

Annual Report on Housing Poverty



2021



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ANNA ZSÓFIA BAJOMI

The EU Framework for the Reduction of Housing Poverty



The EU Framework for the Reduction of Housing Poverty

About the author: PhD student at the Milan Polytechnic, Department of Urban Planning, Design and Policy

The European Economic Community – the European Union's predecessor – was established shortly after the Second World War, in 1958, as an economic cooperation between six Member States. In the next decades, the economic alliance was joined by a growing number of states and its activity gradually extended to a variety of policy areas. Since 1993, the economic and political community has been known as the European Union (EU). Following Great Britain's exit from the EU in 2020, the alliance currently includes 27 Member States. The EU's economical model is based on a single internal market and the free movement of goods, services, capital and people. This means, for example, that EU citizens are free to choose which Member State they want to study, work or retire in. Economic cooperation is underpinned by shared core values such as inclusion, tolerance, justice, solidarity and non-discrimination.¹ Human rights (dignity, freedom, solidarity, civil rights and the right to justice) are summarised and recognised in the [Charter of Fundamental Rights](#) of the European Union.

Inter-state cooperation has had many effects on citizens' lives, ranging from programmes to support studying, volunteering and working abroad to the single European emergency number (112), the EU health insurance card, reduced roaming charges or the possibility for pets to travel abroad with their owners (provided they have a chip and passport).

The EU's founding treaties set out the areas where the EU has exclusive [legislative authority](#) (e.g. customs union, monetary policy across the eurozone), where it cooperates with Member States on shared competences (e.g. energy policy, social and territorial cohesion) and where it can only provide counsel and support (e.g. public health, education).

The **European Council** sets the EU's priorities and its general political direction. It is convened every four months, and is formed by the Heads of State or Government, the European Commission and the President of the Council of the European Union. Based on the guidelines set by the European Council, the **European Commission** is responsible for drafting EU legislation and budgets. The Commission is responsible for specific policy areas; each Member State delegates one Commissioner. The draft laws suggested by the Commission are examined, amended and adopted by the **European Parliament** – whose members are directly elected by EU citizens – and the **Council of the European Union** – which is made up of ministers from the Member States. Once they have been ratified by the European Parliament and the Council of the European Union, the European Commission is tasked with implementing EU policies and the EU budget. Under the Lisbon Treaty (which regulates the functioning of the EU), the European Parliament can ask the Commission to introduce specific legislation.

Housing policy is not an area of [EU action](#). It is an area of national competence – meaning that it is up to the Member States to develop their own policy

¹ Europa.eu (2016). [The History of the European Union](#).

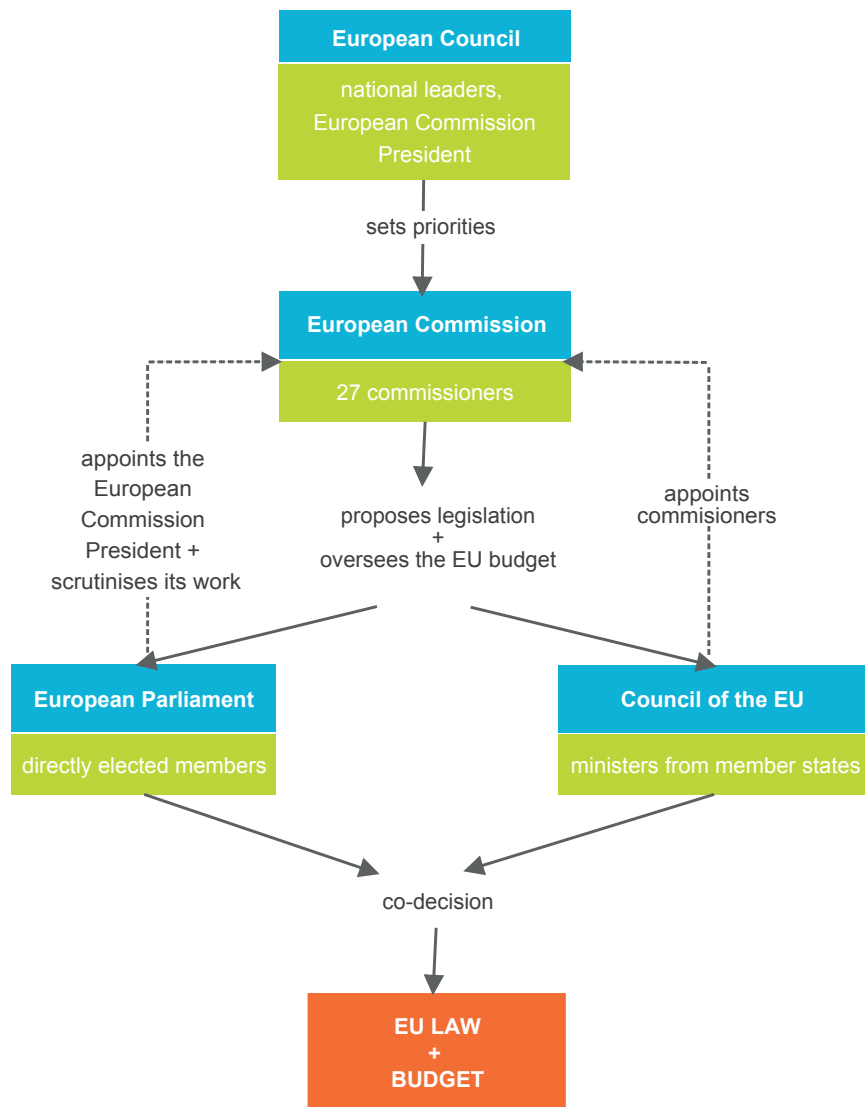


Figure 1: The institutions of the European Union. Based on the BBC's 'EU Power Structure' graphic; the graphics used in this chapter are the exclusive intellectual property of Habitat for Humanity. For more information regarding the institutions of the European Union, see [this page](#); for information regarding EU legislation (such as regulations, directives, decisions), see [this page](#).

frameworks. Although the EU does not have a general housing policy, its actions and decisions do have an impact on housing issues – particularly in regards to improving energy efficiency and the situation of people living in marginalised circumstances. EU policies regarding energy, regional and urban developments, employment and social affairs – and even wider economic coordination – all have an impact on housing.² In these areas, the EU enables the implementation of its policies through legislation, [financial resources](#), recommendations, technical assistance, transnational professional cooperation and programs that facilitate the exchange of experience.

Member States' access to EU resources is implemented through seven-year cycles – the multiannual financial framework (MFF). Each Member State's objectives must be set out in operational programmes, which must reflect the main objectives outlined in the EU's [funding](#) guidelines.

Since 2020, one of the EU's top priorities has been to meet climate-change related objectives and support the socioeconomic transition to climate neutrality. In the framework of this green transition, the EU will explicitly promote energy-efficient, complex renovation of residential buildings and the fight against energy poverty by providing a financial and legal framework.

What follows is an overview of the main housing problems in the European Union – and how they affect Hungary. We will then examine in detail the EU's policies related to housing and survey the legal, financial and professional instruments the EU has at its disposal to improve the overall housing situation. Finally, we will consider the extent to which Hungary is making use of these instruments.

² These are areas of [shared competence](#): the EU and Member States jointly regulate the given area – but Member States can only legislate regarding questions the EU has not regulated or does not wish to regulate.

1. Housing problems in the European Union and Hungary

Housing policies and support schemes differ across the European Union. While some issues are present in most countries (rising house prices and rents, homelessness) specific structural, economic and historical developments explain divergences in other areas (e.g. energy poverty, housing quality, lack of social housing). Social issues – including housing – do not occur evenly within nation-states themselves: they differ on regional and municipal levels or depending on the types of settlement.

For the EU and its Member States to be able to effectively tackle the current housing crisis, its underlying causes and main features must be examined. What follows is an overview of the European countries' housing stock, the main housing issues they face and how the situation in Hungary's compares with other EU countries.

The majority of the EU's population lives in urban areas (37.7% in cities, 33.9% in small towns or suburbs) with less than a third living in rural areas. There are nonetheless significant differences between countries: Malta, for example, has a strikingly high proportion of urban dwellers, just as the Netherlands, Belgium and Italy. Four Eastern European countries (Slovakia, Romania, Slovenia and Lithuania) have the highest proportion of rural population. In Hungary, one third of the population (32.8%) lives in cities, one third in small towns and one third in rural areas. Compared to the EU average, the number of people living in urban areas is 5% lower, while the number living in rural areas is 5% higher (see Figure 2).³

53.3% of the EU's population lives in single-family homes and 46% in multi-family homes. Ireland has the highest proportion of people living in houses, while Latvia has the highest proportion of people living in apartments. In Hungary,

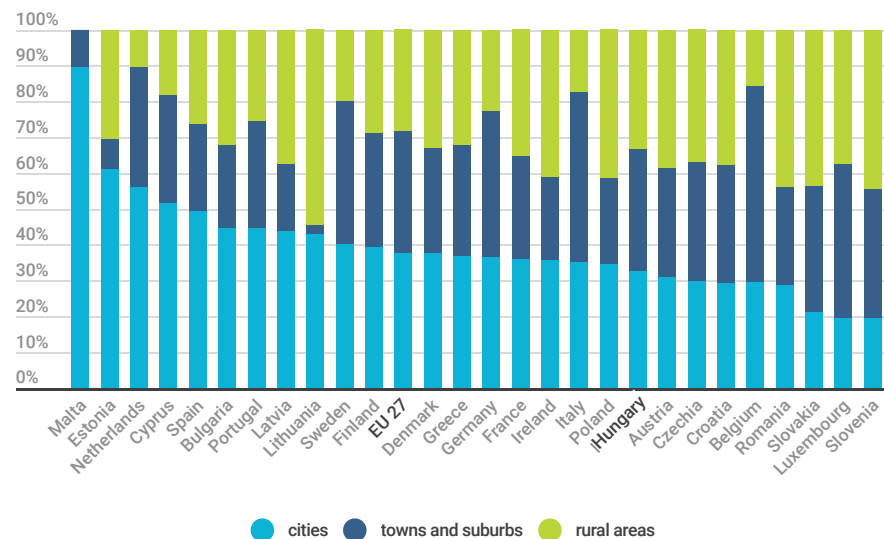


Figure 2: Distribution of population by level of urbanisation, 2019.

Data source: Eurostat, EU-SILC.



Figure 3: Distribution of population by dwelling type, 2019.

Source: Eurostat, EU-SILC.

³ Eurostat (2021). [Distribution of population by degree of urbanisation, dwelling type and income group - EU-SILC survey](#).

more than two-thirds (71%) of the population lives in a house and less than 30% in an apartment (see Figure 3).⁴

The proportion of homeowners and renters varies across European countries; in some countries, access to housing mainly revolves around credit mechanisms, while in others, family-support schemes play a more important role. More than two thirds of the total EU population own their homes; less than a third are renters. There are, however, significant differences between countries (see Figure 4). **In Eastern – and some Southern – Member States, the share of private ownership is particularly high and housing loans only play a minimal role in the housing market: this reflects the central role family systems (through inheritance or financial support) occupy in these societies in the area of housing.** The rental sector in Western and Northern countries is overall more institutionalised than in Eastern Europe and a higher share of the population lives in rented accommodation. It must nonetheless be noted that given the informal nature of much of the rental sector in Eastern Member States, official statistics do not accurately reflect its size.⁵ As for the category of those renting at a reduced price or for free, it covers those living in social housing, as well as those renting on a goodwill basis. As a result of the large-scale privatisations conducted after the 1989 regime change, the share of social housing is low in Eastern European countries.

1.1. Affordability

Over the last decade, house prices and rents have been steadily increasing in the EU, with house prices rising by 25.9%⁶ and rents by 13%.

Estonia is the country that saw the highest increase in **house prices** (107.81%) and in the **rent index** (144.95%).

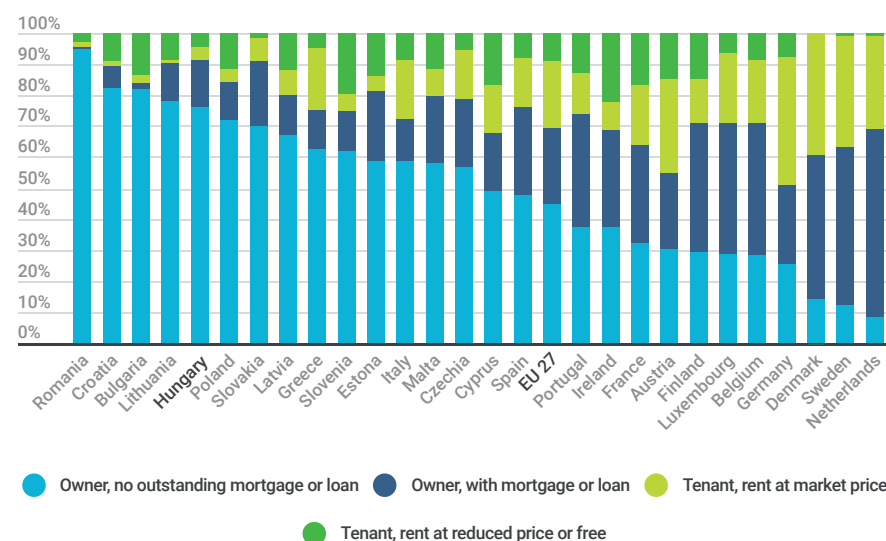


Figure 4: Distribution of population by tenure status, 2019.

Source: [Eurostat, EU-SILC](#).

⁴ Eurostat (2021). [Distribution of population by degree of urbanisation, dwelling type and income group - EU-SILC survey](#).

⁵ Hegedüs, J. és Horváth, V. (2015). [Intra-Team Comparison Report for Bulgaria, Hungary, Romania](#).

⁶ Eurostat (2021). [House Price Index](#).

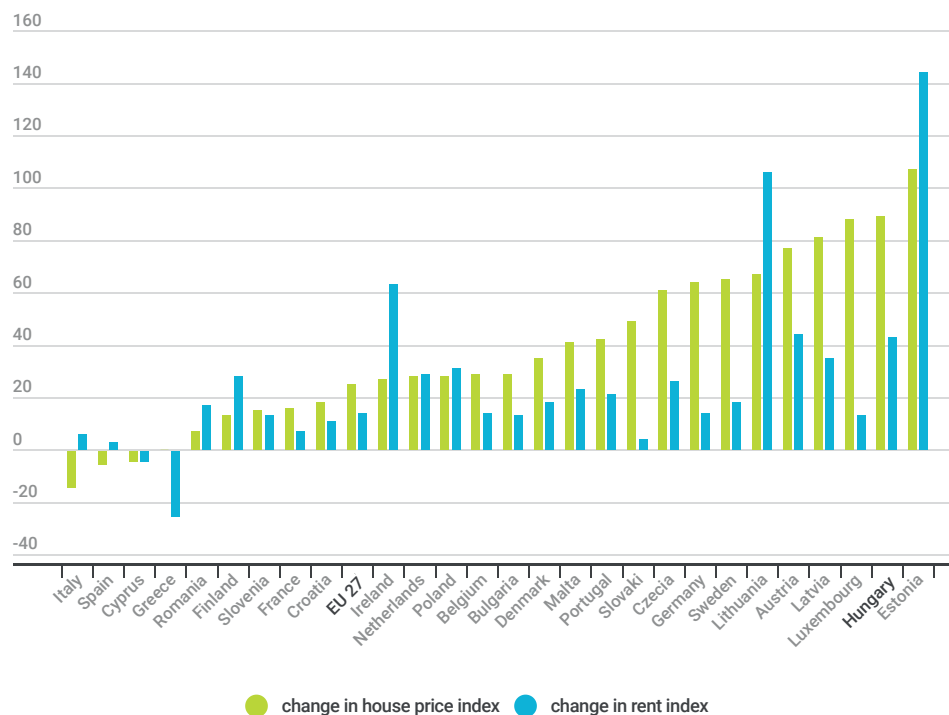


Figure 5: Changes in house price and rent indices in the EU Member States, 2010-2020, data source: [Eurostat House Price Index](#) and [Eurostat HICP](#) (reference year: 2015=100).

Hungary's 89.68% increase in house prices is the second highest across the EU for the period running from 2010 to 2020.⁷ In the same period, incomes only increased by 70%.⁸ According to the OECD, the house price to income ratio in Hungary increased by 26% between 2015 and 2020.⁹ This is corroborated by a National Bank of Hungary report which states that 'compared to 2013, the necessary average income to buy a typical dwelling will have increased by four years by the end of 2020'.¹⁰ According to the National Bank, 'state subsidies significantly improve the affordability of housing, most notably for families with three children'¹¹; but such measures also have a direct effect on the housing market by contributing to higher house prices, which further worsens the situation of low-income families who have no – or difficult – access to state subsidies.

According to Eurostat data, Hungary's rent growth of 43.49% is the fourth highest across the EU. Data drawn from rental advertisements indicate a drastic deterioration in housing affordability: 'over the past eight years, rents increased by almost 90% nationally and in county capitals, while in Budapest they increased by almost 130%'.¹² In 2020, the number of long-term rents in Budapest increased due to the drop in tourism caused by Covid-19. This is one of the reasons why – after many years of uninterrupted growth – rents fell by 13.3% in Budapest and by an average of 9.8% nationally between February 2020 and March 2021.¹³ This was probably only a temporary reprieve: prices stagnated in early 2021 before rising again.¹⁴ In May 2021, renting a one-room apartment in Budapest accounted for 43% of the average monthly net income.¹⁵

⁷ Hungarian Central Statistical Office. [18.1.13. House Price Index](#).

⁸ Hungarian National Bank (2020). [Housing Market Report \(June 2020\)](#).

⁹ OECD (2021). [Housing prices \(indicator\)](#).

¹⁰ Hungarian National Bank (2021) [Housing Market Report \(May 2021\)](#), p.19.

¹¹ *ibid.*, p.7.

¹² Habitat for Humanity Magyarország (2020). [Black Housing Campaign – Problems](#)

¹³ Hungarian National Bank (2021) [Housing Market Report \(May 2021\)](#).

¹⁴ Hungarian Central Statistical Office (2021). [KSH-Ingatlan.com- housing index \(April 2021\)](#).

¹⁵ Hungarian National Bank (2021) [Housing Market Report \(May 2021\)](#).

On average, households in the European Union spent 21% of their income on housing in 2018, but this number rises up to 41% for those who earn less than 60% of the average income.¹⁶ There are also significant disparities between countries: for example, households in Malta spend only 7.8% of their income on housing, compared to 40% in Greece.¹⁷

The significant increase in house prices and rents has pushed affordable and decent housing out of reach for a growing number of people. **In the EU, 10% of the population — and more than a quarter of renters — spend at least 40% of their income on housing.**¹⁸ In 2018, Hungarian households dovetailed the EU average by spending just over a fifth (21.2%) of their income on housing — 14.5% less than they spent in 2008.¹⁹ However, the same statistics reveal that low-income households spent 45.8% of their income on housing in 2018, that is a 4.8% increase compared to ten years earlier.²⁰

One of the main driving factors behind rising house prices is the ever-increasing [involvement of financial actors](#) in the housing sector. Such investments tend to push up prices, jeopardising the affordability of housing and maintenance for low-income earners.²¹ The increased commodification of housing marks a shift from its perception as a public good characterised by affordable, quality homes. Mass tourism also contributes to rising housing and rental prices — as it simultaneously increases the sector's investment value and removes a large number of homes from the long-term rental market.

The decline of affordable housing is also linked to the dwindling budgets allocated by Member States to social housing.²²

¹⁶ Eurostat (2021). [Share of Housing Costs in Disposable Household Income, by Type of Household and Income Group ILC_mdcd01](#).

¹⁷ *ibid.*

¹⁸ Eurostat (2021). [Share of housing costs in disposable household income, by type of household and income group ILC_mdcd01](#).

¹⁹ Eurostat (2021). [Housing cost overburden rate by tenure status - EU-SILC Survey ILC_LVHO07C](#).

²⁰ *ibid.*

²¹ European Commission - Joint Research Centre. [The Future of Cities](#).

²² European Parliament (2021). [Decent and affordable housing for all](#).

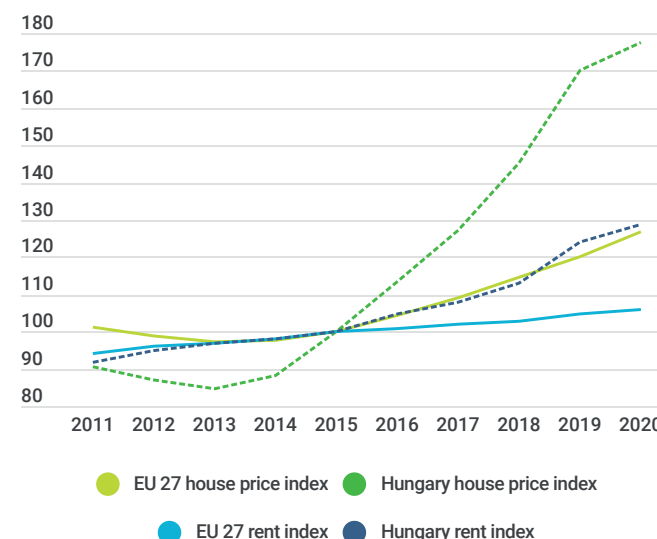


Figure 6: Changes in house price and rent indices in the EU and Hungary, 2011–2020. Data source: [Eurostat House Price Index](#) and [Eurostat HICP](#) (reference year: 2015=100).

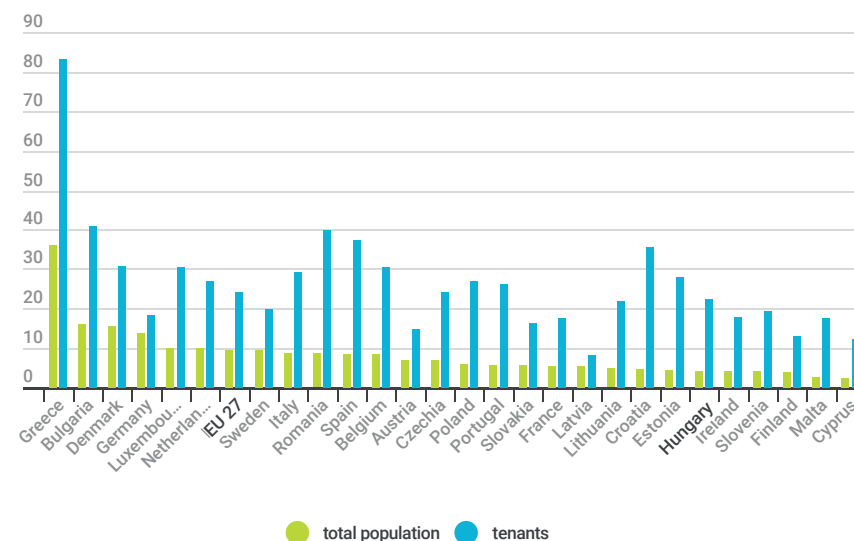


Figure 7: Housing cost overburden rate by tenure status. Source: [Eurostat, EU-SILC](#).

1.2. Age and energy consumption of buildings

The age of the housing stock varies drastically across European countries. The United Kingdom and France have the highest proportion of buildings built before 1969, while Cyprus and Ireland have an above-average proportion of newer buildings. The age of buildings is also an indicator regarding the energy efficiency of the housing stock: newer buildings have to meet tighter requirements. Half of Europe's residential buildings were built before 1970²³, when the first energy performance standards were introduced – which means their energy efficiency is typically lower. Such standards were only gradually introduced in the Eastern European Member States after 1989 and their subsequent accession to the EU.

Hungary's share of older buildings is higher than the EU average, with more than half of the housing stock built before 1970 (see Figure 8). 60% of Hungarian dwellings are detached (or terraced) houses, 81% were built before 1990 and 63% are not insulated.²⁴ Overall, 70-90% of the housing stock is in need of renovation.²⁵

Household energy consumption in Europe accounts for 23% of final energy consumption²⁶, 63% of which is used to heat residential buildings.²⁷ Differences in average energy consumption between different countries can reach a ratio of up to 2.7. Houses in Luxembourg, Belgium, Italy and Hungary consume the most energy.²⁸

Hungarian buildings account for 40% of the country's primary energy use.²⁹ While energy consumption decreased in most member states between 2000 and 2018, average energy consumption in Hungary remained stable

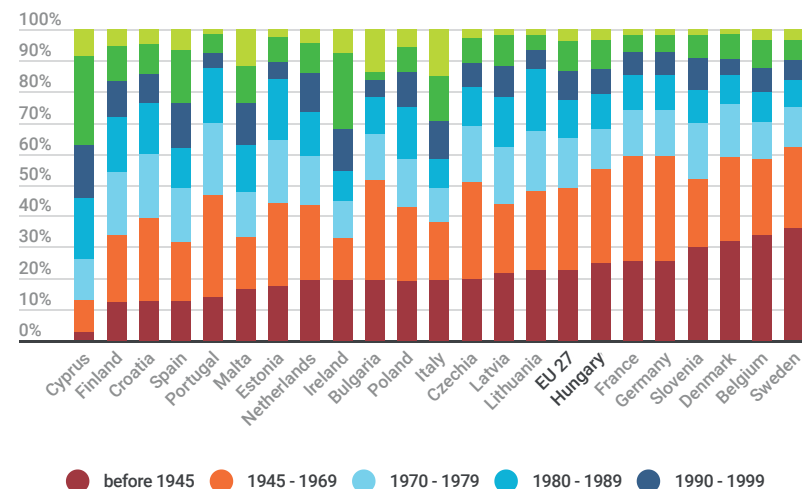


Figure 8: Distribution of dwellings by year of construction, 2014.
Data source: [European Commission, EU Buildings Database](#).

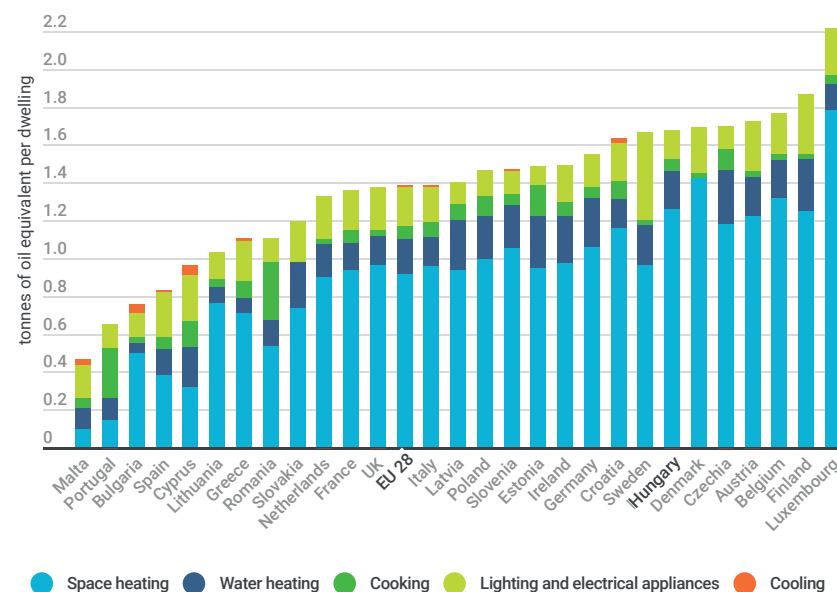


Figure 9: Energy consumption by end use per dwelling, 2016.
Source: [European Environment Agency](#).

²³ European Commission. [EU Buildings Factsheets | Energy](#).

²⁴ MultiContact Consulting Kft. (2020). [Hungary: Modernisation of Public and Residential Buildings - Identification and Elaboration of Support Programmes - Executive Summary](#).

²⁵ *ibid.*

²⁶ Eurostat (2019). [Final energy consumption by sector, EU, 2019](#).

²⁷ Eurostat (2019). [Energy consumption and use by households](#).

²⁸ Odyssee-Mure (2018). [Sectoral Profile - Households Energy Consumption](#), p.5.

²⁹ MultiContact Consulting Kft. (2020). [Hungary: Modernisation of Public and Residential Buildings - Identification and Elaboration of Support Programmes - Executive Summary](#).

(it decreased between 2008 and 2014, before increasing after 2014). In a climate-adjusted comparison between EU countries, Hungary has the bloc's fifth highest household energy consumption.³⁰ Between 2000 and 2018, the amount of energy used for heating decreased in all EU Member States with the exception of Poland and Hungary. In the latter, it increased significantly between 2000 and 2014, and only started to slightly decrease in 2018.³¹

1.3. Energy poverty

Households living in energy poverty face difficulties in meeting the energy needs necessary to sustain a decent quality of life. The causes of energy poverty include low energy efficiency in housing and appliances, low incomes, high energy prices and difficulties in accessing energy. The question of energy poverty has been receiving increasing attention from policymakers in Europe, where it affects an estimated 50 million people.³²

Several studies have underlined the stark difference in energy poverty levels between Europe's centre and periphery³³, with eastern and southern (periphery) Member States more affected by energy poverty than those of the western and northern (centre) Member States.

The maps above show the EU Member States according to an index based on the energy poverty of each country's bottom 20% earners³⁴; it illustrates each country's exposure and vulnerability to energy poverty.³⁵

³⁰ Odyssee-Mure (2018). [Sectoral Profile - Households Energy Consumption](#), p.5.

³¹ *ibid.*

³² Energy Poverty Observatory. [What Is Energy Poverty? | EU Energy Poverty Observatory](#).

³³ Bouzarovski, S. (2018). [Energy Poverty \(Dis\)Assembling Europe's Infrastructural Divide](#); OPENEXP. [European Energy Poverty Index \(EEPI\)](#).

³⁴ [European Energy Poverty Index](#) (2019)

³⁵ Recalde, M. et al. (2019). [Structural Energy Poverty Vulnerability and Excess Winter Mortality in the European Union](#). The vulnerability of a country to energy poverty is determined by structural factors such as the state of the labour market, the extent of welfare provisions, the state of the housing stock (energy efficiency, age of buildings, housing prices, etc.) and energy prices.

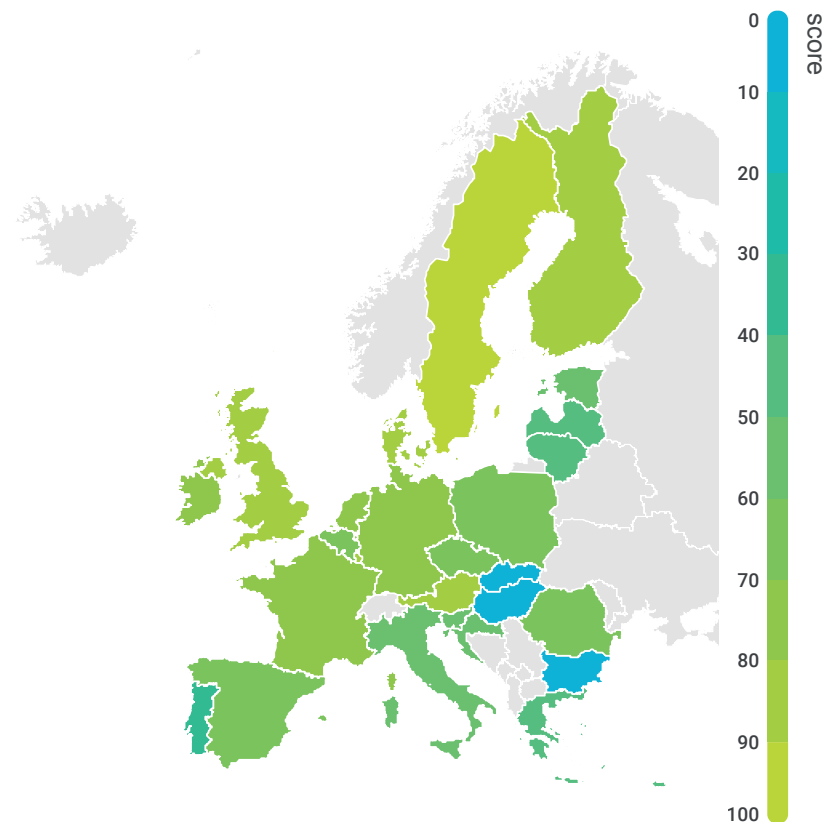


Figure 10: European Household Energy Poverty Index, 2017 data.
Data source: [openexp.eu, EEPI Index, 2019](https://openexp.eu/EEPI-Index). (0 is the worst score and 100 the best).

Both rankings are headed by eastern and southern European countries, which indicates the acuteness of energy poverty in these regions.

The Hungarian Energy Efficiency Act³⁶ defines households as energy poor if the cost of heating their home to 20°C and producing hot water exceeds 25% of their annual household income. While various studies have shown that 8.5% of the population fits this definition³⁷, this does not indicate whether the home was properly cooled (that is, remaining neither too cold nor too hot) or what proportion of households would be defined as energy poor if their home temperature actually reached 20°C.

The proportion of households with utility bills in arrears is often used as an indicator of energy poverty. In 2019, this concerned 6.2% EU households, with those in southern and eastern Member States most affected. In Hungary, 10.2% of households had arrears in 2019 – 64% higher than the EU average. 22% of people living on less than 60% of the median income in Hungary and more than a third (38.2%) of single parents had arrears.³⁸ Since 2010, the proportion of households with arrears has fallen by 55% for average-income and 60% for low-income households; this is partly due to the government's utility cost reduction policy (*rezsicsökkentés*) instituted in 2013. This policy has however led to more significant savings among higher income earners and has not affected households relying on wood for heating³⁹ – a group whose situation is not reflected in data collected on households with arrears. Heating takes up the largest share of household energy use.

In Hungary, one fifth of dwellings (21%) are only heated with wood, and a further 21% use a mix of solid fuel and gas. 37.3% of households in the lowest income quintile rely exclusively on solid fuels and 14% use a mixture of gas and wood: this means that more than half of the lowest-income households heat partly or entirely with wood, with less than one third (31.2%) using only gas.

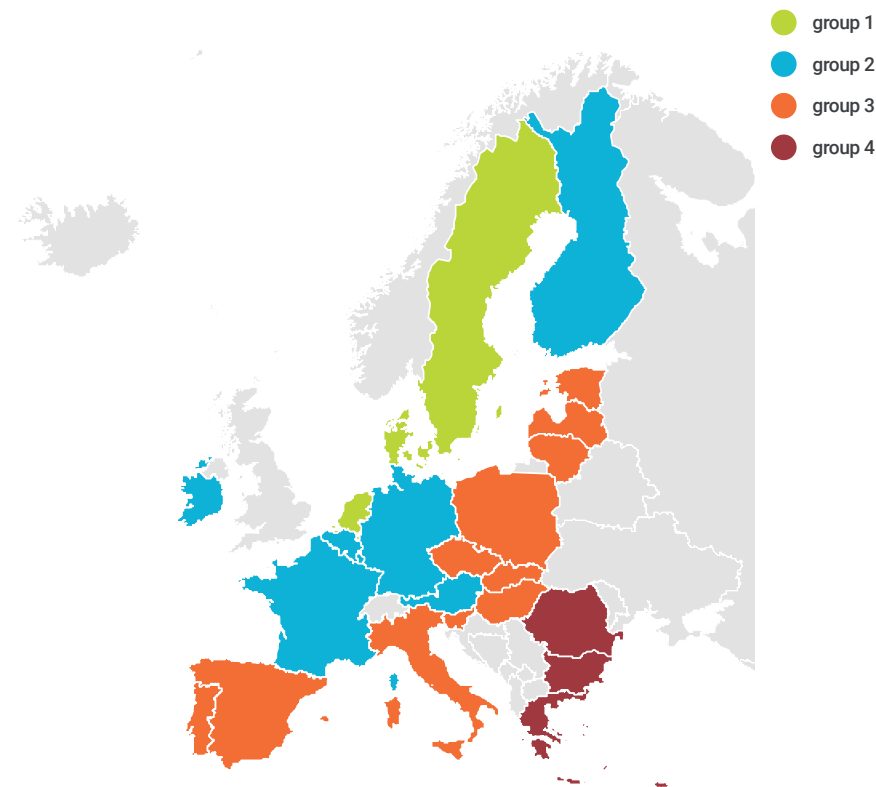


Figure 11: Member States' vulnerability to energy poverty.
Data source: Recalde, M. et al. 2019, Eurostat.
(A metric of 1 includes the least vulnerable Member States, 4 the most vulnerable).

³⁶ [LVII Law on Energy Efficiency](#) (2015)

³⁷ Based on KSH data collected as part of the 'What do we live in?' publication. (2015). Calculation based on the research presented by the Sociological Institute of the Centre for Social Science Research under the title 'Social Challenges of Energy Use', [Elosztó Projekt](#).

³⁸ Eurostat (2021). [Arrears on utility bills - EU-SILC Survey ILC_MDES07](#).

³⁹ Elosztó Projekt, [subsidies](#).

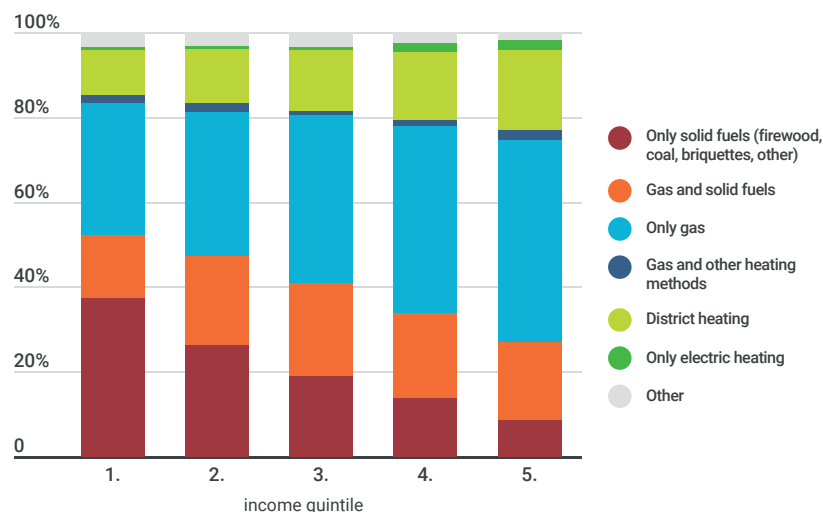


Figure 12: Distribution of households by heating fuel.

Data source: Prepared using the data set of the Hungarian Central Statistical Office (ref. year 2018). The calculations and conclusions are the exclusive intellectual property of Habitat for Humanity.

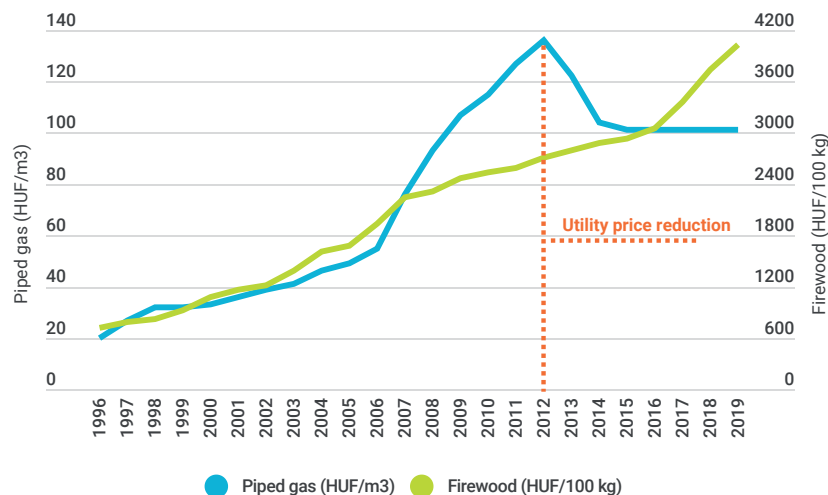


Figure 13: Prices of piped gas and firewood, 1996-2020.
Source: [Hungarian Central Statistical Office](#).

In contrast, nearly half (47.7%) the households in the highest income quintile use only gas and less than a tenth (8.5%) rely entirely on solid fuels.⁴⁰

The price of gas has fallen by 26% since 2013, while the price of wood – typically used by lower income households – has been steadily increasing for more than a decade (see Figure 14).

The inability of households relying on wood to cover the cost of heating can lead to problems such as utility arrears, fuel underuse or the use of inadequate fuels.

1.4. Housing quality

Building obsolescence is not only a problem in terms of energy consumption. The population of Eastern Europe and Hungary is affected by housing quality issues at a significantly higher rate than the EU average.

Households in Eastern and Southern European countries are more likely to be affected by housing deprivation⁴¹, i.e., living in an overcrowded dwelling that contains one additional major housing quality issue (leaking roof, no toilet or bathroom, darkness). Peripheral countries also have a higher proportion of households living under leaking roofs or among damp, mouldy walls than their western and northern counterparts (see Figure 15). In Hungary, 7.8% of the total population (1.8 times the EU average) was affected by housing deprivation; this number rises to 19.8% in the case of single parents. In 2019, 2.8% of the total population – and 4.7% of children – lived without a toilet or bathroom, which is 2.7 times the EU average.

⁴⁰ Prepared using the data set of the Hungarian Central Statistical Office (HICP 2019) (ref. year 2018). The calculations and conclusions drawn from the data sets are the exclusive intellectual property of Habitat for Humanity.

⁴¹ Eurostat (2021). [Severe housing deprivation rate by age, sex and poverty Status - EU-SILC Survey ILC_MD-HQ06A](#).

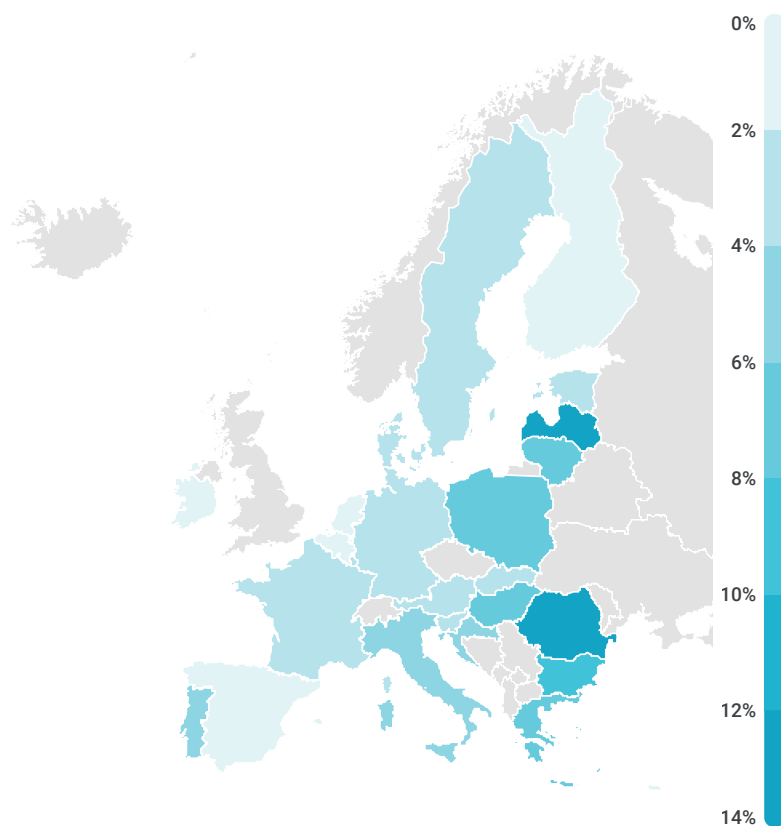


Figure 14: Severe housing deprivation rate in EU Member States, 2019.
Source: [Eurostat](#).

In the European Union, 12.7% of the population lived in a dwelling with a damp roof or damp walls. This issue was particularly acute in southern and eastern Member States – although overall affluent countries such as Luxembourg and Belgium were also strongly affected.

In 2019, more than a fifth (22.3%) of Hungary's total population lived in a dwelling with a damp roof or damp, wet walls – the third highest rate in the EU. More than a quarter (27.9%) of people under 18 lived in a dwelling with dampness or mould issues.⁴² The overall population is 1.7 times more affected than the EU average, a proportion that rises to twice the EU average in the case of children. Compared to 2010, the overall number of the affected population has decreased by 7.9% (3.8% in the case of children). Damp, mouldy housing correlates with unhealthy living conditions and an increased risk of developing asthma and upper respiratory diseases.

1.5. Segregation

Housing segregation refers to the unequal spatial distribution and unequal access to housing of social groups, defined in terms of income, ethnicity, education or employment status. In urban areas, this often entails high income groups living in enclaves fenced off from the outside world, while various ethnic communities (or groups with low-income and less access to education) live in other parts of the city. Such areas tend to have poorer housing conditions and fewer, poorer quality public services.⁴³ Temporary or permanent settlements, such as refugee camps or emergency housing erected in the city outskirts are usually considered as segregated areas.

In Members States from Western and Northern Europe, social exclusion is predominantly an urban problem, with social disparities in large cities also reflected in the housing exclusion of low-income groups.⁴⁴ In contrast, those

⁴² Eurostat. [Total population living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor - EU-SILC survey \[ilc_mdho01\]](#).

⁴³ European Commission - Joint Research Centre. [The Future of Cities - Social Segregation](#).

⁴⁴ European Commission - Joint Research Centre. [Proportion of the Population at Risk of Poverty or Social Exclusion, by Degree of Urbanisation, JRC Elaboration Based on Eurostat Data](#)

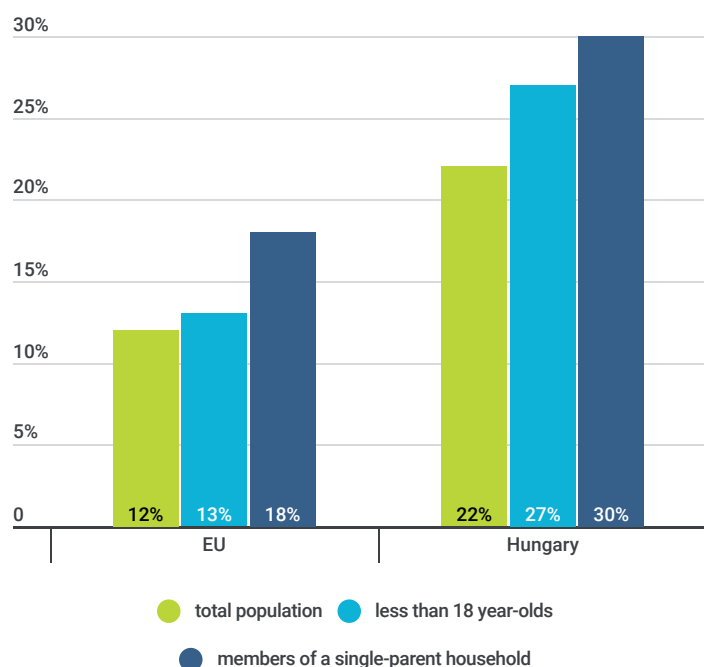


Figure 15: Population living in a dwelling with a leaking roof or damp walls in the EU and Hungary, 2019
Source: [Eurostat, EU-SILC](#).

at risk of social exclusion in Southern and Eastern Europe tend to live in rural, peripheral areas.⁴⁵

In Hungary, a significant proportion of Roma and very low-income households struggle with multiple housing-related issues. A third of Roma households live in dwellings without running water or a bathroom and 81% use solid fuels for heating.⁴⁶ In 2011, 44% of the Roma population lived in a dwelling with a leaking roof or damp walls; a fifth faced acute pollution in their immediate environment.⁴⁷ These problems are often concentrated in rural Roma settlements, old workers' quarters or other – often literally cut-off – urban areas.

