulties of finding accessible housing. This seems to be a vicious circle that can only be remedied by complex interventions that go beyond access to housing per se and aim at equal access.

Share of disabled people living in institutional settings by county (2011)



Source: [KSH, Census, 2011](#).

Available subsidies: improving accessibility and deinstitutionalisation

Between 2010 and 2020, OTP Bank received 21,799 applications for accessibility improvement support, the majority of which, more than 20,000, were approved. Assuming a roughly even distribution of applications over time, **less than 1 percent of the people concerned are able to improve the accessibility of their homes with public support each year**. In addition, **the average amount awarded per application was HUF 196,590**. This is quite low for housing renovation and not enough to solve most of the accessibility problems encountered.

The housing of people with disabilities and reduced mobility should be a public policy issue. Despite that, more comprehensive thinking about improving the housing conditions of disabled people only takes place through the process deinstitutionalization.

Deinstitutionalization process: According to a social interpretation of disability, disabled people should not be segregated according to their disability, but should be integrated into society as much as possible, based on their existing skills and abilities. This is what the institutional replacement process or deinstitutionalization is all about, which has largely taken place in Western Europe and is still underway in this country. The process of deinstitutionalization involves the replacement of low-capacity, integrated residences by institutions by institutions providing supported housing services or care and nursing care where needed.

There are currently nearly 40,000 people live in large institutions, a quarter of them are mentally disabled. In the process of deinstitutionalization, only 10 percent of those living in institutions, including predominantly the mildly and moderately disabled, acquire better living conditions - basically in supported housing, like large family houses, run as mini-institutions. **People living in their own or in a family household, especially those with reduced mobility, are almost entirely excluded from**

subsidized housing services. One reason for this is that an institutional authority is required for the operation of such a service, and setting up a new service is a rather complex task.

The number of people in **supported living** services is extremely low and growing only slowly: **it does not provide full independence for those living in it** and it is not a solution for everyone. Although **it provides housing and housing-like conditions, it is still organized within an institutional framework**, which creates access difficulties for non-institutionalized people, i.e. 90% of people with disabilities. **The most integrated housing possible could be granted by the provision of barrier-free municipal rental accommodation.**

Municipalities and accessibility

In the framework of the Living Independently ('Önállóan Lakni') Research (see below), we have submitted data requests to the districts of the capital, as well as to the municipalities of cities with county rights in 2016 and 2020 on the number of accessible properties they own.

The majority of Budapest districts do not keep records of the accessibility of their housing, and despite the importance we attach to supporting people in their homes, they **are not obliged to operate a support service, so only a fraction of them provide such assistance.** Only three Budapest districts reported their own accessibility support program. In several districts and cities with county rights, the multi-unit apartment building renovation programs support improvement of accessibility of shared spaces and main entrances of the buildings. However, individually accessible, local accessibility improvement support is typically not available in settlements or can only be applied for on a case-by-case basis. The same is true for the accompanying services of support services.

Based on the responses of the cities with county rights, it appears that most municipalities do not have a comprehensive strategy for housing accessibility. However, in some cities, municipalities make their homes for the elderly accessible so that they can later be made accessible to tenants with reduced mobility.

During the repeated data collection in 2016 and 2020, no municipality reported that the accessibility of public facilities on its territory was complete. Municipalities predominantly only had data on the accessibility of the institutions they themselves operated, and no information on the accessibility of public transport stops or educational institutions in their area, which makes it very difficult to support those affected.

Recommendations

Independent living is an inevitable step towards the independence and social participation of disabled people. This requires a housing-focused reform of the social care system and support for independent living solutions.

It is also necessary to improve the accessibility and increase the amount of accessibility support. In addition, a register of barrier-free housing should be established and special discounts should be attached to them.

There would be a need for disabled people to be able to meet their recognized needs in a self-determined way, with central funding.

There is also a need to increase targeted housing support for vulnerable groups, in particular housing accessibility improvement support, but the targeting of housing maintenance support would also be justified, as being disabled comes with extra costs.

Mobility and sensory disabilities are affecting more and more people as society ages. Accessibility is therefore key not only for illness and congenital conditions, but also for living with disabilities acquired with ageing.

There is a need to improve the municipal rental housing stock, and for municipalities to register the accessibility of their housing, educational and public institutions in their area, to provide their residents with information on accessibility, and to give preference to disabled applicants in existing rental housing tenders.

Accessibility for people with disabilities, especially people with reduced mobility, cannot be separated from housing: improving accessibility to schools, workplaces and public institutions is also a prerequisite for independent and dignified housing.

In addition, compliance with existing accessibility legislation would significantly improve the situation of those concerned.

How did we look at what a person with a disability needs for independent housing in a participatory action research study?

In her doctoral research entitled [Living Independently](#), Vera Kovács conducted a participatory action research study in 2016-2017 with 10 people with disabilities and four allied participatory research groups to find out what it would take for a person with disabilities to live independently in Hungary today.

Participatory action research (PAR) is an effort to innovate social science research methods in which the researcher recognises that it is difficult to keep their distance and that they can hardly represent the position of an outsider without exploiting their research subjects. PAR researchers believe that there are many ways of collecting data and information that can be used to empower the groups involved in the problem being researched. PAR stands for the intertwining of the triad in its name - participation, action and research - and the involvement of the people affected by the study, who use the knowledge thus uncovered to advocate and improve their situation.

The Living Independently group, a community based on the self-organization of the disabled people involved in the research, is still in operation today and although they have achieved advocacy successes, the housing situation of disabled people has not changed systemically.

A detailed report on the research by Vera Kovács is published in the ELTE Bárczi Gusztáv College of Special Education, entitled [Together We Teach and We Research](#).