In Hungary, 2.8% of the population (276,244 people) – 30% of them children – live in 1384 segregated areas dispersed across 709 settlements.⁴⁸ More than half of the settlements affected by segregation are villages.⁴⁹ Research shows that there are at least 17 villages in Hungary where settlement-wide 'ghettoisation' has occurred and at times, this process has expanded to the wider area.⁵⁰ An area is officially considered segregated if the proportion of people of working age (15–59 years) with no more than primary education and no regular income reaches 20% to 50% (this varies depending on the type of settlement).⁵¹ Although this indicator measures residential segregation, it does not include data on housing quality or the ethnic makeup of the affected communities.

⁴⁵ European Commission - Joint Research Centre. [The Future of Cities - Social Segregation](#).

⁴⁶ UNDP Europe and CIS (2012). [The Housing Situation of Roma Communities: Regional Roma Survey 2011](#).

⁴⁷ UNDP, E. U. A. for F. R. (2013). [The situation of Roma in 11 EU Member States: Survey results at a glance](#).

⁴⁸ State Secretariat for Social Inclusion. [Hungarian National Social Inclusion Strategy 2030](#), p. 103.

⁴⁹ Balog, I. (2017). [Szegregátumok a Statisztika és a Mindennapok Tükrében](#).

⁵⁰ Virág, T. (2006). [Gettósodó Térség](#).

⁵¹ [314/2012 \(XI. 8.\) Government Decree on Settlement Development, the Integrated Settlement Development Strategy and Settlement Planning Instruments, as well as on the Legal Institutions regarding Special Settlement Planning](#).

1.6. Homelessness

Experts estimate that there could be up to 700,000 homeless people within the European Union on any given night, with 4.1 million people affected by homelessness each year.⁵² There is no single EU-wide metric to measure the number of people experiencing homelessness. Experts suggest the following categories: a) those sleeping rough, b) those living in night shelters or temporary accommodation, c) those forced to stay long-term in health facilities in the absence of alternative solutions; or those who had no place to stay before going to prison; OR those who are forced to stay with friends or to live in unconventional accommodation (e.g. caravans, mobile homes). Research shows that the number of homeless people has increased in 24 Member States over the last decade; during this period, only Finland has seen a significant decrease in homelessness.⁵³ Amongst the structural reasons that have led to the present situation, we must underline the rising pressure across housing markets as well as the shrinking social housing sector (see 1.1 Affordability).⁵⁴ Factors such as poverty and the erosion of social safety nets have also contributed to rising homelessness. These may be compounded by other institutional factors such as eviction regulations. Disregard for the housing situation of people being discharged from institutions such as hospitals, hospices or prison have also probably contributed to this rise. Finally, relationship- and personal issues – such as mental illness, addiction, low education levels – also increase the risk of homelessness.⁵⁵

There is no exact figure for the number of homeless people in Hungary. According to the 2020 Homeless Data Census, ‘at least 2,100 people were sleeping rough in the country on the 3rd of February 2020’.⁵⁶ Based on aggregated data and the turnover data from the homeless shelters, an estimated 15,000 people were sleeping in homeless shelters or public spaces in early 2020.⁵⁷ This number does not cover families living in temporary shelters or in very precarious circumstances.

⁵² FEANTSA, [About Homelessness](#).

⁵³ European Commission (2019). [Fighting Homelessness and Housing Exclusion in Europe](#).

⁵⁴ European Commission (2019). [Fighting Homelessness and Housing Exclusion in Europe](#).

⁵⁵ FEANTSA, [About Homelessness](#).

⁵⁶ February Third Working Group (2020): [Report on the 2020 Homeless Data Collection](#).

⁵⁷ February Third Working Group (2020): [Report on the 2020 Homeless Data Collection](#).

1.7. Housing problems in European Parliament resolutions

A report by Green MEP [Kim Van Sparrentak](#) ‘[Access to decent and affordable housing for all](#)’ details the main housing problems encountered across the EU: rising house and rent prices, declining investment in the already depleted social housing system, scarcity of affordable housing solutions, the burden of utility costs – especially for vulnerable groups – spatial and housing exclusion among minority and vulnerable groups, the increase in homelessness, the poor quality and low energy efficiency of the building stock. The report underlines the fundamental role housing plays in terms of social rights; it advocates for the right to housing, housing security and the inclusiveness of housing markets (e.g. support for access to housing, action against property speculation, protection against evictions).

In September 2020, the Parliament adopted MEP Ciarán Cuffe’s [report](#) on ‘Maximising the energy efficiency potential of the EU’s buildings stock’. The report calls on the Commission and Member States to intervene in the housing market in order to ensure energy efficient renovations. It also highlights the need to include low-income and energy-poor households in such a project.⁵⁸

1.8. Housing problems in country reports and country-specific recommendations

The above-mentioned issues related to housing and energy poverty also appear in European Semester Country Reports, as well as in country-specific recommendations.

In the case of Hungary, both the European Semester recommendations and the Country Report highlight the problems related to the quality and affordability of housing, as well as the widespread issue of energy poverty. [The Council of the European Union recommendation](#) states that ‘the scarcity of social housing in municipalities and the lack of financial support for tenants are obstacles to

⁵⁸ Cuffe, C. (2020): [Report on maximising the energy efficiency potential of the EU building stock](#).

The European Semester coordinates the economic and social policies of EU countries. Each spring, Member States prepare a National Reform Programme and a 3-year Convergence Programme; the Council of the European Union subsequently assesses them and formulates recommendations. These recommendations are – amongst others – taken into account by Member States when preparing the next year's budget. At the beginning of each year, the European Commission assesses the economic situation in each Member State and the progress made in implementing the previous year's recommendations.

mobility'.⁵⁹ It points to the low energy efficiency of the housing stock and the impact of solid fuels's household use on air pollution. It also underlines the serious damage in terms of public health and the environment provoked by non-compliance with air quality standards. Finally, it highlights the high share of heavily polluting biomass (10%) and the low amount of low-carbon renewables (only 1%) among the country's gross energy consumption.⁶⁰

The Commission's 2020 [Country Report](#) finds that a significant proportion of the population lives in poor housing conditions – a particularly acute problem for families with children and the Roma. It also points

to the dramatic rise in house prices, the lack of affordable rental housing and the extremely low proportion of social housing. It highlights that generous state subsidies mainly target the middle class at the expense of low-income earners, and that the under-regulated and informal rental sector puts both tenants and landlords at risk. While the legal system criminalises homeless people living in public spaces, such structural issues make it particularly difficult to exit homelessness.⁶¹

The report also points to the failure to meet air quality standards⁶² and the low energy efficiency of residential buildings; the latter partially accounts for an energy consumption 12% higher per capita than the EU average despite lower

incomes.⁶³ Meanwhile, state-regulated, artificially low energy prices provide no incentive to improve energy efficiency.

1.9. Summary

Rising house prices across Europe are restricting access to decent housing. While this is a widespread issue, it is particularly acute for young people and low-incomes earners.⁶⁴ The situation has led to increased levels of indebtedness, rising homelessness and households having to cope with high rents month after month. Housing and energy poverty problems also point to fault lines dividing Europe, with a higher proportion of people in eastern and southern Member States having to face such issues. Poor-quality, energetically inefficient housing not only reduces households' quality of life, but also has a negative impact on physical and mental health (particularly for children and the elderly); due to higher energy consumption, it also has a detrimental effect on the environment.

⁵⁹ [Council Recommendation](#) of 20 July 2020 on the 2020 National Reform Programme of Hungary and delivering a Council opinion on the 2020 Convergence Programme of Hungary 2020/C 282/17.

⁶⁰ *ibid.*

⁶¹ European Commission (2020). [2020 Country Report - Hungary](#)

⁶² European Commission (2020). [2020 Country Report - Hungary](#), p.60.

⁶³ Government Briefing Report. In accordance with Government Decree 1330/2011 (X.12.). Decision No. 1330/2011 on the Implementation of the Interbasin Action Programme for the Reduction of Small Stationary Particulate Matter (PM10) 2017; Review of the Action Programme for the Improvement of Air Quality in the "Sajó Valley" Air Quality Zone, Miskolc District Office, Borsod-Abaúj-Zemplén County Government Office.

⁶⁴ European Commission. [Futurium I Housing - EU Urban Agenda](#).

2. European Union policies on housing

In the following section we review various EU policies that have a direct or indirect impact on housing: these range from social and employment affairs to social inclusion policies, regional and urban policy, and energy and climate policy.

2.1. Social affairs and social inclusion

The [European Pillar of Social Rights](#)' 20 principles aim to guarantee fair and efficient European labour markets and social protection systems.⁶⁵ Principle 19 on housing states that

- Access to social housing or housing assistance of good quality shall be provided for those in need.
- Vulnerable people have the right to appropriate assistance and protection against forced eviction.
- Adequate shelter and services shall be provided to the homeless in order to promote their social inclusion.⁶⁶

The European Platform against Homelessness was launched in June 2020, as part of the implementation of the Pillar's housing principle. It aims to end homelessness in Europe by 2030: by then, no one should have to sleep rough, spend more time than necessary in emergency or temporary accommodation, be turned away from an institution (such as hospitals, prisons, hospices etc) without a place to go to. In addition to putting an end to discrimination against homeless people, it also aims to prevent evictions whenever possible and to ensure that evictees are offered housing alternatives.⁶⁷ In its bid to end homelessness, the European Social Fund provides financial support for innovative services that tackle the issue; in turn, InvestEU supports construction and investment in affordable and social housing.

⁶⁵ European Commission. [The European Pillar of Social Rights Action Plan](#).

⁶⁶ European Commission. [The European Pillar of Social Rights in 20 principles](#)

⁶⁷ European Commission (2021). [European platform to combat homelessness is launched](#).

In the framework of implementing the European Pillar of Social Rights' objectives related to housing, an EU-wide 'Affordable Housing' initiative has been launched, consisting of renovation pilot project across 100 districts.

2.2. Regional and urban policy

Given its impact on urban problems and spatial disparities, housing is an important element of the EU's regional and urban policy.

Through the EU Multiannual Financial Framework, targeted support is provided to improve the situation of people living in deprived urban areas, or in areas suffering from deprivation or segregation. In the framework of regional and urban policy funds, complex programmes for people living in marginalised areas – such as slums – have been implemented. The programmes include social concerns, but also investments in infrastructure to improve housing and energy efficiency (for example by facilitating households' move into integrated environments or by supporting energy efficient renovations).

2.3. Energy and climate policy

At first sight, energy policy might seem only loosely related to housing. However, EU energy policies support both the energy-efficient renovation of buildings and an increasing access to renewable energy sources for households. They also encourage Member States to improve the situation of people living in energy poverty and to protect vulnerable consumers. What follows is a brief overview of policies that promote the renewal of the housing stock and the reduction of energy poverty.

2.3.1. Clean Energy for All Europeans package

Alongside the creation of an integrated internal energy market, the [EU energy policy](#) supports increasing energy efficiency, the diversification of energy sources, promoting carbon capture, as well as research into low-carbon clean

energy. **The Clean Energy for All Europeans package — the EU’s most important energy package to date — aims to facilitate a green transition while simultaneously preserving the competitiveness of the EU energy market.** The directives on [Energy Efficiency](#) and [Energy Performance of Buildings](#) have made a significant contribution towards improving the energy efficiency of new housing and encouraging Member States to renovate existing buildings. The [Renewable Energy Directive](#) plays an important role in promoting the uptake of renewable energy sources and the establishment of energy communities. EU advocacy regarding energy poverty has also led to the inclusion within the package itself of expectations for Member States to address energy poverty and protect vulnerable consumers. Under this plan, Member States are required to prepare a [National Energy and Climate Plan \(NECP\)](#), setting out goals that will contribute to the EU’s overall climate objectives and the policies through which they will achieve them. Energy poverty reduction targets and related policies are to be included within each state’s NECP. These should also take into account the interests of people affected by energy poverty in energy-related regulations and ensure that they benefit from the green transition: energy saving policies should be targeted at households in need⁶⁸, and low-income households should be encouraged to join local energy communities. Given that EU legislation on energy poverty is established through dialogue between the Commission and Member States — rather than legally binding —, it should be noted that the extent to which it is enforced in practice is largely up to Member States.

2.3.2. The European Green Deal

To address the threats and problems posed by climate change and environmental degradation, the [European Green Deal](#) — the EU’s flagship climate policy package — aims to transform the EU economy into one that is simultaneously modern, resource-efficient and competitive. While limiting the transition’s impact on individual and regional levels, it aims to reduce greenhouse gas emissions to net zero by 2050 and decouple economic growth from resource use.⁶⁹ The European Green Deal is a complex climate policy package that covers many areas

of climate, nature and environmental protection. Amongst other achievements, it has led to a revision of the Clean Energy Package (the regulations relating to the EU’s energy policy objectives that cover energy efficiency, building energy and renewable energy) in order to align it with the climate protection agenda.

Renovation Wave

Implemented as part of the European Green Deal, the [Renovation Wave](#) strategy aims to **double the rate of building renovation** in order to reduce emissions and energy poverty, as well as to promote post-pandemic recovery. The Renovation Wave aims to provide **targeted funding for energy-efficient renovation** through the EU Multiannual Financial Framework and the [NextGenerationEU](#) flagship initiatives ‘Renovate’ and ‘Power Up’.⁷⁰

Alongside the Renovation Wave, the **‘Just Transition Mechanism’** has also been announced as part of the Green Deal. It aims to mitigate the potential negative socio-economic impacts of the transition, for example by retraining workers in regions heavily dependent on coal production and consumption or by promoting the transition to renewable energy use.

Fit for 55

Adopted in summer 2021 with the goal of stepping up the [targets](#) of the European Green Deal, the European Commission’s ‘Fit for 55’ proposal package aims for a [55% cut](#) in greenhouse gas emissions by 2030 (in comparison with 1990 levels.) The proposal would further tighten emission limits through the EU’s existing emissions trading system (ETS); the inclusion of aviation and waterborne transport into the system is slated as well.

The [EU Emissions Trading System \(ETS\)](#) sets an annual cap on emissions and allows installations responsible for emissions to trade allowances. The system thus simultaneously pushes for the reduction of emissions and provides an incentive to reduce emissions where it is most cost-effective. Member States use the revenues from emissions trading to invest in lower-emission projects. For example, in Hungary, the ‘Warmth of Home’ programme, — which supports residential energy efficiency investments — is financed from emissions trading revenues.

⁶⁸ [Directive \(EU\) 2018/2002 of the European Parliament and of the Council of 11 December 2018 amending Directive 2012/27/EU on energy efficiency](#)

⁶⁹ European Commission. [European Green Deal](#).

⁷⁰ European Commission. [Renovation Wave: doubling the renovation rate to cut emissions, boost recovery and reduce energy poverty](#).

In addition to the existing regulations, a new system that would regulate emissions from road transport and buildings is currently being discussed. All ETS revenue must fund projects related to energy and climate policy; this includes a share allocated for ‘expenditure related to the potential social impacts on vulnerable households, micro-enterprises and transport users’.⁷¹ The proposal package raises the targets for renewable energy and energy efficiency and addresses sustainable bioenergy production (including the production of wood.) Other elements of the proposal include the planting of three billion trees and vehicle electrification.⁷²

2.4. Shaping housing policy

While housing policy is not currently an EU competence, a number of initiatives have sought to strengthen EU-wide action to tackle the ongoing housing crisis. An [own-initiative report](#) by Green MEP Kim Van Sparrentak was already adopted by the European Parliament; in the sub-section ‘Housing problems in European Parliament resolutions’, it calls on the Commission and Member States to take action regarding housing problems. Among other things, the document includes calls to recognise and enforce the ‘right to adequate housing as a fundamental human right’⁷³, to invest in social, public, affordable and energy-efficient housing, to reduce affordability problems, to end homelessness across the EU by 2030, and to ensure that EU funding does not facilitate housing and urban developments that lead to any kind of exclusion.

Own-initiative reports are a way for MEPs to influence the EU agenda on a wide range of issues and influence the early stages of the legislative cycle. This can include proposals to the Commission regarding the content and focus of legislation. The Commission is bound to respond to these proposals.

During the [discussion of the report](#), the Commission has reiterated its commitment to end homelessness, improve energy efficiency, reduce

energy poverty, and support investment in social, affordable housing. Homelessness and housing affordability are also part of the European Semester’s country-specific recommendations.

But so far, the Commission has not shown willingness to expand its powers in the field of housing: this could,

for example, include tackling housing segregation or the wider problems of rising house prices and rents more effectively. It could also entail addressing issues amplified by EU fiscal policy – such as the financialisation of housing, the rise

of short-term tourist rentals or the fall of public spending on social housing.⁷⁴ Fiscal policy concessions adopted to cushion the impact of the coronavirus epidemic could theoretically give EU Member States more leeway to invest in social housing.⁷⁵ However, it is doubtful whether such concessions will have an impact in Member States – particularly those in Eastern Europe, – where there is no strong institutional backing for social housing.

The [European Citizens’ Initiative](#) (ECI) allows EU citizens to ask the European Commission to propose EU legislation regarding a specific issue. A total of one million signatures must be collected from at least seven Member States in order to activate the mechanism.

2.4.1. Expert Organisations

The European Union supports a number of organisations and partnerships that can influence Member States’ housing policy practices.

The European Regional Development Fund runs the [URBACT programme](#) which promotes cooperation between cities to develop integrated solutions to urban problems. In the field of housing, for example, it has [mapped out](#) a series of policy instruments and practical tools to enforce the right to housing. URBACT’s [‘Ending homelessness’ task force](#) supports cities in applying the

⁷¹ European Commission. [Commission proposes transformation of EU economy and society to meet climate ambitions](#).

⁷² *ibid.*

⁷³ European Parliament (2021). [Decent and affordable housing for all](#).p.14.

⁷⁴ OECD (2020). [Social Housing: A Key Part of Past and Future Housing Policy](#).

⁷⁵ Housing Europe (2021). [The State of Housing In Europe 2021](#).

‘Housing First’ model and in collecting data with the aim of effectively ending homelessness – rather than just managing it.

As part of the EU’s regional and urban policy, a number of cross-sectoral and cross-governmental partnerships are facilitating the exchange of experience between cities and the development of EU regional and urban policy. For example, under the [EU Urban Agenda](#), 12 action plans on urban issues were established, with a focus on better regulation, knowledge and financing; these were primarily implemented through the production of technical material. [Housing](#) was included amongst the 12 Action Plans: its main focus was on improving state support (i.e. to increase investment in social housing) and the dissemination of good practices regarding affordable housing. The Urban Poverty Task Force focused, among other things, on homelessness and the improvement of neglected urban areas. One of the priorities of the Energy Transition Action Plan was the promotion of ‘one-stop-shops’ dedicated to building renovation.

The [Energy Poverty Observatory](#) – initiated and supported by the European Commission – aims to help Member States fight energy poverty by providing information, data and good practices.

[FEANSTA](#), a policy institute for organisations working with the homeless, contributes to research on homelessness at the EU level and provides policy recommendations.

In addition to EU-funded partnerships and organisations, there are also a number of independent advocacy organisations working to improve housing. [Housing Europe](#) represents social, cooperative and public housing associations, while the [International Union of Tenants](#) represents tenants’ interests.

[Eurocities](#) is a network of European cities; it aims to represent the voice of cities in EU policy-making, facilitate the exchange of experience between cities and disseminate information on EU resources and opportunities. [In the field of housing](#), it seeks to push the EU to invest in the social housing sector by increasing stock, holding private housing developers accountable and encouraging innovation in new, affordable housing.

3. Financial support

The EU supports the fulfilment of its objectives by providing financial resources, setting up a legal framework and monitoring developments. **Given the lack of legally enforceable elements in areas linked to housing, financial support and policy coordinations are the most important instruments at the EU’s disposal in this field.** EU financial support is largely allocated on the basis of principles defined within the [Multiannual Financial Framework](#), which is ratified every 7 years. In addition to the funds covering the 2021–2027 period, the [European Instrument for Recovery \(NextGenerationEU\)](#) funds will be available to Member States between 2021 and 2024. [On the basis of common pillars](#), these were introduced in response to the coronavirus epidemic and are intended to mitigate the socioeconomic problems it has caused, as well as to support the green and digital transitions. The funding provided by the two financial frameworks will complement each other in certain areas; a total of 30% must be used for climate action.

In the continuity of the previous funding period’s objectives related to energy efficiency, urban development and social issues, Member States can allocate resources to energy-efficient renovation of buildings, improving the housing situation of people living in marginalised areas or tackling homelessness (including the above-mentioned ‘Housing First’ programmes). **In order to meet the EU’s ambitious climate targets — including energy efficiency targets and those linked to the Renovation Wave initiative — increased funding will be available from 2021 onwards for energy efficient renovations.** For such investments to be realised, the onus nevertheless remains on Member States, as they must prioritise energy efficiency projects during budgeting. The main EU funds that can be used to renovate buildings and improve housing opportunities for vulnerable groups are outlined below.

3.1. Multiannual Financial Framework 2021–2027

The financial framework for 2021–2027 amounts to €1210.9 billion, with the bulk of the resources concentrated under the ‘cohesion, resilience and values’ and ‘natural resources and environment’ headings.

In cooperation with national and regional authorities, 76% of EU funds will be channelled to beneficiaries through five [Structural and Investment Funds](#) (ESIF). Member States set out in their [Operational Programmes](#) how these resources will be spent during the programming period.⁷⁶ Of the five EU funds, the [European Regional Development Fund](#) (ERDF) and the [European Social Fund](#) (ESF) play a major role in regards to housing.

The **ERDF** is dedicated to the reduction of economic, social and spatial disparities in the EU. It aims to improve housing conditions (mainly through energy-efficient renovations) and by funding projects that advance the situation of people living in marginalised circumstances (for example through the integration of people living in segregated or isolated environments.)⁷⁷

The **ESF**’s focus is employment, education and training – but part of its resources will also be used to fight poverty and promote social inclusion. For the 2021–2027 period, one of the fund’s main priorities is the reduction of child poverty – which includes the provision of adequate housing for children. 25% of the Fund will be allocated to social inclusion programs, including services for the homeless and support for housing solutions.

In order to access ERDF and ESF funding under the ‘Active Inclusion’ EU strategy, Member States must provide an overview of the services they offer to homeless and vulnerable people.⁷⁸

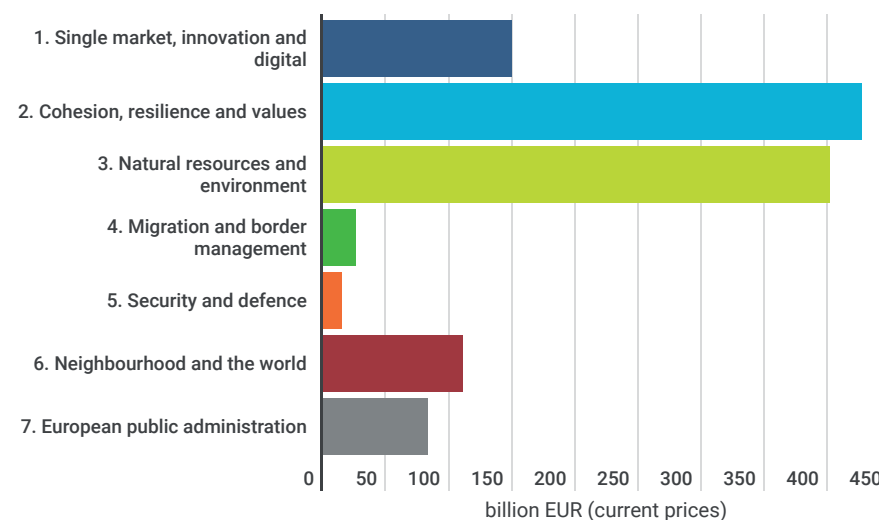


Figure 16: Resources of the Multiannual Financial Framework 2021-2027 by area.
Data source: [European Commission](#).

⁷⁶ Directorate-General for Regional and Urban Policy (European Commission) et al. [Housing Investments Supported by the European Regional Development Fund 2007-2013](#).

⁷⁷ Directorate-General for Regional and Urban Policy (European Commission) et al. [Housing Investments Supported by the European Regional Development Fund 2007-2013](#).

⁷⁸ FEANTSA (2021). [FEANTSA Statement: Social Fund Agreement: Opportunities for investing in addressing homelessness](#).

3.2. European Instrument for Recovery (NextGenerationEU)

NextGenerationEU is a €806.9 billion economic recovery package that supports Member States adversely impacted by the coronavirus epidemic; it also promotes digital and green transformation, as well as job creation.

Recovery and Resilience Facility (RRF)

This instrument is the central and largest component of NextGenerationEU, with a total of €723 billion in funding (consisting of loans and €338 billion worth of grants). The fund's priorities include energy efficient renovations, the dissemination of renewable energy, but also digitalisation, training and sustainable transport.⁷⁹ 30% of the fund's resources must be allocated to climate action.

Member States can apply for funding based on their Recovery and Resilience Plans and in response to the challenges identified in the country-specific recommendations of the European Semester; these must be allocated to projects that will contribute to an inclusive and sustainable post-COVID recovery.

While some Member States plan to make significant investments in residential energy efficiency through the Recovery Fund, others – including Hungary – have minimal plans in this regard.⁸⁰

Other NextGenerationEU resources also provide intervention opportunities in the realm of housing. The above-mentioned **Just Transition Mechanism** provides support to the regions most affected by the green transition – for instance coal regions – in order to mitigate its socio-economic impact. Investment into residential energy efficiency is, for example, an excellent tool to facilitate the transition – as it simultaneously reduces the energy demand of buildings (and therefore their dependence on fossil fuels), creates jobs and promotes the switch to clean heating. Alongside this mechanism, the EU provides €17.5 billion directly to the concerned regions through the **Just Transition Fund (JTF)**. In addition, budgetary guarantees and a public sector loan scheme

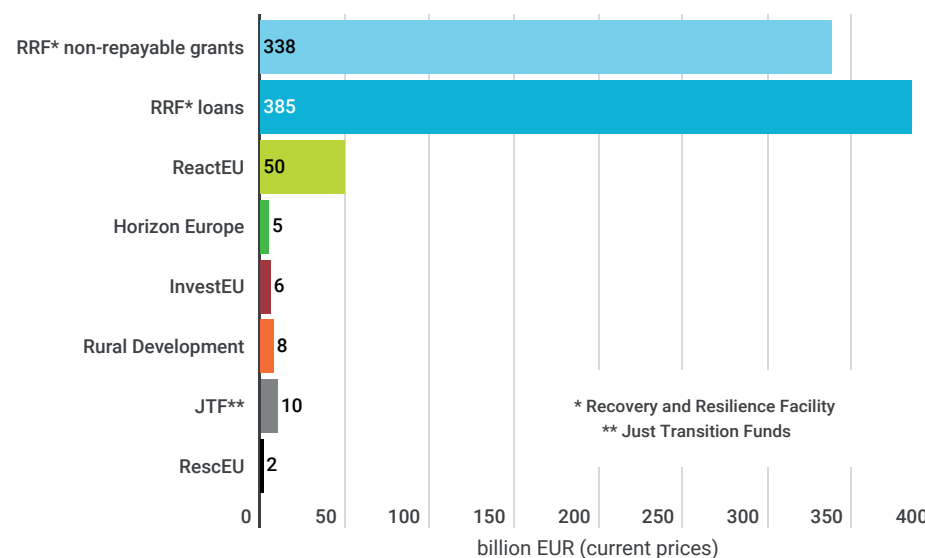


Figure 17: Breakdown of NextGenerationEU funds.

Data source: [European Commission](#).

⁷⁹ European Commission. [Recovery and Resilience Facility](#)

⁸⁰ Lakatos, E. (2021). Overview of relevant parts in the national Recovery Plans

also contribute to the implementation of the Equitable Transition.⁸¹ InvestEU provides **budgetary guarantees** for specific investments, including energy-efficient building renovation and affordable social housing.⁸² Finally, the **LIFE Clean Energy Transition** sub-programme has a budget of nearly €1 billion to help overcome the socio-economic hurdles impeding the transition to renewables.

In addition to the 7-year budget and NextGenerationEU, other financial instruments are available to promote energy efficiency. One of these is the [EU Modernisation Fund](#), which allocates 2% of EU quota trading revenues to the 10 lowest-income EU Member States (this includes Hungary); among other things, these can be used to invest in energy efficiency.

The [ELENA programme](#) – managed by the European Investment Bank (EIB) and financed by the Commission – helps local and regional authorities prepare large-scale energy efficiency and renewable energy projects⁸³, while the [JESSICA initiative helps fund sustainable investment in urban areas \(including energy efficiency improvements\)](#).

4. The application of EU housing policies in Hungary

Poor housing quality is a major problem in Hungary; while it is widespread, it particularly affects households with children and Roma communities. The average age of buildings is high and their energy efficiency is low. Energy expenditure remains relatively high despite reduced energy prices – which means many households find themselves with utility bills in arrears. The problem of energy poverty is compounded by the polluting and expensive use of biomass by low-income groups. The dramatic increase in housing prices and rents over the last decade has exceeded the EU average. Given the enhanced role played by private investors in the housing market and state support facilitating the purchase of homes by the middle class, further increases in housing price are likely. In the meanwhile, housing subsidies for low-income earners remain negligible and – instead of being supported and expanded – the social housing sector is under threat from privatisation. In addition, the ending (or at least significant reduction) of housing segregation and homelessness remain major challenges.

What follows is an overview of the housing interventions financed by EU funds during the 2014-2020 programming period that were designed to address these issues. We then outline the picture that emerges from the draft strategies for the post-2020 period in the field of housing, with a specific focus on energy efficient renovations and energy poverty.

4.1. 2014–2020

Social inclusion programmes

During the 2014-2020 period, Hungary used ERDF and ESF funds to implement a series of complex programmes within the Operational Programmes framework to address issues linked to neglected and segregated areas. These programmes addressed infrastructural and social problems in segregated areas through measures related to employment, education and community development; in the process, they aimed to facilitate energy-efficient housing

⁸¹ European Commission. [The Just Transition Mechanism: making sure no one is left behind](#).

⁸² Council of the European Union. [InvestEU: Council greenlights provisional agreement reached with the Parliament](#).

⁸³ European Investment Bank (2013). [Promoting Energy Efficiency](#).

renovation, promote integrated housing solutions and improve public spaces. Between 2014 and 2020, complex programmes to tackle segregated living situations were implemented in approximately 100 municipalities, with urban regeneration programmes implemented in additional locations. Overall these programmes have only marginally alleviated housing-related issues, as only a fraction of affected households have seen an improvement in their situation. In addition, local conflicts are fanned by fears and difficulties related to ending housing segregation.⁸⁴

Energy efficiency programmes

The 2015 National Energy Strategy for Buildings envisaged the renovation of 700,000 homes within 5 years to achieve the 2020 energy savings targets.⁸⁵

While the operational programmes were originally intended to provide non-repayable grants for the energy-efficient renovation of residential buildings, the government eventually redirected the funds towards the renovation of public buildings, and launched an energy efficiency loan scheme instead.

Under the energy efficiency loan scheme, 23,869 renovations were granted subsidised loans over a period of four and a half years⁸⁶: this resulted in the renovation of around 0.5% of the housing stock between 2017 and 2021. A total of HUF 71 billion was disbursed in loans. The average application amount was HUF 3.2 million with an average franchise of HUF 415,525.⁸⁷ The average net income of loan applicants during the loan application period (Q1 2017-2021) was HUF 289 489.⁸⁸ As the government eventually withdrew non-reimbursable funding for energy efficient renovation, many households were unable to undertake renovations.

Hungary has used part of its ETS **revenues** to invest in residential energy efficiency through the ‘Warmth of Home’ programme. The programme supported complex building renovations, the modernisation of gas and district

heating systems, the replacement of windows, doors and large household appliances. With the exception of the large household appliance programme, other investments were only covered through reimbursements – making this form of assistance unsuitable for low-income families. Due to limited funding, the budget was quickly depleted. The number of complex energy efficiency interventions carried out under the auspices of the programme was negligible compared to the size of the building stock in need of renovation.

With the exception of the Energy Efficiency Loan Programme and the ‘Warmth of Home’ Programme, no centrally supported energy efficiency investments were made. Similarly to other housing subsidies, these two programmes’ conditions made it difficult for low-income residents to access them. While a precise statement regarding the renovation targets set in the 2015 Building Energy Strategy has yet to be made, it is clear that these programmes have not contributed significantly to the achievement of these targets.

4.2. 2021–2027

The following is an overview of what can be expected in the 2021–2027 period in terms of housing renovation and energy poverty; this assessment is based on the available strategic and planning documents (National Energy and Climate Plan, Long-Term Renovation Strategy, Recovery and Resilience Plan, Operational Programme Plans).

National Energy and Climate Plan

The [Hungarian National Energy and Climate Plan](#) (NECP) describes how Hungary will contribute to the EU’s 2030 climate and energy targets (for more details see 2.3.1 Clean Energy for All Europeans Package). The document states that from 2020 onwards residential building energy investments will be made on a market basis, within the framework of the Energy Efficiency Obligation Scheme.⁸⁹

⁸⁴ Autonómia Alapítvány et al. (2019). [Civil Society Report on the Implementation of the National Roma Integration Strategies in Hungary](#), p.89.

⁸⁵ ÉMI Kft. and Ministry of National Development (2015) [National Building Energy Strategy](#).

⁸⁶ Data provided by the Hungarian Development Bank (MFB).

⁸⁷ *ibid.*

⁸⁸ *ibid.*

⁸⁹ Innovation and Technology Ministry (ITM) (2020): [Hungarian National Energy and Climate Plan](#), p.50.

In terms of household use of renewable energy sources, the aim is that ‘by 2030, at least 200,000 households will have an average of 4 kW of roof-mounted solar panels’.⁹⁰ To promote efficient domestic cooling and heating, non-repayable subsidies will facilitate ‘the use of heat pumps and the combustion of biomass in efficient individual heating systems’ as well as the installation of decentralised district heating plants.⁹¹ It nevertheless remains unclear how many households will benefit from investments in heating systems. There is also no indication as to whether additional energy efficiency investments (insulation, replacement of windows and doors) will be funded in conjunction with the installation of solar panels and the replacement of heating systems.

The Hungarian NECP contains few concrete targets and policies to reduce energy poverty and promote energy efficiency in households. NECPs should include energy poverty reduction targets and specific timeframes; in lieu of clear targets and timeframes, the Hungarian NECP’s subsection on energy poverty reduction only identifies large families and single pensioners living in small settlements as target groups for energy poverty interventions. The rest of the chapter is taken up by an account of the successes of the governments’ utility cost reduction policy and the transformation of the Mátra power plant.

The NECP lists a total of five interventions to reduce energy poverty. It aims to cover the increase in energy costs through the creation of service packages for low-income households. In addition, a survey is planned in order to create targeted programmes for the improvement of vulnerable consumers’ situation.

The most tangible instrument outlined by the Hungarian NECP is to ‘extend the prepayment system for households living in buildings that are dilapidated or unsuitable for renovation’⁹²; in doing so, it aims to ensure electric heating for at least one room for families with young children. This would presumably be an extension of the investments in solar power launched under the [Catching-up Communities programme](#), whereby a given amount of the income generated by community solar panels is distributed to disadvantaged families with young

children. This amount – charged to families’ prepaid accounts – could be used to heat one room with a heating panel provided by the scheme.

The Energy Efficiency Obligation Scheme will also aim to support households in need through retrofitting and the promotion of decentralised heating solutions and electricity generation. While details are not provided, these last two points may refer to the heating solutions already in place under the Catching-up Communities programme and the EU’s [Recovery and Resilience Facility](#). Under this scheme, assistance will be provided for households to install solar panels, heat pumps, electric heating panels and to replace windows. Although ‘upgrading’ (*korszerűsítés*) is mentioned in the Hungarian NECP, the word disappears in the English version. No further details are given.

In addition, information programmes are planned, which could be combined with minor energy efficiency investments.

While the low energy efficiency of buildings is a major cause of energy poverty, the NECP does not list renovation programmes geared towards energy efficiency among its policies to reduce energy poverty. The subsections on energy poverty do not report any substantive findings on the root causes of energy poverty (building stock or energy sources etc.) nor do they justify the selection of specific target groups. The policies and interventions presented are hardly substantial: they address the problem of energy poverty only partially and superficially, without providing adequate solutions to these issues.

Long-Term Renovation Strategy (LTRS)

In order to meet energy and climate targets, Member States are also required to produce a [Long-Term Renovation Strategy](#) (LTRS), which sets out how they will renovate their buildings to be highly efficient and carbon neutral by 2050. These strategies form an integral part of the National Energy and Climate Plans (NECPs). Each country’s Long-Term Renovation Strategy must contain a description of their building stock; it must also list policies that encourage cost-effective deep renovation, the renovation of the worst performing buildings, tackling energy poverty and resolving potential conflicts of interest between tenants and owners regarding renovation. The strategy also includes sections on smart technologies and training tailored for both

⁹⁰ Innovation and Technology Ministry (ITM) (2020): [Hungarian National Energy and Climate Plan](#), p.82.

⁹¹ *ibid.*, p.84

⁹² *ibid.*

the energy efficiency and construction sectors. The strategy should include roadmaps with measurable indicators and milestones assessing the progress made towards a decarbonised building stock by 2050.

The Hungarian [Long-Term Renovation Strategy](#) was adopted by the government in June 2021 (more than a year after the original deadline).⁹³ The Strategy aims to increase the total renovation rate of residential buildings from an annual 1% (the current rate) to 3% by 2030. We examine below the document's chapter on residential renovation and the worst performing buildings.

The chapter on cost-effective deep renovations presents the elements to be used in such renovations. Among the government policies it lists that support deep renovation, the document mentions the existing Home Renovation Subsidy – even though its current form does not specifically encourage deep renovation. The policy itself also has a discriminatory nature: it is near impossible for low-income earners to benefit from it and childless households are not eligible for it. Although the document mentions the possibility of extending the policy's scope to 'financial incentives and subsidies to improve the energy efficiency of buildings', this commitment is not sufficiently concrete and remains difficult to quantify. Among other potential incentives, the document includes awareness raising, the establishment of a National Energy Efficiency Network and a green finance product finder. However, the LTRS does not include figures regarding the cost of these renovation packages, the number of homes that would need to undergo such renovations to reach the annual renovation target (3% by 2030), and how the cost would be covered. No specific reference is made to the creation of a financial fund or to a specific programme to support energy efficient renovation.

The chapter on the worst performing buildings includes a table that classifies them with assorted code numbers; this is followed by a (partial) textual explanation of which building type these code numbers are assigned to. The worst-performing buildings are adobe houses as well as detached houses

built before 1989⁹⁴; no information is provided on the households living in such buildings. **The document does not consider adobe houses to be worthy of renovation given their low market value, the specific technical needs their renovation necessitates and because 'most of them have presumably been abandoned or are unoccupied'⁹⁵ since the NĚeR2 survey was conducted'.⁹⁶ Yet, the assumption that most adobe houses have been abandoned is not supported by figures.** According to the 2016 microcensus data, 13% of total dwellings – that is c. 500,000 homes – were inhabited adobe houses. One must therefore ask why the strategy neglects a significant slice of the worst performing housing stock, and does not provide their inhabitants with an alternative (e.g. a mobility plan) if their houses are no longer considered worth renovating.

Regarding the situation of vulnerable households, the document lists the three main causes of energy poverty (income-related problems, high energy prices and low energy efficiency). It also notes that these problems mainly affect large families living together in detached houses situated in small settlements, as well as pensioners living alone either in apartment buildings or detached houses.⁹⁷ **The term 'energy poverty' does not appear in the document.**

The document does not give any numbers regarding the proportion of worst performing buildings the Strategy aims to renovate; the rate, the funding and the intensity of the process also go unmentioned.

Energy Efficiency Obligation Scheme (EEOS)

The EU's Energy Efficiency Directive requires Member States to promote energy efficiency targets through the introduction of either an energy efficiency obligation scheme or alternative policies. Hungary's Energy Efficiency Obligation (EEO) was adopted in 2020 and came into force in 2021.⁹⁸ It obliges electricity and gas traders and suppliers (as well as fuel sellers) to take measures that will lead to energy savings for both industrial and residential

⁹⁴ The code number used by the document for the classification of building types does not consistently allow for a proper identification.

⁹⁵ ITM (2021): [Long-term renovation strategy on the basis of \(EU\) Directive 2018/844 with the aim to meet the conditionality that will allow access to cohesion funds for the 2021-2027 period.](#)

⁹⁶ National Building Energy System 2 (NĚeR2) 2015 - ÉMI Nonprofit Kft.

⁹⁷ *ibid.*

⁹⁸ [Law LVII of 2015 on Energy Efficiency - Collection of Legislation in Force.](#)

⁹³ eGov Newsletter (blog) (2021): 1343/2021 (2.VI.) [Government Decision on the adoption of the necessary Long-Term Renovation Strategy to meet the eligibility conditions for the payment of cohesion funding for the period 2021-2027 under \(EU\) Directive 2018/844.](#)

end-users. They can also fulfil the obligation by paying an energy efficiency levy, with proceeds primarily going to energy efficiency interventions among energy poor households (defined in this case as households for whom the cost of heating their home to 20°C and producing hot water exceeds 25% of their annual household income.)⁹⁹ Through the EEOS, the Hungarian government entrusts market actors with the financing of energy efficiency investments. While the scheme is expected to result in significant investments¹⁰⁰, it is still unclear what proportion will be invested in residential buildings, how much will be raised and allocated to households in need, and how they will benefit from these investments. **Given the lack of funding for the energy efficient renovations of buildings occupied by low-income households, the scheme could be used for this purpose.** It could also be used to replace household appliances with more efficient ones – as the current household appliance replacement programmes do not facilitate the inclusion of disadvantaged households. The scheme could also contribute to the installation of communal renewable energy sources to cover the electricity needs of low-income households.

Operational Programmes

Among the drafts prepared as part of the Hungarian Operational Programmes for the 2021-2027 period, the draft for the **Environment and Energy Efficiency Plus Operational Programme (KEHOP+)** contains the elements pertaining to energy efficiency. Regarding residential buildings, KEHOP+ mentions the replacement of heating equipment and the transfer of individual and community heating/cooling systems to renewables sources.¹⁰¹ In addition, it will provide support to energy service companies (ESCOs) and companies affected by the EEO framework for the implementation of energy efficiency interventions in residential buildings.¹⁰² The draft sets no exact target for the number of households targeted by the programme; but based on energy efficiency investment targets, it can be deduced that a total of 31 865 households would improve their energy performance by 2029 through KEHOP+ interventions.¹⁰³ This would mean that – even with the support of substantial EU funds supporting

energy efficiency – 0.7% of the total housing stock would be renewed over 9 years. This 0.1% annual renovation rate is a far cry from the the Long-Term Renewal Strategy target of an annual 3% by 2030.

Under KEHOP+, the Just Transition Fund for the counties of Baranya, Borsod-Abaúj-Zemplén and Heves will help reduce the social costs of the transition to a climate-neutral economy. While target figures are not provided here either, the document mentions the replacement of residential coal burning with environmentally friendly methods, as well as complementary energy efficiency interventions.

Under the **Human Resources Development Operational Programme Plus**, support for marginalised communities is planned in the form of housing upgrades and rental housing subsidies for a total of 4,000 people up to 2029.¹⁰⁴ In addition, the programme aims to provide dormitories for students.

Recovery and Resilience Facility

Member States were required to submit their **Recovery and Resilience Plans (RRPs)** in spring 2021. Hungary's Recovery and Resilience Plan aims to renovate 2,500 dwellings and build 600 new social housing units by 2026 under the Catching-up Communities framework. It also aims to install 26,500 KWP of renewable community energy generation capacity in the most disadvantaged settlements.¹⁰⁵

The funds could provide 34,920 households with solar panels and/or heating systems renovation.¹⁰⁶ Such interventions are, however, extremely expensive; in the case of electric heaters, they are not even efficient without a more substantial modernisation of the whole building itself.¹⁰⁷ Apart from the replacement of windows and doors, the programme would not make any significant improvements in terms of the energy efficiency of buildings.

⁹⁹ [Law LVII of 2015 on Energy Efficiency - Collection of Legislation in Force.](#)

¹⁰⁰ Felsmann, B. (2020): [Olyan rendszer jön januártól, amely pár év múlva energiaár-emelést feltételez | G7 – Gazdasági sztorik érthetően.](#)

¹⁰¹ [Environment and Energy Efficiency Plus Operational Programme \(KEHOP Plus\) | Széchenyi Plan Plus.](#)

¹⁰² [ibid.](#)

¹⁰³ [ibid.](#), p.61

¹⁰⁴ [Human Resources Development Operational Programme Plus \(EFOP Plus\) | Széchenyi Plan Plus](#) p.61

¹⁰⁵ [Recovery and Resilience Facility \(RRF\) | Széchenyi Plan Plus.](#)

¹⁰⁶ [ibid.](#)

¹⁰⁷ MTVSZ (2021). [Fájó hiányok a magyar költségvetési tervben energetikai-éghajlatvédelmi szemmel.](#)

As it does not support complex renovations, the support scheme outlined in the RRP is not only a missed opportunity to significantly reduce the energy demand of buildings, but it also has a lock-in effect: indeed, there is little chance that a household will subsequently carry out the insulation works that state funds did not cover. Studies examining building renovation programmes have highlighted that deep renovations of residential buildings¹⁰⁸ (including detached houses¹⁰⁹) provide the highest return and are the most cost-effective. They have also shown that – although the financial return is lower – the insulation of building envelopes is by far the most energy-saving investment.¹¹⁰ It is thus precisely support for the element with the highest savings that has been left out from the investments planned under the Recovery and Resilience Facility. In addition, among the planned heating options, the cost of a heat pump is very high and the efficiency of heating panels is not particularly good. The installation of heat pumps would only result in substantial savings if the energy demand of the building were also significantly reduced. It must also be noted that electrified heating systems also entail financial risks for households, as they can sell solar energy produced in summer at a lower price than energy bought from the grid at a higher price in winter.¹¹¹ Complex renovation would also significantly reduce the cost risk for low-income households. Moreover, the proposed intervention does not take into account the specificities of different building types: complemented by insulation, even a cheaper technology than the one proposed could achieve more significant emission reductions and energy savings.

5. Conclusions

Both in the EU and in Hungary, a range of problems related to the affordability and quality of housing affects a large proportion of households: house prices and rents are rising much faster than incomes, many properties are energy inefficient (and therefore expensive to heat) and overcrowding, low comfort levels and dampness take a significant toll on households' quality of life.

While housing policy in the EU is a national competence, EU intervention can still have a positive impact on households in a number of areas. Regulations, policies and support instruments related to energy efficiency – as well as to spatial and urban developments – can make a significant contribution to the overall improvement of the housing stock's energy efficiency and the housing situation of vulnerable and marginalised groups. Such interventions can, for example, take the form of programmes targeting urban renewal, the development of segregated areas or projects providing housing for homeless people. Through active dialogue and the provision of resources, the EU can also encourage Member States to act on energy efficiency, energy poverty, urban and regional development, and social inclusion. Since 2018, EU legislation regarding energy (enforceable through dialogue between the EU and the Member States) has included the fight against energy poverty as an expectation; additionally, more resources will be available for building renovation from 2021 onwards as part of the bloc's fight against climate change. While some efforts have been made to address the root causes of rising housing prices and rents (e.g. financialisation, macroeconomic effects), this has yet to be taken up substantially by the EU – which justifies its stance by reiterating that housing is a national competence.

In Hungary, house prices have risen sharply compared to the EU average; energy consumption is among the highest in the bloc (contrary to EU trends, it has even increased in recent years); and the proportion of poor quality housing is high. Despite this, Hungary does not spend any of the EU funds allocated for energy efficiency on the complex energy-efficient renovation of residential buildings. Rather, it has left residential renovations in the hands of the market, without guaranteeing that these investments will actually be carried out. It is

¹⁰⁸ Ürge-Vorsatz, D. et al. (2010). [Employment Impacts of a Large-Scale Deep Building Energy Retrofit Programme in Hungary](#).

¹⁰⁹ Szórádi, T. (2020). [Lakóépületek Felújítási Koncepciói](#).

¹¹⁰ *ibid.*

¹¹¹ MTVSZ (2021). [Fájó hiányok a magyar költségvetésben energetikai-éghajlatvédelmi szemmel](#).

currently still unclear if central funding will be made available for much needed complex building renovations. The Hungarian government's strategies do not appear to ensure that residential buildings in general – including the worst performing ones – will be renovated at a sufficient rate, nor that the number of households affected by energy poverty will be significantly reduced. The plans outlined in the Hungarian Operational Programmes also fail to exploit opportunities to improve the housing situation of vulnerable groups. The elements of the above-mentioned strategies and programmes pertaining to housing and energy efficient renovation are superficial, show little ambition (objectives are either vague or entirely missing); furthermore, almost all details on planned interventions are lacking (resource requirements, financing, responsibility, timing). While Hungary is grappling with a poor housing situation – compared to the EU average –, this suggests that its government is not seeking to significantly improve it through programmes targeting energy efficiency and other renovations.

6. Proposals

6.1. EU

Affordability

Several instruments could be used to reduce the increase in house prices and rents; these should be designed to respond to the macro- and micro-economic processes that are driving price increases. For example, data collection on short-term rentals or real estate investment can help local and national authorities gain a better overview of the situation and regulate accordingly. Existing – and future – channels for the exchange of experiences related to real estate investment or rent controls can help develop appropriate regulations. There is also a need to encourage and increase both EU and public investment in affordable social housing. This requires the creation of a strong institutional framework in places where social housing is scarce and poorly managed.

Energy efficiency

In order for all Member States to achieve the EU's ambitious building renovation targets, it is necessary to set more specific and enforceable targets for the renovation of residential buildings – particularly regarding the worst performing ones. The current legislation makes it difficult to hold accountable countries with little ambition for renovation. To ensure that renovation is not limited to high-income households, a share of EU funds dedicated to building renovation should be allocated to the renovation of the worst performing buildings.

Energy poverty

A meaningful reduction in energy poverty requires that the existing (and welcome) legal requirements become legally enforceable – thus guaranteeing a fair energy transition. If Member States are to tackle energy poverty by taking advantage of the opportunities offered by the energy transition, stronger guarantees than those currently in place are needed. It is also necessary to condition the availability of EU funding on their use as resources to alleviate energy poverty. For example, the use of funds allocated for energy efficiency and renewable energy should be subject to accountable conditions: a proportionate

share of the funds could go to energy poor households and the offsetting of the social impact of measures designed to fight climate change (carbon tax, the extension of quota trading). Habitat for Humanity Hungary and the Center for the Study of Democracy (Romania) have assembled a [set of proposals](#) on how the European Union should address energy poverty in Central and Eastern Europe in order to achieve common European climate goals.

Housing quality

The energy efficient renovation of the worst performing buildings would also significantly reduce housing quality problems. This is why it is necessary for the EU to push Member States to make accountable and enforceable commitments regarding such renovations. The resources allocated for this purpose must also cover essential the infrastructure interventions on which energy efficiency interventions depend. Funding could also be used to promote the renovation of low-quality housing, for example by mandating that a proportion of energy efficiency subsidies be spent on the worst performing buildings.

Segregation

Tackling housing segregation should be a priority for both social and regional development policy. The eradication of segregated, overcrowded conditions and the provision of integrated and adequate housing should not only be a stated policy objective; it should also be a condition for other urban and regional developments. As in the case of educational segregation, urban policy decisions and practices that lead to (and perpetuate) active territorial exclusion must be tackled in a meaningful way. The progress of Member States in tackling territorial segregation should be monitored. Greater financial and technical support is needed to enable local and national actors to significantly reduce the number of people living in segregated conditions.

Homelessness

The implementation of policies that limit the increase in housing prices and rents, and increase the number of affordable social housing (particularly for high risk groups) must be encouraged. Such policies have a track record of reducing the risk of homelessness linked to institutional factors (hospitals, prisons, public care) and individual ones (appropriate treatment of mental health problems, addictions); they also facilitate housing solutions that lead

out of homelessness. At the EU level, action should be taken against forced and illegal evictions.

6.2. Hungary

Hungarian housing policy provides generous support to middle-class families with children to access housing and to renovate their homes. The available subsidies do little (if anything) to alleviate the difficulties of low-income households in either accessing or maintaining housing. Despite the possibility of developing a subsidy scheme from EU sources, there are no predictable, widely available subsidies for the energy-efficient renovation of residential buildings. The pace at which the issue of segregated housing is tackled is slow compared to the scale of the problem. Regarding homelessness, there has been no significant progress in terms of prevention measures or exit support; instead, it has been criminalised.

Affordability

To alleviate difficulties regarding housing affordability, the focus should shift from subsidies for the middle class to support schemes targeting low-income earners; this should be accompanied by a crackdown on predatory investment in housing. An increase in the supply of long-term rental housing could also contribute to the reduction of rents. Possible ways to increase such a supply include reasonable restrictions on short-term accommodation (e.g. Airbnb; taxing property that is either left unused or used solely for non-residential purposes is another option –alongside incentives to bring such properties to the housing market.) Increasing the share of social housing, housing managed by non-profits and dormitories will have a double effect: it will simultaneously reduce the market's hold on housing and offer an increased number of affordable options to the population. In response to the ongoing crisis in the rental sector, Habitat for Humanity Hungary has put together a detailed set of proposals in the framework of the 'Black Housing Campaign'; it can be found [here](#).

Energy efficiency

In order for energy efficient renovations to take place on the scale that is needed, a proper framework should be provided by the state. If the 3% annual

renovation target is to be achieved, strategic documents like the Long Term Renovation Strategy should clearly outline how many buildings can be renovated each year, how much investment is required and what form of financing is feasible (depending on the financial situation of the occupants). A renovation fund and a one-stop-shop model should be set up to provide financing schemes targeting a variety of households through the allocation of public and EU funds. The scheme should include both reimbursable grants to encourage renovation for higher income earners and non-reimbursable grants – covering at minima the initial investment costs – for lower income earners.

Housing quality

Substantial steps could be made in tackling the issue of housing quality if the government viewed the renovation of the worst performing buildings as an opportunity – rather than a sub-heading to be ticked off an EU guideline. A large range of already available EU funds could be used to finance a well-designed and targeted building renovation programme, possibly supplemented by either quota revenues or reimbursable funds. A complex renovation of the worst performing buildings would simultaneously save energy and solve many problems related to housing quality. By providing the population with healthier housing conditions, the country's spending on health would also be reduced, as the likelihood of falling ill, seeking medical care or missing school or work would be lessened; this would be especially true in the case of children and the elderly.

Energy poverty

EU resources allocated to the energy transition must be harnessed to tackle energy poverty. A first step in this process would be to identify the households affected by energy poverty and address their problems with targeted interventions. This should be accompanied by a wider strategy addressing the root causes of energy poverty.

Energy-efficient investments should be implemented to ensure that the worst performing buildings are renovated or replaced by low-consumption housing. The renovation of the worst-performing building stock should also ensure that the situation of households living in detached houses is improved. Heating modernisation programmes should be developed to provide a cost-effective solution for households relying on poor quality equipment; this should be

implemented as part of complex (even staged) renovations. Such programmes should also take into account the characteristics of the building types.

Energy costs for low-income households need to be reduced through energy-efficient investments and the use of renewable energy sources. Installing solar panels, for example, can cover part of a household's electricity costs. However – in the case of heating electrification programmes – a prior assessment should be made to determine whether the solar panels would actually cover the estimated energy demand and cost of electric heating. As they create jobs for local residents and small and medium-sized enterprises, labour-intensive, complex energy-efficient renovations can also have a positive impact on the incomes of energy-poor households and the labour market in deprived areas.

The involvement of local actors and targeted information campaigns should be essential components of renovation programmes. The establishment of one-stop shops for renovation – where planning, financing, implementation and follow-ups can be efficiently managed – would be an essential tool in such a process.

Segregation

The programmes for 2021–2027 should have included the objective of reducing housing segregation in a meaningful – and measurable – way. The number of households reached by desegregation projects should be drastically increased. Lessons learnt from projects implemented during the previous programming period should have also been taken into account when devising the 2021–27 programmes. Methodologies derived from previous experiences should be provided to those implementing these projects.

Homelessness

Abolishing legislation that criminalises homeless people must be an utmost priority. It is necessary to eliminate unlawful evictions and evictions carried out without adequate alternative housing provided: this is especially true in the case of families or people staying in institutions. Services provided by a Housing First-type policy should be extended. The social housing network should be expanded and the supply of affordable housing should be increased.

BERNADETT SEBÁLY



“We all have to live somewhere!”

**The last three decades of the Hungarian housing movement
– a bottom-up view – 1989–2021**

“We all have to live somewhere!”¹

The last three decades of the Hungarian housing movement – a bottom-up view – 1989–2021

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This chapter summarises the last 30 years of the Hungarian housing movement from a bottom-up perspective. It offers insight into how organisations representing disadvantaged people responded to the policy challenges of their era. The story begins in the turbulent 1990s, when many disadvantaged groups stood up for their right to housing. In the second half of the 1990s, the movement was institutionalised; a homeless care system was set up, and advocacy programmes were launched. The 2000s saw the establishment of a new state-funded programme designed to dismantle segregated neighbourhoods; this period also saw the emergence of activist youth critical of globalisation. After 2008, the most deprived raised their voice again. Homeless people, public housing tenants, and allies organised on the movement’s left flank, while indebted homeowners promoted claims through right-wing organisations. This chapter aims to process the movement’s history to help currently active organisations better assess their role, increase their effectiveness, and facilitate possible collaboration.

Context

Today, approximately three million people in Hungary are affected by housing poverty.² This figure includes those who spend a significant share of their

income on housing costs (rent, utility bills, mortgage, etc.), live in low-quality, unhealthy, hard-to-heat housing, or are otherwise worse-off and more vulnerable than average. This figure is not very different from the situation 30 years ago, as reported in 1989 by one of the first housing organisations established around the time of the regime change, the Social Committee for the Homeless. Their report, which summarised data from the 1980 census, showed that the number of people suffering from housing poverty was between 2 and 3 million, with their living situation reflecting inequalities linked to geography, class, and ethnicity.³

After the transition from a socialist planned economy to democratic capitalism in 1989, the marketisation of the housing sector reinforced these initial disadvantages. In the 1990s, the ‘Enabling Housing Market’ concept developed by the World Bank enjoyed political support in Hungary, while socially minded interventions were subordinated to budgetary austerity.⁴ As the state withdrew from subsidising housing costs, rising housing expenses played an increasingly important role in driving more people into poverty. Moreover, drastic privatisation reduced the supply of public housing.

In line with international trends, Hungary – like all other Eastern European countries – gradually turned to the market and promoted bank loans to help

¹ This sentence is a recurring theme in the Hungarian political and artistic life. Here is an early example: „No matter how, we need money because we have to live somewhere and eat something!” *Színházi Élet* 1930, 1:57.

² Habitat (2020). [Éves lakhatási jelentés. Bevezető.](#)

³ HTB (1989). [Helyzetjelentés 2.](#), [gyoripeter.hu](#), 5-7.

⁴ Hegedüs J. (2021). Lakásrendszer és társadalmi egyenlőtlenségek. In: Köllő J. (szerk.). [Kertesi Gábor 70 éves: Írások neki és róla](#). Budapest, Magyarország: Magánkiadás, 143.

people achieve home ownership. However, the volatility of globalised financial markets, the shortage of public housing and the absence of adequate state regulation left Eastern European households (including Hungarian ones) vulnerable to market forces. As a result, families that took on debt to purchase homes eventually became the victims of the 2008 financial crisis.⁵ The global economic shock did not lead to fairer housing policies in Hungary. After the crisis, debtors had to wait for three years for the first major bailout, and the measures offered limited assistance to low-income foreign currency debtors. After 2015, housing policy became increasingly subordinated to family policy, from which the house poor hardly benefited.⁶

This birds-eye-view shows that those working for fairer housing have been waging an uphill battle for over three decades. This chapter is about their struggles. On the one hand, their stories expose the contradictions of a democratic-capitalist transformation: the impact of urban investments on human lives through the changes they provoke on urban landscape and the population's makeup; the vulnerability of families to the dominance of financial markets and corporations; and the total disregard for the interests of homeless and poor people – which can eventually lead to their exclusion from neighbourhoods targeted by investors. On the other hand, however, their struggles are also emancipatory, the expressions of a desire for a more democratic and social system: they show how Roma and non-Roma tenants, homeless people, squatters, people living in segregated neighbourhoods, people facing eviction, victims of the foreign currency loan crisis, disabled people, social and housing professionals, alter-globalisation and human rights activists stand up for themselves and their fellow citizens against selfish economic and political interests.

Although these organisations are often not in close contact with each other, and sometimes have conflicting interests or values, one thing connects them: housing. While their struggles concern different aspects of the housing crisis, they often involve the same political actors. In this chapter, taken together, we

consider all these organisations as forming a housing movement.⁷ The term movement also indicates that the diverse actors working on housing are potential allies.

The extent to which the Hungarian housing movement can represent the cause of equitable housing depends, among other things, on the actors that make it up. Although a social movement is more than the sum of its constituent organisations, its organisational composition fundamentally determines the movement's material resources and knowledge pool. The movement's organisation influences what kind of people get involved, what type of issues are taken up, and the strategies organisers adopt.⁸ But the composition of a movement is not fixed. The Hungarian housing movement after the regime change was very different from the one in the 2000s or the following decade. This overview captures the dynamic and changing nature of the housing movement in the light of contemporary policy debates, drawing lessons from the different eras. I divided the history of the last 30 years into four periods, with boundaries defined by the organisational composition of the movement and policy changes. The focus is on organisations representing disadvantaged people.

Methodology

⁵ Bohle, D. (2014). Post-socialist housing meets transnational finance: Foreign banks, mortgage lending, and the privatisation of welfare in Hungary and Estonia. *Review of International Political Economy* 21(4), 913-948.

⁶ Habitat (2019). *Éves lakhatási jelentés. Bevezető*.

⁷ Diani, M. (1992). The Concept of Social Movement. *The Sociological Review* 40(1), 1-25. A social movement is „a network of informal interactions between a plurality of individuals, groups, and organisations engaged in a political or cultural conflict based on a shared collective identity.” In this paper, I therefore consider all (networks of) NGOs working on housing as a social movement (regardless of their political or policy orientation). This differs from the colloquial use of the term, whereby any initiative that is intended to be large-scale is often referred to as a movement from the outset.

⁸ Minkoff, D. C. (2002). Macro-Organisational Analysis, in Klandermans, B., Staggenborg, S. (eds). *Methods of Social Movement Research*. University of Minnesota Press, 260-285. (261.)

30 years of struggle

1. Rescuing what can be rescued! (1989–1995)

Tenants' Association • Anti-Ghetto Committee • Roofs Over Our Heads • Erzsébetváros Circle of Public Housing Applicants • Poor Relief Fund • Social Committee for the Homeless • National Front of the Poor⁹

Housing was one of the most important sources of legitimacy for the state socialist regime. The party leadership sought to ensure acceptable conditions through a public housing system and state-subsidised housing construction programmes, as well as by keeping utility costs down. From the early 1980s, as economic performance deteriorated, socialist housing construction gradually declined, and the operation of the public housing sector became increasingly unsustainable.¹⁰ Centrally controlled rents were becoming increasingly expensive for the state to finance. In addition, the regime's failure to renovate the public housing stock meant that much of it deteriorated (or was not modernised).¹¹ Tens of thousands of units became vacant, and rent increases more frequent.¹² This caused dissatisfaction not only among tenants but also among those who needed housing. The late 1980s saw the start of a spectacular wave of organising among Roma and non-Roma people, tenants, squatters, and homeless people. Although their interests often clashed, their demands show that in the late 1980s and early 1990s, many people saw a way out of the growing housing crisis through a strengthening and reforming of the public housing sector.

⁹ The organisations presented in each section appear under chapter titles. There are, of course, many more organisations working with people experiencing housing poverty. The Hungarian names of the organisations are as follows: Lakásbérlet Egyesülete • Gettóellenes Bizottság • Tetőt a Fejünk Fölé • Erzsébetvárosi Szükségellátásigénylők Köre • Szegényeket Támogató Alap • Hajléktalanokért Társadalmi Bizottság • Nemzet Szegényeinek Frontja.

¹⁰ Hegedüs J., Tosics I. (1993). *A lakásrendszer szociológiai és közgazdasági elemzése*. Kandidátusi ért., Bp. 26–32.

¹¹ Zolnay J. (1993). *A lakástörvény és a tulajdonviszonyok*. *Esély* 4(6):97–108.

¹² Matern É. (1990). Önkényes lakásfoglalók, kilakoltatottak. *Szociálpolitikai értesítő* 2:45–146. (79–99.)

This was brought to an end by capitalist urban development and the housing privatisation that facilitated it. Capital investment in inner-city neighbourhoods demanded clear property titles, and the way to achieve this was through the sale of public housing.¹³ Unfortunately, the privatisation frenzy also caught up with tenants' associations, which eventually sought to negotiate the most favourable terms for their members to purchase their apartments. Meanwhile, the organisations of poor people, who were unable to provide housing for themselves – and thus were demanding access to public housing – had little professional, ideological or political support. They were unable to shore up support without resources and, despite their best efforts, were swept away by the capitalist-democratic economic-political transformation.

1.1. Tenants' Association – the organisation of tenants with secure status

Under socialism, the council-controlled Property Management Companies (PMCs) supervised the housing stock, i.e., they made decisions regarding the use of renovation funds and vacant apartments. Their operation left much to be desired, including the preservation of the housing stock or the quality of the renovations.¹⁴ The Tenants' Association (LABE, by its Hungarian acronym) brought together a large group of dissatisfied tenants. With thousands of members, the national advocacy group typically represented the interests of tenants with secure status but not necessarily in good financial situation. Its forerunners were those tenant communities that, as the dictatorship eased in the 1980s, organised themselves to take over the maintenance of their public housing units from the PMCs.¹⁵

The national Tenants' Association was founded on September 12, 1988, by people who suffered from the malfunctioning of the PMCs.¹⁶ The founding circle mainly consisted of relatively wealthy people with a good network of relations

¹³ Zolnay J. (1993). Terézinvestitúra. Változatok tömbrehabilitációra a Terézvárosban. *Beszélő*, 4(15):17–19.; Zolnay J. (1994). Lakásprivatizáció a fővárosban. *Világosság* 35(4):32–43.

¹⁴ Győri P., Matern É. (1995). *Lakásügyi szerveződések a 90-es évek elején Magyarországon*. OTKA beszám. 12–14.

¹⁵ E.g. 48 Csengery Street in 1984, and 46 Vörösmarty Street and 36 Kőrakás Park in 1989. See *ibid.*

¹⁶ Magyar Hírlap, 13 September 1988, 21(219):7.

(dentists, engineers, former party members, film directors, journalists, lawyers, etc.), but who decided to stand up for the interests of others and build a national organisation.¹⁷ The issue of public housing became a mobilising force, and the Tenants' Association made a powerful impact on public life. In the few months following its formation, membership grew to a few thousand. The organisation operated a space where tenants could meet, started a column in a weekly newspaper, and provided legal aid.¹⁸ Membership groups proliferated both in Budapest and outside the capital.¹⁹ These groups took up specific issues (lack of renovations, rent increases) and promoted the idea of tenants taking over the maintenance of their units from the PMC in the form of 'self-governing tenants' associations.'²⁰ The central organising group's role was to advocate for systemic policy change.²¹ They commented on government housing plans and draft laws, intervened in the reorganisation of PMCs, and protested against state measures that would offload the financial consequences of poor state housing management onto tenants in the form of higher rents and higher water and sewerage charges.²² The organisation also tried to form grand coalitions with disabled people, pensioners, and trade unions.²³

The Tenants' Association was established to advocate fairer public housing. The organisation's leaders consistently argued that marketisation and the liquidation of public housing property would have disastrous consequences

for both tenants and those in need of housing.²⁴ However, this stance against selling off public housing was overwhelmed by events. *'Initially, the most valuable apartments were purchased by their tenants. Later, the tenants of the poorer, less valuable flats could not be persuaded by any reason why they should not become owners like their more fortunate fellow citizens. The privatisation snowball proved politically unstoppable, and the process was shrinking the pool of public housing available for rent.'*²⁵ Between 1990 and 1992 alone, 210,000 public housing units were sold to private owners.²⁶ Naturally, a large part of the Tenants' Association's membership became interested in buying. Although this was the point when a national organisation should have stood up to defend the public housing sector, the social pressure was so great that the Tenants' Association left the decision to its member organisations.²⁷ The leaders, Ferenc Vészits and Pál Battha had consistently rejected marketisation in their statements for years.²⁸ Still, it was not until 1993 – as a reaction to consistent irregularities in the sales process – that the organisation's leadership finally took up the issue of the privatisation of public housing.²⁹

The Tenants' Association had a very modest budget and was primarily based on voluntary work. Its policy impact and purpose were therefore largely dependent on the skills and self-interest of the local membership.³⁰ In 1991, it could not prevent the poorly planned transfer of public housing property to municipal governments and had very little influence on the 1993 Housing Act that regulated privatisation.³¹ Yet, the organisation formulated an alternative to the sale of the housing stock. From its inception, it promoted the 'self-governing tenants' association' model of housing maintenance.³² However, this proved insufficient, perhaps because the 'self-governing associations' created

¹⁷ Győri, Matern, *Lakásügyi szerveződések*, 12–15. At the same time, the first president of the organisation, Miklós Szabó, wanted to buy the property he lived in Pasarét from the very beginning (12.). He also proposed the purchase of housing as an option in discussions with decision-makers. *Fővárosi Közlöny*, 31 Dec 1989, 39(12):69.

¹⁸ E.g., *Népszabadság*, 16 Sep 1989, 47(219):5; *Népszava*, 4 Oct 1988, 116(237):5.

¹⁹ LABE's network covered the whole country, including Debrecen, Dunaújváros, Eger, Győr, Kaposvár, Kecskemét, Keszthely, Pilisvörösvár, Százhalombatta, Szeged, Szolnok, Tata, Vác. They regularly held forums and general assemblies. In Debrecen, there was a legal aid service, in Kaposvár a demonstration was organised in 1993, in Vác in 1994, tenants were called to participate in civil disobedience, i.e., the non-payment of increased rents (Arcanum).

²⁰ *Ország-Világ*, July–December 1988, 32(49):7.; *Százhalombattai Hírtűkör*, 20 June 1990, 3(13):2.

²¹ Tót É. (1989). A Lakásbérlet Egyesületéről. *Eszmélet* 1(1):113–117., Győri, Matern, *Lakásügyi szerveződések*, 15.

²² Vészits Ferenc főtitkár ismerteti, 7 Jan 1989, *nava.hu*, [video](#); Magyar Nemzet, 9 Jan 1989, 52(7):3; *Népszava*, 9 Mar 1989, 3, 117(57):5; *Heti Budapest*, 2 Sep 1989, 1(26):11.

²³ Among others, in 1989, the Residents' Advocacy Organisation (LÉT), initiated by the Independent Trade Union of Property Management and Urban Workers, the National Federation of Disabled Persons' Associations, the National Federation of Pensioners' Clubs and Senior Citizens' 'Life for Years' and the Budapest Council of Trade Unions. *Népszava*, 11 September 1989, 117(214):9.

²⁴ E.g., Tót, A *Lakásbérlet Egyesületéről*, 115. or *Népszava*, 25 Jan 1992, 120(21):9.

²⁵ Zolnay, A *Lakástörvény és a tulajdonviszonyok*, 98.

²⁶ Dániel Zs. (1996). A bérlakás-privatizáció paradoxona. Nemzeti ajándék vagy ráfizetés? *Közgazdasági Szemle* XLIII., March, 204–230. (205.)

²⁷ Győri, Matern, *Lakásügyi szerveződések*, 18–20.

²⁸ E.g., *Népszava*, 25 Jan 1992, 120(21):9 (Battha P.) or *Vasárnapi Hírek*, 22 Mar 1992, 8(12):4 (Vészits F.).

²⁹ E.g., Magyar Nemzet, 27 Dec 1993, 56(301):1. or Magyar Nemzet, 3 Oct 1994, 57(231):4

³⁰ Győri, Matern, *Lakásügyi szerveződések*, 20.

³¹ The organisation saw it as its own achievement that a rent freeze was finally included in the Housing Act (no rent increases were allowed in public housing units until June 30, 1994), the right to buy was extended and the purchase price was set at a maximum of 50 percent of the market value. *Kelet-Magyarország*, 5 July 1993, 53(154):9.

³² Magyar Nemzet, 14 Aug 1990, 53(190):3.; Magyar Hírlap, 20 May 1991, 24(116):3.

a competition to the PMCs, which were transitioning to become market-based property management companies,³³ and because many tenants eventually became interested in buying their apartments.³⁴

In the midst of widespread social change, the Tenants' Association was also changing. The organisation's base shrunk – hundreds of thousands of tenants became owners, and their housing issues changed. The organisation received an increasing number of inquiries from new owners about backlogs in the renovation, high maintenance costs, and the operation of condominiums.³⁵ In addition, the worse-off tenants remained in public housing, a sector the association did not organise.³⁶ Some of the organisational affiliates also ran for office in the 1994 municipal elections.³⁷ Over time – especially after the privatisation process had run its course, – the Tenants' Association lost its community character. We will come back to its activities in a later phase of the movement.

1.2. Anti-Ghetto Committee – the organisation of Roma tenants with insecure status and squatters

In the early 1980s, deteriorating economic performance led to the country's near insolvency, and the prices of many fixed-price products skyrocketed. Bread prices rose one and a half times, rents increased, and food, clothing, and housing became more expensive. This soon led to an increase in the number of people in arrears, to which the system increasingly responded with collection proceedings and, ultimately, evictions.³⁸ The worsening social situation hit Roma people particularly hard. They were the first to lose their jobs. A significant proportion of Roma families lived in poorly served, declining villages or moved into the slums of cities.³⁹

In Miskolc, beginning in the early 1970s, Roma families who had been living in segregated neighbourhoods on the outskirts of the city moved into dilapidated public housing in the city's downtown when their earlier dwellings were flooded. Through housing allocations, kinship, or squatting, other Roma families followed, settling in the same neighbourhood.⁴⁰ These families, many of them in arrears or squatters, faced the hostility of the city council in the mid-1980s. Suddenly, decision-makers wanted to regenerate the city centre, which they ignored for decades. Initial attempts to provide housing or plots of land for Roma families in other parts of the city met with residents' protests. The local authorities both fanned and agreed with the anti-Roma sentiment; they subsequently decided to build a settlement for the community, reminiscent of a ghetto, as it was outside the city limits, far from any infrastructure, in an area unfit for housing.⁴¹

The expulsion of the Roma was prevented by the Anti-Ghetto Committee, which was formed in 1989 and organised by Aladár Horváth, among others. At the end of 1988, Horváth, a young Roma teacher, travelled to Budapest, where he found allies in the Raoul Wallenberg Association⁴² and a small group of Roma and non-Roma intellectuals gathering around the organisation. The Budapest supporters set up a fact-finding committee and, in February 1989, took part in the first large-scale meeting of local Roma people in Miskolc. János Ladányi, a sociologist who was a member of the fact-finding committee, recalls the meeting:

*'It was astonishing how clearly the families facing eviction saw and understood the situation. In their argumentation, the small size and low standard of housing played only a secondary role, and they unanimously emphasised the dangers of total isolation and discrimination. [...] The arguments of Roma threatened by the action also frequently invoked analogies with the deportation and extermination of the Roma in 1944.'*⁴³

³³ Magyar Nemzet, 14 Aug 1990, 53(190):3., Győri, Matern, *Lakásügyi szerveződések*, 31.

³⁴ Győri, Matern, *Lakásügyi szerveződések*, 18.

³⁵ Magyar Hírlap, 6 Oct 1998, 31(234):6., Győri, Matern, *Lakásügyi szerveződések*, 21.

³⁶ Győri, Matern, *Lakásügyi szerveződések*, 18, 21.

³⁷ Győri, Matern, *Lakásügyi szerveződések*, 20., Magyar Nemzet, 10 Nov 1994, 57(264):4.

³⁸ Győri P., Gábor L. (1994). *Díjhátralékosok- díjhátralékoság*. Kandidátusi értekezés. gyoripeter.hu

³⁹ Ladányi J. (1991). A miskolci gettóügy. *Valóság* 4:45-54. (45-46.)

⁴⁰ F. Havas G. (1990). Hány ember fér el egy szobában? *Beszélő* 1(2):22-23.

⁴¹ Ladányi, A miskolci gettóügy 46-47.; F. Havas, *Hány ember fér el* 22.

⁴² The [Raoul Wallenberg Association](http://RaoulWallenbergAssociation.org) was founded in 1988 to defend democracy, promote tolerance and protect minorities.

⁴³ Ladányi, A miskolci gettóügy, 49.

By the end of the meeting, the participants decided to organise a local protest, develop an alternative solution for their housing and mobilise national public opinion.⁴⁴

However, on the same day – February 2, 1989 – the local council adopted the ‘ghetto plan’. It took exactly one month for the organisation to change the course of events. The fact-finding committee, led by sociologists, mapped the situation of most of the families facing eviction and found that no one wanted to move to the outskirts of the city. Indeed, most families had concrete ideas on how they could improve their housing situation if they received social or administrative support. In addition, they carefully analysed the costs of building the settlement by the local council. In the report of the fact-finding committee, published on February 20, 1989, the main argument against the ghetto was that the costs of the project were irrationally high.⁴⁵

The council voted on the financial plan for the construction on March 2, 1989. A few days earlier, on February 27, the Anti-Ghetto Committee had invited the council members to a debate based on the fact-finding committee report. Meanwhile, coalition mobilised both local and national media. The strategy was a success, as the party leadership became uncomfortable with the heightened attention the case was receiving, and the ghetto plan was ultimately not voted through at the council meeting. Aladár Horváth explains the organising success with the following: *‘In Miskolc, the communist regime sought to forget or reduce its crisis by ghettoising the ‘problematic Gypsies’ in an area two kilometres away from the city. [...] At the time, we were able to prevent the apartheid plan from being implemented because the system was crumbling and the plan was incompatible with its new principles.’*⁴⁶ The council set up a committee of experts with the participation of Roma activists and their advisers, and they launched a tiered system of public housing exchanges. Those ready to build their own houses moved out and received financial support, and those applying for an apartment, or an upgrade of their current public housing unit moved in. The

community was also involved in distributing housing. They selected those on the waiting list, and an underground charity called Poor Relief Fund provided financial support.⁴⁷ However, even in the short term, it was clear that the council was trying to circumvent the agreement in the absence of social pressure.⁴⁸

The Anti-Ghetto Committee was an emancipatory form of cooperation between poor Roma people and – both Roma and non-Roma – intellectuals. Just as the Tenants’ Association, the organisers also tried to use their knowledge in the political arena. In April 1989, the first independent Roma organisation, Phralipe, was founded, and its co-founder, Aladár Horváth, served as a Member of Parliament with the support of the liberal Alliance of Free Democrats (SZDSZ) between 1990 and 1994. He reorganised the Anti-Ghetto Committee in 1995, under the auspices of the Roma Civil Rights Foundation. The foundation’s activities will be discussed in the next phase of the movement.

1.3. Roofs Over Our Heads, Erzsébetváros Circle of Public Housing Applicants, and Poor Relief Fund – organisations of squatters, housing applicants, and their allies

The displacement of poor people (including poor Roma families) from the inner districts of Budapest, also started to increase in the second half of the 1980s. For decades, the realistic alternative for those who did not have housing was to occupy the vacant (and plentiful) public housing.⁴⁹ In many cases, these were damp, dirty, dilapidated apartments that no one wanted. For decades, the practice was that the council would not evict squatters without providing alternative housing, but from the mid-1980s, this increasingly changed.⁵⁰ This developed in part to curb increased squatting. The dismantling of workers’ hostels and rising unemployment in the capital further raised the number of people who could not

⁴⁴ *Ibid.* 47–49.

⁴⁵ Ladányi, A *miskolci gettóügy* 50–51.; Horváth A. (2017). *Indulás. Roma polgárjogi mozgalom I.* Bp.: Wesley Kiadó.

⁴⁶ Bányai Gy. (2009). Ettől még nem változik semmi. Horváth Aladár a cigányellenesség okairól. Interjú. 168 óra, Aug 27, 21(35):20–21.

⁴⁷ Ladányi, A *miskolci gettóügy* 52–54.; Horváth, *Indulás*

⁴⁸ F. Havas, *Hány ember fér el egy szobában?*; Ladányi, A *miskolci gettóügy* 53.

⁴⁹ In 1990, there were 19,000 vacant public housing units nationwide. Farkas J., Székely G. (2006). [Helyzetkép a lakásviszonyokról 1999–2005](#). KSH.hu, 13.

⁵⁰ Matern, *Önkényes lakásfoglalók* 73–75.

find accommodation. The number of those fleeing increasingly oppressive rural poverty to Budapest also increased in the 1980s.⁵¹ Poverty was concentrated in the inner districts (Józsefváros, Erzsébetváros, Terézváros, Ferencváros, and in the adjacent parts of Kőbánya and Angyalföld.) Although the squatters came from various social backgrounds, the evictions had an ethnic dimension: they disproportionately affected Roma families moving from the countryside to the capital due to the deteriorating economic situation. One of the first and spectacular eviction campaigns of the 1980s was the systematic eviction of dozens of mainly Roma families from Angyalföld in 1987.⁵²

The regime change did not ease the problems of those suffering from housing shortages. Capitalist urban renewal would have required strong advocacy by and for those in need. The key question was the future of the public housing stock and whether the district councils would reinvest the profits from privatisation in the housing sector. However, after 1991, the districts were free to make decisions in terms of their development plans, which they were not obliged to discuss with the capital's leadership or other districts.⁵³ This did not encourage district councils to find comprehensive solutions to poverty and housing problems. On the contrary, it was easier to push unwanted residents from one district to another. The activists of the **Poor Relief Fund**⁵⁴ tried to intervene in the case of several evictions in Budapest on behalf of those in need, negotiating with the leadership of the district councils; these interventions were filmed with the help of independent film crews.⁵⁵ To make matters worse, the local officials deflected their political responsibility by scapegoating various minorities. The contemporary press wrote of the atmosphere in Budapest: *'The capital is already dominated by a destructive, anti-poor public mood [...] the demands of law and order are perfectly understandable and justifiable,*

*but the anti-poor, anti-Gypsy, anti-Polish, anti-refugee and xenophobic attitudes that live in symbiosis with them are not.*⁵⁶

Under these circumstances, **Roofs Over Our Heads**, an organisation representing a small group of squatters, was founded in 1991, and the Erzsébetváros Circle of Public Housing Applicants, founded in 1993, represented those in need of housing. The 'CHANCE' Family Support and Community Development Service in Erzsébetváros helped establish and strengthen both organisations.

It is estimated that there were 150 squatters in an inner district of Budapest, Erzsébetváros at the time.⁵⁷ Until April 15, 1991, they were protected from eviction by a 'moratorium'⁵⁸ – in other words, they had to find somewhere else to live until then. The local family support service staff, 'CHANCE' decided to help them organise themselves to prevent mass evictions. *'About thirty squatters were invited to a tea party after several one-on-one meetings. The staff aimed to put them in a negotiating position. These people had been living illegally, in hiding, for a longer or shorter time after they had broken into empty flats in desperation and moved in.'*⁵⁹ That's how **Roofs Over Our Heads** was founded. Squatters shared their stories, and it turned out that a good number of them were paying rent and utilities, and many had made their flats habitable and renovated them. The involved social workers thought that these people's life strategies showed an exemplary perseverance and resourcefulness that could fuel their advocacy. The 27 squatters, together with the social workers, published a manifesto in the press and then began to work together to create a formal organisation.⁶⁰ However, the organisation fell apart after three months, influenced by the postponement of evictions – i.e., the disappearance of the immediate threat. Even so, such a short-lived initiative had some effects: the Erzsébetváros district council began to apply equity criteria to squatters more or less consistently for a while and also used them partially when evictions resumed in 1992.⁶¹

⁵¹ *Ibid.* 83–89.

⁵² *Ibid.* 73–77., 83–89., 95–96.

⁵³ Zolnay J. (1993): Lakásprivatizáció, városfejlesztés, helyi politizálás Erzsébetvárosban. *Esély* 4(1):8–13.

⁵⁴ The Poor Relief Fund was established at the end of 1979 to raise awareness of poverty. Its work mixed charitable and political elements. In 1990, the Poor Relief Fund founded the Abused Mothers' Home, which operated out of a large family house purchased by the organisation and provided short to medium-term housing for women (and their children) who were victims of domestic violence. Győri, Matern, *Lakásügyi szerveződések* 22–23.

⁵⁵ OSA Archive – Black Box. Kilakoltatás a IX., Vaskapu utcában 1991, call no.: 305-0-3:195/2, Kilakoltatás a IX., Angyal utcában 1990, call no.: 305-0-3:234/1, 305-0-3:234/2, 305-0-3:249/3.

⁵⁶ Magyar Hírlap, 5 March 1991, 24(54):6.

⁵⁷ Madlena, E., Zolnay J. (1992). "Lakáspolitiká" és közösségi szociális munka. *Esély* 4:85–92. (91.)

⁵⁸ The mayor of Budapest issued a recommendation to district councils to refrain from evicting squatters. The districts responded differently, but the recommendation contributed to curbing evictions. See Zolnay, *Lakásprivatizáció* 9.

⁵⁹ Madlena, Zolnay, "Lakáspolitiká" 91.

⁶⁰ Magyar Nemzet, 30 Apr 1991, 54(100):6., Madlena, Zolnay, "Lakáspolitiká" 91.

⁶¹ Madlena, Zolnay, "Lakáspolitiká" 92.

The other self-help group launched with the help of ‘CHANCE’ was the **Erzsébetváros Circle of Public Housing Applicants (ESZIK in Hungarian)**. The members of this ethnically mixed organisation of 20–30 people had been applying for housing for years at the Erzsébetváros district council of Budapest. Some of them shared a room with ten people, others lived in rented accommodation, another person was threatened with homelessness because of unemployment, and someone else came to meetings from a homeless shelter.⁶² Géza Gosztonyi, the employee of the family support service, recalls the group’s beginnings in May 1993:

‘What else could have started the first meeting we proposed but people articulating their hopeless situation? However, it was as if a strange force had moved all of them when it turned out that – almost without exception – each of them knew of one or two vacant flats. They listed addresses with increasing excitement. One of them suggested to draw up a list of empty apartments. Another suggested to write down the addresses of the empty flats they know, to search out as many as possible and share the information with the district council. From this point on, it was only a small step to map the apartments. They divided the entire district into precincts and went through each house in turn, carefully peering through every window without curtains and every open door without a handle.’⁶³

In one month, they listed 208 vacant apartments, and on July 8, 1993, they handed their proposal for redistribution to the mayor. They wrote: *‘We are too poor ever to buy an apartment, so we don’t understand why the District Council doesn’t think of people like us when it sells off public housing one by one. [...] It’s in our fundamental interest to reduce privatisation. We expect this from the District Council!’*⁶⁴ However, by then, the sale of public housing was well under way in the district. A year and a half earlier, the pro-privatisation bloc of the council collected 10,000 signatures from tenants who wanted to buy their apartments.⁶⁵ Despite the brutal headwinds, ESZIK did not give up. Despite numerous consultations and interventions at committee meetings, they still

had not been given a single flat by early 1994. This is when they presented the mayor with an ultimatum: either he would hand over the management of the empty flats to ESZIK or they would occupy them.⁶⁶ Finally, in March 1994, the district council signed an agreement that hand over the management of 20 public housing units to the organisation.⁶⁷ The deal gave ESZIK a strong mandate and a sort of responsibility, which it could have only feasibly assumed by creating an institutionalised social rental agency. However, the district council, facing elections in 1994, handed over only nine flats, which the organisation distributed among the housing applicants previously approved by the district council. The new district leadership was not open to further cooperation, and the families who had established the organisation left civic activism once they received housing⁶⁸ ESZIK managed housing units for a while⁶⁹ but did not receive enough support to become a strong housing agency.

The ‘CHANCE’ Erzsébetváros Family Support Service, which operated with the professional support of ELTE University’s Institute of Social Policy, had pioneered community social work. Still, this activity was but a drop in the ocean. In addition, tenants who wanted to buy their flats also started organising – the district councils could then point to the existence of groups wishing to purchase their apartments to reinforce rapid privatisation.⁷⁰ As the head of the housing department in the Zugló district council of Budapest said in 1991: *‘We cannot find a humane solution if we do not create new public housing units or shelters.’*⁷¹ In the first decades after the regime change, however, the balance shifted towards the development of a shelter system rather than a modern public housing management.

⁶⁶ 16. sz. melléklet: Ne panaszkodj! Cselekedj!, In: Sarkadi, *Evés közben jön meg az étvágy*; Népszabadság – Budapest melléklet, 25 Febr 1994, V.

⁶⁷ 20. sz. melléklet: Megállapodás, 21 March 1994, In: Sarkadi, *Evés közben jön meg az étvágy*

⁶⁸ Sarkadi, *Evés közben jön meg az étvágy* 27.

⁶⁹ Színes Vasárnap, 12 Nov 1995, 2(45):7.

⁷⁰ Erzsébetvárosiak Klubja-Bérlakásvásárlók köre – Magyar Nemzet, 17 Febr 1992, 55(40):8., terézvárosi tüntetések – Zolnay, *Terézinvestitúra*.

⁷¹ Magyar Nemzet, 30 Apr 1991, 54(100):6.

⁶² Sarkadi I. (1998). *Evés közben jön meg az étvágy, avagy az E.S.Z.I.K. szervezetpszichológiája*. Szakdolgozat. Pécs: Janus Pannonius Tudományegyetem, 28–29. és 9. sz. melléklet: Javaslat; Kurír, 9 July 1993, 4(185):3.

⁶³ Gosztonyi G. (1997). *Közösségi szociális munka*. Budapest: Budapesti Szociális Forrásközpont. 42–43.

⁶⁴ 9. sz. melléklet: Javaslat, ill. 7. sz. melléklet: Üres lakások listája. In: Sarkadi, *Evés közben jön meg az étvágy*; Népszabadság – Budapest melléklet, 9 July 1993, I.

⁶⁵ Madlena, Zolnay, *“Lakáspolitiká”* 89.

1.4. Social Committee for the Homeless and National Front of the Poor – organisations of homeless people and their allies

The crumbling socialist system also increasingly cut off help to those living in workers' hostels. In 1988, the rent increased sixfold overnight, and later the hostels were restructured or liquidated.⁷² This made life for low-paid workers extremely difficult. Many had to say farewell to their accommodation along with their jobs. In the late 1980s and early 1990s, the shutting-down of hostels led many people without family support to the streets. This included those who had found shelter in these hostels because of disability, domestic violence, illness, or substance abuse. The Social Committee for the Homeless was formed on February 28, 1989, to protect their interests. The origins of the organisation date back to the time when Tibor Ungi, an unskilled worker, personally requested the support of the Democratic Trade Union of Scientific Workers in the matter of the hostels' rent increase.⁷³ It was at this meeting that he met sociologist Péter Győri. Győri then founded the Social Committee for the Homeless with several of his colleagues. Ungi – as a hostel tenant – also became a member of the organisation.⁷⁴

The Social Committee for the Homeless defined itself as a research and advocacy organisation with two main objectives. Based on its statute, it advocated for the right to housing. At the same time, in the press and negotiations with decision-makers, the organisation emphasised the restructuring of shelters and the expansion of their staffing by qualified social workers.⁷⁵ The Committee, along with other organisations helping the poor, became particularly

important for the authorities in the winter of 1989, when homeless people began demonstrations in Budapest. These demonstrations made the socialist leadership – already facing a crisis of legitimacy – uncomfortable, and they did everything they could to remove poverty from public spaces as quickly as possible.

The protests began in Budapest on November 29, 1989, three days after a crucial referendum about the country's future. They were a response to the authorities' decision to close the country's railway stations for the night (these waiting rooms were the last refuge for many.) In protest, 50-60 people gathered in Blaha Lujza Square and began a sit-in. The homeless people collected signatures, and on November 30, a delegation of three – Little Fox, Shark, and Little, known by their nicknames – met with the Budapest's mayor.⁷⁶ Sándor Rostás, a demonstrator, shared their demands with the press: *'We're doing this campaign because we're homeless. [...] We've been here since 5.30 pm last night, and we're staying until we get a flat. We have handed a petition to the government and the Metropolitan Council to give us the former workers' militia houses. There are so many people in need; let's not leave all those houses empty.'*⁷⁷ The fact that many homeless people wanted housing (and not shelters) is underpinned by another story when one of the protest organisers, Mária Orsós (or 'Panda' by her nickname) accompanied by a cameraman and a journalist, requested housing for herself from the council.⁷⁸ Later, another demonstrator-organisator at the Southern Railway Station (*Déli Pályaudvar* in Hungarian or *Déli* for short) also demanded housing: *'No one can throw us out of here! Not even by force! Lie around the ticket offices so that they won't open until there is an apartment!'*⁷⁹

In the meanwhile, social workers (and later benevolent helpers at the Southern Railway Station) were looking for immediate solutions to the crisis. On November 28, the Poor Relief Fund, the Social Committee for the Homeless, the Óltalom Charitable Association, and the Újpest Family Support Centre wrote a letter to the top leaders of the country and the capital offering their

⁷² MTI, "Felemelték az átmeneti szállások lakbérét", 8 Nov 1988.

⁷³ Ungi's beautifully written, sincere letter to TDDSZ, dated 17 October 1988, is available [here](#) in Hungarian. On January 4, 1989, Győri, Ungi and the latter founders of the Social Committee for the Homeless met with a Member of Parliament, a representative of the Ministry of Social Affairs and Health, and one from the Metropolitan Council. They discussed the creation of a working committee to work on the transformation of the workers' hostel system. The Social Committee for the Homeless was formed the following month. [gyoripeter.hu](#)

⁷⁴ 1988 Social Committee for the Homeless (Establishment and operation). Founding members overlap with the Poor Relief Fund and the "CHANCE" Erzsébetváros Family Support Service, among others. [gyoripeter.hu](#)

⁷⁵ Találkozás parlamenti képviselővel [jegyzőkönyv](#), 4 Jan 1989; [Helyzetjelentés 1](#), 28 Feb 1989; Tibor Ungi – [Romano Nyevepe](#), 28 Feb 1989, 5; Péter Győri – [Magyar Hírlap](#), 30 Oct 1989, 5. [gyoripeter.hu](#)

⁷⁶ Magyar Hírlap, "Csöviék a polgármesternél", 1 Dec 1989, [gyoripeter.hu](#)

⁷⁷ Mai Nap, "Csövezők indulatos kampánya", 30 Nov. 1989, [gyoripeter.hu](#)

⁷⁸ Mária was given the flat on the grounds that she had five years' employment and had been in state care. 19 Dec 2019, 7:13–8:18.

⁷⁹ *Hajléktalanok. Rongyosforradalom* (1992). Videó-dokumentumsorozat. Rendezte Mihályfy László. 3:57–4:10.

professional help and asking for the allocation of barracks of the workers' militia or similar facilities.⁸⁰ From November 30 onwards, the party leadership offered the leaders of Budapest more and more unsuitable buildings, with the idea that specialised organisations could run them (e.g., the Red Cross).⁸¹ The workers' militia headquarters buildings at 3 Vajdahunyad Street in Józsefváros and Bányá Street in Kőbánya – the latter without heating and hot water – were also earmarked for handover these days.⁸² While the council leadership looked for the new management of the shelters, it set up a crisis shelter in the gym of a vocational training school in Csepel, an outer district of Budapest. Ottília Solt (Poor Relief Fund), György Mezei (Újpest Family Support Center) and Péter Győri (Social Committee for the Homeless) presented the opportunity to the protesters.⁸³ The homeless people first sent a four-member delegation to Csepel to see the conditions for themselves. The offer eventually divided the protesters. Some accepted the accommodation and left for Csepel on December 3, and others went to the Southern Railway Station to reorganise themselves. In the gym, the staff of the Újpest Family Support Center and a few homeless people managed the crisis shelter, distributed donations, and established the rules for those who wanted to stay.⁸⁴

'Vajda 3' (the old militia headquarter in Vajdahunyad Street) was finally taken over from the leadership of Budapest on December 5 by Győri and Solt, representing, respectively, the Social Committee for the Homeless and the Poor Relief Fund. In the beginning, they organised the new shelter in this dilapidated building together with 50 or so homeless people. However, this failed after a short time. In February 1990, the **Shelter Foundation** was established as a quasi-successor to the Social Committee for the Homeless, with the help of

four NGOs.⁸⁵ For those who could not get into Vajda 3 from Csepel, the council leadership opened the Bányá Street building which was without heating or hot water. Those who did not wish to move to either of these options were left with the Southern Railway Station.⁸⁶

Many people tried to keep the wave of protests alive. One of them was Árpád Balogh,⁸⁷ who announced that the National Council of the Disadvantaged would hold its inaugural meeting on December 6, 1989, at the steps of the Southern Railway Station.⁸⁸ Balogh was instrumental in the protests that re-started on January 11, 1990. The start of the strike was announced by Gyula Makovecz, one of the homeless leaders of the protests: *'Buddies, the strike will go on, no one will move from here! Circle and block the ticket offices! No one will open. The strike continues!'* In the meantime, Balogh and a group of homeless people demonstrated in front of the parliament on January 16, 1990, with banners and blankets.⁸⁹

At the same time, the famous comedian András Nagy Bandó published a provocative idea in Mai Nap (a popular tabloid at the time) on January 17. Homeless people should form a party and then use 'the financial support obtained

⁸⁵ Állami Számvevőszék (2006). [Jelentés. A hajléktalanokat ellátó intézményrendszer ellenőrzése](#), 14.; 1990 [Birth of the Shelter Foundation \(Establishment and operation\)](#), 1989 [Blaha demonstration and events after in 1990](#). [gyoripeter.hu](#)

⁸⁶ [1989 Blaha demonstration and events after in 1990](#).

⁸⁷ Árpád Balogh introduces himself from the stage on January 21, 1990, on the day of the formation of the National Front of the Poor (NFP), on behalf of the Hungarian People's Party (*Hajléktalanok. Rongyosfordalom*). Prior to NFP, he founded various well-intentioned, short-lived initiatives related to housing and to help children in state care, including the Association of Home Creators and the Association for the Support and Protection of Interests of Disadvantaged Youth. He also advocated the creation of a Hungarian kibbutz in Gödöllő. He is associated with the National Council of the Disadvantaged, the Patriotic People's Front, the Social Democratic Party and was a member of the Independent Smallholders' Party (FKGP). Finally, he was also charged with embezzlement in the case of the Home Creation Foundation (Reform, 4 Aug 1995, 8(20):28-29; 168 óra, 15 Apr 1997, 9(15):18). Even though the homeless leaders of NFP expelled him from the organisation in early 1990 (Népszabadság, 3 Feb 1990; 48(29):11), Balogh tried to establish legitimacy by associating himself with NFP at the [meeting of the grand committee of the FKGP](#) (as county president) in 1992. Further source: Arcanum Digitheca.

⁸⁸ According to an [MTI article](#) of Nov 29, 1989, the founders of the National Council of the Disadvantaged were Árpád Balogh of the Patriotic People's Front, Fidesz, SZDSZ, the National Roma Council and the Raoul Wallenberg Association. The National Council of the Disadvantaged was probably Balogh's private initiative, announced without the knowledge of the other actors. See also Esti Hírlap, [Hajlékhoz juthatnak a hajléktalanok](#), 2 Dec 1989 [gyoripeter.hu](#)

⁸⁹ Magyar Hírlap, 17 Jan 1990, 23(24):3.

⁸⁰ Magyar Hírlap, "[Levél a hajléktalanok ügyében](#)", 30 Nov 1989. [gyoripeter.hu](#)

⁸¹ Refugee camp in Bicske; unheated, dilapidated buildings owned by the party. [1989 Blaha demonstration and events after in 1990](#).

⁸² Both are still operating as homeless shelters. The irony of the situation was that at the time of the demonstrations, the Council of Ministers had been discussing the 'long-term development concept for housing policy' – including the transfer of state-owned housing to municipal ownership. However, they did not consider solving rampant homelessness as part of the housing policy. Instead, they created substandard shelters in the barracks of the Workers' Militia. [Magyar Hírlap](#), 2 Dec 1989, 22(284):1. [gyoripeter.hu](#)

⁸³ "Ottília, I and Gyuri Mezei presented this to the people, and there was a lot of uncertainty, confusion; in fact, this otherwise key moment of negotiation or persuasion (?) was quite scandalous. Ottília and Gyuri came over to Blaha from the Southern Railway Station with a couple of homeless people, who they had already persuaded to go to the gym [a provisional shelter] in Csepel." [gyoripeter.hu](#)

⁸⁴ [1989 Blaha demonstration and events after in 1990](#). [gyoripeter.hu](#)

by the party to build temporary shelters' – which could also function as party headquarters. He called for a public meeting on January 21.⁹⁰ Although Nagy Bandó was not sure that anyone would be there, he was welcomed by a few hundred people, a podium and organisers. Balogh spoke at the demonstration alongside Nagy Bandó. The demonstrators were determined and dignified, and a sense of community was palpable.⁹¹ With 157 founding members and a 21-member board, the National Front of the Poor (NFP) was formed that day, with Balogh as its president and Nagy Bandó elected honorary president.⁹² The organisation aimed to support and defend the interests of the homeless, the poor, and children growing up in public residential care. Father Imre Kozma also spoke at the demonstration. On behalf of the **Hungarian Charity Service of the Order of Malta**,⁹³ he offered to request a building for 200 people and help with providing work and care.⁹⁴

Nagy Bandó was deeply shocked by the poverty he saw and set to work to help those in need leave the station. *'We want to prove that these guys are capable of so much more than they're perceived to be. They would become ordinary human beings if they each received care and attention. If they were all embraced by a workers' collective in a factory or a company, it would give these people back their faith.'*⁹⁵ He hoped – as many others did – that if temporary accommodation were available, it would be easier to find work and find a foothold. But in the socio-economic situation of the time, this was a vain hope.

The protests caused significant disruption to the Southern Station's operations, so it came in handy for the party leadership that someone managed the crisis (instead of them, or with their help). The Head of the Defence Forces immediately handed Nagy Bandó the Csillebérc Pioneer Camp to relocate the squatters. As a result, the next day, hundreds of people left the station by bus, while others tried to find accommodation in the existing shelters (Dobozi Street, Könyves

Kálmán Boulevard).⁹⁶ Thanks to Nagy Bandó's organising, homeless people received food, shelter, and access to showers at the camp, and they received assistance to replace their missing documents. They could improve their appearance with the help of volunteer hairdressers and donations of clothing. They were examined by doctors and were also provided with emergency aid 'until they received a salary.'⁹⁷ The NFP leadership was divided. Some of them saw the way out in the development of new shelters or wanted to move to Csillebérc, others promoted the original idea of Nagy Bandó to establish a party, and some wanted to continue the pressure with further demonstrations.⁹⁸ Eventually, a few days after the formation of NFP, homeless people – either under duress or by their own free will – left the Southern Railway Station.

The camp in Csillebérc ran for almost a week thanks to the voluntary work of homeless people, including one of the leaders of the movement, Makovecz. At the end of January, they moved to some empty barracks outside Budapest on the border of Budaörs and Törökbálint, where they established the Homeless Rehabilitation Home on January 29.⁹⁹ Initially, like Vajda 3 – which had opened a few weeks earlier – it was run with the participation of homeless people, with the reorganised NFP taking a leadership role alongside the Metropolitan Council officials. However, after the municipal elections of October 1990, the city council of Budaörs took control of the camp but failed to establish a well-functioning institutional system. The shelter was finally closed down in May 1992. The residents moved to other homeless shelters, and the NFP ceased to operate.¹⁰⁰

The fact that many people who were homeless (or on the verge of homelessness) wanted housing instead of shelters is also evidenced by other smaller protests. For example, in 1989–1990, individuals demanding public housing went on hunger strikes in Békéscsaba, Eger, and Salgótarján, and in Békéscsaba in November 1990, eight people held a demonstration at the city hall.¹⁰¹

⁹⁰ Mai Nap, 17 Jan 1990, 2(14):7.

⁹¹ *Hajléktalanok. Rongyosforradalom*

⁹² Népszabadság, 22 Jan 1990, 48(18):4; *Hajléktalanok. Rongyosforradalom*

⁹³ On the grassroots origin of the Hungarian Charity Service of the Order of Malta, see Győri, Matern, *Lakásügyi szerveződések*, 32–36.

⁹⁴ *Hajléktalanok. Rongyosforradalom*

⁹⁵ A Hét, 23 March 1990, 35(12):15.

⁹⁶ A Hét, 23 March 1990, 35(12):14–15; Népszabadság, 24 Jan 1990, 48(20):10.

⁹⁷ Magyar Hírlap, 29 Jan 1990, 23(24):4.

⁹⁸ Népszabadság 24 Jan 1990, 48(20):10.

⁹⁹ *Hajléktalan*, 11 September 1990, MTI.

¹⁰⁰ For the conditions in the hostel, see Népszabadság, 3 February 1990, 48(29):11., and K. Pikk (1994). *A hajléktalanokról*. Kandidátusi disszertáció, 38–40.

¹⁰¹ Eger – Népszabadság, 16 Aug 1989, 47(192):10., Salgótarján – Népszabadság, 1 Febr 1990, 48(27):10., Békéscsaba – Népszabadság, 3 Nov 1990, 48(258):4.

In Budapest, at the beginning of 1990, several people set up tents in front of the parliament as a form of protest. One of them was Sándor Rostás, the spokesman of the Blaha Lujza Square protesters. His housing application was rejected.¹⁰² Later, in September, Rostás tried to revive the protests and announced a demonstration at the Southern Railway Station between September 29, 1990, and December 31, 1992(!), but the police refused to allow it.¹⁰³ In the meantime, homeless people gathered at the Eastern Railway Station and paralysed its operation by occupying the carriage depots, waiting rooms and ticket offices. The railway workers went on strike, the police were deployed, and the Hungarian Railway Company offered its Madrid Road workers' hostel to protesters to help deal with the situation. At the railway station, SZDSZ MP Ferenc Kőszeg and the railway company's chief officer tried to persuade a group of people to accept the placement at the hostel. The spokesman for the homeless group was Rostás. They insisted that they would only leave if they received housing.¹⁰⁴ Hundreds of homeless people were eventually evicted from the station within a few days.

The first shelters were set up in the winter of 1989–1990 as a result of the homeless protests. However, the socialist party leadership did not think of long-term solutions but simply removed the disaffected poor out of sight, taking advantage of the commitment of social workers and benevolent celebrities. The post-transition administration of Budapest also had to act quickly. By 1992 – when the first central regulations for the homeless care system were drawn up – there were already some 2,000 shelters in 67 institutions across the country.¹⁰⁵ However, this rapid growth was not matched by adequate resources. It was impossible to build strong institutions on such shaky foundations, even as leading figures in the movement entered politics.¹⁰⁶ The dismantling of public housing created a limited homeless care system that

was able to provide support only up to a certain point. Up to this day, it is still a dead-end for many people and does not provide adequate working conditions for those who work there. As Péter Győri said in front of Vajda 3 in 2019:

*'What are we doing here in former workers' militia barracks after 30 years? Why are we not in a newly built Tenants' House? Why don't we recall from a well-furnished, warm institution with single rooms that we started in that shack 30 years ago? No, we are still there, 30 years later. The homeless shelters are in the same run-down buildings as 30 years ago.'*¹⁰⁷

1.5. Lessons from the first era

Stakeholder participation is valuable. Looking back at this 30-year history, it is clear to see that through their demands for public housing, it was homeless people, tenants, public housing applicants, and squatters who set the direction of long-term sustainable housing policy (at least for a while); this stands in contrast with the stance of many political leaders and experts. This underlines the value of knowledge by experience in both the movement and policy making. At the same time – without a clear definition of objectives and an awareness of the political context and opportunities – short-term self-interest can easily override long-term social benefits, as was the case with the Tenants' Association.

There is strength in cross-class collaboration. The history of housing organising and activism during this period points to the power of cross-class collaboration. When allies with higher status humbly put their professional skills at the service of the affected people and the cause, when actors worked together as equal partners, organisations were able to enhance the advocacy power of disadvantaged people (e.g., Tenants' Association, Anti-Ghetto Committee, Roofs Over Our Heads, ESZIK). The 'CHANCE' Erzsébetváros Family Support Service is a good example of the cross-section of confrontational advocacy and institutional social work,¹⁰⁸ and the participation of ELTE university illustrates the fertilising effect that academia can have on social movements.

¹⁰² Another tent protester, János Szingár, managed to get a 9 sqm substandard apartment thanks to the intervention of Nagy Bandó. *Beszélő*, 10 March 1990, 1(9):26.

¹⁰³ *Népszava*, 29 September 1990; 118(229):7.

¹⁰⁴ *Népszabadság*, 3 Nov 1990, 48(258):4; [A rendszerváltás két éve és a hajléktalanok – az MTI hírek tükrében. Menhely.hu](#)

¹⁰⁵ Állami Számvevőszék, *Jelentés*, 15.

¹⁰⁶ Otília Solt (Poor Relief Fund) was an MP between 1990–1994, and Gábor Iványi (Oltalom) was an MP between 1990–1994 and 1998–2002. Péter Győri (Social Committee for the Homeless) was the chairman of the Housing Committee of the Municipality of Budapest from 1990–2002. The [1991 law](#) fragmenting the public housing assets of Budapest and the accelerated privatisation process narrowed their options.

¹⁰⁷ Partizán, "[Egy elfeledett sztrájk története](#)." 25:29–26:15.

¹⁰⁸ For more examples, see Udvarhelyi É. T. (2014). *Az igazság az utcán hever*. Budapest: Napvilág Kiadó, 151.

Financial and intellectual support is necessary to prevent movements from becoming marginalised. Although civil society organisations were intrinsically linked to the agonistic struggles for democracy on the eve of the regime change, they became embedded in the emerging non-profit sector in the immediate aftermath of the transition. The concept of non-profit (or third sector) that seeks to address the tensions inherent to liberal capitalist democracies constrained the role of organisations to providing social services. While the government keeps the economy running on free-market principles, it lets NGOs deal with the harmful effects of economic activity. This social model expects organisations to compensate for impoverishment by providing services and innovative programmes.¹⁰⁹ This era was also characterised by the belief that economic recovery would resolve social inequalities. Therefore, economic and social rights could be temporarily pushed into the background.¹¹⁰ In the absence of financial and intellectual support, these community initiatives for economic equality described in this chapter were not able to advance an alternative direction for the country and were inevitably marginalised – even though they were important actors.

Citizen initiatives have the (often unrealised) potential to be agents of deeper social change. There were alternatives to liquidating public housing assets. However, as József Hegedüs and Nóra Teller write, a sustainable public housing system would have meant ‘a structural transformation of the sector, not only changing the rules (apartment allocation, rent control, and rent subsidies) but also changing the ‘behaviour’ of the owner (municipal governments, companies, cooperatives), the housing management institution and the tenants.’¹¹¹ However, the political leadership (whether at the government or the municipal level) did not take on the political risk and economic costs involved. Yet, the movement overview shows that several organisations could have been partners, and their strength could have been multiplied with adequate political support.

2. The age of institutionalisation (1995–2002)

Roma Civil Rights Foundation • House-Home Foundation • Habitat for Humanity Hungary • Tenants’ Association¹¹²

By 1999, the number of public housing units had fallen from 750,000 to 230,000.¹¹³ As a result of privatisation, the new owners were responsible for their apartments and the maintenance and renovation of the entire building. This led to the proliferation of **housing cooperatives and condominium associations** in the 1990s.¹¹⁴ However, after the almost complete dismantling of the public housing sector, municipal governments had few tools left to tackle housing poverty. From 1993 onwards, the increased housing costs could have been offset by providing the newly introduced housing benefit, as required by law. Still, these were typically sabotaged or set at deficient levels by municipal governments.¹¹⁵ In the absence of an adequate social safety net, many low-income households were thus forced to move to poorer quality housing or cheaper neighbourhoods or regions, or turn to the homeless care system for help.¹¹⁶ Mostly low-income people with serious payment difficulties remained in public housing.¹¹⁷ In the absence of real alternatives, municipal governments continued to opt for eviction in large numbers in the case of households in arrears and squatters.

The low level of housing construction exacerbated the housing crisis. Housing starts had been falling since the 1980s, reaching a low in 1998, before

¹¹² The Hungarian names of the organisations are: Roma Polgárjogi Alapítvány • Házat-Hazát Alapítvány • Habitat for Humanity Magyarország • Lakásbérlők Egyesülete.

¹¹³ Farkas, Székely, *Helyzetkép* 13.; Hegedüs J. (2006). [Lakáspolitikai és lakáspolitikai korlátai](#). *Esély* 5:65-100. (74.).

¹¹⁴ The Advocacy Alliance of Housing Cooperatives and Condominiums ([LÉTÉSZ](#)) was founded in 1990 and the National Association of Housing Cooperatives and Condominiums ([LOSZ](#)) in 1993.

¹¹⁵ Misetics B. (2018). [Sosem volt elég: Lakásfenntartási támogatás 2015 előtt](#). *Esély* 6:3-44. (13-14.)

¹¹⁶ Augustyniak, H., Csizmady A., Hegedüs J., Laszek-Krysztof Olszewsky, J., Somogyi E. (2019). Poszt-szocialista lakásrendszerek Magyarországon és Lengyelországban. *Közgazdasági Szemle* LXVI., Sept, 980-1004. (988-89.)

¹¹⁷ Hegedüs J. (2009). *Lakáspolitikai és társadalmi kirekesztés*. Előadás, 11.22., 3.

¹⁰⁹ Dagnino E. (2011). “Civil Society in Latin America.” In Edwards, M. (ed.). *The Oxford Handbook of Civil Society*, New York: Oxford University Press.

¹¹⁰ Solt O. (1990). “Beszélgetés a szociáldemokráciáról.” *Századvég* 1:126-127.; Ladányi J., Szelényi I. (2003). *A kirekesztettség változó formái*. Budapest: Napvilág Kiadó, 28.; Udvarhelyi, *Az igazság az utcán hever*, 149-153.

¹¹¹ Hegedüs J., Teller N. (2006). *A támogatott bérlakásszektor növelését célzó programme intézményi és szervezeti feltételeinek elemzése és javaslatlétel a bérlakásprogramme alternatív intézményi modelljére*. Városkutató Kft., 43.

recovering.¹¹⁸ Following the capitalist transformation, the market conditions for access to housing (and thus for construction) were created by introducing mortgage-based housing loans, while social policy subsidies were used to promote the construction of new housing. The socialist Horn government significantly increased the so-called ‘szocpol’ allowance¹¹⁹ in 1994 for families with two or three children. However, due to the ill-considered distribution scheme, there was a lot of abuse, and a new type of segregated housing, so-called ‘szocpol settlements,’ emerged.¹²⁰ The state relied on entrepreneurs and the non-profit sector to construct housing for the disadvantaged, and both the conservative Antall and the socialist Horn governments allocated funds for them. Starting in 2000, the conservative Orbán government launched public housing construction and mortgage-based housing loans programmes. The public housing construction programme was popular, reaching low- and lower-middle-income groups. Still, the resources were far below the needs, and the amounts mainly allocated to subsidising housing loans.¹²¹ Relevant housing policy decisions were also influenced by institutional interests, with the banking lobby winning out over the construction lobby.¹²² Instead of strengthening the public housing sector, billions were spent on subsidising housing loans for the middle class.

Despite the increasing hardship for people of low status, the number of community advocacy groups for the house poor had declined. The organising of homeless people essentially disappeared.¹²³ The newly formed Roma Civil Rights Foundation advocated for squatters and tenants with insecure status, and the Tenants’ Association also provided services.¹²⁴ Disadvantaged people could also turn to housing construction organisations, e.g., Habitat for Humanity Hungary. These organisations (including the Tenants’ Association in this

period) drew on the participation of experts in their management. They did not build primarily on the knowledge and organisational work of the affected people (in contrast to the self-governing tenant communities, Anti-Ghetto Committee, the National Front of the Poor, Roofs Over Our Heads, ESZIK or Tenants’ Association member organisations in the first phase). Instead, they hired professionals with the relevant qualifications. As a result, they became stable pillars of the housing movement and experts in their field. However, they also risked becoming transactional in their relationship with stakeholders (client-expert, voluntary-professional organisation) or losing touch with their base altogether. Donors’ expectations of institutionalisation (registered organisation, accountants), the bureaucratisation involved in the registration of organisations, and the increasing centrality of the figure of the expert – which accelerated in the wake of Hungary’s accession to the EU – all pushed organisations in the direction of professionalisation. This left less space for organising affected people, even though a grassroots approach was much needed to highlight problems and increase pressure on decision-makers.

2.1. Roma Civil Rights Foundation – an organisation for Roma tenants with insecure status and squatters

By 1995, it was clear that the Roma population was the segment of the population that lost most with the regime change. While over half of Roma families had no active wage-earners, this was true for ‘only’ one-third of non-Roma families. There was also a housing dimension to their impoverishment, as the majority of Roma lived in the most deprived rural towns and villages.¹²⁵ Pushing Roma people in arrears and squatters out of the cities – where they had previously moved to escape rural poverty – were therefore not real solution; it is even more obvious today that such actions only increased the hopelessness of disadvantaged rural regions.¹²⁶

¹¹⁸ Hegedüs J., Várhegyi É. (1999). A lakásfinanszírozás válsága a kilencvenes években. *Közgazdasági Szemle*, XLVI. febr., 101–120. (102–103.)

¹¹⁹ The social policy allowance was a widespread, non-refundable cash grant subsidy for homeownership, available to families with children.

¹²⁰ Farkas Zs. (2017). “Telepszerű lakókörnyezet volt a hivatalos elnevezése...” Doktori értekezés, ELTE Társadalomtudományi Kar Szociológia Doktori Iskola; Hegedüs, *Lakáspolitikai és lakáspolitikai* 9–10.

¹²¹ Hegedüs, *Lakáspolitikai és lakáspolitikai* 77.

¹²² Csizmady A., Hegedüs J., Vonnák D. (2019). [Lakásrezsim és a devizahitel-válság: intézményi és egyéni stratégiák](#). *Szociológiai Szemle* 29(1):4–32. (11.)

¹²³ Udvarhelyi, *Az igazság az utcán hever* 186–188.

¹²⁴ Magyar Nemzet, 17 Jun 1998, 61(140):14.

¹²⁵ Kertesi G. (1995): *Cigány foglalkoztatás és munkanélküliség a rendszerváltás előtt és után*. Esély 4.

¹²⁶ Ladányi J. (2012). *Leselejtettek*. Budapest: L’Harmattan.

The Roma Civil Rights Foundation (in Hungarian RPA), established on May 9, 1995, sought to provide a complex response to the worsening situation of the Roma. RPA saw the cause of the disadvantages as the combined effect of several problematic areas. Therefore, in addition to discrimination and ethnic conflict, it aimed to be active in terms of education, media representation, dissemination of news to Roma people, employment, and housing.¹²⁷ As the Roma had been targeted by an increasing number of evictions and resettlement attempts since the late 1980s, housing was a key focus of the foundation.

RPA was organised by Aladár Horváth, who also played a prominent role in creating the Anti-Ghetto Committee in 1989.¹²⁸ The organisation intervened on behalf of hundreds of people facing eviction in both rural areas and Budapest.¹²⁹ It took on the problems that had been taken up a few years earlier by the squatters of Roofs Over Our Heads and the professionals of the 'CHANCE' Family Support Service. The recurrence of evictions was no coincidence. Capitalist urban planning failed to provide real answers to the problem of housing poverty. Those who had been pushed out of one district reappeared in another or in disadvantaged rural towns and villages.¹³⁰ The organisation sought to improve the situation of those affected through individual legal case management, social work, and, where necessary, crisis management at the municipal level. The primary objective was to negotiate with the municipal governments, directly involving the people affected. RPA used protests and human chains as a last resort. The organisation filled a service gap, also evidenced by many of its clients being non-Roma. The civil rights leader Jenő Setét was awarded the RPA prize for his outstanding social work in the organisation.¹³¹

RPA had been confronted with the disproportionate media attention paid to Roma squatters from the beginning of its work. Although many more people were facing eviction for utility or rent arrears, eviction was perceived as a Roma problem.¹³² This is why the organisation carried out a Budapest-wide survey, led by Jenő Setét, regarding those at risk of eviction. The data collected from district councils found that the primary group at risk of eviction among people living in public housing consisted of households in arrears (rather than squatters).¹³³ Although RPA did not have disaggregated data by ethnicity, their fieldwork experience suggested that Roma people represented only a minority of this group – even though the general public perceived housing loss a problem for Roma people. The use of 'ethnicisation' (the attempt to define a social problem as if it were a characteristic of an ethnic group) as a political tool – and the divisive effect it entailed – was highlighted by several prominent sociologists around 2000.¹³⁴ Setét summarised the adverse effects of ethnicisation in the case of evictions:

*'It is possible to separate different social groups from one another by shrewd political language, and thus the political pressure by alliance and coordination of the masses can be prevented. Language, communication is an essential tool for this. And it is no coincidence that the [legal and popular] term 'arbitrary squatting' was an excellent way of making the media-consuming masses feel resentment instead of solidarity. [...] Roma people represent a tiny percentage of the potential evictees, but the media and social conflicts are the most vocal in their case. [...] The loss of housing as a problem was ethnicised as a result of media representation.'*¹³⁵

¹²⁷ [Aladár Horváth's Facebook post](#); Népszabadság, 20 May 1995, 53(117):4. Furthermore, RPA built up the institutions of the Roma movement. In 1995, it established the Roma Press Centre, in 1996, it organised Romaversitas, which promotes Roma participation in higher education, and it also shaped memory politics through the commemoration of the Roma Holocaust (porajmos).

¹²⁸ Horváth returned to civic life in 1995 as a well-known public figure, after four years as an SZDSZ MP in the Parliament. The foundation's board of trustees included Roma and non-Roma intellectuals (teachers, politicians, researchers, filmmakers, journalists). [Aladár Horváth's Facebook post](#).

¹²⁹ Among others in the following municipalities: Budapest – Budaliget, Erzsébetváros, Ferencváros, Józsefváros, Pesterzsébet, Terézváros, Zugló; Garé, Monor, Ózd, Paks, Sátoraljaújhely, Székesfehérvár, Zámoly.

¹³⁰ Gould R. V. (1995). *Insurgent Identities*. The University of Chicago Press; Ladányi, *Leselejtettek*.

¹³¹ In 2011, Setét set up another important pillar of the Roma movement, the [We Belong Here](#) network, which is still active today.

¹³² There is no standardised dataset on the number of people in arrears. According to Hegedüs, in 2003, there were around 500,000 households with arrears: according to the Hungarian Central Statistical Office, in 1999, the proportion of tenants in arrears with utility bills was 16.7 percent and the proportion of owners in arrears with utility bills was 5 percent. Hegedüs, [Lakáspolitikai és lakáspiac](#) 75.; Farkas, Székely, [Helyzetkép](#), 13. See also Herpai B. (2010). A lakossági díjhátralékok alakulása egy felmérés tükrében. *Esély* 6:22-40., and the [writings of](#) the Periféria Center.

¹³³ Based on an interview with Jenő Setét.

¹³⁴ Ladányi J.-Szelényi I. (1997/2010). „Ki a cigány?” In: Ladányi J., Csanádi G., Gerő Zs., Liskó I., Szelényi I., Virág T. *Szociális és etnikai konfliktusok: Válogatott tanulmányok (1975-2010)*. Kánai nyomda, 146-153.; Ladányi J. (2003). „Romaügyek pedig nincsenek!” In: Ladányi J., Csanádi G., Csepeli Gy., Szelényi I., Nemeskéry A. *Társadalom és térszerkezeti átalakulások: Válogatott tanulmányok (1975-2010)*, Kánai nyomda, 241-247.

¹³⁵ Based on the interview with Jenő Setét. According to Ladányi, poverty was similarly ethnicised. According to his calculations, in 2003, the number of people living in permanent deep poverty and exclusion was

Of the evictions that attracted much media attention, the Székesfehérvár resettlement attempt received the most attention. The situation in 1995 was eerily similar to the 1989 ghetto affair in Miskolc and the response of the country's leadership to mass homelessness a few years earlier. The newly elected city council of Székesfehérvár wanted to dismantle a public housing estate by rebuilding the building on the city's outskirts, outside the residential area. From a building located at 11 Rádió Street, they would have moved 43 families – a total of 150 people, most of them Roma – into a ghetto-like segregated settlement at the edge of town. Similar to Miskolc, RPA reorganised the Anti-Ghetto Committee in early November 1995 and formed a fact-finding committee. A few days later, the proposal was ready: 11 Rádió Street was uninhabitable, and the only acceptable solution was alternative housing within a residential area. This was the beginning of years of advocacy, and by 1997, the city council succeeded in securing housing for the majority of families. However, 13 families remained, for whom the municipal leadership installed military containers on the city's outskirts. The city council made a promise to contribute 30 million HUF to the construction of permanent housing.¹³⁶ On November 24, 1997, RPA and the concerned families organised a demonstration of 300 people in front of the containers.¹³⁷ Eventually, the 13 families were allowed to move temporarily into a vacant city-owned building. The actors seemed to have agreed, but the city council decided to buy apartments for the families outside Székesfehérvár. The case then moved to the next level. While the ethnic conflict was avoided in Székesfehérvár, it was not possible in the neighbouring towns. On December 10, 1997, a Molotov cocktail was thrown at the house where one of the families was about to move in the village of Pátka, and the residents started collecting signatures to prevent the move.

between 600–800,000. While it is true that the transition to a market economy had pushed the Roma population into greater poverty, and Roma people are over-represented within the excluded, marginalised population, one quarter to one third of those living in extreme poverty are Roma. 'A significant proportion of the Roma are neither poor nor excluded, and a significant proportion of the poor and excluded are not Roma.' Ladányi, *Romaügyek pedig nincsenek!* 243.; János Bársony, RPA's legal officer, also stressed in the press that the threat of losing housing is a problem for society as a whole rather than a 'Roma problem'. Magyar Nemzet, 23 May 2000, 63(119):4.

¹³⁶ Ladányi J. (1998). [A székesfehérvári gettóügy üzenetei](#). In: Kurtán S., Sándor P., Vass L. (eds). *Magyarország Politikai Évkönyve*. Budapest: Demokrácia Kutatások Magyar Központja Alapítvány, 313–321.

¹³⁷ Népszabadság, 24 Nov 1997, 55(274):9. After the successful Roma protest, the containers stood empty. Since they were already paid for, the city council of Székesfehérvár aimed to use them as substandard shelter for homeless people. So on Dec 10, the Oliver Twist Foundation and RPA protested together to prevent this from happening. Magyar Hírlap, 10 Dec 1997, 30(288):6.

50 Fejér County mayors also called on Székesfehérvár to solve the housing problem within its administrative boundaries. On December 18, residents in Belsőbáránd prevented a family from moving in by forming a human chain.¹³⁸ The 'Székesfehérvár ghetto affair' had confronted RPA advocates not only with the fact that the authorities attempted to solve the housing crisis by excluding (and blaming) Roma people, but the organisation also realised that the mismanaged housing crisis would be fertile ground for ethnic conflict.¹³⁹

RPA made several efforts to thematise housing issues at the national level. Although the law did not particularly protect the interests of squatters until 1999 (the judicial procedure up to this day is still essentially an administrative process: the judge does not consider the social conditions of the person concerned and there is no hearing to allow arguments to be put to the court) and thousands of evictions had already taken place in the previous years, there was a great outcry when – on the initiative of a conservative Alliance of Young Democrats (Fidesz) MP – the Parliament criminalised squatters in 1999 and allowed their eviction by a notary in 2000.¹⁴⁰ Organisations took advantage of the anger, and a broad alliance was organised on May 24, 2000, with RPA as one of the initiators. The protesters called for increased family benefits and demanded new jobs and public housing instead of evictions.¹⁴¹ However, only a few thousand people turned up, despite many organisations joining the event. Another attempt was made in 2005 when RPA launched a popular initiative to ban evictions without adequate alternative housing. However, they failed to collect the 50,000 signatures needed for Parliament to table the issue.¹⁴² These two cases show that – although the organisation represented many people – it could not mobilise a base in the long run. RPA was left with little energy to

¹³⁸ Népszava, 19 Jan 1998, 126(15):6.

¹³⁹ In addition, a debt crisis was unfolding, in conjunction with the 1989 regime change. The socialist state provided subsidised loans before the transition; however, the post-transition government increased the loan interest rate and applied the measure retroactively to all debtors. Borrowers suffered from increased loans even in the 2000s, and tens of thousands of families were particularly badly affected, including Roma people. For example, in 2000, about fifty Roma families in Kunszentmiklós were threatened with eviction. RPA filed a petition regarding the issue in 1998. Népszava, 10 Feb 1998, 126(34):3; Népszabadság, 2 Aug 2000, 58(179):5.

¹⁴⁰ Political Capital (2001). [Az önkényes lakásfoglalások háttéréről](#), nov. 25.

¹⁴¹ Népszava, 20 May 2000, 128(117):4.

¹⁴² [Origo](#), 8 June 2005; For comparison, in 2005, disabled people's organisations collected 50,000 signatures for a popular initiative. Sebály B. (2020). [Social Movements and Policy Change: Case Study on Caregiver Benefit Policies in Hungary](#). CEU, [researchgate.net](#).

organise a network of existing or potential local organisations grouped around the Roma Civil Rights Foundation. It was not able to build a grassroots base to shore up its national, systemic housing advocacy. The organisation ceased to exist in 2010, after it had fallen into a financial crisis, and the district council did not renew its contract for the Nefelejcs Street headquarters.¹⁴³ The Roma movement entered a new era, but Roma housing advocacy lost strength with the disappearance of RPA.¹⁴⁴

2.2. Habitat for Humanity Hungary and its predecessor, the House-Home Foundation – organisations of housing applicants

Katalin Korompay of the Municipality of Budapest Chief Architect's Office shed some light on how acute the housing shortage was in 1995: *'We cannot start renovating the inner, historic part of the city until there is a national housing concept. But for years, experts and those crammed into a single room have been waiting in vain for a national housing programme. However, we cannot wait long to renovate the houses, which are almost a century old and were already in unsatisfactory condition at the end of the last century.'*¹⁴⁵ By systematically providing access to affordable housing, municipal governments could have avoided the urban renewal-related evictions – carried out without adequate alternative housing – and forced changes of residence that reduced the quality of people's lives.

Inspired by the US founded Habitat for Humanity, the House-Home Foundation was set up in 1992 to stimulate housing construction. The initiative was financed by Lakitelek Foundation, affiliated with the conservative party Hungarian Democratic Forum (MDF), and international Habitat office itself. It received state budget support between 1993 and 1995, signed by the MDF government.¹⁴⁶ The organisation was seen as the Hungarian equivalent of Habitat until 1996. The idea of applying a Habitat model in Hungary came from

a Hungarian businessman in Florida, Kálmán Lőrincz, who had volunteered with Habitat in the US.¹⁴⁷ He became the director of the Hungarian organisation. The programme was open to people who had no other means of obtaining housing (typically large families or young married couples.) Applicants had to work 500 hours in advance for the organisation to get on the waiting list for a house, and selected families paid off the construction costs in instalments after moving in.¹⁴⁸ The Habitat model was not culturally alien, as building homes in communities has a centuries-old tradition in Hungarian peasant culture (called *kaláka*). Many families built houses this way during the socialist era too.

House-Home was the first Habitat partner organisation in East-Central Europe. The first house was built in Bátorfő.¹⁴⁹ The programme was very popular with people in need, but the organisers struggled with a lack of resources from the beginning. Instead of the thousands of houses they had hoped for, the foundation finally managed to build around 50 by 1996 – leaving many people who volunteered their time without housing.¹⁵⁰ They could not recruit enough financial supporters (the tax laws of the time posed an obstacle, too), only a few municipal governments showed willingness to give away plots of land for free, and it was not easy to obtain building materials at a wholesale price. The selection process of the recipients of housing was also not clearly defined.¹⁵¹ In 1996, the recently elected socialist Horn government withdrew state budget support for House-Home, and instead provided subsidies for two other organisations (the Welfare Service Foundation and the National Roma Minority Self-Government) in its subsidised housing programme.¹⁵²

Finally, in 1996, the relationship between House-Home and the American Habitat deteriorated, and the latter withdrew its support from the Hungarian partner. The decision was influenced in particular by the unclear and sometimes subjective selection criteria among applicants.¹⁵³ It also caused concern that in

¹⁴⁷ Új Magyarország, 24 Apr 1992, 2(97):4.

¹⁴⁸ Kisalföld 23 Dec 1992, 47(302):4.; Esti Hírlap, 6 July 1995, 40(156):16.; Hajdú-Bihari Napló, 7 July 1995, 52(158):4.

¹⁴⁹ Kisalföld 23 Dec 1992, 47(302):4.

¹⁵⁰ Új Magyarország, 13 Nov 1995, 5(266):10.

¹⁵¹ Népszava, 14 Sep 1992, 120(217):7; Népszava, 9 Aug 1996, 124(186):5.

¹⁵² Népszava, 21 Dec 1995, 123(299):5.

¹⁵³ Népszava, 14 Sep 1992, 120(217):7; Népszava, 9 Aug 1996, 124(186):5.

¹⁴³ [Aladár Horváth's Facebook post](#).

¹⁴⁴ Hungarian Civil Liberties Union (HCLU) launches its Roma programme in 2010.

¹⁴⁵ Népszabadság – Budapest melléklet, 3 Nov 1995, I.

¹⁴⁶ Magyar Nemzet, 18 Feb 1992, 55(41):4.; Népszabadság, 8 Jun 1993, 51(131):13.

1995, the far-right Hungarian Justice and Life Party (MIÉP), including its leader István Csurka, promoted itself at the organisation's community construction events.¹⁵⁴ In March 1996, the U.S. parent organisation set up its Hungarian organisation, Habitat for Humanity Hungary. House-Home is still active in the country and the Hungarian diaspora of the neighbouring countries.

Habitat for Humanity Hungary's history began in the city of Vác in August 1996. This is where Habitat volunteers – including former U.S. President Jimmy Carter – built ten simple houses.¹⁵⁵ Subsequently, between 1997 and 2008, 31 houses were built in Göd, ten in Budapest, 14 in Hajdúböszörmény, 14 in Szarvas, 37 in Curgó, and 40 in Dunavarsány, where even a street was named after Habitat.¹⁵⁶ Although this type of assistance helped many people access affordable housing, it did not provide a systemic solution to the housing shortage. From the 2000s onwards, market loans finally boosted housing construction.¹⁵⁷ After 2008, the profile of Habitat Hungary changed and took a different trajectory compared to the international Habitat network. Instead of building houses, Habitat Hungary's activities have included renovating public housing and social service institutions, working with families in deprived communities, and providing innovative financial solutions for people in need. More of his work will be discussed in the following sections.

2.3. Lessons from the second era

The advantages and disadvantages of institutionalisation. For a successful organisation to survive in the long term, it will eventually need specialised, paid staff. This is how the Tenants' Association, RPA, and Habitat could represent hundreds of people and become stable pillars of the housing movement. However, organisations that become institutionalised also run the risk of being side-tracked by the burden of financial survival, becoming project-based and transactional in their relationship with beneficiaries. Moreover, organising and sustaining a community base requires specific professional and financial resources.

Some of the house poor are not represented by the movement. The organising of homeless people and housing applicants virtually disappeared from the movement during this era (between 1995–2002.) At the same time, the voices of squatters and tenants with insecure status became more vocal than in the previous period. RPA sought to enshrine the right to housing and a ban on evictions without adequate alternative housing. The Tenants' Association consistently commented on policies concerning tenants, tenants-turned-owners, and disadvantaged people's access to housing. Still, its organising work was limited to tenants who wanted to buy their homes.

Press coverage is crucial. The protests of disadvantaged people give impetus to advocacy and are essential to the development of democracy. However, their public image depends primarily on journalists and politicians. For example, from a contemporary media analysis, we know that the media representation of the residents of Rádió Street in Székesfehérvár gave a distorted picture of the otherwise self-organising families. In addition, politicians could not always refrain from racist comments in their public announcements.¹⁵⁸ Thus, in addition to organising the base, influencing media content is essential for the movement through dedicated preparation for press appearances and interviewees' strategic selection and training.

Caught in the crossfire of party-political battles. During the third term of the democratic-capitalist transition, it became clear that political parties do not demonstrate cross-party cooperation on housing – but consider it a battleground instead. None of the political forces was self-critical of its governmental performance, and when in opposition, they showed themselves supportive to the cause in a bid to boost their popularity. When movement leaders align themselves with a party, they may contribute to housing remaining a tool for endless party-political games – unless the movement can enforce meaningful, complex policy responses.

¹⁵⁴ Hajdú-Bihari Napló, 7 July 1995, 52(158):4.; Magyar Fórum, 13 July 1995, 7(28):16.

¹⁵⁵ Népszabadság, 6 Aug 1996, 43(183):3.; Népszava, 9 Aug 1996, 124(186):5.

¹⁵⁶ Habitat's own records.

¹⁵⁷ Augustyriak et al, *Posztoszocialista lakásrendszerek* 987., 990.

¹⁵⁸ Népszava, 19 Jan 1998, 126(15):6; Ladányi, *A székesfehérvári gettóügy üzenetei*.

3. Globalisation critics and local innovators (2002–2008)

People Of The Streets • Centrum Group • Food Not Bombs • Hungarian Social Forum • Four Houses • Green Youth • Organisation For The Roma Of Szomolya • Poor Relief Fund Eger • Nógrád County Association Of Roma Minority Representatives And Advocates

Since the end of the 1990s, economic stabilisation in Hungary had led to a boom in housing lending and construction. A market-based housing finance system was set up, making housing affordable for better-off families. Interest-rate subsidy schemes introduced by the first conservative Orbán government in 2000 reinforced this trend, which made higher income earners much more likely to receive more financial support. Unjustifiably large from a housing policy point of view, the popular interest-rate subsidy burdened the country's budget by hundreds of billions of forints until it was phased out in 2004.¹⁵⁹ Under the first socialist Gyurcsány government, the subsidy for forint loans was replaced by cheaper and (due to competition among banks) easily accessible foreign currency loans, which left households vulnerable to financial markets because of lax regulation and exchange rate risk.¹⁶⁰ In the meantime, a state-funded national debt management programme was launched in 2003; participation was compulsory for municipalities with over 40,000 inhabitants from 2006. The highly popular programme targeted vulnerable households with significant arrears in utility bills, common charges, rent, and housing loans. As a result, tens of thousands of families received substantial debt relief and debt management counselling.¹⁶¹

Around the same time, the housing allowance was reformed – in 2004, it become a 'normative benefit', that is to say that it was financed from the state

budget, was made available in all municipalities and applied the same eligibility conditions across the country. This increased access and the municipal governments' willingness to provide the subsidy, although the amount granted was still largely insufficient.¹⁶²

By the early 2000s, urban redevelopment projects were beginning to crowd out low-income people from urban neighbourhoods.¹⁶³ Driven by inspiring examples from abroad and EU directives, the Józsefváros district council of Budapest implemented a community-driven pilot programme in the Magdolna district between 2005 and 2008. As a result, social urban renewal, a progressive practice in urban development that considers low-income residents' interests, was designated as a national development objective.¹⁶⁴ On the other hand, in the spirit of the 1990s, market-oriented urban developments such as the Gozsdu Courtyard and Corvin Promenade,¹⁶⁵ and shady municipal property sales in Budapest, particularly in Terézváros and Erzsébetváros, continued.¹⁶⁶ To save historic buildings left to fall into disrepair to enable property speculation, **ÓVÁS! Association** initiated a series of projects from 2004 in Erzsébetváros. The real estate embezzlement in that district – and the harm it caused to public housing tenants – became a forefront issue thanks to a legal complaint brought by the **Tenants' Association, the Clean Air Action Group, the ÓVÁS! Association** and the victims themselves of the embezzlement. The organisations exposed the mechanisms of profiteering in detail.¹⁶⁷ The transformation of the urban landscape continued to include the displacement of homeless people. This included the multi-year underpass renovation programme initiated by the Municipality of Budapest started in 2002, with the involvement of the Budapest Police Headquarters, the Budapest Streets Department and the Budapest Methodological Centre of Social Policy and its Institutions (a homeless care institute).¹⁶⁸

¹⁵⁹ Hegedüs, *Kertesi Gábor 70 éves*, 136.

¹⁶⁰ Jelinek Cs. (2019). *A városrehabilitáció korszakai Magyarországon*. *Tér és Társadalom* 33(4):17-37.

¹⁶¹ Alföldi Gy. (2010). *Közösségi részvétel a városfejlesztésben – a Magdolna Negyed tanulságai*. *Építészforum*, Jelinek, *A városrehabilitáció korszakai* 27.

¹⁶² Zolnay J. (2006). *Városszövet – bünszövet*. *Beszélő* 11(7)., Alföldi Gy. (2008). *Szociális rehabilitáció a Józsefvárosban*. *Falu Város Régió* 2:27-34. (3.)

¹⁶³ K-Monitor. *Belvárosi ingatlanpanama (VI.-VII. kerület)*.

¹⁶⁴ LÁBE, Óvás!, Levegő Munkacsoport, KIRÁLY MP Pénzügyi Szolgáltató Kft. (2006). *Feljelentés*, júl. 18.

¹⁶⁵ Török Á., Udvarhelyi É. T. (2005). *Egy tiszta város piszkos lakói*. *Világosság* 7-8:57-79.

It was only in 2005 (during the fourth government term after the regime change) that a desegregation programme to reduce rural housing poverty, targeting mainly Roma people, was launched. At the beginning of the planning process, the government talked about 440 (sometimes 667) enclaves and segregated neighbourhoods to be dismantled, for a total of 10.5 billion HUF. It eventually shrank to 3.2 billion HUF and a model programme for 47 small towns or villages (54 enclaves and neighbourhoods), including the rehabilitation of segregated neighbourhoods. Over the five years of the programme, a few hundred families received support.¹⁶⁹ *‘The real ghettos of the country (Tiszavasvári, Hajdúhadház, Alsózsoltca, Putnok) could not even be reached with this amount of money.’*¹⁷⁰ The programme also included educational and employment components to promote integration – but the budget was eventually drastically cut, and people were typically employed through public works and thus unable to access the primary labour market.¹⁷¹

Zsombor Farkas sums up the effects of the desegregation programme as follows: *‘the ‘handling’ of the problem remained at the level of political declarations. The responses and the means were not ‘honest’: there was no real intention to achieve the goals, there was a lack of long-term strategic programmes to mitigate the complex disadvantages [...]. This is clearly indicated by the mixed, overall rather unsuccessful outcomes of local projects; and what we see today on the sites of previous model programmes (new Roma settlements, sprawling segregated neighbourhoods, ghettoised villages, conflicts between the Roma and non-Roma).’*¹⁷² By the end of the 2000s, it was clear that there was a lack of political will to adequately address the situation of these substandard housing enclaves and segregated neighbourhoods inhabited predominantly by Roma people.

3.1. People Of The Streets, Centrum Group, and Food Not Bombs – allies of homeless people

The worldwide liberalisation of capitalist markets and trade that has been unfolding since the 1970s (neoliberal globalisation) was criticised by the so-called alternative globalisation or alter-glob movement. The intertwining of the harmful effects of globalisation – pollution, climate change, exploitation of workers, the destruction of local cultures, wars – led organisations from different backgrounds and regions to recognise each other as allies. The alter-glob movement in the mid-1990s – rooted in developing countries protesting against US imperialism – gave rise to a multitude of diverse organisations, which were did not shy away from radical means and were based in both poorer and richer countries around the world. This included Hungary.

The **Humanist Movement** was the first in the Hungarian alterglob scene to take up the cause of housing; in 2004, it set up a network of volunteers called **People Of The Streets**. The aim of the two founders, Nikolett Nagy and Anita Szabó, was to change the exclusion of homeless people and the apathy towards them. They drew inspiration from the humanists’ human-centered, egalitarian worldview and the African American civil rights movement. Following humanist principles, they attached as much importance to the social cause as to the personal development of the volunteers involved in the movement. The organisation’s activities were based on two pillars: campaigning for the constitutional recognition of the right to housing and providing tangible assistance.¹⁷³

The People Of The Streets activists organised the first Solidarity Night in Budapest in 2004, where they held an all-night demonstration with a vigil involving homeless people.¹⁷⁴ In 2005, together with the Humanist Movement, they joined a popular initiative of the Roma Civil Rights Foundation that called for a ban on evictions without adequate alternative housing. Despite lots of

¹⁶⁹ Farkas, “Telepszerű lakókönyezet volt a hivatalos elnevezése...” 90, 102.

¹⁷⁰ Varró Sz. (2008). [Az MSZP-SZDSZ-kormányok romapolitikája 2002 óta I.-Céltalanul](#), Magyar Narancs, 29 May.

¹⁷¹ Farkas, “Telepszerű lakókönyezet volt a hivatalos elnevezése...” 96-97.

¹⁷² *Ibid.* 86, 99.

¹⁷³ Udvarhelyi É., Nagy N. (2008). “[Man On The Street”: An Experiment In Social Justice Activism And Activist Anthropology In Hungary](#). *Urban Anthropology* 37(2):139-174. [Publications](#).

¹⁷⁴ The event was also held in Pécs and Szeged the following year. The first Solidarity Night was organised in partnership with the Green Youth Association, whose mission was to promote the creative use and environmentally conscious development of urban spaces. 168 óra, 25 Nov 2004, 16(47):20-21; Linder B. (2005). [Egy falat, egy korty – Szolidaritás Éjszakája](#). *Magyar Narancs*, 24 Nov 2005.

effort, the organisations failed to collect the 50,000 signatures needed.¹⁷⁵ They protested against evictions and local ordinances penalising the so-called ‘[silent begging](#)’, the withdrawal of municipal subsidies for the homeless care system, and against the installation of armrests on public benches to exclude homeless people from public spaces.¹⁷⁶ In 2008, they honoured the memory of homeless people frozen to death with a striking performance including body bags.¹⁷⁷ However, the activist group of 10 to 15 people failed to grow, even though it had a base of followers. Meanwhile, the People Of The Streets split in spirit from the Humanist Movement in 2007; most of its members wanted to focus on policies ending homelessness.¹⁷⁸ The main virtue of the organisation is that it brought back a culture of protest and political demands to the issue of homelessness (which, since 1990, had been characterised by social assistance. It was also the birthplace of the activists who – a few months after the demise of People Of The Streets in 2009 – founded the community advocacy group The City Is For All. Subsequently, many of them became leading figures in a later phase of the housing movement.

A capitalistic use of space – driven by gentrification and property speculation – was criticised along anarchist lines by **Centrum Group**, founded in 2004.¹⁷⁹ The group’s activists tried to introduce the culture of squatting in Hungary; they occupied properties on four occasions – these were either expropriated by real estate investors or left vacant for years due to municipal property speculation.¹⁸⁰ The Centrum Group squatters emphasised the impact of capitalism on everyday life, the housing problems of young people, the homeless and abused women, gentrification, and the lack of measures to protect historical monuments. Although some homeless people were involved in their actions, their members typically occupied houses out of social conviction rather than out of necessity. They were also not associated with the thousands of need-based

squatters (or organisations linked to them). In the occupied spaces – with the exception of the last occupation – they created cultural-artistic projects. The group built up a substantial infrastructure to carry out their actions. They had units of people organised to open the buildings, turn on water, electricity, and other infrastructure, clean the house, organise programmes and press communications. In all cases, they also actively relied on media outlets that were sympathetic to their goals and whose presence served a protective function.

Their first action, at the end of October 2004, was the occupation of the Centrum Pioneer Department Store,¹⁸¹ which had been vacant for two years. It was followed by the occupation of the Flórián Cinema on September 1, 2005 (vacant for five years) and the occupation of 41 Kazinczy Street (vacant for three years) The latter had been operating as a kosher butcher’s and meat factory between 1900 and 2002. At least 100 squatters took part in this action. They stayed in the Pioneer Department Store for two weeks; in Kazinczy Street, they agreed to leave before the opening of the squat in exchange for the promise that the Erzsébetváros district council would negotiate with them about the use of the building.¹⁸² However, the negotiations never happened, and in January 2006, the activists were prosecuted for a misdemeanour, a case the court subsequently dropped for lack of social danger.

In the meantime, the group had fallen apart due to the unsuccessful squatting attempts and the tension between ideals and outcomes.¹⁸³ Some, however, occupied an empty apartment building in Újpest – no longer out of social conviction, but for housing purposes. They did not call the media but went into hiding. However, they were soon subject to the same measures as other squatters. ‘*Municipal paramilitary security guards spotted the hiding squatters, threatened them and – when none of them were on the premises – ‘someone’ ransacked the property and the furnishings, causing measurable material and incalculable emotional damage.*’¹⁸⁴

¹⁷⁵ Kisalföld, 29 Jul 2005, 60(176):5.

¹⁷⁶ Népszabadság, 4 Apr 2007, 65(79):8; Népszabadság, 29 Jun 2007, 65(150):6; Magyar Nemzet, 14 Dec 2007, 70(340):4; Udvarhelyi É. (2010). [Man On The Street](#). *Practicing Anthropology*, 32(2):17–20. [Publications](#).

¹⁷⁷ Magyar Hírlap, 1 March 2008, 41(52):2.

¹⁷⁸ Udvarhelyi, Nagy, “[Man On The Street](#)” 158, 163–164.

¹⁷⁹ For my research on the Centrum Group, I relied extensively on the analytical, self-critical study of Viktor Kotun, who was one of the original squatters. Kotun V. (2008). A Centrum Csoport és Budapest. *Helikon* 54(4):571–620. Compare with Dunajcsik P. M. (2006). Foglaltház és civil társadalom. *Civil Szemle* 3(6):69–96.

¹⁸⁰ For Hungarian traditions of squatting, see Kotun, *The Centrum Group* 592–593.

¹⁸¹ Kirschner P. (2004). Házfoglalók az úttörőben. *Budapest* 27(10):37.

¹⁸² Miavec N. (2005). [Szabálysértő szabadságérzet-A Kazinczy utcai házfoglalás utóélete](#). *Magyar Narancs*, 3 Nov.

¹⁸³ Kotun, *A Centrum Csoport* 616.

¹⁸⁴ *Ibid.* 617.

The Hungarian affiliate of **Food Not Bombs**, founded in the 2000s, worked with the People Of The Streets and Centrum Group among others. Like the Humanist Movement and Centrum Group, they also drew on foreign models in their critique of capitalism. Food Not Bombs draws attention to the contradiction between the wasteful lifestyle of capitalist consumerism and hunger through vegan and vegetarian food distribution. The activists primarily prepare food from ingredients that – despite their good quality – would be discarded by supermarkets. Food Not Bombs provided food during the Solidarity Night and when occupying squats¹⁸⁵ and, in line with the international movement, protested the war in Iraq in 2003 by distributing food.¹⁸⁶ The group, which still exists today, created a culture in Hungary whereby food distribution can be interpreted as a protest – and not only as an act of charity.

The significance of these three organisations lies in the fact that they linked the culture of protest to homelessness, in contrast to the culture of social assistance dominant since 1990. Through their innovative and, at times, radical tactics – and network of contacts – they increased the visibility of housing problems in the media and led many young people to embrace this cause. The activists also brought civil and political rights organisations somewhat closer to the issue of housing, thanks to their socio-cultural-linguistic proximity. The squatters of Kazinczy Street, for example, were defended by the Hungarian Civil Liberties Union (HCLU) in 2006.

3.2. Hungarian Social Forum – an ally of the house poor

The growth of the alterglob movement was also fuelled by the civil and political ascendance of the Latin American left. The World Social Forum – the movement's first global meeting – was first organised in 2001 and was held for the first three years in Porto Alegre, Brazil, a city led by the Brazilian Workers' Party. The Hungarian Social Forum was founded in Hungary in October 2002 on the model of this event. Among others, hundreds of organisations such as

the Humanist Movement, the Green Youth Association, the Roma Civil Rights Foundation (RPA), the Society of People Living Below the Subsistence Level,¹⁸⁷ trade unions, and religious communities joined the NGO network initiated by ATTAC Hungary.¹⁸⁸ At the opening event in Miskolc in April 2003, sociologists Erzsébet Szalai and Zsuzsa Ferge also spoke about social rights and effective action against neoliberalism. Although the organisation saw itself as non-partisan, politicians from MSZP and the Workers' Party regularly appeared in these circles under the banner of NGOs.¹⁸⁹ However, the Hungarian Social Forum failed to fulfil its role as a network organiser and increasingly functioned as an independent organisation. It embraced the issue of homelessness from 2008 onwards, and regularly published the number of casualties of hypothermic death among house poor.¹⁹⁰ By then, the organisation was fully represented by Endre Simó, who had participated in the Second World Social Forum in Porto Alegre in 2002 and had been one of the organisers, spokespersons, and authors of articles for the Hungarian initiative from the very beginning.¹⁹¹ After 2009, the Hungarian Social Forum stood up for foreign currency debtors, discussed in the next section.

3.3. Four Houses and Green Youth – organisations of tenants and their allies

The alterglob movement, following the principle of 'Think globally, act locally!' was also involved in the creative use and environmentally conscious development of urban community spaces. They were given scope for action in the social urban renewal programmes. A pioneering example of this was the Magdolna Neighbourhood Programme I in Hungary implemented as a pilot project in Central Józsefváros between 2005 and 2008. One component of the complex intervention coordinated by the urban development agency Rév8 was a series of public housing refurbishments with the participation of tenants. The cooperation

¹⁸⁷ The most famous action of Society of People Living Below the Subsistence Level was a hunger strike against the introduction of the two-rate VAT in November 1992. For the history of the organisation, see Udvarhelyi, *Az igazság az utcán hever*, 161–163.

¹⁸⁸ Simó E. (2003). Magyar Szociális Fórum felé. *Ezredvég* 13(4):87–103.

¹⁸⁹ Népszabadság, 28 March 2003, 61(73):5; Népszava, 29 March 2003, 131(74):3.

¹⁹⁰ Magyar Nemzet, 17 Dec 2008, 71(344):5; Magyar Hírlap, 2 Febr 2010, 43(27):21.

¹⁹¹ Simó, *Magyar Szociális Fórum felé*

¹⁸⁵ *Ibid.* 604; 168 óra, 25 Nov 2004, 16(47):20–21.

¹⁸⁶ Magyar Nemzet, 24 March 2003, 66(69):5.

between the development agency and the tenants was facilitated by the **Four Houses Association**, formed in 2007 by the tenants of the four buildings concerned in the programme. The renewal of the courtyards was organised by the **Green Youth Association**, founded in the 2000s, in a process that took several months and involved the tenants.¹⁹² The Magdolna Programme also included educational, employment, and crime prevention components. Although the houses were made more liveable, the social problems in the neighbourhood could not be solved overnight, and the tensions and abuses caused by poor public housing management were still pervasive in the lives of the residents.¹⁹³ Nevertheless, the many positive aspects of the Magdolna Programme made social urban renewal a nationally endorsed (EU-funded) development objective – although the professional experience gained through the programme was only sporadically applied in subsequent development cycles.

3.4. The Organisation for the Roma of Szomolya, Poor Relief Fund Eger and the Association of Roma Minority Representatives and Advocates of Nógrád County – organisations of the Roma house poor

According to the 2011 census data, there are nearly 1,400 predominantly Roma segregated neighbourhoods or enclaves with substandard housing; these are inhabited by 280–300,000 people across more than 700 municipalities throughout Hungary.¹⁹⁴ In such conditions, rehabilitation or desegregation is often a protest action in itself.

In the Béke-settlement, a segregated neighbourhood on the outskirts of Eger in Northern Hungary, Roma families had to convince the local Roma minority self-government and the city council to supply the settlement with basic

public utilities. The Eger affiliate of the Poor Relief Fund has been running a so-called settlement house (a community-based support centre with various services) since 1996. After three months of preparation, the organisation and half a dozen parents took action in 2003 at the annual public hearings of the minority self-government and the city council. As a result, the issue received publicity in the local media, and the community had another meeting with the elected representatives. In the meantime, more and more community members joined the initiative, and in early 2004, the **Association for the Rehabilitation of the Béke-settlement** was founded.¹⁹⁵ To this day, **Poor Relief Fund Eger** and the community work together to empower the people living in the settlement.

In Szomolya, a village in Northern Hungary, the municipal government participated in the 2005–2010 state-funded desegregation programme only because a local NGO had fought for it. In the 2000s, one-third of the Roma – a total of 120 people – lived in 26 cave dwellings carved into the hillside on the edge of the village. Despite this, in 2005, the municipal leadership refused to apply for the desegregation programme. In response, local Roma people founded the **Organisation for the Roma of Szomolya**. The leader of the organisation was driven by personal motivation, as she had lived in one of the cave dwellings for a long time. With the help of a mentor delegated by the Ministry of Social and Labour Affairs (who happened to be the head of **Poor Relief Fund Eger**) they pushed the ministry to allow the Organisation for the Roma of Szomolya and the local Roma minority self-government to become the lead organisation in applying for the grant. The Roma organisations and Poor Relief Fund Eger worked with the beneficiaries living in cave dwellings to plan their move to the village. Meanwhile, the municipal government was lobbying against the programme, leading to several sellers withdrawing from the purchase or raising the prices of the properties the Roma people would have moved into. A small group of people, including the health worker and the kindergarten head, collected signatures in protest against the move of Roma people.¹⁹⁶

The dynamics were similar in another town in Northern Hungary, Bátorfőnyé. Here, the battle-hardened **Association of Roma Minority Representatives**

¹⁹² Alföldi, [Közösségi részvétel](#) 8., Bálint M., Deák A. Á. (2009). [Közösségpalánták](#). *Földrajzi Közlemények* 133(4):516–522.

¹⁹³ Budaházy G. (2010). [Négy ház](#). *8ker blog*.; Alföldi, *Közösségi részvétel*

¹⁹⁴ Farkas, “Telepszerű lakókörnyezet volt a hivatalos elnevezése...” 55–56.; Weinhardt A. (2019). [Hatalmas EU-pénzeket szánt a kormány a romatelepek felszámolására, de alig halad a programme](#). *Portfolio*, 6 Dec.

¹⁹⁵ Farkas Zs. (2012). [Hidak és sorompók](#). *Társadalmi együttélés. Interdiszciplináris e-folyóirat*.

¹⁹⁶ Farkas, “Telepszerű lakókörnyezet volt a hivatalos elnevezése...” 123–143.

and Advocates of Nógrád County, founded in 1996, planned to dismantle two segregated neighbourhoods (formerly mining settlements) in 2009, involving a total of 15 families. The municipal leadership opposed the programme, and the far-right party Jobbik distributed leaflets. The deputy mayor tried to raise public awareness against the move-in through public forums and signature collection. In addition, the owners raised prices, and the municipal government withdrew local subsidies for some beneficiaries of the programme.¹⁹⁷

In the end, organisations at Szomolya and Bátonyterenye managed to settle the conflicts, reached an agreement with the owners, and dismantled the entire segregated neighbourhoods. Both projects involved local Roma people. The Organisation for the Roma of Szomolya became the organiser of the community and a negotiator with the municipal leadership. At the same time, the Bátonyterenye association (which had already been an influential actor in town) set up a social cooperative to employ people in need. In both cases, the houses purchased and then renovated were initially owned by the organisations and rented by the beneficiaries. Although the housing integration was successful overall, no lasting results were achieved in education and employment through the desegregation programme; this was to be expected given its poor dotation. That being said, organisation for the Roma of Szomolya, the Association of Roma Minority Representatives and Advocates of Nógrád County, and Poor Relief Fund Eger, **together with many other organisations**, play an important part in the fragile development of the housing movement in Hungary.

3.5. Lessons from the third era

Apparently strong movement infrastructure. By the mid-2000s, we see a complex housing scene in its organisational composition. There is a relatively well-developed homeless care system, professional advocacy organisations (RPA, Tenants' Association, etc.), committed local innovators, and regional developers (Poor Relief Fund Eger, the Association of Roma Minority Representatives and Advocates of Nógrád County, Habitat for Humanity, etc.), as well as more socially conscious urban development projects. The housing crisis was

linked to a culture of radical protest through organisations coming out of the alterglob movement. However, this image is deceptive. The actors were not unified, did not necessarily see each other as allies, and were often alienated by each other's strategies, tactics, and language. Organisations failed to frame a message or build a narrative that many people could relate to – including the hundreds of thousands of beneficiaries.

Subculture and change. Given the results of the 2000s, the question remains whether groups that belong to a subculture can change the housing crisis in Hungary. When a sophisticated social critique is combined with an identity defined in contrast to the majority society, it often has difficulty accommodating and can become exclusionary. Knowledge, language, and values unknown to the outside world can provide a sense of security and self-affirmation for members of the subculture; but also distance them from those who have a different point of view or are simply still developing their worldview.

The issues of many social groups affected by housing poverty are not addressed.

Organisations represented the most disadvantaged groups – homeless people, squatters, people living in Roma segregated neighbourhoods, and disadvantaged public housing tenants. The movement lacked the capacity to address the housing problems of the lower middle class, e.g., Roma and non-Roma low-income families renting housing from the market, young people, first-time homebuyers or households in arrears, pensioners, victims of domestic violence, commuters from deprived areas with poor transport conditions, etc. Several trade unions, a pensioners' and a women's organisation did join the housing demonstration initiated by RPA in 2000 – which showed the awareness of housing problems and the openness of organisations to join forces. Disability movement organisations were not prominent in the alliances of this period either. Reaching out to these interest groups could give a new impetus to the housing issue.

¹⁹⁷ *Ibid.* 160–177.

4. The marginalised and their allies (2009–)

Hungarian Charity Service of the Order of Malta • Habitat for Humanity Hungary • Association for Community Development • Bagázs • Association of Roma Minority Representatives and Advocates of Nógrád County • Autonomia Foundation • Roma Civil Rights Movement • The City Is For All • Street-lawyer Association • School of Public Life • Calm Heart • From Streets to Homes! Association • Solidarity Economy Center • Metropolitan Research Institute • Periféria Policy and Research Center • Home Defenders¹⁹⁸

Affordable housing solutions remained small-scale, and governments turned to the market to enhance homeownership through bank loans. State-subsidised loans, introduced by the first conservative Orbán government in 2000, became part of the electoral race. The beneficiary base expanded, and the loans swelled to unsustainable levels. It was only in 2004 that the socialist-liberal government MSZP-SZDSZ withdrew this credit support. However, due to the high budget deficits accumulated by these two governments, the central bank kept interest rates relatively high, making the forint loans expensive compared to foreign currency loans. Under the circumstances, foreign currency loan products with lower interest rates seemed to be a rational alternative from expert and consumer perspectives. Their popularity grew rapidly, with their share of housing loans rising from 1 percent to 63 percent between 2000 and 2008.¹⁹⁹

At first, it seemed that all parties (the state, the Hungarian National Bank (HNB), the banks, and the public) would benefit from the foreign currency loans. But

as soon as the 2008 economic crisis hit, it became clear that the risk taken by both parties was drastically uneven. Moreover, competition between banks had loosened the credit approval system, a phenomenon exacerbated by the shortcomings in the supervision of the agency system. Over time, large loans were made available to people who did not have the necessary collateral. The impact of the crisis was underestimated by the HNB and leading analysts until 2010. They reiterated the foreign currency debtors' responsibility or saw the issue as a middle-class problem; on this basis, the Gyurcsány and then the Bajnai governments took (practically minimal) measures.²⁰⁰ In 2011, the Orbán government systematically articulated the responsibility of the various actors. They did this, however, in support of their political agenda. *'[The] programmes had political ambitions that went beyond the housing sector, including rearranging power relations among banks [i.e., increasing the share of domestic banks], the consolidation of the financial position of the middle class, the pacification of those in need, and the political neutralisation of alternative movements.'*²⁰¹

In 2011, the first households to benefit from the first government-backed relief scheme (the final repayment option) were typically in a better financial position. They were able to repay their foreign currency loans in one lump sum (170–180,000 households). The worst-off families were bailed out through the National Asset Manager, set up in 2012. The National Asset Manager effectively created a public housing scheme by buying out former owners who became tenants in their former property for low rents (34–36,000 households). Families in intermediate situations received some help from the exchange rate limit introduced in 2012, but this group typically faced massive housing losses.²⁰² The series of measures was completed in 2014 by the conversion of foreign currency mortgage loans into forints.²⁰³

Thousands of people were evicted after the outbreak of the foreign currency debt crisis. Meanwhile, as in the previous decades, evictions of people in

²⁰⁰ *Ibid.* 13–19.; Új Egyenlőség (2019). [Ki volt a felelős a devizahitel válságért? Interjú Király Júliával](#), 7 June.

²⁰¹ *Ibid.* 19.

²⁰² *Ibid.* 20; Júlia Király estimates the number of foreign currency borrowers at 400,000; Csizmady, Hegedüs and Vonnák work with an estimate of 850,000 households including HUF mortgage borrowers in payment difficulties (i.e. threatened with loss of housing). Csizmady, Hegedüs, Vonnák, [Lakásrezsims és a devizahitel-válság](#) 21.

²⁰³ For a full list of interventions (Ócsa, personal bankruptcy, eviction moratorium), see *ibid.* 20–21.

¹⁹⁸ The names of the organisations in Hungarian are: Magyar Máltai Szeretetszolgálat • Habitat for Humanity Magyarország • Közösségfejlesztők Egyesülete • Bagázs • NMCKKSZSZ • Autonomia Alapítvány • Roma Polgárjogi Mozgalom • A Város Mindenkié • Utcajogász Egyesület • Közélet Iskolája • Nyugodt Szív • Utcaról Lakásba! Egyesület • Szolidáris Gazdaság Központ • Városkutatás Kft. • Periféria Központ • Otthonvédők.

¹⁹⁹ Csizmady, Hegedüs, Vonnák, *Lakásrezsims és a devizahitel-válság* 11–12.

arrears and squatters continued. Although hundreds of thousands of private homeowners and public housing tenants were in severe arrears in the 2010s, the third Orbán government virtually abolished the state-funded housing benefit and debt management programme in 2015.²⁰⁴ The housing benefit provided assistance (only a few thousand forints) to nearly half a million households a year, while the debt management support benefited more than 10,000 families through a significant amount of 100,000 HUF on average.²⁰⁵

In the meantime, to tackle persistent rural poverty, new desegregation and rehabilitation programmes were launched in 2012 with tens of billions of forints of EU funding, covering complex areas such as social service, community development, education, health, training, and employment. In the absence of in-depth analyses, questions remain about the effectiveness of these intervention in improving life in segregated neighbourhoods and substandard housing enclaves. It is unclear whether these programmes create real opportunities for families to leave the segregated living conditions or contribute to the gradual dismantling of the segregated neighbourhoods.²⁰⁶ The challenge for these interventions is to develop links between people living inside and outside the segregated neighbourhoods.²⁰⁷ In addition, the success of these programmes depends largely on the ability of the 'larger policy systems'²⁰⁸ to provide access to education, health care, social services to people who are moving out of segregated neighbourhoods.²⁰⁹ One bad example of the dismantling of a segregated neighbourhood is the so-called numbered streets of Miskolc: the eviction of public housing tenants was carried out amid stigmatising, intimidating municipal measures.²¹⁰ In addition, the know-how gained in social urban renewal programmes in the 2000s was applied to a lesser extent in the second project cycle.²¹¹

²⁰⁴ On the extent of population in arrears, see footnote 121.

²⁰⁵ Habitat (2015). "[Gondolatok az adósságkezelési szolgáltatás megszüntetésével kapcsolatban](#)", 24 Febr; Habitat (2015). "[Megszűnik a lakásfenntartási támogatás](#)", 25 Febr.

²⁰⁶ Weinhardt, [Hatalmas EU-pénzeket szán a kormány a romatelek felszámolására](#).

²⁰⁷ Autonómia (2012). [A Telepfelszámolás vízió és gyakorlat című szakmai műhelyen megvitatott kérdések, a résztvevők által megfogalmazott vélemények, javaslatok összegzése](#), 2 May. [Hős utca és a Kontúr Egyesület](#)

²⁰⁸ [Zsombor Farkas opinion](#), [János Zolnay opinion](#)

²⁰⁹ [Judit Berki opinion](#), [Nóra Teller opinion](#), [Gábor Havas opinion](#)

²¹⁰ AJBH (2015). *Az alapvető jogok biztosa és a Magyarországon élő nemzetiségek jogainak védelmét ellátó biztoshelyettesének közös jelentése az AJB-1474/2014. számú ügyben*; OSCE-ODIHR (2016). *A román lakhatási jogai Miskolcon. Jelentés a helyszíni vizsgálatról*, 27 Apr

²¹¹ EMMI és Államtitkárság (Aug 2015). [Telepszerű lakhatás szakpolitikai stratégia](#), 50.; Jelinek Cs. (2019): [A városrehabilitáció korszakai Magyarországon](#). *Tér és Társadalom*, 33(4):31

The hateful rhetoric included the criminalisation of homelessness in 2010, which was then incorporated into the Fundamental Law in 2013 to circumvent the Constitutional Court's striking-down of the initial ban. The measure was further tightened in 2018.²¹² The situation may be reminiscent of previous actions against squatters. Although the municipal leadership of the 1990s evicted squatters, Fidesz sought to facilitate this practice by introducing two new bills in 1999 and 2000.²¹³ Similarly, the organised removal of homeless people from underpasses and public spaces was not new. Still, Fidesz legitimised the ongoing practice and opened the way for its intensification. The measure was also cruel because it was not linked to affordable housing solutions accessible to homeless people or capacity-building in the homeless care sector. Yet, **Shelter Foundation** estimates that on a single winter's day across the country, at least 14,000 people are homeless, which means that at least 2-3,000 people are certainly not able to access shelters on any given day.²¹⁴ Moreover, the number of programmes that offer a way out of mass shelters is still low.²¹⁵

The dismantling of mass residential institutions for people with disabilities is also proceeding very slowly.²¹⁶ Although the 1998 Equal Opportunities Act provided for the dismantling of large institutions (up to several hundred people), a systemic overhaul of the social care system started only after 2010.²¹⁷ Approximately 14,000 people live in institutions for people with disabilities,²¹⁸ and between 2012 and 2016, 672 people moved to community-based care and residential homes after six institutions were dismantled.²¹⁹ According to organisations, one of the main problems is that residential homes are typically

²¹² AVM (2018). [Az Alaptörvény hetedik módosításával immár kétszeresen is üldözhető a hajléktalanság](#), 26 June.

²¹³ Political Capital (2001). [Az önkényes lakásfoglalások hátteréről](#), 25 Nov.

²¹⁴ AVM (2018). [Kérdezz-felelek a hajléktalanságról](#), 1 Nov.

²¹⁵ See Habitat (2013). [Nyitás az utcára! BMSZKI programme: exit flats](#); LÉLEK-houses e.g. [in Józsefváros and Kőbánya](#).

²¹⁶ Kovács V. (2020). Fogytékos emberek lakhatási helyzete – akadálymentesség a fővárosban és azon kívül. [Habitat Éves Jelentés 2020](#).

²¹⁷ There were residential homes in the past, but they were set up by NGOs or run under the authority of mass institutions. For more information, see [Kézenfogva](#) and Tamás Verdes (2009). [A ház az intézet tulajdona](#), *Esély* (4):107.

²¹⁸ Kozma Á., Petri G., Bernát Á. (2020). Kiszolgáltatottság és stagnálás: fogytékos emberek társadalmi helyzete a 2010-es években. In: Kolosi T., Szelényi I., Tóth I. Gy. (eds), *Társadalmi Riport 2020*, Budapest, 393., 396.; KSH (2019). *Szociális Statisztikai Évkönyv, 2018*. Budapest, 155.

²¹⁹ Környei Kristóf – TASZ (2020). [Tíz éve próbálkozik az állam a fogytékos otthonok felszámolásával](#).

located on the outskirts of town, far from services.²²⁰ However, the integration of residential homes into the town fabric often provokes protests of the majority, similar to the cases of homeless people or Roma people, as happened in Derekegyháza in 2011, Bélapátfalva in 2012, and Szilvásvárad in 2013.²²¹ The best solution would clearly be supported housing, i.e., an apartment where a disabled person can live an independent life alone or with a partner of their choice or with a flatmate, receiving the necessary assistance.²²² As one member of the **Living Independently – Living in Community** self-help group puts it: 'I should be the driving force behind any kind of help I request.'²²³

4.1. Hungarian Charity Service of the Order of Malta, Habitat for Humanity Hungary, Association for Community Development, Bagázs, the Association of Roma Minority Representatives and Advocates of Nógrád County, Autonomia Foundation – organisations of the house poor living in extreme poverty or segregated neighbourhoods

In the post-2010 rehabilitation programmes of segregated neighbourhoods, the **Hungarian Charity Service of the Order of Malta (in Hungarian MMSZ)** and its location-based, ongoing social work received a prominent role (and occupied an ample space). MMSZ's Presence Programme started from a Roma settlement in Monor. In 2000, the municipal government evicted more than 20 families from their substandard public housing units, which were condemned to demolition; the value of the inner city plots on which they were built skyrocketed

after the regime change.²²⁴ The Roma Civil Rights Foundation (RPA) organised a human chain of 50 people against the evictions – but unfortunately, this was only enough to temporarily halt them.²²⁵ Squatters and tenants in arrears were not offered alternative housing, or they were moved into circus trailers.²²⁶ With no better options, the families moved their caravans to the existing Roma row called Tabán. By the time a woman living in these conditions turned to MMSZ for help in 2003, the former Roma row had become a slum. Miklós Vecsei and Father Imre Kozma visited the field and saw the need for long-term support. This is how work began in 2004, based on much trial and error, on what was to become the Presence Programme.²²⁷

After 2012, the programme expanded by leaps and bounds and now operates in 18 municipalities or parts of municipalities with varying degrees of success as a model for managing large segregated neighbourhoods (of hundreds of people).²²⁸ The variety of the tools applied – family support, debt management, learning support programmes, health and employment services, housing assistance, community space – depends on local needs and the length of time the programme has been in place. In the absence of an impact analysis, questions remain regarding the programme's ability to provide the families with opportunities to move out of segregated living conditions and whether it can contribute to the eradication of segregated neighbourhoods over time. Housing assistance often involves joint house renovation to provide the essentials (e.g., to prevent leaks and collapses, to provide heat and lighting) and the cleaning up of the surroundings; according to organisational reports, a few families managed to move out over time.²²⁹

Between 2012 and 2015, **Habitat for Humanity Hungary** helped renovate homes of families living in deep poverty in segregated neighbourhoods or villages in **Ág, Bag and Mátraverebély**, providing technical assessment and renovation

²²⁴ Népszabadság – Pest Megyei Krónika supplement, 2 June 1997, 41., Magyar Nemzet, 23 May 2000, 63(119):4.

²²⁵ Magyar Hírlap, 1 Dec 2000, 33(281):5.

²²⁶ Magyar Hírlap, 26 Oct 2000, 33(251):13.

²²⁷ Kiss D., Lantos Sz., Marozsán Cs., Németh N. (2013). "Jelenlét." Tarnabod was the first municipality in the programme where homeless families from Budapest were housed.

²²⁸ Autonomia, A Telepfelszámolás vízió és gyakorlat

²²⁹ Kiss et al., „Jelenlét”; Málta – Monor, Tabán programme bemutatkozó videó.

²²⁰ MEOSZ (2018). [Kiváltás: A MEOSZ ragaszkodik ahhoz, hogy a fogyatékos emberek jogai álljanak a középpontban](#). MEOSZ analyzes the location of the new residential homes from an integration perspective.

²²¹ Tamás Verdes – TASZ (2013). [Szilvásvárad és a nyilvánosság ereje](#). Finally, they [managed to](#) move out of the institution.

²²² Tamás Verdes (2021). [Kitagolás: Miért nem érti egymást kormány és civilek?](#)

²²³ Living independently – Living in community (2021). ["Nekem az önálló élet..."](#) Video.

advice, as well as inexpensive and locally available building materials and tools. Participants worked in teams and contributed materials. In all three cases, the house renovations were embedded in a multi-year community development process.

In **Ág**, residents started working on housing poverty with experts from the long-established **Association for Community Development** with the involvement of Habitat. As a result of this collaboration, nearly 20 families were able to renovate their homes in 2013. This community action laid the foundations for further development work, and today locals run a social cooperative and a thrift store in the village.²³⁰ In **Bag**, the renovation was embedded in the work of **Bagázs**, an organisation founded in 2011 to provide services (legal clinic, debt management group, adult education, women's club) according to the needs and requests of people living in segregated neighbourhoods in the town.²³¹

In **Mátraverebély**, Habitat worked with the **Association of Roma Minority Representatives and Advocates of Nógrád County** in 2013–2014, for whom the cooperation with the affiliate of an international organisation was a major resource not only in the renovations but also in negotiations with the municipal government and the heads of institutions. Habitat's role as an external facilitator turned the balance of power to the advantage of the local organisation, and together they brought new services to the municipality.²³² The Roma association took on the rehabilitation of a segregated neighbourhood of 181 people in Salgótarján between 2018–2021.²³³

Several other organisations provide innovative services and a helping hand to people living in extreme poverty or in segregated neighbourhoods, including **Autonomia Foundation**, the **Jai Bhim Community**, **National Association of Disadvantaged Families**, **Real Pearl Foundation**, **InDaHouse Hungary**, **Kiút Programme**, **Polgár Foundation**, **Profilantrop Association**, **Szocsoma Foundation**, and **Van He-lyed Foundation**.

²³⁰ Boda K. (2019). *Még az Ág is húzza? Egy zsáktelepülés jövőt épít magának*. Parola 1.

²³¹ About Bagázs – introduction on the [website](#).

²³² Habitat (2014). *A párbeszéd segített valódi változásokat elindítani Mátraverebélyen*; A Településfejlesztési Kerekasztal [bemutatása](#) az NMCKKSZSZ részéről.

²³³ [Forgách-telepi komplex programmeok](#).

One bad example of the dismantling of a segregated neighbourhood is the case of the **numbered streets** (a workers' housing estate turned segregated area, where streets were given numbers instead of street names) in Miskolc, where in 2014, the city council carried out mass evictions amid intimidating measures without providing adequate alternative housing. The displacement, triggered by stadium construction and property development, affected around 900 people (200 families).²³⁴ After the ghetto affairs in Miskolc in 1989 and Székesfehérvár in 1995–97, this was another critical stage in the struggle for Roma integration. But in 2014, the evictions were not prevented. In the city, joint raid-like inspections by the authorities in predominantly Roma neighbourhoods began in the 2010s. The main target for a while was the Avas South housing estate, which suffered a series of scams related to the Fészekrakó programme.²³⁵ The inspections organised by the Miskolc Municipal Police Department involved, in different combinations, the police, utility providers, public health and child protection agencies, and property management, among others. Between April 2013 and April 2014, more than 2,700 properties and nearly 4,500 people were affected, including residents of the numbered streets.²³⁶

In 2014, the Fidesz-led city council aimed to renovate the Diósgyőr Stadium with a five billion HUF investment. They decided to eliminate the numbered streets 'blocking' the development project. The neighbourhood consisted mainly of public housing units. In May 2014, the Fidesz-majority council, assisted by the opposition, voted in favour of a discriminatory housing decree targeting Roma tenants. They promised money to those who agreed to move outside Miskolc's borders.²³⁷ In the meantime, the city council took every opportunity to force those without a valid contract (whether they had arrears or not) to leave the numbered streets. Following the example of Miskolc in 1989 and Székesfehérvár in 1995, local Roma leaders formed the group 'We stay in Miskolc!' – Committee Against Displacement. The initiators were the

²³⁴ OSCE-ODIHR (2016). *A romák lakhatási jogai Miskolcon. Jelentés a helyszíni vizsgálatról*, 27 Apr, 15.

²³⁵ *Ibid.* 20.; Havasi V. (2018). *Még mindig szilánkos*, *Romológia* 6(1):61–91.

²³⁶ AJBH (2015). *Az alapvető jogok biztosa* 18.

²³⁷ Under the amended housing decree, the city council of Miskolc offered compensation of up to 2 million HUF to tenants who were willing to terminate their contract on the substandard social housing unit they were living in. Tenants who received compensation after the termination of their contract would have had to use the compensation to buy property. Only property outside Miskolc could be purchased, and it could not be sold or mortgaged within five years. OSCE-ODIHR, *A romák lakhatási jogai Miskolcon* 15.

Miskolc Roma self-government and the Roma intellectuals working with them, and the county leaders of the **Roma Civil Rights Movement**, founded in 2003. They also involved civil rights activists from Budapest, including Aladár Horváth and Gábor Havas. No fact-finding committee was set up, but they conducted research with the participation of prominent sociologists and local Roma activists.²³⁸ However, the Committee did not formulate a package of proposals until August, and no consultations started with the city council.²³⁹

The numbered streets quickly became a battleground for Fidesz-KDNP and Jobbik in the run-up to the October 2014 municipal elections.²⁴⁰ After the housing decree received much criticism, Fidesz asked its supporters for a mandate in June to dismantle the neighbourhood. In response to the 35,000 signatures collected, Jobbik also launched a petition²⁴¹ and organised a provocative march of 40-50 people in the numbered streets on 14 June.²⁴² Meanwhile, surrounding municipalities introduced ordinances preventing the ex-tenants from moving in.²⁴³

On June 25, 300-400 Roma activists and residents of the numbered streets marched in front of the City Hall and presented a petition to the mayor. When the evictions started, on August 7, a small group of activists pitched a tent in St Stephen's Square in protest, but this was a symbolic action more than anything else. There was no complete unity of force within the local organisation. Moreover, the dynamics were exacerbated by the approach of MMSZ. The charitable organisation was also active in the case and did not take an open stand against the city council's incitement campaign. Instead, it presented itself as a 'mediator' between the local people and the authorities. This became clear to the Roma activists when they were told at a meeting at the Ministry of Interior that MMSZ would be the civic partner of the city council.²⁴⁴

Fidesz won the October municipal elections. Evictions continued, and MMSZ started individual case management and made personalised agreements with the tenants. In 2015, legal authorities made a series of judgments in favour of the Roma people deprived of their housing. The Equal Treatment Authority ordered the city council of Miskolc to provide housing for all people concerned.²⁴⁵

Unfortunately, by the summer of 2016, an estimated 75-80 families had left the neighbourhood,²⁴⁶ and several houses had been demolished. Many moved to other slums in the city or homeless shelters; some left the country. It is estimated that eight families received public housing, and two left the city with cash compensation.²⁴⁷ Finally, in April 2016, following the decision of the Equal Treatment Authority, the city council set up an Affordable Housing Agency. It gave MMSZ 30 apartments to manage in the abandoned part of the neighbourhood previously condemned to demolition. The organisation renovated and supplied these houses with basic public utilities. Families who had previously lived in public housing units in other parts of the neighbourhood, complied with the rules, and faced eviction because of the demolition, were allowed to move into these houses. If the tenant lived in a neighbourhood exempted from demolition, the public housing unit was to go under the management of MMSZ. The contract is in effect for three months and can be renewed. The organisation would not help those who had moved out, become homeless, or moved to another slum.²⁴⁸

The local Roma organisation around the numbered streets could not compete with the municipal election campaign. In addition, the division of roles between the movement actors was different from previous arrangements. Whereas earlier in Miskolc and Székesfehérvár, the Anti-Ghetto Committee and later RPA was responsible for the representation of the beneficiaries, in 2014, social work and advocacy could not reinforce each other. The RPA's success in Székesfehérvár in coordinating the fact-finding mission, social work, militant community organising, and legal advocacy was not replicated in Miskolc.

²³⁸ Roma Sajtóközpont (2014). [Maradjanak-e cigányok Miskolcon?](#), [index.hu](#), 1 Sep.

²³⁹ Horváth A. (2019). [A száműzött utcák története](#), [romnet.hu](#), 6 Feb.

²⁴⁰ This battle started already in 2012-2013 with the [World Tent](#) project.

²⁴¹ Matkovich I. (2014). „Gyerünk, kifele!” – Kitelepítési tervek Miskolcon. *Magyar Narancs*, 1 September.

²⁴² Népszabadság, 16 June 2014, 72(139):7. The march was organised by Péter Jakab.

²⁴³ OSCE-ODIHR, *A romák lakhatási jogai Miskolcon* 16.

²⁴⁴ Horváth, *A száműzött utcák*; OSCE-ODIHR, *A romák lakhatási jogai Miskolcon* 19.

²⁴⁵ For a full list of legal proceedings and their results, see *ibid.* 22-26.

²⁴⁶ Neuberger E. (2019). [Végleg elengedte az elűzött száműzött utcaiak kezét Miskolc önkormányzata](#), 6 June, with the estimates of Gabriella Lengyel and Gábor Havas.

²⁴⁷ Aladár Horváth's [estimate](#).

²⁴⁸ Neuberger, *Végleg elengedte*.

4.2. The City Is For All – an organisation of homeless people, squatters, and tenants with insecure status

The City Is For All (AVM in Hungarian) was founded in August 2009 in Budapest by homeless and non-homeless participants in a training held by the homeless community advocacy organisation Picture The Homeless from New York. The training was initiated by Anna Bende, Bálint Missetics, Tessza Éva Udvarhelyi, and Bálint Vojtonovszki, four activists from the People Of The Streets, which had dissolved a few months earlier. AVM still exists today and had been a key player in the movement for almost ten years. Three important movement institutions for the house poor grew out of this organisation, strengthening the housing movement infrastructure: Streetlawyer (Utcajogász in Hungarian), a legal advocacy organisation, From Streets to Homes! (Utcáról Lakásba! or ULE for short) a housing agency providing innovative housing solutions, and the School of Public Life training center.²⁴⁹

The mission of AVM (which consists primarily of homeless people, public housing tenants, and their allies) is to enforce the right to housing in Hungary. In this respect, it took over the baton from its predecessors. The objectives of the short-lived Social Committee for the Homeless included the 'practical implementation of the right to housing' for homeless people. In the 2000s, RPA and, from 2004, the People Of The Streets advocated the codification of the right to housing.²⁵⁰ What was new about AVM was that this message was not formulated publicly by experts but by the people affected. Homeless people were no longer despised actors in the history of poverty in Hungary but self-conscious and proud political activists. They demanded change in housing policy from decision-maker, the extension of the public housing system, the utilisation of vacant flats, and a ban on eviction without adequate alternative housing.

AVM operates as an informal activist group. During its most active period, the groups's core consisted of mostly 30–40 people who were homeless or facing eviction and 6–8 highly skilled allies not directly affected by the housing crisis. They worked in thematic working groups (housing, care institutions, street homelessness, homeless women, and a unit responsible for AVM's organisational development). They alternated between intensive community work and public actions. Activists were well aware that such a social divide among the members posed a real challenge to the group's integrity and could not be bridged by goodwill alone. The key to stability was a sophisticated organisational structure, and the operation was based on the deep belief in the equality of people. Activists aimed to ensure that homeless people remained the majority in the organisation, so they regularly recruited new members. Members had plenty of learning opportunities through training, events, or participatory action research. Spokespeople to the media, who were primarily homeless people or people facing eviction, received additional training.²⁵¹ A moderator facilitated regular group meetings. The group made decisions based on consensus and organised a multi-day strategic retreat every six months.²⁵² Beneficiaries and allies alike took on roles and responsibilities, and positions rotated. They shared tasks, and the organisation was represented to the public and decision-makers by the house poor or, together with allies. The ally role, therefore, required a particular kind of approach: the aim was to empower homeless people, not to shine a spotlight on their plight.²⁵³

AVM has been involved in a wide range of cases, primarily in Budapest and, from 2015, also in Pécs.²⁵⁴ AVM's campaign against the criminalisation of homelessness contributed to the fact that the authorities did not vigorously enforce the 2013 tightening of rules on the use of public spaces, and relatively few homeless people living on the streets faced penalties.²⁵⁵ The group tried

²⁵¹ [A Város Mindenkié – Képzések: Részvételi akciókutatás.](#)

²⁵² [A Város Mindenkié – Elvonulások.](#)

²⁵³ Sebály B. (2015). *Közösen akarnak tenni és tesznek a megbélyegzés és megaláztatás ellen. A Város Mindenkié hajléktalan érdekvédelmi csoport belülről.* *Ezredvég* 25(3):127–139

²⁵⁴ These included the prohibition of homeless people from public spaces, demolition of shacks, the utilisation of vacant apartments, evictions, children in foster care and state care, access to day service centers and luggage lockers, public toilets, identity check, health care, address registration, and voter turnout. AVM's activities are documented in unique detail on the organisation's [website](#).

²⁵⁵ *AVM*, 11 Nov 2018; Missetics B. (2017). Homelessness, citizenship and need interpretation: reflections on organising with homeless people in Hungary. *Interface* 9(1):389.423. (393.)

²⁴⁹ Udvarhelyi T. (2019). [Building a movement for the right to housing in Hungary.](#) *Urban Research and Practice* 12(2):192–200.

²⁵⁰ [Helyzetjelentés 1](#), 28 Febr 1989; Magyar Hírlap, 9 Dec 2000, 33(288):4; Magyar Nemzet, 9 March 2005. 9., 68(66):2; Népszabadság, 4 March 2005, 63(53):4.

to prevent the evictions of hundreds of people – mainly people living in public housing, typically in Budapest and Pécs. Although this was not consciously done, they took over the recently defunct RPA's activities regarding evictions, using partly similar but still very different tactics. To this day, activists receive eviction-related emergency calls and initiate negotiations with municipalities. They post calls to the public when a concern person needs financial support, maintain a phone tree to organise protests before the eviction, and form a human chain when necessary. Civil disobedience actions also involve people living in housing poverty.²⁵⁶ Advocacy in individual cases is strenuous in the absence of affordable housing alternatives and widely available subsidies. It is rarely possible to help people find a long-term solution. In addition, due to the lack of capacity in the social services system, assistance with case management, mediation, and paperwork mostly falls on homeless and ally activists. Yet, in many cases, they still manage to keep people in housing or buy them time.²⁵⁷ One of the most successful actions was the tenant organising in 8/C Bihari Street in Kőbánya. The district council planned to demolish a 73-unit public housing and initially refused to help tenants with fixed-term contracts. Six tenants and their families worked with AVM, five of whom managed to settle their contracts with the district council. However, their situation is volatile because four of the tenants are in a building, whose survival is still uncertain.²⁵⁸

AVM's biggest success was its advocacy for shack dwellers. In October 2014, a precedent-setting case ruled that shacks cannot be demolished without due process because the shack and the property inside cannot be treated as 'garbage'.²⁵⁹ The judgment was handed down after the Zuglói district council of Budapest in October 2011 had demolished the shacks of at least 16 homeless people living next to train tracks without proper prior notice, thus forcing them into mass shelters or onto the streets. The demolished shacks had heating and were furnished. AVM and the dispossessed homeless people filed a lawsuit together with the Legal Defence Bureau for National and Ethnic Minorities. Three years later, the court awarded the victims 500,000 HUF each and

ordered the district council to issue an apology.²⁶⁰ It is unclear to what extent the possibility of compensation lawsuits – without activists confronting the authorities – would deter undue process. There have been numerous violent shack demolitions since then.²⁶¹

The first long-term Housing First²⁶² programme in Hungary grew out of a protest organised by AVM to protect huts from demolition; it eventually provided housing for homeless people living in shacks. In June 2012, the Kőbánya district council of Budapest planned to demolish the shacks of about 50 people in the Terebes forest for real estate development – without a proper administrative procedure or a notary's decision. The shack dwellers were given two weeks to leave. AVM first defended the dwellers with a human chain and then entered negotiations with the district council together with the affected people. Finally, the municipal leadership understood that many of the people involved ran households and maintained their homes independently.²⁶³ As a result, the district council was open to allocating two previously vacant and dilapidated public housing units. The shack dwellers and AVM activists renovated these flats in 2013 with the support of the Social Construction Camp Association and many other organisations and volunteers.²⁶⁴ Thanks to the success of this cooperation, two activists from AVM formed the From Streets to Homes! Association, which later launched similar programmes in other districts. In 2014, the Kőbánya district council launched its Housing First programme together with this organisation. Since then, they have allocated two vacant public housing units for homeless people living in shacks every year.²⁶⁵

The fact that the opposition parties stood united on housing issues before the 2018 general election²⁶⁶ and many campaigned with this issue in the run-

²⁶⁰ AVM (2014). [Jogerős ítélet a zuglói perben: jogszerű eljárás nélkül nem lehet kunyhókat bontani](#), 16 Oct.

²⁶¹ AVM (2018). [Erőszakos kunyhóbontás Kispesten](#), 25 Oct.

²⁶² In Housing First programmes, homeless people with psychiatric and/or addiction problems sleeping rough move directly into permanent housing and receive other complex, integrated support. Fehér B. (2012). [Közterületen élők lakhatási programjai](#). *Esély* 4:65–89. (72).

²⁶³ AVM (2012). [Most a kőbányai önkormányzat próbálja kiszorítani a hajléktalan embereket](#), 12 Jun.

²⁶⁴ AVM (2013). [Erdőből lakásba – két szociális bérlakást adtak át Kőbányán](#), 28 March.

²⁶⁵ AVM (2014). [A hajléktalan emberek lakásba költöztetése működőképes modell](#), 28 Apr.

²⁶⁶ AVM (2017). [Hat párt állt az AVM követelése mellett](#), 13 Oct.

²⁵⁶ [A Város Mindenkié – Kilakoltatások](#).

²⁵⁷ The documentation of cases is available [here](#).

²⁵⁸ AVM (2019). [Mi a helyzet a Bihari utcai családokkal?](#), 24 May.

²⁵⁹ AVM (2014). [Lezártult a kilakoltatott zuglói kunyhólakók pere az önkormányzat ellen](#), 13 Febr.

up to the municipal elections has long-term potential for the movement.²⁶⁷ This is also a result of AVM's consistent actions. The organisation regularly commented on party platforms,²⁶⁸ mobilised voters before elections,²⁶⁹ and promoted its housing policy proposals to the governing party and the opposition.²⁷⁰ The polarised political playing field and the ruling party's campaign against homeless people were also factors in AVM's success in engaging the opposition. As a result, in 2017, at an election forum organised by AVM, six opposition parties publicly expressed their commitment to what the organisation considers to be key housing issues. They agreed, among other things, to enshrine the right to housing in the constitution, re-regulate and significantly expand the public housing sector, re-introduce the housing benefit and debt management programme, make the private rental sector safer and more affordable, institutionalise the right to housing for families with children, and immediately repeal legislation criminalising homelessness and squatting.²⁷¹ So far, since the 2019 municipal elections, the ban on evictions without adequate alternative housing was partially realised; it was enshrined in regulations at the metropolitan and, in some places, district level.²⁷² This is not unconnected to the fact that several of AVM's leaders were appointed to influential positions in the management of Budapest: for example Bálint Missetics became the Budapest mayor's senior advisor on housing and social policy, and Éva Tessza Udvarhelyi was chosen to be the head of the Community Participation Office in the Józsefváros district council of Budapest.

AVM is an exemplary model of organising poor people and cross-class and cross-generational cooperation. That said, it is questionable whether the meticulous, time-consuming organisational model – which has relied on the ardent work of one or two dozen volunteers – can be replicated with such intensity. Choosing the path of institutionalisation could have potentially helped with keeping up such a scale of activities (as we can see with Streetlawyer and From Streets to Homes! choosing to take up an institutionalised form over being a more informal activist group). However, the activists could never bring themselves to make the necessary changes in the organisational culture and structure. It remains to be seen whether a homeless community organisation can build a broad base of supporters for the right to housing, i.e., whether it can effectively reach out to other social groups affected by the housing crisis. This is an issue that AVM had faced within a few years of its founding. Action against evictions of families with children had already signalled a change of strategy – but this risked marginalising homeless advocacy within the organisation. With the departure of AVM's old organisers, the group faces a new phase. Still, it is clear that elected representatives sympathetic to the housing cause will need external pressure to keep their promises.²⁷³

4.3. Streetlawyer Association, School of Public Life and Calm Heart Foundation – allies of the house poor

Streetlawyer, which provides free legal aid to people in need, started as a legal clinic for homeless people in 2010. Organised by volunteer lawyers, the service grew out of AVM and developed in close cooperation between the two organisations.²⁷⁴ Every Friday, the volunteer lawyers and AVM activists set up a table on Blaha Lujza Square to receive inquiries. The clientele of Streetlawyer expanded rapidly, and it became a 'base of support' for people experiencing various forms of housing poverty. For a long time, homeless members of AVM also played a role in dealing with the problems of homeless clients

²⁶⁷ Index (2019). [Karácsony bérlakásprogrammal és Budapest Agorával száll ringbe az előválasztáson](#), 26 Jan; Mércse (2019). [Köztisztaságot, önkormányzati lakásközvetítőt és propagandamentes kerületi médiát ajánl Pikó András a józsefvárosiaknak](#), 28 Aug, Budavár – Itt lakunk (2019). [Polgármester-választás: V. Naszályi Márta budavári programja](#), 27 Sept.

²⁶⁸ AVM (2014). [Mit ajánlanak a pártok a hajléktalan és a lakásszegénységben élő embereknek? – az MSZP programja](#); márc. 23.; AVM (2014). [Az Együtt-PM programja: előremutató javaslatok, kevés konkrétum](#), 26 March.

²⁶⁹ AVM (2014). [Választási fórum a fútott utcán](#), 15 March; AVM (2014). [Választási fórum a Felvonulási téren](#), márc. 25.; AVM (2018). [Választási kisokos lakcímproblémákkal küzdő embereknek](#), 19 March.

²⁷⁰ PI. AVM (2016). [Üldözés helyett otthonokat! Írj te is az országgyűlési képviselőknek](#), 4 Apr.

²⁷¹ AVM (2017). [Hat párt állt az AVM követelése mellett](#), 13 Oct.

²⁷² Scale (2020). [Módosul a lakásrendelet, senki sem kerülhet utcára fővárosi tulajdonú bérlakásokból](#), 26 May; [Új józsefvárosi lakásrendelet tervezet](#), 9 June 2021; [Zugló](#) banned the eviction without adequate alternative housing in 2016. At the time of adoption, Gergely Karácsony was the mayor of Zugló and Bálint Missetics was an external advisor.

²⁷³ Udvarhelyi É. T. (2021). [Sose hagyjátok abba!](#), Jan. 1.

²⁷⁴ AVM (2010). [Önkéntes jogászokat keresünk](#), 4 Apr.

after receiving specific training from Streetlawyer. Clients sometimes also got involved in the work of AVM.²⁷⁵ The team of lawyers was also a constant source of support for AVM activists in their campaigns. For example, if a family was threatened with eviction, the streetlawyers would explore the legal options and help with the negotiations with the municipal government or the debt collector. On the other hand, legal arguments were backed up by AVM's direct actions and, when necessary, the forming of a human chain.²⁷⁶ In the meantime, Streetlawyer became an independent organisation; it is run today by 22 volunteer lawyers and staff, who deal with around 2,000 housing and social care cases a year. They also comment on legislation affecting homeless people, evictions, and social benefits, and undertake strategic litigation. They successfully shaped Budapest's ban on eviction without adequate alternative housing. Alongside legal work, there is an equal emphasis on raising the house poor's legal awareness and advocacy capacity. They publish user-friendly handbooks and provide legal assistance for the victims to represent their cases.²⁷⁷ However, the main pillar of their work and the vehicle of Streetlawyer's spirit remains the public legal aid service on Blaha Lujza Square, operating every Friday for 11 years.

AVM's training courses were organised by the AVM Academy. The **School of Public Life** later took over this role. The organisation was founded in 2014 by two AVM activists, Mariann Dósa and Tessza Éva Udvarhelyi. Over the years, the organisation grew into a versatile training and research center. For many years, its training courses were attended by homeless members from AVM Budapest and Pécs, some of whom also acted as trainers. It also played a prominent role in knowledge production through the participatory action research on the history of the Hungarian housing movement.²⁷⁸ In the years following its foundation, the School of Public Life's publication for disadvantaged people, co-edited with the Kettős Mércse news portal, was distributed at AVM actions and in homeless shelters, family shelters, and workers' hostels.²⁷⁹ The School of Public Life still organises community learning programmes in care institutions.

They provide From Streets to Homes! Association with help to develop their strategy. The self-help group of people with disabilities, Living Independently – Living in Community, also grew out of their work.²⁸⁰ The mission of the School of Public Life, however, is much broader than housing. Because of its status as a training institution, it does not take on community organising tasks or play an active role in building alliances in the movement; this means its impact on housing depends on other movement organisations' effectiveness.

The **Calm Heart Foundation** was founded in 2015 by writer and poet Endre Kukorelly out of his indignation at the plight of homeless people. It provides support to families most often in arrears with rent or utility bills. The organisation responds to individual requests from people in need by providing financial donations, which are vital to maintaining housing at a given moment.²⁸¹ Calm Heart thus tries, with modest means, to fill the void left by the former debt management programme, which ceased to exist in 2015. In some respects, it performs a similar function to Poor Relief Fund, which – also through the activity of intellectuals critical of the system – provided donations to help those in need (e.g., improving their housing after the Miskolc ghetto affair).

4.4. From Streets to Homes! Association, Habitat for Humanity Hungary and Solidarity Economy Centre – allies of people in need of housing or living in housing

Today, innovative solutions for affordable housing are being implemented and promoted by From Streets to Homes! Association, Habitat for Humanity Hungary and the Solidarity Economy Centre – but all these associations have very different roots.

From Streets to Homes! Association grew out of the confluence of an innovative student initiative and a protest against shack demolition. In 2010, a few

²⁷⁵ AVM (2013). [Utcajogász képzés és vizsga az AVM hajléktalan tagjainak](#), 29 Dec.

²⁷⁶ Udvarhelyi, *Building a movement*, 197.

²⁷⁷ Utcajogász, [Rólunk-Céljaink-Sikereink](#).

²⁷⁸ [Közélet Iskolája – Tettek ideje](#).

²⁷⁹ [Közélet Iskolája – Kiadványaink](#).

²⁸⁰ [Közélet Iskolája – Önállóan lakni](#).

²⁸¹ [Nyugodt Szív – Tevékenységünk](#).

students organised the Social Construction Camp to help indebted public housing tenants in Nagykanizsa work off their rent arrears by renovating public housing.²⁸² Vera Kovács, one of the initiators of the Construction Camp, later joined AVM. Her knowledge as a construction manager was put to good use in 2013, when the Kőbánya district council, following long negotiations, withdrew its aim to demolish shacks and finally gave AVM the opportunity to help four shack dwellers move to public housing instead of a homeless shelter. The vacant apartments, which were in a bad need of repair, were renovated with the help of the Social Construction Camp, among other organisations.²⁸³ Inspired by this success, AVM activists Vera Kovács and Anna Bende, together with Zoltán Sipos and Viktória Kandikó, founded the association **From Streets to Homes!** in 2014 and launched the 'From Huts to Homes' programme. Currently, they utilise 21 previously uninhabitable, vacant public housing units in three districts of Budapest (Kőbánya, Kispest and Pesterzsébet) and support tenants in keeping their apartments through social work.²⁸⁴ Despite these successes, it still often requires a protest to create housing opportunities for poor people – just as with desegregation programmes. In 2018, the Zuglói district council made it impossible for From Streets to Homes! to renovate public housing units for families in need.²⁸⁵ In 2020, the Soroksár district council prevented the association from building affordable housing, or so-called mobile homes, on its property.²⁸⁶

After 2008, **Habitat for Humanity** set out on a distinct trajectory from the one embraced by the international network. The organisation launched its Housing First programme in 2014. For five years, in cooperation with the **Oliver Twist Foundation** and the district councils of Újpest and Budafok-Tétény, Habitat helped homeless people who had lost their homes (including shack dwellers whose homes were destroyed by the 2013 floods.) Six homes were renovated in the process; in 2015, Habitat – together with From Streets to Homes! – renovated another two

public housing units in Kőbánya. In the following years, the organisation worked with the district councils of Újpest, Zuglói and Rákospalota-Pestújhely-Újpalota, and renovated another 12 units by 2019.²⁸⁷ In 2015, the organisation launched its Second Chance programme, which provided long-term, secure housing for families living in family shelters. They cooperated again with district councils and renovated dilapidated public housing units. The programme is still ongoing, and by the summer of 2021, it provided homes for nearly 70 people, including more than 40 children, in Újpest, Zuglói and Rákospalota-Pestújhely-Újpalota, through the renovation of 16 units.²⁸⁸

Both organisations aim to make more efficient use of privately-owned housing for people in need, of which nearly 400,000 are vacant.²⁸⁹ **From Street to Homes!** set up the Housing Now! Affordable Housing Agency, through which homeowners can rent out their flats to low-income earners at below-market prices. The association currently manages the rental of 11 apartments. In return, it takes care of the renting, selects tenants, and carries out minor renovation and maintenance work when necessary.²⁹⁰ **Habitat**, on the other hand, launched a petition in 2017 to address two problems in the private rental sector: high rents and a lack of legal certainty due to unclear responsibilities; in 2020, it developed a package of proposals adapted to the Hungarian legal and institutional environment.²⁹¹

Both organisations also provide services to help retain housing. **From Streets to Homes!**'s Give me a Job! programme helps people in need find work by mediating between potential employees and employers. The programme, which includes community-building and community social work, brings people in need together every week.²⁹² In 2008–2011, **Habitat**, in partnership with Erste Bank, provided low-interest housing renovation loans to people on low but stable incomes under the *Van Esély!* ('There is hope!') programme; unfortunately, they were unable to substantially expand the programme. In the same period, Habitat pushed the National Asset Manager to introduce a debt management

²⁸² "A Társadalomelméleti Kollégium (TEK) bemutatja," [video](#), 16 Apr 2010; [Építészfórum](#), 13 Jun 2012.

²⁸³ Kovács V. (2014). [A Város Mindenkié csoport „Utcáról lakásba” kísérlete Kőbányán](#). *Esély* 1:92–106.

²⁸⁴ As in the case of Kőbánya, the [cooperation in Kispest](#) is also the result of a direct action of The City Is For All.

²⁸⁵ Ács D. (2018). [A zuglói Fidesz és MSZP együtt vették el a lehetőséget a rászoruló családoktól, hogy lakásban élhessenek](#), *444.hu*, 20 Jun.

²⁸⁶ Neuberger E. (2020). [15 milliós kárt okozott az Utcáról Lakásba Egyesületnek a lakásépítésüket megtiltó soroksári önkormányzat](#), *444.hu*, 20 Oct.

²⁸⁷ Habitat's own records.

²⁸⁸ Habitat's own records.

²⁸⁹ KSH (2014). [2011. évi népszámlálás. 12. Lakásvizonyok](#). 22.

²⁹⁰ ULE. [Programmejaink](#).

²⁹¹ Habitat. [Feketelakás](#).

²⁹² ULE. [Programmejaink](#).

mentoring programme for socially vulnerable debtors who participated in the National Asset Manager scheme and could not repay their loans. More than 2,200 families have already used the service. In addition, under the Újpest Urban Renewal Programme launched in 2018, four social workers working through Habitat provide 130 families with a variety of personalised support through location-based social work. By the summer of 2021, 27 households and more than 150 people received help.²⁹³

A tenant housing cooperative scheme could increase the capacity of the small public housing sector. To make this happen, raising the necessary funding and developing the institutional framework was undertaken by the **Solidarity Economy Center**, established in 2019 and promoting mutually supportive and ecologically sustainable initiatives, with the support of **Periféria Policy and Research Center**.²⁹⁴ Unlike the existing Hungarian housing cooperatives, in this model, both the apartments and the common spaces are owned by associations or cooperatives rather than by private owners. The tenants pay below-market rents and jointly manage the house and its finances. The option is ideal for people who have some stable income but cannot access a mortgage. The advantages of the model – reminiscent of the self-governing tenant communities of the 1980s and 1990s – include sharing household and family tasks (e.g., childcare) and being a response to loneliness. Sharing food can also reduce household expenditure and emissions. However, in the absence of targeted loan subsidies or state funding, the initiative is very capital-intensive. Only the **Zugló Collective House Association** (founded in 2018) operates in this form. The two organisations also developed a version of the model applicable to trade unions.²⁹⁵ Another capital-intensive alternative to the housing cooperative model is when a foundation provides affordable housing on its property – similarly to the house owned and run by the Poor Relief Fund for female victims of intimate partner violence in the 1990s.²⁹⁶ A recent implementer of this model is the Biró Foundation, which provides medium-term housing for medical students and health workers.²⁹⁷

²⁹³ Habitat's own records.

²⁹⁴ [Szolidáris Gazdaság Központ, lakhatás projekt](#).

²⁹⁵ Jelinek Cs., Pósfai Zs., Szabó N. (2020). *Szakszervezetek és lakhatás*, nov.

²⁹⁶ Győri, Matern, *Lakásügyi szerveződések*, 23.

²⁹⁷ Jelinek Cs., Pósfai Zs. (2020). *A bérlői lakásszövetkezeti modell Magyarországon*. Budapest. 67.

The examples above show that the use of vacant public housing, the activation of private housing and the private rental sector, or the tenant housing cooperatives are viable responses to the housing problems of the poor or those earning a low or moderate income. However, for these solutions to make a real difference in reducing housing poverty – i.e., having an impact on the lives of hundreds of thousands – an appropriate financing and legal environment is essential. A solution to expanding the utilisation of empty apartments could be a new housing agency. The foundation of the Metropolitan Affordable Housing Agency was announced in March 2021 and is currently being developed by the Municipality of Budapest, **From Streets to Homes!** and the **Metropolitan Research Institute**. This agency would be able to provide district councils and private owners with the opportunity to rent out their empty flats.²⁹⁸ The concept was threatened by a national bill submitted in May 2021, which would have obliged municipal governments to privatise their public housing units at a low price, effectively eliminating the remaining public housing sector. Thanks to the pressure and concerted action by the From Street to Homes! and other organisations, the proposal was largely withdrawn, and a much more lenient version of the bill was found unconstitutional by the Constitutional Court.²⁹⁹

4.5. Metropolitan Research Institute and Periféria Policy and Research Center – allies of the house poor

The two policy and research centres of the movement, the Metropolitan Research Institute and the Periféria Center, also have similar missions but very different backgrounds.

The **Metropolitan Research Institute (MRI)** was founded in 1989 under the leadership of József Hegedüs and Iván Tosics, and grew out of an economic working group that had been operating since the early 1980s.³⁰⁰ In the housing reform

²⁹⁸ Neuberger E. (2021). [Szociális lakásügynökség segíthetne biztonságosabbá, igazságosabbá, megfizethetőbbé tenni a bérletet Budapesten](#), 444.hu, Mar. 16.

²⁹⁹ [Szakmai szervezetek közös tiltakozása az önkormányzati lakástulajdon kiárúsítása ellen](#).

³⁰⁰ In this summary, I rely on an interview with József Hegedüs, co-founder and co-managing director of MRI.

debates that took place during the period of the regime change, the new think tank supported a slow, gradual privatisation process and a three-sectoral rental housing system – market, cost-based and social.³⁰¹ This idea proved to be so unpopular that they received drawings of gallows in their Erzsébetváros office, in the centre of Budapest. The MRI staff sought to address the challenges facing low-income earners in the transition to democratic, market-based models. Their policy work has included the development of a rent subsidy scheme, proposals for tackling arrears and financing subsidised housing, analysis of privatisation processes and the social consequences of housing market transformation, and – since the 2000s – research on homelessness and desegregation programmes. Since the early 1990s, they have submitted their policy proposals to key actors³⁰²; their implementation remained always far from complete, and their recommendations were distorted by political interests. The think tank saw its task in formulating policy proposals rather than advocating for them and taking a part in their implementation. They could have attempted to compensate for the lack of real political support by working with pressure groups within the movement, but neither side showed initiative. This began to change with Habitat for Humanity Hungary's new trajectory in the early 2000s and the emergence of AVM and From Streets to Homes!; indeed, these organisations' activists understood both the language of policy and grassroots organising and could thus bridge the two worlds. In 2013, MRI, in cooperation with Habitat, developed the concept for an affordable housing agency adopted to the Hungarian context and is now working with the Municipality of Budapest and From Streets to Homes! to implement it in the capital.

From 2018, the movement's policy capacity expanded with the **Periféria Center**, which maintains strong grassroots connections. The organisation was founded by researchers who have been living in communal housing for years, participated in the creation of the Zugló Collective Housing Association, and were members of the system critical Social Theory College and AVM. The policy and

research center (which grew out of the Critical Urban Research Workshop) aims to channel its proposals into policy-making and organisations working in the field. For example, they used their research on household indebtedness to connect organisations working in the field. In addition, they cooperate with the Solidarity Economy Center, which promotes sustainable grassroots initiatives, to develop the financing and institutional framework needed to build a Hungarian tenant housing cooperative network.³⁰³

4.6. Home Defenders – organisations of foreign currency debtors and people facing eviction

In 2007, it was estimated that the circular debt of domestic entrepreneurs amounted to between five and six hundred billion HUF. At the end of the chain were the less capital-rich small and medium-sized enterprises, for whom lengthy legal procedures could not provide any real help against bankruptcy.³⁰⁴ The **Alliance for the Protection of Interests of Enterprises (in Hungarian VÉSZ)** was set up in April 2008 to protect these businesses. As a construction contractor, founder Ádám Éliás drew on his experience: often he was only paid for his work when he threatened to go public with the claim of not being paid or resorted to physical violence against objects.³⁰⁵ VÉSZ first established with experts whether the contractor who had not been paid had actually completed the work; then, they indicated to the customer that the claim was justified. If the customer still refused to pay, the so-called **Rapid Response Self-Defense Zone** would spring into action. The staff of the companies concerned would go to the construction site and, if necessary, dismantle doors, fittings, or other parts of the building.³⁰⁶

It was on the basis of this radical action that the **'Social Association of Home Defenders'** was formed. After VÉSZ announced at the end of April 2009 that

³⁰¹ This was in contrast to the 'Enabling Housing Market' approach advocated by the World Bank and implemented in Hungary. In principle, it had two clearly distinct pillars, public housing privatisation and social interventions. Hegedüs, *Kertesi Gábor 70 éves*, 143.

³⁰² World Bank, USAID, Gábor Demszky – Mayor of Budapest (1990–2010), the Erzsébetváros district council in the 1990s, 1996–2012 Housing Policy Council, the first Orbán government's (1998–2002) housing concept, the second MSZP–SZDSZ government's (2002–2010) housing concept, Gergely Karácsony – Mayor of Budapest (2019–present).

³⁰³ *Periféria Központ – Témáink*.

³⁰⁴ Cégvezetés (2007). *A körbetartozás*. 108(5); Origo (2006). *Ezermilliárd is lehet a körbetartozása*, 1 Jun. Although the government passed a *law* in 2007 and launched a progressive *programme* to reduce circular debts in 2009, non-payment of subcontractors occurred later, including in *state-funded projects*.

³⁰⁵ Magyar Nemzet, 21 Jun 2008, 71(168):24–25.

³⁰⁶ Magyar Nemzet, 3 Apr 2008, 71(91):11; Magyar Nemzet, 12 Sep 2008, 71(250):13; Magyar Nemzet, 21 May 2009, 72(138):13; Magyar Nemzet, 25 Sep 2009, 72(263):13; Magyar Nemzet, 21 Apr 2010, 73(108):11.

it would create rapid-response self-defense zones to prevent evictions,³⁰⁷ the **Hungarian Social Forum** and other civil society organisations joined the initiative.³⁰⁸ By May 2009, several groups of home defenders were established across the country.³⁰⁹ The basis of their operation was that people living in the affected neighbourhoods would join forces and mobilise together to prevent evictions. The first (unsuccessful) action, which received press coverage, was in Győr in defence of a public housing tenant³¹⁰; this was followed by several successful actions. If nothing else, they won a grace period for people. Sometimes a phone call was enough; at other times, home defenders chased away the debt collector and then pressured the debt collection agency to restructure the debt.³¹¹ Members of the groups also disrupted auctions.³¹²

In addition, using a belligerent, war-like rhetoric, VÉSZ launched an action against banks. In July 2009, they called on financial institutions to declare a moratorium on foreclosures and evictions for those who become insolvent until the end of the summer. Subsequently, several banks were blacklisted by the organisation. They sent threatening letters to the financial institutions and asked the public to boycott their services so that the banks could be ‘destroyed.’³¹³ In December, the financial institutions filed a complaint against the leader, Éliás, and he was sentenced to a suspended prison sentence in 2011, which was finally lifted in 2012.³¹⁴ In 2015, the court dissolved the organisation on the grounds that it had not stopped its direct action on behalf of indebted businesses, despite a court injunction.³¹⁵

³⁰⁷ Magyar Demokrata, 29 Apr 2009, 13(17):16-19; Magyar Hírlap, 8 May 2009, 42(107):7; [A Gyorsreagálású Önvédelmi Zónák 12 pontja](#), [veszov.hu](#); [Origo](#), 29 May 2009; The indebted small and medium entrepreneurs repeatedly mortgaged their homes, so VÉSZ quickly realised that the two cases were interlinked. The organisation decided to stand up for the hundreds of thousands of families threatened with losing their homes – whether they were entrepreneurs or not. Népszabadság, 21 May 2009, 67(118):4.

³⁰⁸ MSZF (2009). [Megalakult az Otthonvédő mozgalom](#), 6 May.

³⁰⁹ According to a May 2009 statement by the organisations, there were hundreds of home defender groups across the country, including in Szerencs, Zalaegerszeg, Győr, Szolnok and the 11th and 15th districts of Budapest. Népszabadság, 21 May 2009, 67(118):4.

³¹⁰ Magyar Hírlap, May 2009. 14., 42(112):20.

³¹¹ Magyar Hírlap, 25 Jul 2009, 42(173):22; Magyar Nemzet, 24 Aug 2009, 72(231):11.

³¹² Magyar Hírlap, 28 Jan 2010, 43(23):5.

³¹³ Magyar Nemzet, 3 September 2009, 72(241):2; Népszabadság, 3 September 2009, 67(206):17.

³¹⁴ [Veszov.hu](#); Fejér Megyei Hírlap, 31 March 2011, 56(75):2; Magyar Nemzet, 14 Apr 2012, 75(102):2.

³¹⁵ [HVG](#), 30 Nov 2015.

The advocacy of the foreign currency debtors was typically embedded in a freedom-fighting narrative defending the Hungarian nation, often interspersed with radical national symbols and slogans.³¹⁶ Another important actor, **Koppány group**, followed this more radical line among home defenders. Koppány group was founded in 2012, and the organisers were speakers of the 2006 anti-government protests in Kossuth Square, including Béla Balogh. The organisation was formed after an unsuccessful action to prevent an eviction. An enraged Balogh started recruiting and built up a network of several hundred people. They prevented or at least postponed several evictions until 2014, using a human chain or other means of radical resistance.³¹⁷

Organisations catalysed each other; other civic groups attended the home defenders’ actions and demonstrations organised by the Koppány group.³¹⁸ Árpád Kásler, president of **the Organisation for the Protection of Interests of Bank Debtors**, also used freedom-fighting rhetoric and had a mobilising power. After winning a lawsuit against the Hungarian bank OTP in April 2012, he launched a country-wide campaign interspersed with lectures and demonstrations and founded the **Home(land) Is Not For Sale Movement**, which later became a party.³¹⁹ Dozens of other organisations with a small or large base, sometimes led by political fortune hunters, sprang up and remained active for a few years in the housing movement’s home defenders’ wing.³²⁰

These organisations were often a source of psychological support and information for foreign currency debtors. As activists from the groups **For The Rule Of Law** and **I Will Not Give Up My House** confided: *‘I was just wondering around and I went to protests to get information. And then we were sitting there during protests on the ground for hours, just talking and talking...’* and *‘someone told me there are demonstrations, and then I saw there that I am not alone. Until then, I felt guilty, but then I was surprised how many people are affected by the same*

³¹⁶ Zubor Z. (2013). [Zaklatott lázadók vezetnék a népet a devizahitelek ellen](#). [HVG.hu](#), 23 Aug.

³¹⁷ Szabó N. (2018) *We are the State, We are the People: Forex Loan Debtors’ Struggles for Citizenship in Hungary*. Thesis. Budapest: CEU, Dep. of Sociology and Social Anthropology, 32.; According to a 2013 statement of the president of the organisation, they recruited 1,500–2,000 members, and had representations in 16 counties, [Origo](#), 1 July 2013; [HVG](#), 18 Sep 2013.

³¹⁸ Szabó, *We are the State*, 31–37.

³¹⁹ Délvilág, 27 Apr 2012, 68(99):3; Fejér Megyei Hírlap, 13 Jun 2013, 58(136):4; [Összefog a nemzet](#), [eger.hu](#)

³²⁰ A Kispeszt GYÖZ Mozgalom és a Mozdulj Magyarország Összefogás blokádja, [Videó](#).

problem and so I started to go regularly to these demonstrations.³²¹ In addition, several organisations, such as the **Alliance for the Protection of Interests of Foreign Currency Debtors**, founded in 2011, or the **Credibility Movement**, started as self-help groups, where foreign currency debtors self-educated themselves and found ways to advocate. For those who lacked the necessary information, the **Shelter Foundation's** Key-keeper programme, which started in 2011 and was based on individual case management, provided valuable support. Its staff also highlighted the power of psychological support and collective thinking as one of the most important components of problem-solving.³²²

A few left-wing activists critical of the system also took part in the demonstrations,³²³ but overall, the 2008 foreign currency debt crisis in Hungary was uniquely thematised by the right.³²⁴

4.7. Lessons from the fourth era

The movement was polarising. In the years following the economic crisis of 2008, the left and right wings of the housing movement were clearly demarcated. The left-wing bloc (still) took the lead in representing the most disadvantaged house poor, while the slightly better-off foreign currency debtors were represented by organisations using a typically right-wing narrative. There was little crossover between the two blocs; they were also distinct in terms of issues, social groups, and discourse. The left completely failed to address one of the most important housing issues of the decade.

The movement infrastructure is strengthening. While right-wing housing organisations were unable to create lasting movement institutions, the ranks of left-leaning organisations have been enlarged by several new players. AVM

actively shaped public thinking on the housing crisis for nearly ten years and achieved the self-organisation of homeless people that their predecessors in '89 had failed to complete. With Streetlawyers Association, the movement regained an organisation that provides legal aid service and stands up for housing and social rights. With the School of Public Life, it expanded with an educational institution. The range of organisations providing innovative services and development and the number of research centres has also grown; with the Periféria Center and the Metropolitan Research Institute, policy know-how can be put at better use by the movement.

The various groups affected by housing poverty are not visible in the movement.

The housing crisis caught the foreign currency debtors by surprise – but the movement was not prepared for it either. It was indeed another indebted group – VÉSZ, an organisation representing small and medium enterprises – that first showed solidarity with foreign currency debtors. It is conceivable that new social groups with little organisational representation (e.g., tenants in the private rental sector) will have to face the consequences of the flawed housing policies of the last decades, for example as a result of the handling of the coronavirus pandemic. This could either lead to the polarisation of the movement (as it did after 2008) or it could strengthen its unity. In reviewing the fourth era, we saw that some organisations began to represent new causes and social groups. For example, Habitat is addressing tenants in the private rental sector, and Periféria Center (with its tenants' housing association) targets people with stable but low income. The experience of this period shows that there is a need for advocacy organised by constituencies because a group can only take up the interests of another target group at a certain price and with certain limitations.

³²¹ Szabó, *We are the State*, 36–37.

³²² Habitat (2013). [Otthon megtartó Kulcs-tartó programme a Menhely Alapítványánál](#), 21 Nov.

³²³ A HaHa és a Koppány csoport közös tüntetése, Magyar Nemzet, 17 Aug 2013, 76(224):3.; [HVG](#), 16 Aug 2013; Népszabadság, 5 July 2013, 71(155):9.; [Szabó József \(Hiteles Mozg.\) beszéde az AVM tüntetésén](#), 21 Dec 2012.

³²⁴ Mikecz D. (2014). [A Koppány-csoport és a tiltakozás kultúrája](#). *Dinamó Műhely blog*, 14 Jan.; Gagyí Á., Jelinek Cs. (2017). [Bringing Back Uneven Development to the Urbanisation of Politics: Understanding Right Wing Reactions to the Forex Mortgage Crisis in Hungary](#). Annual RC21 Conference Paper.

5. Concluding thoughts

It is often stated that there is a housing crisis in Hungary today. In fact, the situation has not changed much since the 1990s; even the number of house poor has remained steady, at 2-3 million. In practice, the same problems have been lingering for decades. There is no extensive public housing sector (or other widely available affordable housing alternatives) – which means the answer to insolvency is often eviction without adequate alternative housing. In most cases, the overburdened and underfunded social care system cannot provide real solutions either. The last 30 years show how the housing crisis, neglected and swept under the carpet for decades, is time and again manifested through the difficulties of homeless people sleeping rough, people facing evictions or living in slums, or low earners forced into risky loans. But it is not necessary to put on a scientist's glasses to understand how flawed or uncommitted housing policies continue to cause housing poverty.

To make a real difference in solving the housing crisis, we also need commitment and cooperation from political parties. Innovative civic initiatives, tried and tested over the years, will not deliver a response on the scale required without the right financial and legal environment. Time and again, the movement is trying to win political support by having some of its leaders run for office, work as elected representatives or in close proximity to political leaders – as after the 2019 municipal elections. However, political decisions are made in the midst of power games, and therefore, they require a lot of compromise. For those 'on the inside' to remain true to their principles and committed to pushing through housing policy measures, it is necessary for those 'on the outside' to put pressure on those preventing changes and to demonstrate social support for the cause. Otherwise, there is a concern that good policies will be implemented in a piecemeal fashion, with few resources or distorted by political interests – as has too often been the case in the past.

To gain more influence, we must think about how to make movement-building more effective. For example, could the movement take on the representation of additional groups affected by housing poverty that have not been represented before? What resources would be necessary to achieve such a goal? Is there

currently a good mix of organisations working with different strategies – such as service provision, policy research, legal advocacy, training, and community organising? Are there still barriers to cooperation among these organisations, or do they see each other as allies? To what extent does the movement represent concrete interests through the participation of beneficiaries, and not 'simply' values and professional opinions?

A healthy 'movement infrastructure' depends on getting to know each other's work and being open to each other – even if we have very different ideas about the paths and strategies that can lead to social change. But in our atomised society, not only our relationships but our struggles have been fragmented into disparate elements. We are often unaware of each other's efforts, and we fail to see how our work fits into the larger struggles that others have initiated before us. This also means that we cannot learn from the mistakes of our predecessors, or draw strength from their successes, or understand the historical tradition which (for better or worse) we are all part of. Yet, we share the same struggle: our efforts should complement each other. The key question is whether the movement's actors can create the awareness that they are building something together.

Methodology

I used qualitative methods to research the history of the housing movement. In addition to the relevant literature, I reviewed a dataset on two decades of Hungarian protest events³²⁵ and the non-profit dataset of the Hungarian Central Statistical Office (KSH)³²⁶; I also processed and organised more than 800 press articles (Arcanum Digitheca), contemporary video footages (OSA – Black Box, László Mihályfy - Rongyosforradalom, NAVA.hu), and conducted ten semi-structured interviews with leaders of the movement. Data from different sources were triangulated. Last but not least, I drew on the results of my participant observations. As an activist, I was involved between 2009 and 2017 in the founding and organising of the community advocacy group, The City Is For All. This allowed me to closely follow the activities and internal dynamics of the movement during that period. In presenting this history, I sought to complement rather than simply repeat existing analyses and narratives; in doing so, I aimed to contribute to a deeper understanding of the wider dynamics. I worked with Diani's definition of a social movement, which describes a social movement as a network of individuals and organisations (see footnote 7). In this chapter, I consider a network of all NGOs working in the field of housing as a movement (regardless of their political or policy orientation) and assess the role of organisations representing disadvantaged people through the examples presented. I relied primarily on resource mobilisation theory (resources, organising model) and political opportunity structure theory (impact of the political context on movements). The method used does not fully allow for reflecting on the strength of the framing and the narratives used by the actors involved. I tried to address the policy impact of the movement and the relationships between actors – but such attempts were somewhat limited by the scope and length of the present work. I divided the history of the last 30 years into four periods, with boundaries defined by the movement's organisational composition and policy change.

³²⁵ Greskovits, B., Wittenberg, J. (2016). [Civil Society and Democratic Consolidation in Hungary in the 1990s and 2000s](#). Feb 27.

³²⁶ Central Statistical Office (www.ksh.hu). *Non-profit organisations - tabular dataset compiled on request*. Special thanks are owed to István Sebestény for his help.

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Housing policies and housing affordability in Hungary after 1990

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Introduction²

During the era of state socialism in Hungary, one of the most important social policy objectives of the regime was to solve the ‘housing problem’; in other words, to increase the number of dwellings and improve their quality.³ According to the Hungarian Central Statistical Office, the number of dwellings increased by more than 56% between 1949 and 1990 – from 2.47 million to 3.85 million.⁴ At the same time, the quality of housing units also improved rapidly. For example, the proportion of dwellings with access to piped water increased from 17.1% to 83.3% over the same period.⁵ Despite the significant increase in housing quality, experts estimated that **in 1990, 2–3 million people were still experiencing some form of housing poverty**.⁶ According to contemporary estimates, the problem of housing poverty remains at a roughly similar

level today: 20–30% of the population is still experiencing some form of housing poverty in 2021.⁷

During the state socialist period, the involvement of the state in the field of housing increased significantly compared to earlier times. By the 1980s, however, this involvement had already begun to shrink, as the effects of global financial crisis of the 1970s rippled through the region. The end of this period was marked by the 1989-1990 regime change, after which the political emphasis on housing faded away – resulting in a considerable shift in public policies dealing with this issue. In this chapter we will analyse the changes that have occurred since 1990.

In the chapter’s first section we divide the past three decades’ history into five eras; in doing so, we aim to highlight the most important continuities and changes that took place during this period. The second section consists of a list – and introduction – of the most important housing policy tools introduced over the last thirty years. The third section introduces the institutional and administrative framework used by the different governments to implement their housing policies. In the fourth section we analyse housing policies from the

¹ Csaba Jelinek’s research was conducted with support from the National Research, Development and Innovation Fund of Hungary, financed under the PD_16 funding scheme (project no. 139049).

² The original manuscript was finished in August 2021. Posterior developments are not part of the analysis.

³ Horváth, S. (2012). Két emelet boldogság: Mindennapi szociálpolitika Budapesten a Kádár-korban. Budapest: Napvilág Kiadó.

⁴ KSH [Hungarian Central Statistical Office] (2013). [2011. évi népszámlálás: 6. A lakások és lakóik](#). Budapest: Központi Statisztikai Hivatal.

⁵ KSH [Hungarian Central Statistical Office] (2013). [2011. évi népszámlálás: 6. A lakások és lakóik](#). Budapest: Központi Statisztikai Hivatal.

⁶ See the study by Bernadett Sebály.

⁷ See Habitat for Humanity’s [annual reports on housing poverty](#), especially the 2019 and 2018 editions.

perspective of the public budget – that is, we show how much public money the Hungarian state has spent on housing in different periods. The final section reviews how various housing policy instruments have affected housing affordability, housing poverty and housing inequality.

The five sections underline three main observations regarding the period under review. **Since 1990 the political weight of housing policy has been systematically eroded compared to the previous decades.** Housing policy has become a fragmented field of public intervention, influenced by at times contradictory logics. As a result, housing policy tools were unable to respond effectively to the housing problems faced by different social groups, – particularly the poorer segments of society. As a consequence, **since 1990, housing – and more broadly – social inequalities in Hungary have continued to grow,⁸ and the housing crisis has deepened.** Finally, our analysis suggests that – apart from the political and administrative marginalisation of housing – **the main reasons for this negative process are the disproportionate support of private homeownership, the severe and systematic under-financing of public and collaborative forms of housing, and the advantageous treatment of wealthier social groups.** Although there have been numerous public policy changes in the field of housing over the past three decades, these three features characterise housing policy in contemporary Hungary with surprising consistency.

1. Five eras of housing policy

We begin with a brief overview that draws heavily on insights from previous similar studies.⁹ The five policy eras we have identified from the last three decades' development broadly follow the housing market fluctuations of the period. While the periodisation could have followed an analysis of the political/policy cycles of various governments in power, we did not feel that such milestones (i.e. the starting and end dates of different governments) were the most relevant for our study. Many of the measures – or the spirit of specific measures – were not strictly tied to political cycles; in our view, the major breakpoints should be rather associated with turning points in economic and housing market cycles, punctuated by crises and booms. The housing market cycles – the phases of housing booms and busts – are well illustrated by Figure 1, which shows the number of dwellings constructed annually in Hungary.

1.1. Regime change and crisis management (late 1980s–1995)

A study of the transformation that occurred during the 1970s – that is, roughly the middle of the state socialist period – reveals a number of public policy changes linked to Hungary's growing external debt, its deteriorating position in the global economy and the way this influenced its shrinking fiscal space.¹⁰ The impact of the global economic crisis on Hungary also triggered a number of important changes in the field of housing, leading to a relative decline in the role of the state and the emergence of different types of crises.¹¹ The 1989–1990 regime change took place during a period of crisis whose effects on the living standard of ordinary people had already been felt for several

⁸ Éber, M. Á. (2019). [Class Structure of 'Hungarian Society' in the Modern World-System. A historical outline.](#) STRG Working Papers.

⁹ See for example Missetics, B. (2017). *Lakáspolitikai és hajléktalanság.* In Ferge Zs. (ed.) *Magyar társadalom- és szociálpolitika (1990–2015)* (pp. 338–363). Budapest: Osiris Kiadó; Hegedüs, J. (2006). [Lakáspolitikai és lakáspolitikai – a közpolitika korlátai.](#) Esély; Hegedüs, J. et al. (2019). [Housing market and housing indicators.](#) or ÁSZ [State Audit Office of Hungary] (2009). [Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről.](#) Budapest: ÁSZ.

¹⁰ Éber, M. Á. et al. (2014). [1989: Szempontok a rendszerváltás globális politikai gazdaságtanához.](#) Fordulat.

¹¹ Jelinek, Cs. (2021). [Turning a 'Socialist' Policy into a 'Capitalist' One: Urban Rehabilitation in Hungary during the Long Transformation of 1989.](#) *Journal of Urban History.*

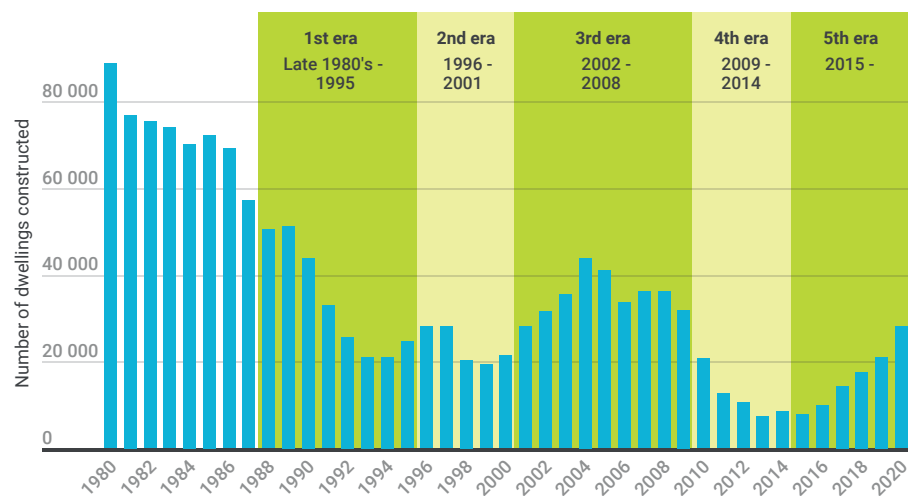


Figure 1: Annual number of dwellings constructed in Hungary.

Data source: [Hungarian Central Statistical Office](#).

years. The nature of the crisis was subsequently transformed by the rapid public policy changes ushered by the regime change. Consequently, the first phase is best characterised by the public policy changes associated with marketisation and the management of the deepening transformational crisis that followed. József Hegedüs – a prominent housing sociologist – described the fragmentation of housing from a more or less integrated public policy area into ad hoc crisis-management as a ‘drift’.¹²

The privatisation of public housing started already in the late 1980s, but its pace was accelerated with the new Housing Act of 1993 – which probably caused the most profound change in housing policy in the last thirty years. At the time of the regime change, roughly 20% of the country’s housing stock was still in public ownership. In the last three decades this figure has fallen to around 2%. In the wake of the regime change, public housing units formerly managed by state socialist councils were transferred into the ownership of newly elected local governments.¹³ This policy transferred a significant part of the responsibility of public housing from the central government to municipalities. Municipalities were, however, not given sufficient financial resources for such a task, meaning their new-found political autonomy and responsibilities were not matched with sufficient fiscal room for manoeuvring: as a result, most of them could not afford to properly manage local social and housing problems. With the onset of privatisation, the municipal housing sector not only began to shrink, but also started to suffer from serious structural problems that persist to this day. It was during this period that the ongoing crisis in the public housing sector started to deepen.

Within a few years, the central government had radically cut back on housing spending. Another significant problem for policymakers was the issue of heavily subsidised housing loans in a context of high inflation rates; in 1990, these subsidies already amounted to 8% of the annual GDP.¹⁴ Meanwhile, **there were hardly any significant socially targeted housing subsidies:** the ‘social policy allowance’

¹² Hegedüs, J. (2006). *Lakáspolitikai és lakáspolitikai korlátai*, Esély, 66.

¹³ In Hungary there are approximately 3200 settlements; each of these has its own elected local government. Counties also have their own democratically elected local government. In Budapest, there is a two-tier system: there are 23 district-level local governments and there is also a city-level local government.

¹⁴ Hegedüs, J. (2006). *Lakáspolitikai és lakáspolitikai korlátai*, Esély, 67.

(*szocpol*)¹⁵ – which had existed under state socialism – remained in place, but neither housing allowances nor debt management services were introduced until the very end of the period. The negative social impacts caused by the drastic public policy changes introduced during this era resulted in a series of demonstrations and political actions regarding housing.¹⁶ The ‘temporary’ and ‘emergency’ interventions – partially in response to the social outcry – introduced during this period notably set in motion the path-dependent development of the institutional homeless care sector.

1.2. Financial liberalisation and new housing finance institutions (1995–2000)

The first and second eras are divided by an austerity-fuelled macroeconomic recovery that followed the regime change crisis (and the subsequent institutional reforms that enshrined marketisation). After the ‘emergency’, ‘drifting’ character of the first era, **the second era focused on a more conscious institution-building and the widespread adaptation of market mechanisms**. This process largely followed the (neo)liberal principles of international organisations such as the World Bank.¹⁷ At the beginning of this era, housing finance was in crisis¹⁸ and housing construction reached a record low in 1999.¹⁹ In the mid-1990s, the state-subsidised ‘building society’ scheme was launched (1996); mortgage-based housing loans were relaunched as well (1998) after six decades – all of which eventually fuelled the first post-regime change housing boom. During this era, the dominant institutional logic regarding housing policy was dominated by financial and macroeconomic perspectives.²⁰

The shifting institutional logic is most clearly illustrated by the housing policies of the first Orbán government (1998–2002) – attempting a somewhat unified approach to housing. **Self-provision became the keyword of the new governmental measures** (these ranged from state-subsidised housing loans to support for private housing construction through tax incentives and renovation schemes targeting socialist-era apartment blocks). **The beneficiaries of those measures were mostly members of the (upper) middle class**, including young families; in effect, this contributed to the further marginalisation of those living in housing poverty. The share of households receiving socially targeted housing allowances, for example, decreased throughout the period. The overall picture is somewhat nuanced by the fact that the first Orbán government supported an increase in the number of public housing units – the first such initiative since the regime change. In three years, a total of 11,000 new rental units were added to the drastically reduced stock through acquisitions and new constructions.

1.3. The first housing boom and EU instruments (2000–2009)

After the relatively coherent housing policy of the first Orbán government, **housing policy during the rest of the 2000s was characterised by renewed ‘fragmentation’**.²¹ However, this era also saw the first housing boom after the regime change. This was largely the result of institutional reforms introduced in the second half of the 1990s and the first years of the 2000s.

Socialist-liberal coalition governments after 2002 tried to implement several more socially sensitive policy instruments. For example, they re-regulated access to the social policy allowance and increased its amount in several steps; they also re-regulated state subsidies and tax incentives linked to the construction of private housing. Housing allowances targeting people living in housing poverty were increased more than twofold in 2003 (financed by a central governmental block grant). A centrally regulated debt management allowance

¹⁵ The social policy allowance was a widespread, non-refundable cash grant subsidy for homeownership, available to families with children.

¹⁶ See the study by Bernadett Sebály in this volume.

¹⁷ See for example World Bank (1991). [Housing Policy Reform in Hungary](#).

¹⁸ The share of housing loans in total housing investment fell from 20% at the beginning of the decade to 3–4% in 1997, see Lakner, Z. (2003). [Versengő célok, versengő elvek. Lakáspolitikai és politikai motivációk 1990–2003](#), Esély, 74. See also Hegedüs, J., Várhegyi, É. (2000). [The crisis in housing financing in the 1990s in Hungary](#). Urban Studies.

¹⁹ See the [time series on housing and holiday construction by the Hungarian Central Statistical Office](#).

²⁰ See the rest of this chapter for more details.

²¹ Lakner, Z. (2003). [Versengő célok, versengő elvek. Lakáspolitikai és politikai motivációk 1990–2003](#), Esély, 55.

was introduced as well. A subsidy for household gas bills was also introduced during this period – eventually becoming socially targeted in 2007 (until then, the wealthier segments of the population received larger amounts than the most deprived).

The housing boom that started in the early 2000s affected different sections of society in different ways. The wealthier classes were able to improve their housing situation (albeit some of them only temporarily) first through state-subsidised loans and then thanks to the proliferation of forex loans²² enabled by lax regulation. At the same time, **the majority of society still failed to improve its housing situation**, despite some minor housing policy interventions undertaken with this aim. Overall, however, the predominance of poorly targeted support for private homeownership meant that no meaningful alleviation of housing poverty occurred. A new element that appeared during this period was the risky and growing indebtedness of large swaths of the population. Another characteristic of this era was the **introduction of EU funding for housing-related purposes, and the parallel development of the institutions managing these EU-funded projects**. This era also saw experts prepare the first major urban and settlement rehabilitation projects. During this period, almost 200,000 households were directly reached by the expanding renovation scheme of socialist-era apartment blocks; these renovations were initially financed by the central government, and later increasingly by EU funds.

1.4. The forex loan crisis (2009–2014)

The first post-1990 housing boom was brought to an end by the global economic crisis of 2008–2009, which **severely affected hundreds of thousands of households with forex loans and also the wider national economy**. The early stage of the crisis was marked by the implementation of severe austerity measures. It was followed by the gradual introduction of housing policy measures addressing the negative effects of the crisis: a moratorium on evictions, a forex loan

²² Loans denominated in foreign currencies (mainly in Swiss franc, euro and Japanese yen). In the early 2000s, these loans had significantly lower interest rates than loans denominated in Hungarian Forint (HUF). However – as their interest rates were not fixed – after the 2008 crisis with the rapidly devalued Hungarian forint the monthly instalments to be paid for forex loans skyrocketed.

prepayment scheme, a law on compulsory conversion of forex loans to HUF loans, and the establishment of the National Asset Manager, a public institution that took over private properties threatened by foreclosure. Just as the vast majority of housing policy measures introduced since the regime change, **most of these interventions were in effect helping the more affluent**. The only programme targeting people in housing poverty consisted in the creation of the National Asset Manager: this allowed for the largest wave of public housing expansion since 1990, with the purchase of more than 30,000 apartments.

In the course of the crisis, several existing allowances (most of them targeting people living in housing poverty) were either tightened or withdrawn: the social policy allowance was withdrawn, access was restricted to the housing allowance and debt management allowance, and subsidies for the households' gas bills was eventually replaced by the 'utility price reduction' measures of the Orbán regime. Since 2010, a series of governments with a constitutional majority led by PM Viktor Orbán have been in power. The anti-poor politics of the Orbán regime are exemplified by the criminalisation of homeless people (which was also enshrined in the Fundamental Law of Hungary – the country's constitution). In the domain of housing, crisis management and utility price reductions were the priority of the central government until 2015; the housing policy principles of the Orbán regime only became clear after 2015, at the start of the second post-1990 housing boom.

1.5. The second housing boom (2015–2021)

Our analysis of the Orbán regime splits it into two parts, with a turning point occurring in 2015: this marks the advent of the second post-1989 housing boom. In this era, the **governments introduced several housing policy instruments that went well beyond the 'crisis management' character of the previous era**. In 2015, the government decided to introduce the family housing benefit (CSOK); this was followed by the introduction of subsidised loans for families planning to have children (the so-called 'baby expecting loan') and the home renovation subsidy. All these measures have similar objectives: to support (upper) middle-class families with several children. Meanwhile, the socially targeted – and centrally regulated – housing allowance and debt management allowance

schemes were either abolished or downscaled in 2015. During this period, socially targeted governmental housing expenditure fell – which inevitably led to increasing inequalities. The reprivatisation of 90% of the National Asset Manager's housing portfolio (and the transfer of the remaining 10% to religious organisations) fit into this trend. Throughout this period, the only major socially targeted investment with a housing component have been the EU-funded urban and rural regeneration programmes. Overall, the impact of such programmes has nonetheless remained minimal – particularly as the centralisation of EU funding allocation has only reinforced the paternalistic nature of these projects.

Similarly to the era of the first Orbán government (1998–2002), this one is also characterised by the subordination of housing policy to other policy domains: **macroeconomic and family policy considerations continue to shape housing-related decision-making.** While it is important to highlight that neither of these characteristics is new or unique to the Orbán governments, other traits are distinct features of this era: the systematic disregard of people living in housing poverty, unconditional ideological support for a housing system dominated by private homeownership, and the wholesale rejection of the public or non-profit rental housing sector.

2. Key housing policy instruments 1990–2021

The following section is a brief overview of housing policy instruments introduced during the last three decades, grouped according to the logic guiding them. The groups discussed below cover the most important interventions. As dozens of housing policy instruments have been introduced by different governments over the period under review, we have not attempted to be exhaustive – instead, we have focused on the instruments that are significant in terms of the public funding allocated to them and in terms of the number of people they reached. For each group, we outline historical milestones and – where possible – the extent of government resources used, the number of people reached and their impact on housing poverty and affordability.

2.1. Housing privatisation

The contemporary Hungarian housing system has been largely shaped by the decisions taken during the regime change – most importantly those related to the privatisation of housing. These decisions **led to a historically unprecedented loss of state assets; they also significantly reduced the state's room for manoeuvre in the field of housing.** The legal possibility to privatise state-owned housing units was already introduced in 1969; but in effect privatisation started in the 1980s – well before the regime change. For example, in 1988 c.10,000 flats were privatised nationwide, and 20,000 in the following year.²³ In 1990, the share of state-owned flats was about 20% nationwide and 50% in Budapest. Internationally, this proportion was not particularly high: at the same time, the number of publicly owned dwellings in England was also 20%, despite a privatisation wave that had been ongoing for years.²⁴

In 1990, the former state-owned flats were transferred to local municipalities; until 1993 they could decide on their own whether to sell them to sitting tenants or not. From 1993 onwards, housing privatisation was regulated by the new

²³ Farkas, E., Szabó, M. (1995). *Privatizáció és szociális lakás-gazdálkodás*, Statisztikai Szemle, 1002.

²⁴ For a historical timeline see: the [Ministry of Housing, Communities & Local Government](#) website.

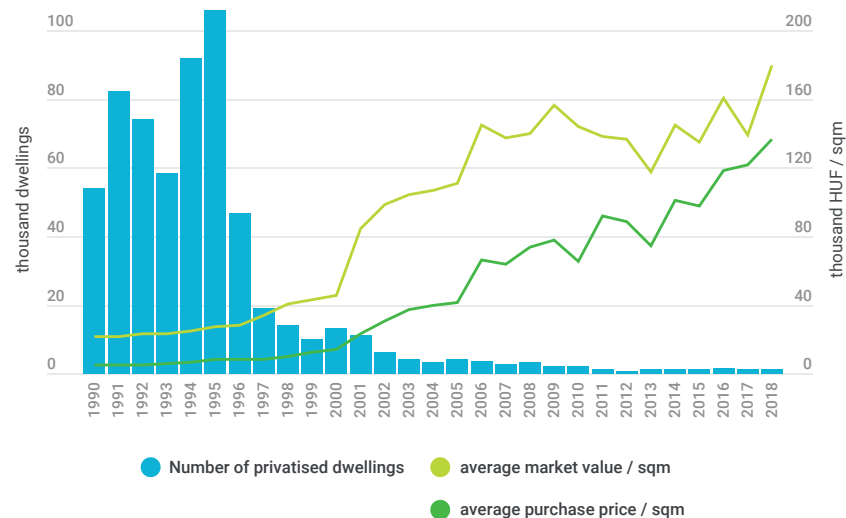


Figure 2: Number of dwellings privatised by municipalities (in thousands), their purchase price and market value (thousand HUF/sqm, current prices).
Source: Yearbook of Housing Statistics, 2018.

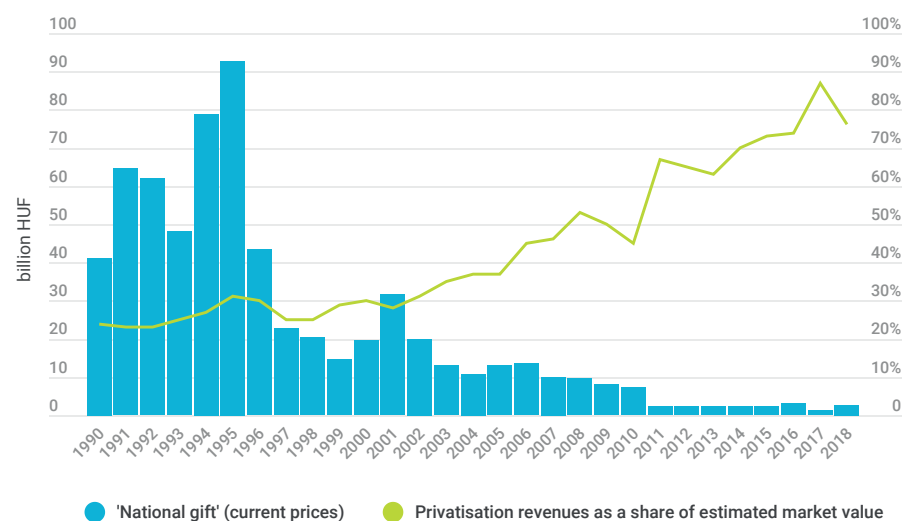


Figure 3: Amount of the 'national gift' given to sitting tenants through privatisation (at current prices, billion HUF) and privatisation revenues as a share of estimated market value (%).
Source: own calculation based on the Yearbook of Housing Statistics, 2018.

Housing Act,²⁵ which made it compulsory for municipalities to sell flats upon request to sitting tenants, (subject to certain conditions).²⁶ The 1990s saw an **unprecedented shift in the ownership structure of the housing sector, with more than half a million dwellings being privatised in a single decade.** The process has not stopped since then: between 1990 and 2018, 623,000 public housing units were privatised by local municipalities. In recent years roughly 1,000 dwellings have been privatised annually (Figure 2).

A much-debated element of housing privatisation was the highly discounted purchase price. Figure 2 shows that the purchase price paid by sitting tenants remained well below the market price throughout the period. Figure 3 shows the ratio of privatisation revenues in relation to the estimated market value of the sold dwellings. The difference between the two values can be called a **'national gift'**²⁷ that sitting tenants received when they privatised their homes; this simultaneously reduced the potential revenues and assets of the municipality (this amount is shown in current prices).

Over the past three decades, a total of 663 billion HUF (at current prices) has been given as a 'national gift' to sitting tenants who privatised their dwellings: this process has affected roughly 1.6 million people.²⁸ In the early 1990s, tenants were able to buy public housing units at roughly 20–30% of market prices; today, they can purchase them for 70–80%.

The main beneficiaries of housing privatisation have clearly been the better-off groups of sitting tenants:²⁹ they have been able to obtain high-value assets at a much-reduced price. On the one hand, the losers of privatisation were tenants with lower status, who were able to buy their flats – but could no longer cover

²⁵ [Act LXXVIII of 1993.](#)

²⁶ Dwellings in listed buildings and areas earmarked for urban regeneration were not subject to compulsory privatisation. In 2021, a proposed amendment to the Housing Act sought to extend the scope of the law to these dwellings. This caused much debate and the Constitutional Court eventually [ruled](#) this [unconstitutional](#) in July 2021.

²⁷ Dániel, Zs. (1997). [The paradox in the privatisation of Hungary's public housing: a national gift or a bad bargain?](#) Economics of Transition and Institutional Change

²⁸ The estimated number of affected residents is calculated by multiplying the number of sold dwellings by the average household size.

²⁹ Dániel, Zs. (1997). [The paradox in the privatisation of Hungary's public housing: a national gift or a bad bargain?](#) Economics of Transition and Institutional Change

the freshly commodified maintenance costs; many amongst them were either displaced or forced into a spiral of debt. On the other hand, tenants who were unable to buy their homes because of their modest financial situation, are also on the losing end of the process. The housing portfolio that remained in the hands of the municipalities was thus typically in poor condition and – in many cases – was not properly maintained and managed. From the perspective of the municipalities, privatisation temporarily increased their revenues, but drastically reduced their assets and their subsequent room for manoeuvre in housing policy. According to the report of the State Audit Office of Hungary, even though the Housing Act stipulated that privatisation revenues should be reinvested in the housing sector, '[i]t can be reasonably assumed that the revenues generated during this period [1991–1995] were not used to alleviate the problems of the public housing sector'³⁰ but rather to temporarily cover the operating deficits of resource-poor municipalities.

2.2. Interventions to address the housing loan crisis of the 1990s

One of the rarely discussed moments in the history of Hungarian regime change is the **housing loan crisis**, which pushed the largest bank on the brink of bankruptcy³¹ in the early 1990s. During the state socialist period, the value of households' housing loans increased exponentially (Figure 4): in 1988, loans for housing construction and purchase accounted for 94% of all loans to households.³² During this period, an increasing share of housing construction was carried out with the help of housing loans.

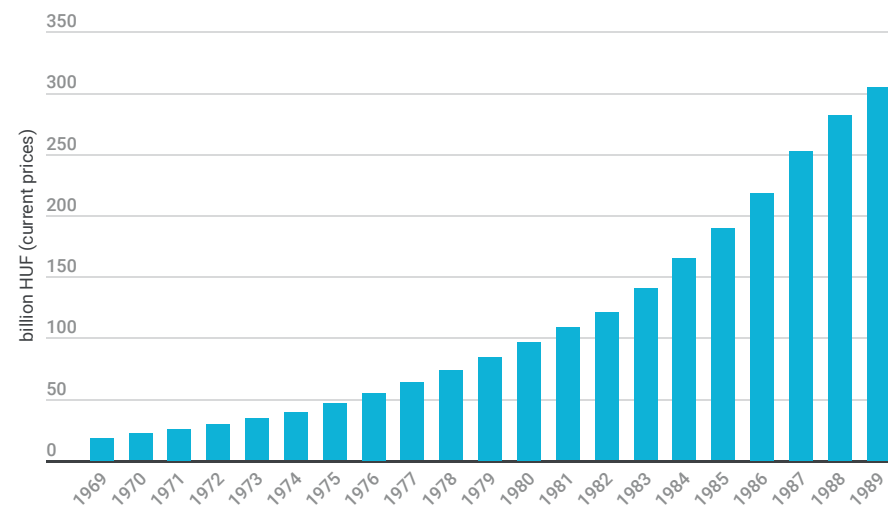


Figure 4: Households' housing loans at credit institutions (stock, billion HUF, current prices).

Source: MNB.

³⁰ ÁSZ [State Audit Office of Hungary] (1997). *Jelentés a helyi önkormányzatok lakás- és nem lakás célját szolgáló ingatlanvagyonával való gazdálkodásának ellenőrzési tapasztalatairól*, 23.

³¹ During most of the state socialist period, Hungary had a one-tier banking system, where the state-owned OTP Bank was the most important – and almost only – actor in housing finance.

³² Lengyel, I. (1992). *Adósságaink és hiteleink*, Esély, 35. Out of this figure, 85% were housing loans granted by OTP and savings banks; a further 9% were employer and municipal loans. Consumer loans accounted for the remaining 6%.

These loans were mostly issued by the state-owned OTP Bank on favourable terms:³³ the annual interest rate was fixed (maximum 3.5%) until 1988 with a maturity of up to 35 years. The difference between the low, fixed interest rate and inflation was financed by the state. However, with the surge in inflation in the late 1980s, this put an increasing burden on the public budget. With the regime change, these low interest rates were abolished: not only for newly issued loans (e.g. in 1990 a housing loan on the market had an interest rate of 36%), but also retrospectively for households that were already indebted. In 1989, the so-called Housing Fund was set up as a separate state fund to take over long-term housing loans from financial institutions (OTP Bank and 260 smaller savings institutions) in exchange for bonds. In 1992, the bonds issued by the Housing Fund were replaced by 25-year government bonds (with interests paid by the state to the financial institutions until 2016); the Housing Fund was dissolved, and the remaining loans were returned to the financial institutions (but continued to be subsidised by the state).³⁴

In 1991, households with housing loans had to choose between two options: either their interest rate was increased to 15%, or half of their loans were waived – but with the condition of having to repay the other half at market interest rates (32–36%).³⁵ The majority of the population chose the second option. However, most households with modest income could not take advantage of this opportunity. Between 1989 and 1995, the stock of housing loans at OTP thus fell from 244 billion HUF to 42.8 billion HUF. In 1995 OTP still had repayment arrears of HUF 10 billion – even in 1997, tens of thousands of households with housing loans were in arrears.³⁶

This issue has never been completely settled and has reappeared in almost every era over the past thirty years: the first Orbán government in 2001³⁷ and

the socialist-liberal government in 2005³⁸ issued a decree to ease repayments on old housing loans. Despite attempts to speed up repayments, the issue remained unresolved – **the governmental budget had continuously allocated funds for this matter from the regime change until 2016**. Besides this direct budgetary impact, the housing loan crisis also had a far-reaching impact on housing finance as a whole during the 1990s – with banks hardly disbursing any housing loans. Consequently, the share of housing loans in housing investments fell from 20% in 1991 to 3–4% in 1997.³⁹

2.3. Policy instruments to support homeownership

Throughout the three decades since the regime change (and even in the last two decades of the state socialist period), **one of the most prominent principles has been the state's support for homeownership**. While this has taken many forms, the basic logic is has remained unchanged: **non-repayable state subsidies, tax refund subsidies or state-subsidised loans are used to help households to buy a home**. These interventions are typically demand-side interventions since they use public resources to increase demand on the housing market. One of the main criticisms regarding these interventions is that they usually increase the supply prices in the housing market; as a result, part of the subsidies are automatically channelled to property developers and construction companies (in the case of new housing construction or renovation) or to homeowners (in the case of second-hand housing transactions). Another important criticism is that **the targeting of these instruments can hardly be described as 'social'** – in most cases, they encourage households that are already better-off to engage in housing transactions, thus further increasing housing inequalities.

³³ From 1985 onwards, savings cooperatives were also allowed to issue housing loans to households (this was previously the monopoly of the state-owned OTP Bank). From 1989 onwards, commercial banks were allowed to enter the housing loan market, but the volume of lending remained very low in the early 1990s – until the reintroduction of mortgage-backed lending in 1996.

³⁴ For more details, see an annex of the [1992 Budget Implementation Act](#) (pp. 251–256)

³⁵ Lengyel, I. (1992). [Adósságaink és hiteleink](#), Esély.

³⁶ Dániel, Zs. (1997). [Lakástámogatás és társadalmi újraelosztás](#), Közgazdasági Szemle, 851.; König, É. (2006). [Adósságkezelés: sikerek és kudarcok](#), Esély, 9.

³⁷ [Government Decree 66/2001 \(IV.20.\)](#). Under this scheme, nearly 30,000 households received assistance to repay their arrears. König, É. (2006). [Adósságkezelés: sikerek és kudarcok](#), Esély, 16.

³⁸ [Government Decree 11/2005 \(I.26.\)](#).

³⁹ Lakner, Z. (2003). [Versengő célok, versengő elvek. Lakáspolitikai és politikai motivációk 1990–2003](#), Esély, 74.

2.3.1. Social policy allowance, housing construction allowance and family housing benefit

In recent years, the government has often referred to the introduction of the family housing benefit (its Hungarian acronym is CSOK) as a new, innovative housing and family policy instrument; in reality, the family housing benefit is a **slightly modified and rebranded version of the support known colloquially in Hungarian as ‘szocpol’, which was introduced in 1971 and then temporarily discontinued between 2009 and 2012.** Officially called ‘social policy allowance’ (hence ‘szocpol’) between 1971 and 1995, then ‘housing construction allowance’ and, since 2015 ‘family housing benefit’, this public policy instrument is designed to help households with children to build (or buy, or expand) a home by providing non-repayable state support. To this extent, it can be seen as a housing policy instrument with an **important demographic aspect through the promotion of childbearing** – an objective that the government has been keen to emphasise since 2015.

Between 1990 and 2020, the state spent 918 billion HUF at current prices on ‘social policy allowance’-type of subsidies. However, various experts have voiced criticism about the effectiveness of such an instrument.⁴⁰ For lower-status families, it was more difficult to obtain the necessary starting capital. This subsequently led to affordability problems or encouraged the purchase of poor quality and poorly located properties – this eventually trapped those who chose this option in a poverty trap, where they ended up in deprived areas and/or poor quality housing.⁴¹ Overall, the ‘szocpol’ type of subsidies, and especially CSOK in recent years, **have tended to favour inverse redistribution, i.e. they have helped better-off households, instead of helping those that are more in need.**⁴²

‘Szocpol’ type of subsidies have reached a significant number of households in recent decades, typically during housing booms. For example, in the 2000s,

15–18 thousand applicants were registered annually,⁴³ and by the end of the 2010s, roughly 30 thousand CSOK applications were received per annum.⁴⁴ Hundreds of thousands of households benefited from these subsidies since 1990.

The amount of the subsidies has changed every few years in nominal terms but has fluctuated strongly in real terms: while in the 1990s it deteriorated sharply in real terms due to high inflation, it increased in the 2000s. One important change since 2010 is that households with three or more children receive a much higher amount of subsidy than households with only one child (Table 1).

	1985	1990	1995	2002	2004	2005	2016
1 child	40	50	700	500	800	900	600
2 children	80	200	1 200	1 600	2 000	2 400	2 600
3 children	160	600	2 200	2 700	3 000	3 600	10 000

Table 1: Amount of ‘szocpol’ type of subsidies for the purchase of a new dwelling (in thousand HUF, current prices). Sources: [Lengyel 1991](#), [Lakner 2003](#), [ÁSZ 2009](#), [Elek, Szikra 2018](#).

2.3.2. Supporting private housing construction through loans

The promotion of private housing construction with state-subsidised loans has been cyclically present since 1990. This type of support was typically more pronounced when the macroeconomic environment was already more favourable (pro-cyclical approach).

As described above, the phasing-out of heavily subsidised housing loans after the socialist period continued to place a burden on the central budget until the late 2010s. The credit crisis of the 1990s also contributed to the overall crisis in housing finance. This temporary crisis ended with the reintroduction of

⁴⁰ Misetics, B. (2017). Lakáspolitikai és hajléktalanság. In: Ferge, Zs. (ed.). Magyar társadalom- és szociálpolitika (1990–2015). Budapest: Osiris Kiadó

⁴¹ KSH [Hungarian Central Statistical Office] (2012). [Társadalmi helyzetkép 2010. Lakáshelyzet](#), 3.

⁴² Elek, Zs., Szikra, D. (2018). [Fordított újraelosztás a lakáspolitikában: a CSOK versengő céljai](#). Új Egyenlőség. CSOK also excludes various societal groups: for example, poor people not paying social security contributions, those in the government’s public works scheme, or people with a criminal record are not eligible for the subsidy.

⁴³ ÁSZ [State Audit Office of Hungary] (2009). [Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről](#). Budapest: Állami Számvevőszék.

⁴⁴ In contrast, during the global financial crisis, only 1,638 households [applied for social assistance](#) between 2012 and 2014.

mortgage lending in 1998 (which was not available for six decades),⁴⁵ and with the launch of central government sponsored interest-rate subsidy schemes in 2000. Two other important turning points were two legislative changes: one speeding up the previously cumbersome land registrations,⁴⁶ and the other ensuring the rapid initiation of enforcement proceedings against defaulting borrowers in the case of loan contracts.⁴⁷ The first post-1990 housing boom in Hungary can be dated from here; it ends with the 2008 crisis.

Between 2000 and 2003, there were two major types of interest-rate subsidies: the supplementary interest-rate subsidy and the general interest-rate subsidy. The former was targeted at young couples under 35 and families with three or more children, while the latter was available to anyone who could afford a mortgage. The supplementary interest rate subsidy capped the interest payable by the borrower at 8% (and 6% from 2001) for the first ten years of repayment, while the state took over 3% (4.5% from 2001) with the general interest rate subsidy. Thus, in a market environment where the average interest rate on housing loans was around 19%, the general interest-rate subsidy beneficiaries could achieve interest rates as low as 13–14%.⁴⁸ In addition to private individuals, legal entities investing in (or renting) housing, housing cooperatives and condominiums, or even municipalities, were eligible for interest-rate subsidies during this period. Between 2001 and 2008, a total of 404,000 state-subsidised housing loans were contracted, i.e. 8–10% of the population benefited directly from this form of support.

In 2003, the socialist-liberal government tightened the eligibility criteria for interest-rate subsidies, with the aim of excluding the wealthiest groups. In 2005, the *Fészekrakó* ('Nesting') programme was introduced, which provided young people a state guarantee for the down payment on their housing loans:

⁴⁵ Botos, J. (2002). A magyarországi jelzálog-hitelezés másfél évszázada. Budapest: Szaktudás Kiadó Ház, 178. The reintroduction of mortgage lending was already advised by the World Bank around 1989, and it was a requirement before EU accession in 2004.

⁴⁶ The newly introduced [Act on Real Estate Registration](#) imposed legal sanctions for slow registration and administration.

⁴⁷ Previously, banks could expect years of protracted litigation, but from this point on, enforcement could be launched in 30 days. See Lakner, Z. (2003). [Versengő célok, versengő elvek. Lakáspolitikai és politikai motivációk 1990–2003](#). Esély.

⁴⁸ Lakner, Z. (2003). [Versengő célok, versengő elvek. Lakáspolitikai és politikai motivációk 1990–2003](#). Esély.

this meant that in some cases young households could obtain a housing loan even without a down payment. Between 2005 and 2008, 44,000 housing loan contracts were issued under the auspices of the *Fészekrakó* programme.

In 2004, forex loans (i.e. loans denominated in foreign currencies) appeared in Hungary, in parallel with the first tightening of the government sponsored interest-rate subsidy scheme. In hindsight, these financial products imposed an extremely high risk on borrowers. **Foreign currency loans were essentially 'developed' by the market, without state support – but took advantage of the permissive nature of state regulation.** Forex loans which offered very low initial interest rates compared to other loans denominated in HUF, were taken out by hundreds of thousands of households, creating serious problems following the 2008 crisis.⁴⁹

After the crisis, housing loan penetration started to grow again around 2015, triggering the second post-1990 housing boom. In the period since then, state-sponsored, subsidised housing loans have been mostly linked to the family housing benefit: beneficiaries of the family housing benefit are also eligible for a state supported loan. In addition, baby expecting loans (introduced in 2019) have also been very popular in the last three years. This financial product is not a housing loan, but a state-subsidised personal loan. However, according to data from the Hungarian National Bank, 44% of borrowers use them to buy a home. In 2019–2020, a total of more than 110,000 baby expecting loan contracts were signed by Hungarian households.⁵⁰ According to data by the Hungarian Central Statistical Office, more than 471,000 housing loan contracts were signed between 2016 and 2020, of which 13.9%, or roughly 65,000 loans, were state-subsidised.⁵¹

In total, more than half a million state-subsidised housing loans were signed during the two housing booms after the regime change; according to our estimate, these

⁴⁹ Király, J. (2020). Hungary and Other Emerging EU Countries in the Financial Storm: From Minor Turbulences to a Global Hurricane. Springer Verlag.

⁵⁰ MNB (2021). [Housing Market Report](#), 31 May 2021. Baby expecting loans can be taken by young couples. The more babies they will have after taking the loan, the more interest-rate subsidy they get. In case they have three common children, their loan will be cancelled.

⁵¹ Hungarian Central Statistical Office: [Housing loans \(half year data\)](#).

could have directly affected one and a half or even two million people.⁵² However, this type of public policy instrument has **typically targeted the more affluent** sections of the population. At times when its targeting became more socially sensitive (for example in the mid-2000s), regulatory shortcomings have in many cases led to corrupt fraudsters targeting families in need; meaning that in effect these programmes may have had the opposite effect to the one intended.⁵³

2.3.3. Refund subsidy, waiver and exemption of taxes and duties

Another type of measure to support private homeownership is the (partial or full) waiving of taxes and duties by the government (e.g. real estate purchase tax). Unlike previous instruments, this does not entail direct budgetary expenditure but reduces the revenue of the central budget. Since the regime change, a number of such instruments has been used by successive governments. In almost all cases, they have been subject to the same criticism as other measures to support private homeownership: they tend **to help the wealthier rather than those in need**. Given the fluctuating rules and the high number of specific interventions, we highlight a few emblematic decisions.

Although housing-related tax refund subsidies can be found in budget acts as early as the 1990s,⁵⁴ **it was the first Orbán government (1998–2002) that applied tax refund subsidies on a larger scale for the first time after the regime change**. It is also symbolic that the first Orbán government's first housing policy decision in 1999 was to provide a tax refund subsidy to housing developers.⁵⁵ The instrument did not immediately become popular and was phased out in 2005 with the introduction of austerity measures. From 2001 onwards, households received a similar benefit: borrowers could deduct 40% of the repayments on housing loans from their personal income tax. This measure was phased out in 2007.

After 2015, similar instruments have appeared in the government's housing policy toolbox. For example, a temporary reduction of VAT on the sale of newly built housing units (from 27% to 5%) was introduced between 2016 and 2020, and then reintroduced in 2021 for a further five years. Analysts say **that such a VAT reduction will not contribute to lowering prices, rather will play a part in further increasing them**.⁵⁶ In addition, from 2021 onwards, this reduced VAT can be reclaimed for an amount of up to 5 million HUF for private individuals – provided that the applicant is also a recipient of the family housing benefit (CSOK). Those who build their home with self-financing will also be able to benefit from a similar tax refund, also up to a limit of 5 million HUF.⁵⁷ This means that a wealthier family buying or building a larger property – when taking advantage of all the above-mentioned benefits – can receive up to 15 million HUF in state subsidies and a further 10 million HUF in state-subsidised low-interest loans; in the meanwhile, households in need can only access a fraction of such subsidies.

2.3.4. Governmental support for contractual savings for housing

The legal conditions for the establishment of building societies in Hungary were laid down in 1996, during the period of the institutionalisation of the housing market that largely followed the German *Bausparkasse* model.⁵⁸ Building societies under the Hungarian regulation are specialised credit institutions which – under strong regulations – manage both the contractual savings for housing of their customers and the subsidies (top-ups) from the state; they also provide housing loans. From the customer's point of view, what happens is that they deposit a certain amount of savings every month for a few years in the building society. At the end of the contractual term, they can withdraw the amount increased by the pre-fixed interest on the deposits⁵⁹ and by the state subsidy (governmental top-up). They have to spend the withdrawn amount on purchasing or upgrading their own housing units. Additionally, customers can

⁵² Since state-subsidised loans were typically targeted at families with children, it is likely that the average household size of those taking out subsidised loans was larger than the average Hungarian household size (2.4).

⁵³ See for example the summary of the Miskolc 'Fészekrakó case' on the [K-Monitor website](#).

⁵⁴ Bozsik, S. (2001). [A lakáshitelezés állami támogatása a rendszerváltás után](#). Eszmélet.

⁵⁵ Lakner, Z. (2003). [Versengő célok, versengő elvek. Lakáspolitikai és politikai motivációk 1990–2003](#). Esély.

⁵⁶ Portfolio.hu (2021). [Mit hoz az áfacsoökkentés a lakásokban? – Hat pontban összesszedtük a lényegét](#).

⁵⁷ Bankmonitor.hu (2021). [5 buktató, amire figyelni kell az áfa-visszatérítés igénylésekor](#).

⁵⁸ Szóka, K. (2019). Lakástakarékpénztárak. In Kovács, T., Szóka, K., Varga, J. (eds.) [Pénzügyi intézményrendszer Magyarországon](#). Sopron: Soproni Egyetem Kiadó.

⁵⁹ This has typically been 1–3% in Hungary over the last decade.

take out a loan for their housing investment at the end of the term, which usually has a fixed and cheaper-than-market interest rate. All in all, this is another **housing policy instrument that helps those households who are able to accumulate savings to become private homeowners or to upgrade their private housing.**

In Hungary, from 1996 to 2018, the central government granted 30% of the contractual savings deposited as state support,⁶⁰ capped at 36,000 HUF per year until 2003 and 72,000 HUF per year thereafter. Contractual savings typically had a maturity of four years, during which customers could achieve a return of up to 10% (with the governmental top-up). The product was popular: in 2000, Hungarian building societies managed deposits of 55 billion HUF,⁶¹ which increased to 1,098 billion HUF by 2019.⁶² While in 2008, building societies issued roughly 4% of all housing loans in the country, by 2019 they issued 14%. By then, a total of more than 617 billion HUF in state subsidies had been injected into the building societies system at current prices; at the time of the phasing out of state subsidies (in 2018), there were roughly one million housing savings accounts registered with building societies in Hungary – that is slightly less than the one million two hundred thousand contracts in 2008.⁶³ In other words, at every given point in time during the 2010s, on average 10% of the population had a housing savings account with a building society.

In 2018, the government decided to phase out state subsidies for savings accounts at building societies. Since then, three of the four providers on the market suspended their activities, as other savings options (e.g. a government bond scheme with annual returns of around 5%) were more attractive than contractual housing savings investments without state subsidies. In 2021, only Fundamenta (one such remaining building society) will offer similar services – without state subsidies.⁶⁴ The state support is currently being phased out in a degressive pattern, i.e. subsidies for contracts concluded until 2018 is still part of the central budget expenditures.

Overall, public support to private savings at building societies is likely to have had only a small impact on people living in housing poverty; it can therefore also be considered a policy instrument that has contributed to rising housing inequalities.

2.4. Housing allowance

In the three decades since the regime change, housing allowance has been almost the only housing-related allowance available for an extended period that specifically targeted people in need. This type of demand-side intervention is also widespread internationally, particularly in the context of declining supply-side government interventions (i.e. state-led housing construction programmes) that followed the global neoliberal turn.⁶⁵

In Hungary, the 1993 Social Act⁶⁶ defined housing allowance as a form of support that *could be* provided by local governments. This Act also defined an income threshold for this support, on the basis of which **roughly two-thirds of Hungarian citizens became eligible.** Until 2004, local governments were able to determine the exact conditions of eligibility as well as amount of the allowance. This autonomy also meant that local authorities had to finance this allowance based on their own resources. The result was that the financially disadvantaged local governments – which also contained a higher proportion of people in need – gave the least support, with the more affluent ones being more generous. For example, in 1997, two-thirds of local governments with fewer than 3,000 inhabitants, the local authority did not provide any housing allowance at all.⁶⁷

Until the first major reform of this form of support (in 2004), roughly 200,000 people were receiving housing allowance annually; in 1996, the average claimant received 1,000 HUF per month, and in 2004 this figure had risen to 2,500 HUF (Figure 5). In real terms, the value of the subsidy has stagnated. Overall, **the housing allowance reached a relatively large number of people, but certainly not**

⁶⁰ 40% for a short period in 1996–1998.

⁶¹ Szóka, K. (2019). Lakástakarékpénztárak. In Kovács, T., Szóka, K., Varga, J. (eds.) [Pénzügyi intézményrendszer Magyarországon](#). Sopron: Soproni Egyetem Kiadó.

⁶² Portfolio.hu (2020). [Újabb nagy változás a lakástakarékoknál: nehéz döntést hozott az Erste](#).

⁶³ ÁSZ [State Audit Office of Hungary] 2009.

⁶⁴ Portfolio.hu (2020). [Újabb nagy változás a lakástakarékoknál: nehéz döntést hozott az Erste](#).

⁶⁵ Misetics, B. (2018). [Sosem volt elég: Lakásfenntartási támogatás 2015 előtt](#). Esély.

⁶⁶ [Act III of 1993](#).

⁶⁷ Monostori, J. (2000). [Lakásfenntartási támogatás a városokban](#). Esély, 73.

all those in need – this was particularly the case for those living in small settlements. The amount of support was extremely modest compared to both average monthly incomes⁶⁸ and to similar support in neighbouring countries.

In 2004, the housing allowance became a ‘normative benefit’, i.e. it was made available in all municipalities under the same (compulsory) conditions and 90% of the costs were covered by a block grant coming from the central budget. Until the next major reform, in 2015, the number of households receiving support increased: in the second half of the 2000s, more than 300,000 people received the normative housing allowance annually, and during the crisis years, 400,000–500,000 people received it.⁶⁹ Between 2000 and 2015, a total of HUF 212 billion was paid out to people as housing allowance at current prices.⁷⁰ **The 2004 reform also made the benefit more equitable: more people in need received the benefit and inequalities of distribution between municipalities were reduced. However, after 2010, the second Orbán government rolled back this equalising trend.** The real value of the average subsidy rose to one and a half times its 2003 level in the second half of the 2000s, before falling back to its 2004 level after the 2009 cuts.

In 2015, the normative housing allowance was abolished: the framework for this form of subsidy is no longer part of the Social Act. Since 2015, local authorities are no longer obliged to provide this type of allowance and the central government no longer provides block grants for financing housing allowance. Local governments can distribute ‘municipal social benefit’ – but it is only financed by the central government if some specific conditions are met. This means that in 2015, 8% of local governments (in which 40% of the overall population lives) were not eligible for central governmental compensation for issuing municipal social benefit. These municipalities could only provide municipal social benefit to their residents from their own resources.⁷¹ However, municipal social benefit is not necessarily targeted at people in

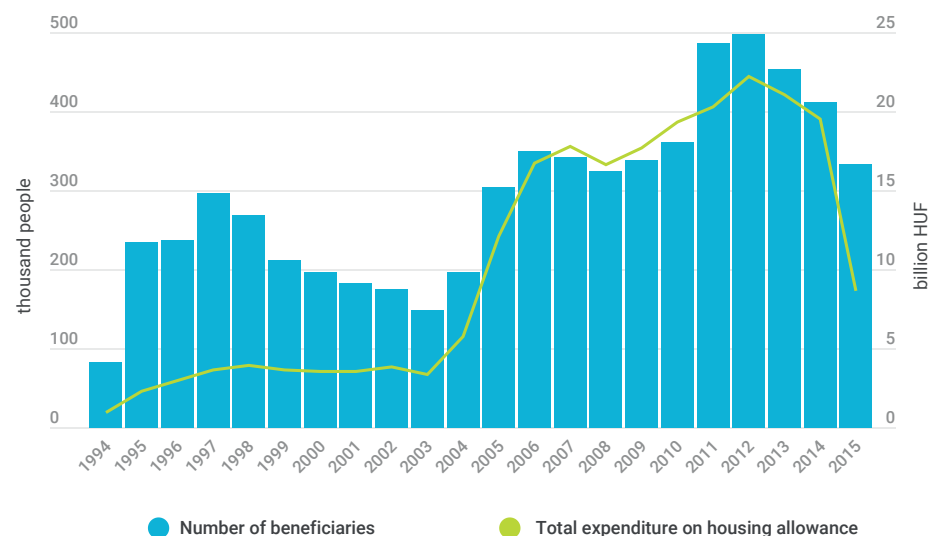


Figure 5: Number of people receiving housing allowance (in thousands) and total expenditure on housing allowance (billion HUF, current prices).

Source: König 2006; Hungarian Central Statistical Office.

⁶⁸ In the lowest income decile in 1993, for example, the average amount of housing allowance received was roughly 10% of average monthly income. Own calculation based on Missetics 2018.

⁶⁹ Missetics 2018, 22.

⁷⁰ We estimate that the contribution of the central budget was around 180 billion HUF.

⁷¹ Missetics, B. (2019). *Kevesebbet, kevesebbeknek: A lakásfenntartás önkormányzati szintű támogatása*. Esély, 4.

housing difficulties; it aims to cover a population with more diverse needs, with housing being just one of the many problems.

Studies on the impact of phasing out the normative housing allowance have shown that the decision has strongly hit already struggling local governments and households with several children living in extreme poverty.⁷² Although most local governments (especially larger ones) continued to provide some form of support to households struggling with housing difficulties, the average level of support has been reduced; it also usually targeted at a narrower group of people and often includes arbitrary, subjective elements⁷³ among the eligibility criteria.

2.5. Debt management allowance

Alongside the housing allowance, the debt management allowance has been the most important public policy instrument specifically targeting people living in (housing) poverty over the last thirty years. While the housing allowance aimed to provide targeted support for housing expenditures of families in need, the debt management allowance (and in some cases the associated debt management services) sought to help households to clear their arrears.

In the first years after the regime change, the relative weight of housing-related costs increased for a significant proportion of the population: while in the 1980s housing costs averaged 10% of household income, this figure doubled by the mid-1990s and remained stable at around 20% for the next twenty-five years.⁷⁴ The most crucial element of this rapid increase was the soaring utility prices (well above inflation levels) after the phasing-out of socialist-era price subsidies. In the 1990s, centrally regulated, systematic debt management programmes were not yet established: public policy interventions seeking to manage debt were ad hoc and temporary. For example, between 1990 and 1994, two smaller tenders were launched by the then Ministry of Welfare to

help municipalities to settle the debts of local households with utility arrears. The debt was settled in one lump sum and roughly half of the cost was borne by the central budget (a further 20–30% by the municipality, 10% by the utility providers and 20% by the concerned households).⁷⁵ These interventions did not solve the structural causes of debt: a significant number of households became indebted again shortly afterwards.

The experience gained from these first ‘emergency’ interventions triggered a number of changes. In 1995 a new training of debt counsellors started in the north-eastern city of Salgótarján. The training followed a pre-existing Dutch model and was also financed by incoming Dutch grants. The programme was ushered by the recognition that, **in addition to financial support, the role of specialised social workers and family support workers is essential for effective debt reduction and for helping households escape the debt trap.**⁷⁶ In 1998 – for the first time since 1990 – a nation-wide regulation was introduced regarding the conditions of central governmental support for municipal debt settlement programmes.⁷⁷ It was not, however, permanently integrated into the official social policy toolbox. Through this tool, roughly 400 municipalities (c. 9,000 families) settled about 1.5 billion HUF worth of utility debts.⁷⁸

The real turning point came with the 2003 amendment of the Social Act, which provided the legal framework for debt management and for its financial support from the central budget – this continued until 2015. A three-pillar system was established, with the debt reduction allowance (90% of which was covered by a block grant from the central budget) complemented by a debt management service and an automatic eligibility for housing allowance. **Compared to previous programmes, in this three-pillar system the one-off cash assistance was backed up by the professional help of social workers and by the reduction of household expenditures (by providing access to housing allowance).** The 2003 amendment did not initially make debt management a compulsory municipal task – but from 2006 onwards, it became compulsory in municipalities with a population of over 40,000 (and in all the districts of Budapest).

⁷² Kováts, B. (2015). [Rezsitámogatás-csökkentés. Az új lakásfenntartási célú települési támogatások vizsgálata 31 önkormányzat példáján](#), Esély; Missetics 2019.

⁷³ For example, a mayor can distribute the benefits in the absence of clear, objective criteria, or one condition could be that households must meet the undefined criteria of ‘running a decent household’. These subjective rules make people in extreme poverty even more exposed to local decision-makers.

⁷⁴ Kőnig, É. (2006). [Adósságkezelés: sikerek és kudarcok](#), Esély, 3.

⁷⁵ Kőnig, É. (2006). [Adósságkezelés: sikerek és kudarcok](#), Esély, 6.

⁷⁶ Kőnig, É. (2006). [Adósságkezelés: sikerek és kudarcok](#), Esély, 7.

⁷⁷ Government Decree 96/1998 (V.13.).

⁷⁸ The decree also regulated the settlement of the so-called OTP loans – see subsection 2.2.

From the second half of the 2000s, roughly 8-10 thousand households, and in the early 2010s, nearly 20 thousand households were able to take advantage of the debt management allowance every year (Figure 6). During its peak period, the state spent HUF 1.9 billion per year on the programme. Even though the scheme provided help to its beneficiaries, **a significant proportion of those in need were excluded** (typically because they could not afford the necessary co-payments); additionally, the total volume spent on the scheme only covered a fraction of the total volume of arrears (e.g. 1% in 2009).⁷⁹

In 2015, just as the normative housing allowance was scrapped, the government also abolished the legal framework for a centrally subsidised debt management allowance. From then on, municipalities were tasked with deciding whether to provide such support to their residents – from their own budgets, without any block grants. A 2015 survey showed that municipalities were providing only a smaller proportion of this service under the new legal framework, and that the target group was shifting away from the those most in need towards the lower middle class.⁸⁰

2.6. Utility price reduction

Among all the costs faced by an average household, the fastest rise since the regime change has been linked to utility costs. From this perspective, it is easy to understand why the government launched the so-called ‘fight for utility prices’ before the 2014 parliamentary elections – and why it has been an essential governmental talking point ever since.

The ‘fight for utility prices’, as proclaimed by the Orbán government, did not become a central topic of political discourse in the mid-2010s; it has been a feature of public policy debates throughout the last three decades. The housing allowance has not been able to compensate for the increase in utility costs; this is why governments have been introducing various ‘utility price reduction’ programmes since

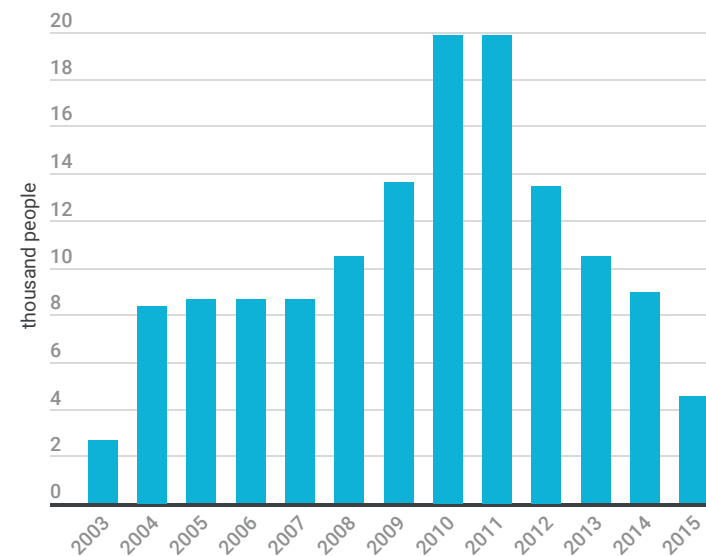


Figure 6: Number of beneficiaries of the debt management allowance (thousands).
Source: Hungarian Central Statistical Office.

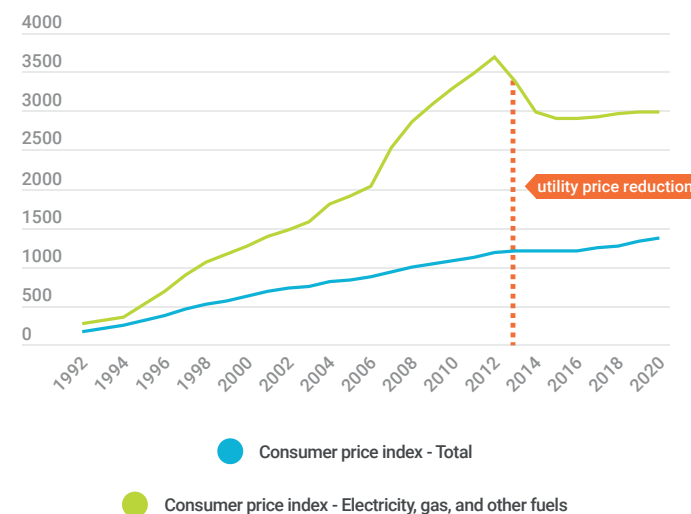


Figure 7: Consumer price increase in different expenditure groups (1990=100).
Source: Hungarian Central Statistical Office.

⁷⁹ Gyarmati, A. (2016). *Adósságkezelési szolgáltatás: mint a magáncsőd intézményének kiegészítő eszköze*. Kézirat.

⁸⁰ Kováts, B. (2015). *Rezsitámogatás-csökkentés. Az új lakásfenntartási célú települési támogatások vizsgálata 31 önkormányzat példáján*, Esély.

the 1990s. The first intervention specifically aimed at reducing utility prices took place during the 1995/1996 heating season, when individuals in need were eligible to claim a monthly subsidy of 600 HUF for six months.⁸¹ According to experts, the targeting of the scheme was ineffective, and its overall cost was very low compared to other housing-related interventions. The so-called Energy Fund was set up in 1997 at the initiative of the government, with a total budget of 2.5 billion HUF.⁸² In a relatively short period 370,000 households received electricity price compensation and 410,000 households received gas price compensation⁸³ – but this was still only a temporary, ad hoc intervention.

A significant change occurred after 2003, when the **residential gas price compensation scheme** was introduced. The scheme absorbed a significant chunk of government subsidies dedicated to housing⁸⁴ and reached more than 3 million consumers. The targeting of the scheme was very broad in the first years but was somewhat narrowed after 2007. Overall, **many people in need were excluded from the scheme – as a significant proportion of people in housing poverty do not use gas heating**. Another problematic part was that it provided relatively more support to more affluent households, since the compensation was consumption-based.⁸⁵ The gas price compensation scheme's phasing out process started in 2009 and ended in 2011.

The next major series of interventions to reduce utility prices was carried out by the post-2010 Orbán governments and became a major issue in the 2014 election campaign (at a time when gas prices were rising significantly globally). The logic of the intervention was fundamentally different from the prevailing logic of the pre-2010 period. Instead of demand-side subsidies (which were a major burden on the central budget before 2010) the nationalisation of previously privatised utilities and the capping of prices at lower levels – that is a complete restructuring of the supply side – began.⁸⁶ This has resulted in **more**

predictable utility bills for the population, but without any social targeting whatsoever: yet again, the scheme benefitted the better-off rather than the most deprived households. In the light of developments in distribution, energy efficiency and global markets – gas prices have since fallen, and then risen again significantly – many experts have strongly criticised the Orbán government's 'fight for utility prices'.⁸⁷ However, it is estimated that utility price reduction after 2014 reduced overall household spending by around 600 billion HUF.

Compared to this project, the volume of the 'social firewood' scheme (3-5 billion HUF annually) seems extremely small. In recent years the scheme has been organised by the Ministry of Interior to provide firewood for families in need, who are on average much less able to benefit from other interventions aiming to reduce utility prices.⁸⁸ Here it is also important to mention the 'vulnerable consumer' status and prepayment meters: both started to become widely used after the 2008 crisis. The former allows for preferential utility price payment options for some low-income households, while the latter tries to prevent indebtedness with a technological innovation: utility services (mainly energy) are only available if the meter is topped-up. **Even though prepayment meters are generally seen as a decent solution to avoid the debt trap both by energy supplier corporations and by most NGOs working with people living in housing poverty, there is much international literature criticising this instrument as should a household lack the finances to top up their meter, their access to electricity and gas is cut off.**⁸⁹

2.7. Expansion of the public housing sector

As discussed in the subsection on housing privatisation (2.1.), the number of public housing units declined radically in the 1990s, and then slowly but steadily continued to decrease thereafter. Only two programmes in the last three decades have worked against this trend.

⁸¹ Kőnig, É. (2006). *Adósságkezelés: sikerek és kudarcok*, Esély, 5.

⁸² Of this, 1.7 billion was paid by the central budget and 1 billion by utility companies.

⁸³ Kőnig, É. (2006). *Adósságkezelés: sikerek és kudarcok*, Esély.

⁸⁴ In 2006 alone, for example, 158 billion HUF was spent on this purpose. Between 2003 and 2011, the central budget spent a total of 602 billion HUF on this purpose at current prices.

⁸⁵ Missetics, B. (2018). *Sosem volt elég: lakásfenntartási támogatás 2015 előtt*, Esély.

⁸⁶ The interventions related to utility companies illustrate the political-economic logic of the Orbán regime – for an analysis see Éber, M. Á. et al. (2019).

⁸⁷ Sebestyén Szép, T., Weiner, Cs. (2020.) *The Hungarian utility cost reduction programme*.

⁸⁸ See Gosztonyi, Á., Vankó, L. (eds.) (2020). *Annual report on housing poverty in Hungary 2020. English summary*. Budapest: Habitat for Humanity Hungary.

⁸⁹ Herrero, S. T. et al. (2020.) *Smart Meters Tackling Energy Poverty Mitigation: Uses, Risks and Approaches*, conference presentation.

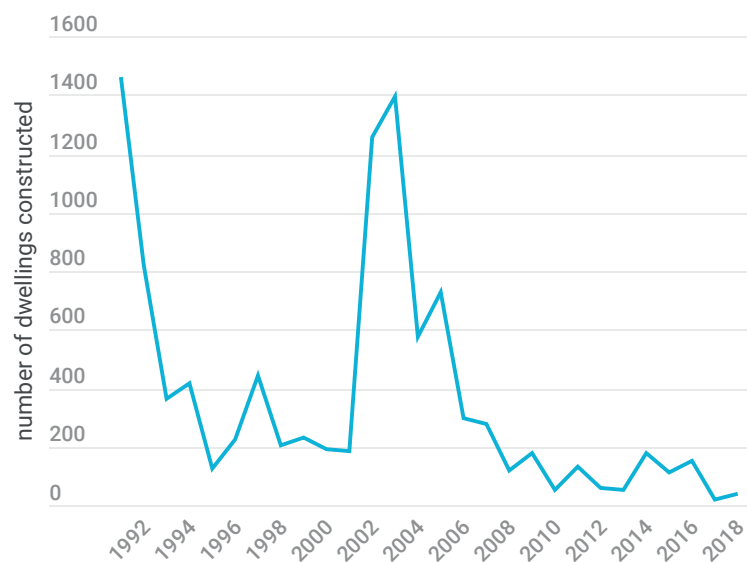


Figure 8: Number of dwellings built by municipalities.
Source: Yearbook of Housing Statistics, 2018.

Between 2001 and 2003 the first Orbán government launched the State Supported Rental Housing Programme, which aimed to encourage local governments and churches to build, purchase or renovate housing with the help of central budget subsidies. Municipalities could apply for the construction of affordable rental housing, so-called *Fecskeházak* ('Swallow Houses'),⁹⁰ retirement homes, or for upgrading public utilities on plots available for future constructions. Between 2000 and 2005, the central budget allocated a total of HUF 63 billion for these subsidies,⁹¹ and provided 70% of the costs.⁹² **Thanks to this programme, by 2008 the number of publicly owned rental housing units had increased by approximately 12–18 thousand, or 5–8% of the total stock at that time.** In total, however, there were only 3–4 thousand dwellings constructed by municipalities – the rest having been purchased from the market.⁹³ In addition to this, 10% of the public housing stock was renovated in this period. Figure 8 shows how the period covered by the programme nevertheless stands out from the otherwise extremely low figures of municipal housing construction during this overall timespan. Except for the early 2000s, in most years only 0–2% of all new housing construction was due to municipal investment; since 2010, we have consistently seen the lowest construction figures of these past decades – in line with the anti-rental housing policies of the Orbán regime.

The other measure to increase the stock of public rental housing was the creation of the National Asset Manager, which temporarily increased the number of public rental housing units by 25% in the mid-2010s as part of a bundle of measures that dealt with the forex loan crisis. This intervention will be discussed in section 2.8.

⁹⁰ The target groups for the Swallow Houses were full-time students in higher education, married or in civic union, and married couples (or couples in civic union) under the age of 35. The latter were required to open a savings account at a building society. Tenants were allowed to stay in the property for a maximum of five years, i.e. this form of housing was conceived as a temporary solution, a stepping stone for young people. Lakner, Z. (2003). *Versengő célok, versengő elvek. Lakáspolitikai és politikai motivációk 1990–2003*. Esély, 82.

⁹¹ Hegedüs, J. (2006). *Lakáspolitikai és a lakás piac – a közpolitika korlátai*. Esély, 95.

⁹² However, on average only 45% of the actual costs were eventually covered by central aid due to soaring construction costs. See ÁSZ [State Audit Office of Hungary] (2009). *Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről*. Budapest: ÁSZ.

⁹³ The studies discussing the programme often misrepresent the figures (see Lakner 2003, Hegedüs 2006, ÁSZ [State Audit Office of Hungary] 2009). While they estimate the number of new constructions at c.18,000, according to the Hungarian Central Statistical Office, the actual figure was only a fraction of this number. See Figure 8.

2.8. Tackling the forex loan crisis after 2008

The second major post-1990 housing crisis started with the global economic crisis of 2008. The biggest problem in Hungary (besides rising unemployment and deteriorating economic conditions) were the rising forex loan repayments and mass defaults.⁹⁴ While the loan crisis of the 1990s was mostly due to soaring inflation, this crisis was amplified by the radical change in exchange rates after 2008. Before the regime change, the stock of housing loans was 15% of the annual GDP, but by the time the 2008 crisis hit, it was already 25%⁹⁵ – thus creating an even more widespread problem. **Experts estimate that 850,000 households had mortgages at the onset of the 2008 crisis; out of these, roughly 340,000 suffered major losses during the crisis.**⁹⁶

Apart from the introduction of an eviction moratorium in 2009 (which remained in place until 2014), the socialist-liberal government in power during the very first period of the forex loan crisis did not attempt any significant intervention at the systemic level.

The next Orbán government (2010–2014) made it a political priority to address the issue – partly as a reaction to the significant protest movement organised by foreign currency borrowers.⁹⁷ The first major intervention was a significant help to the wealthiest group of foreign currency borrowers: between 2011 and 2012, the forex loan prepayment scheme enabled 15–20% of mortgaged households (that is 170,000 families) to repay their loans in one lump sum with a significant discount. In 2012, a similar number of people were helped by the rate-cap scheme: it was targeted at those who did not have enough capital to participate in the prepayment scheme but were able to pay a maximised

(capped), below-market repayment rate on a stable basis. **Together, the rate-cap scheme and the prepayment scheme were able to reach around 350,000 households. The costs of these measures were mostly offloaded onto banks.**

However, these programmes have not reached the worst-off forex debtors. This group of people – many of them affected by housing poverty – was the target of the National Asset Manager, which operated between 2012 and 2020.⁹⁸ **It was a well-targeted programme, reaching around 36,000 households in need.**⁹⁹ The homes of the defaulting debtors who entered the programme became state-owned, with the former owners allowed to remain in their homes as tenants. The programme also employed social workers to assist families. The National Asset Manager increased the number of publicly owned rental housing units by around 25% over eight years, buying 36,000 apartments with 186 billion HUF of budget expenditure.¹⁰⁰ **The resulting housing portfolio could have been the basis for a new public rental housing programme, but in 2019 decision-makers offered tenants the possibility to buy back their homes at a discount,** which 90% of tenants did. In 2021, the government transferred the remaining stock – roughly 4,600 flats – to a newly registered organisation¹⁰¹ set up by the Hungarian Charity Service of the Order of Malta and the Hungarian Reformed Church Aid and promised central support in return for managing the portfolio.¹⁰² The programme is expected to start in 2022, but there are still many unanswered questions surrounding its functioning.

In 2015, the government announced a law enshrining the compulsory conversion of forex loans to HUF loans, i.e. the elimination of further exchange rate risk – this law affected a total of 450,000 loan contracts.¹⁰³ From that point onwards, the government stated that it considered the forex loan crisis resolved. Nevertheless, between 2015 and 2018, banks have foreclosed

⁹⁴ At the end of 2014, despite the bailouts, 140,000 borrowers – a quarter of the total mortgage portfolio – were still in default, i.e. over 90 days late with their repayments. See Dancsik, B. et al. (2015). [Comprehensive analysis of the nonperforming household mortgage portfolio using micro-level data](#). MNB Occasional Papers Special Issue.

⁹⁵ By the end of the 1990s, the same indicator was between 0–5%. Hegedüs, J., Somogyi, E. (2016). [Moving from an authoritarian state system to an authoritarian market system: housing finance milestones in Hungary between 1979 and 2014](#).

⁹⁶ Csizmady, A., Hegedüs, J., Vonnák, D. (2019). [A housing regime unchanged: The rise and fall of foreign-currency loans in Hungary](#). Corvinus Journal of Sociology and Social Policy, 22.

⁹⁷ Szabó, N. (2018). [We are the State, We are the People: Forex Loan Debtors' Struggles for Citizenship in Hungary](#). MA thesis.

⁹⁸ The concept of the National Asset Manager was not without precedent in Hungary: in 1998, a similar scheme was conceived to 'bail out' OTP creditors, but due to bad regulations, the programme could not take off in the end. See König, É. (2006). [Adósságkezelés: sikerek és kudarcok](#), Esély, 11.

⁹⁹ Gosztonyi, Á., Vankó, L. (eds.) (2020). [Annual report on housing poverty in Hungary 2020. English summary](#). Budapest: Habitat for Humanity Hungary.

¹⁰⁰ The budgetary expenditure on the Asset Manager did not reach 40 billion HUF in any year.

¹⁰¹ In Hungarian: MR Községi Lakásalap Köhasznú Nonprofit Kft.

¹⁰² Nepszava.hu (2021). [Jön az egyházi lakásügynökség](#).

¹⁰³ Napi.hu (2020). [Még mindig kísértenek az egykori devizahitelek](#).

5,600 properties and a significant amount of debt has been transferred to the portfolio of debt management companies – meaning that many debtors now owe them, rather than banks or other financial institutions.

On the whole, **public policies dealing with the forex loan crisis also mirrored the basic principles of housing policy interventions of the whole period (1990–2022). The governmental interventions were proportionally much more helpful to more affluent families, and the support for families in housing poverty was not part of the policy priorities – with the exception of the National Asset Manager’s temporary existence.**

2.9. Housing renovation grants

In Hungary, during the three decades following the regime change, large-scale residential building renovation programmes only targeted socialist-era housing estates. After small-scale experiments, the first nationwide tender for energy-efficient renovation of prefabricated houses was launched in 2000 by the first Orbán government, under the name of ‘Panel Programme’ (prefabs are commonly referred to as *‘panel’* in Hungarian). The 2000 Panel Programme was followed by the Panel Plus Programme in 2005, which was based on similar principles, and the Panel I, II and III Programmes in 2008, 2009 and 2014. Initially, these were financed according to the same rule of thumb: one third of the renovation costs were covered by the central budget, one third by the local municipality and one third by the owners of the flats.¹⁰⁴ After 2009, the state also used part of its revenues coming from the trading of carbon credits to finance these renovation schemes – thus increasing the share of the central budget in the costs. According to the State Audit Office of Hungary’s report, more than 127,000 flats were renovated in the first period of the programme, between 2001 and 2008, representing overall 15.5% of the total prefabricated housing stock. The governments spent almost 20 billion HUF on the programme over this period.¹⁰⁵ Most of the renovations have improved the energy efficiency of multi-apartment residential buildings. In doing so, both emissions and the utility costs of the affected households were reduced.

¹⁰⁴ Szabó, B., Bene, M. (2019). [Budapesti lakótelepek a panelprogram előtt és után](#). Területi Statisztika.

¹⁰⁵ ÁSZ [State Audit Office of Hungary] (2009). [Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről](#). Budapest: Állami Számvevőszék, 22.

None of the Panel Programmes had any social targeting. Moreover, there were no similar programmes targeting detached houses – even though they account for three quarters of the Hungarian housing stock.¹⁰⁶

However, from 2021 onwards, a new policy instrument (the home renovation subsidy) will support the renovation of housing inhabited by households with children (regardless of the type of building) with a maximum of 3 million HUF.¹⁰⁷ The logic of this instrument is similar to the schemes introduced in the second half of the 2010s: more affluent households are likely to benefit from it (this non-repayable grant is financed ex-post, meaning that beneficiaries need initial savings). Households without children are not eligible, and – as a demand-side intervention – it is likely that the scheme will push up construction prices.

Overall, the renovation programmes targeting socialist prefabricated buildings have improved the housing conditions of hundreds of thousands of households, but **the public policy attention devoted to the issue of housing renovation is scant compared to the scale of housing quality problems.** In Hungary, the energy use in buildings accounts for 40% of total national energy use – from a climate crisis perspective, energy retrofitting of residential buildings could be one of the most effective points of intervention.¹⁰⁸ In addition, a socially targeted national residential building renovation programme could be an effective response to widespread energy poverty.

2.10. Social and urban regeneration programmes

Social and urban regeneration programmes – including programmes targeting segregated areas – can be considered the only public policy instruments related to housing in the last thirty years whose targeting has not only followed social, but also territorial considerations. Both forms of interventions share the aim of regenerating spatially and socially segregated areas.

¹⁰⁶ Subsidies were available to households for the renovation of non-prefabricated housing under the so-called ‘Warm Home Programme’.

¹⁰⁷ [Government Decree No 518/2020 \(XI.25.\)](#).

¹⁰⁸ Bajomi, A. (2014). [Institutional framework for energy efficient renovation of social rented housing](#). MA thesis.

Social urban regeneration in Hungary emerged in the mid-2000s in Budapest and then spread all over the country after the EU accession in 2004 – but especially during the 2007–2013 EU budgetary cycle.¹⁰⁹ The vast majority of these programmes were financed by EU funds. Between 2007 and 2013, 64 social urban regeneration projects were implemented in Hungarian cities with 48 billion HUF of funding.¹¹⁰ These projects are characterised by an ‘integrated urban development’ approach, as required by the European Commission and set out in the Leipzig Charter,¹¹¹ where social (soft) and infrastructural (hard) elements, as well as different sectoral and territorial interventions, are implemented in a coherent, integrated way. For this reason, although the specific projects typically have a housing dimension (e.g. renovation of existing public housing units or the construction of new ones), they also finance a wider range of interventions (e.g. intensive social work, community programmes, regeneration of community spaces and public spaces, etc.). Although the programmes launched in the 2014–2020 budgetary cycle have not yet been finalised, it is estimated that around 70 billion HUF will be disbursed by the end of the period for social urban and settlement rehabilitation projects, which will be (or have already been) implemented in hundreds of municipalities.

The history of settlement rehabilitation programmes in Hungary goes back a long way, and there has been quite some controversy surrounding them.¹¹² A nationwide attempt to eradicate rural slums was launched as early as the 1960s. Even though it radically reduced the number of people living in segregated slums, by the time of the regime change, it treated the problem in a simplified way primarily as a problem of ‘Roma settlements’. Its arbitrary implementation prevented complex interventions and the identification of the root causes.¹¹³

After the regime change, the first major wave of settlement rehabilitation programmes started in the mid-2000s, in parallel with social urban regeneration interventions, with the support of EU funds; these continued throughout the 2014–2020 budgetary period. During this budgetary cycle, the methodological approach was very similar to the integrated approach of social urban regenerations, insofar as it sought to address the different interconnected dimensions of socio-spatial segregation by combining ‘hard’ and ‘soft’ interventions.

These interventions have made life easier for thousands of affected households in many Hungarian municipalities, but the **overall volume is just a drop in a sea of much larger problems**.¹¹⁴ In addition, the socially unequal nature of national policies that only end up aggravating segregation can hardly be compensated for by these small-scale territorially targeted programmes.¹¹⁵ Nevertheless, the advantage of the projects – in addition to improving the lives of the people concerned – is that they provide **technical and methodological experience which could form the basis of more progressive programmes in the future, when the political environment will be less openly anti-poor**.

2.11. Supporting homeless people

The issue of homelessness was already present in the Hungarian society before the regime change, even if it was hidden: experts estimated the number of homeless people at 30,000 in 1990.¹¹⁶ Around the time of the regime change, the problem surfaced through various protests and demonstrations that attracted a lot of media attention.¹¹⁷ **In the early 1990s, the government intervened in this area in an ad hoc, ‘emergency’ manner.** These temporary solutions provided the institutional framework for the newly emerging homeless care system

¹⁰⁹ See the chapter by Anna Zsófia Bajomi in this volume.

¹¹⁰ Jelinek, Cs. (2019). [A városrehabilitáció korszakai Magyarországon: Az állam szerepe marginális városi terek \(újra\)termelésében](#). Tér és Társadalom.

¹¹¹ See the text of the [Leipzig Charter](#).

¹¹² For details see Farkas, Zs. (2017). [‘Telepszerű lakókörnyezet volt a hivatalos elnevezése...’ Telepfelzárkóztatási programme ok integrációs hatásai és nem szándékolt következményei a rendszerváltás előtt és 2005–2010 között](#). PhD thesis.

¹¹³ On links with the housing movement, see Bernadett Sebály’s chapter in this volume.

¹¹⁴ According to the latest comprehensive survey, around 300,000 people live in segregated conditions and extreme poverty in a total of 1,633 settlements (slums) in Hungary. See Domokos, V., Herczeg, B. (2010). [Terra Incognita: magyarországi szegény- és cigánytelepek felmérése – első eredmények](#). Szociológiai Szemle.

¹¹⁵ For an example from Southern Hungarian city of Pécs, see Jelinek, Cs., Virág T. (2019) [Development Brokers and Place-Based Projects in Deprived Urban Neighbourhoods: The Case of Pécs, Hungary](#). Justice Spatiale – Spatial Justice.

¹¹⁶ Misetics, B. (2017). Lakáspolitikai és hajléktalanság. In Ferge, Zs. (ed.) Magyar társadalom- és szociálpolitika (1990–2015). Budapest: Osiris Kiadó, 360.

¹¹⁷ For more details, see Bernadett Sebály’s chapter.

and formed the basis of the path-dependent structures still in place today. While we do not have a comprehensive picture of central budget spending on homelessness,¹¹⁸ experts and social sector practitioners agree that the system is underfunded and unable to address the root causes.

In 2017, it was estimated that there were 5,000 places in temporary shelters and night shelters in the capital, with a further 5,000 places outside the capital and a further 4,000 places in temporary homes for families. However, due to quality problems in underfunded shelters, more homeless people continue to sleep in public spaces than in any of these shelters.

One of the biggest problems of the homeless care system – and more generally, social care sector – is the lack of housing pathways leading out of homelessness: a significant segment of Hungarian society now spends its daily life in a vicious circle of poverty, moving between various temporary social institutions, exploitative ‘market’ opportunities (e.g. oppressive landlords) and the ‘street’.¹¹⁹

The situation is further exacerbated by the criminalisation of homeless people and of homelessness. This approach was already dominant in the state socialist period and did not disappear after 1990, but after 2010 it became an even more pronounced, symbolic element of government interventions.¹²⁰ In September 2010 – in the midst of the global crisis – only a few months after the elections, the Orbán government amended the Building Act to allow municipalities to punish rough sleeping in public spaces, before criminalising homelessness in 2011. Although this was declared unconstitutional by the Constitutional Court of Hungary in 2012, the measure became part of the new Fundamental Law in 2013 and the Code of Administrative Offences¹²¹ was amended accordingly. Although the use of ‘living in a public place’ as an offence is rare, its symbolic impact is nonetheless significant.

3. Governmental structure and the institutional framework of housing policy at the national level

In this section, we discuss where housing policy was located within governmental structures over the past three decades. This allows us to highlight which institutional actors were taking part in the implementation of policy instruments discussed in the previous section.

3.1. Competing institutional logics of housing policy

Over the last three decades, **the national government’s housing policy has been influenced by a mixture of four institutional logics**, with constantly changing emphases and combinations (Figure 9). The identification of the four logics is based on the location of housing within the governmental structure, names and responsibilities of ministerial units dealing with housing, and housing policy instruments.

- **Housing as a local government issue.** Housing as a local government issue was the dominant institutional logic between 1990 and 1998, when the state-owned housing stock was transferred to the municipalities. This period also saw the mass-privatisation of housing and the establishment of legal framework of managing municipal housing. Between 2006 and 2010, this logic became more pronounced, when the ministry overseeing local government issues took over the political portfolio of housing.
- **Housing as a financial issue.** According to this institutional logic, housing is first and foremost a financial issue for the national government. From this perspective, the crucial question is through which financial instruments the government subsidises homeownership. This institutional logic was dominant between 1994 and 2002 and has been a primary institutional logic from 2012 onwards. A good indicator of this logic is that housing issues have been added to the political portfolio of the Ministry of Finance or the Ministry of (National) Economy.

¹¹⁸ See section 4.

¹¹⁹ Pósfai, Zs. (2018). [Annual Report on Housing Poverty in Hungary 2018. English Summary](#), Habitat for Humanity Hungary.

¹²⁰ Udvarhelyi, É. T. (2014). [‘If we don’t push homeless people out, we will end up being pushed out by them’: The criminalization of homelessness as state strategy in Hungary](#). Antipode.

¹²¹ See the Streetlawyer Association’s (Utcajogász Egyesület) [review](#).

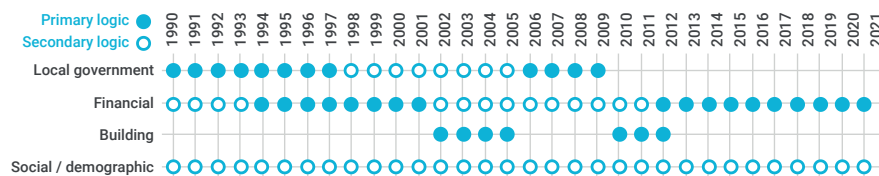


Figure 9: Changing logics of national housing policies

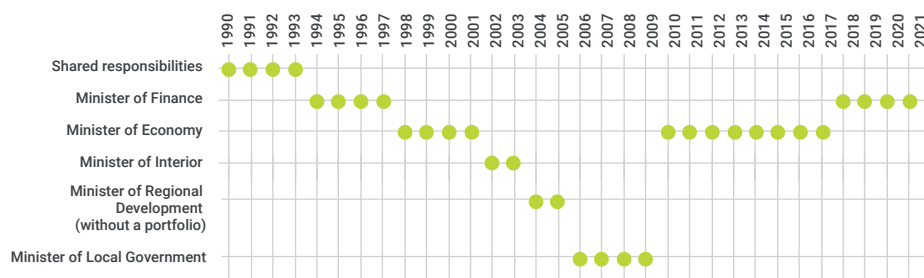


Figure 10: Ministers primarily responsible for housing policy, 1990–2021 (as of 31 December of each year)

- **Housing as a building issue.** The third institutional logic puts the material assets (buildings) at the forefront, with the government ensuring that construction and renovation of dwellings take with the help of various policy instruments. This logic was dominant between 2002 and 2006, and during a short period between 2010 and 2012. The former period represents an era when the government sought to launch a comprehensive housing policy, with all four institutional logics present (albeit with a predominance of the building perspective).
- **Housing as a social or family policy issue.** According to this institutional logic, the government is responsible for developing housing policy instruments that support social groups in need. This approach identifies the reduction of housing poverty as a primary goal. **Over the past three decades, a social approach to reducing housing poverty has never been the primary focus of Hungarian housing policies** but has constantly been a secondary logic (Figure 9). Since about 2015, the family policy (demographic) dimension of housing has been strengthened, – although prioritising families has been a consistent policy dimension for the past five decades.

3.2. Ministerial responsibilities of housing

In parallel to the changing combinations of institutional logics regarding housing policy discussed above, ministerial responsibilities have also been shifting.

A decisive step that occurred before 1989 was the dissolution of the Ministry of Construction and Urban Development on January 1, 1989 – which led to the construction lobby's loss of weight within the government.¹²² **The government divided housing responsibilities among different ministries in 1990, leading to an unmanageable structure.** Most legislative work was undertaken in the Ministry of Interior (transferring state-owned housing to municipalities, preparation of the Housing Act, etc.) and to a lesser extent in the Ministry of Welfare (developing frameworks of social institutions and social care). In the meantime, the Ministry of Finance was managing housing subsidies and trying to solve the financing

¹²² Hegedüs, J. (2006): *Lakáspolitikai és a lakáspolitikai – a közpolitika korlátai*. Esély.

problems arising from increasing interest rates of subsidised housing loans. In the Ministry of Interior, the Deputy State Secretary for Local Government, Pál Kara, was responsible for running the municipal logic of housing from 1990 to 2003 under different governments. To add to the confusion, in May 1993 the Minister of Industry and Trade was given the task of coordinating housing policies, by leading an inter-ministerial committee.¹²³ Preparations for writing a housing strategy failed because of the lack of competence within the first post-regime change government.

After the next parliamentary elections in 1994, the Minister of Finance became primarily responsible for housing, but certain aspects remained in the portfolio of the Ministry of Interior. The financial logic of housing policy became equally important as the local government logic. Housing spendings were dominated by carryover effects from pre-1990 subsidies, and austerity measures were introduced because of the economic crisis. At the same time, there was no government body with broad information on housing, capable of developing and implementing a comprehensive housing strategy.¹²⁴

A comprehensive rethinking of housing policy can be attributed to the first government of Viktor Orbán (1998–2002), which prioritised the financial logic. Housing policy (together with the strategic level of economic policy) was transferred to the newly established Ministry of Economy, while the financial management of housing policy instruments remained in the portfolio of the Minister of Finance. The Minister of the Interior and the minister responsible for social affairs and family policies also dealt with some housing issues. Establishing a Housing Policy Unit within the Ministry of Economy slightly improved the representation of housing in government politics, although the issue of dispersed responsibilities was not resolved. The housing policy was recalibrated to stimulate economic growth through construction activities; this is why measures related to homeownership were the dominant feature of subsidies. A programme was launched to increase the municipal housing stock by construction and buying – without considerably reducing housing poverty.

After winning the next elections in 2002, the socialist-liberal coalition government appointed Judit Csabai as government commissioner to coordinate housing policies. Her tasks included developing the national housing programme, implementing activities related to housing construction, renovation and maintenance, and reorganising building control.¹²⁵ As the government commissioner belonged to the Ministry of Interior, units dealing with housing issues were partly returned to this ministry. The management of housing subsidies, however, remained in the portfolio of the Ministry of Finance. The institutional logic of building strengthened in shaping housing policy, as reflected in the draft of the housing programme and the name of the responsible departmental unit.

On 1 September 2003, the National Housing and Construction Office (OLÉH) was established as an overarching executive agency, to which housing issues (and also tasks related to the built environment in general) were transferred.¹²⁶ Although an article published in the professional magazine *Falu-Város-Régió* stated that ‘the new national institution has on its agenda the establishment of a broader understanding of the housing question based on international experience, a more complex understanding of housing policy and a closer link with municipal politics’,¹²⁷ these hopes were premature. According to a 2004 Ministry of Interior review, the creation of the Office did not improve accountability, internal procedures were lacking, and regulatory gaps were looming.¹²⁸ After a cabinet reshuffle in 2004, the mandate of the government commissioner was terminated, and housing was transferred to the minister without portfolio responsible for regional development and social inclusion. From 2005 onwards, the National Housing and Construction Office was commissioned to prepare the national housing programme (the first draft of which had failed earlier, in 2003 – see below). Within the Office, housing policies were dealt with by a unit of 15–16 people¹²⁹ which **did not allow for a**

¹²⁵ The relevant legislations are Government Resolution 1087/2002 (VI.7.) and Government Resolution 1139/2002 (VIII.12.).

¹²⁶ Government Decree 135/2003 (VIII. 29.).

¹²⁷ Anon. (2003). *Beszélgetés Fegyverneky Sándorral, az Országos Lakás- és Építésügyi Hivatal elnökével*. *Falu-Város-Régió*.

¹²⁸ ÁSZ [State Audit Office of Hungary] (2009). *Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről*. Budapest: Állami Számvevőszék.

¹²⁹ ÁSZ [State Audit Office of Hungary] (2009). *Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről*. Budapest: Állami Számvevőszék.

¹²³ Government Resolution 1038/1993 (V.21.).

¹²⁴ See for example Györi, P. (1998). *A helyét kereső lakásügyről néhány szóban*. Manuscript.

meaningful execution of tasks. The Office was dissolved in 2006, after the next parliamentary elections.

In the same period, after 2002, the socialist-liberal coalition government launched preparatory works to reorganise social policy, including housing-related elements. The preparatory work stalled as a result of cabinet reshuffles of 2004 and 2006 as well as the crisis management after the 2008 economic downturn, and there was no real political will to undertake the necessary reforms.¹³⁰

After the 2006 elections, housing was transferred to the newly established Ministry of Local Government and Regional Development (from 2009, named the Ministry of Local Government), together with the management of housing subsidies.¹³¹ The Secretary of State for Local Government and Housing (three different persons between 2006 and 2010) was in charge of housing policies. With the establishment of the Ministry, the institutional logic of building was receding. According to a report by the State Audit Office of Hungary, the Ministry had only a staff of 11 dealing with housing subsidies in 2008; way below the operational capacity needed to perform analysis and evaluation of housing policies.¹³²

Viktor Orbán came back to power as prime minister in 2010. The governmental unit responsible for housing policy changed several times in the next two years. Initially, housing was taken over by the Ministry of National Economy (under the leadership of the current president of the central bank of Hungary – the MNB – György Matolcsy). Within the ministry, the State Secretary for Energy Strategy and Housing coordinated housing policies. This change brought building issues back into the spotlight. Linking energy efficiency of buildings with housing policy was a new government philosophy. The state secretary left the ministry at the end of the year leading to the relegation of energy efficiency issues to the background. In 2011–2012, the institutional logic of building continued (without

the energy efficiency aspect), but in 2012 housing policy was transferred to the responsibility of the State Secretary for Taxation and Finance (from 2015 State Secretary for Finance). A subunit within the ministry, the Economic Financing and Housing Unit became responsible for housing policies in general. **From 2012 onwards, the financial institutional logic regarding housing policy became dominant. Financing housing policy instruments became the primary aim of the government, with social issues (mostly understood as demographic or family policy questions) being subordinated to it.**

At the Deputy State Secretary level, housing has been managed by László Balogh, Deputy State Secretary for Financial Policy since January 2014. His opinions on policy are unknown to this day, as he rarely gives interviews.¹³³ Within the Ministry of Finance, housing policy issues currently fall under the responsibility of the Macroeconomics Unit and the Economic Financing and Housing Provision Subunit.¹³⁴ On responsibilities as of 2021 see Table 2.

Housing is a neglected policy field within the ministry, where housing is only one among the 12 tasks of the responsible Secretary of State and one of the 14 tasks of the responsible Deputy Secretary of State. In the Macroeconomics Unit, three of the 12 duties are related to housing, but housing is subordinated to financial aspects. **Housing does not even have a separate unit within the responsible ministry.** This lack of weight has allowed certain housing policy issues to be transferred (at least in government communication) to the Minister without portfolio for Families, Katalin Novák. Although officially the minister without portfolio only 'contributes to the formulation of the Government's programme of housing provision in co-operation with the [Finance] Minister',¹³⁵ in reality she has shaped – rather than merely contributed to – housing policy during the past years.¹³⁶

¹³³ According to the government websites kormany.hu, 2015–2019.kormany.hu and 2010–2014.kormany.hu, László Balogh has talked about housing issues a total of two times during his entire tenure ([here](#) and [here](#)), when he commented on the latest housing construction data of the Hungarian Central Statistical Office. In his official Hungarian CV, the only indication of expertise in housing policy is being a member of the Secure Housing Monitoring Committee set up by the government between 2010 and 2011 (the Committee was set up in 2011, so even the years in the CV are erroneous).

¹³⁴ See the Ministry of Finance organogram (in Hungarian) on the [government website](#).

¹³⁵ [94/2018 \(V.22.\) Government decree](#), 143/C. § (2) g)

¹³⁶ The Minister without portfolio for Families, Katalin Novák was elected President of Hungary in March 2022.

¹³⁰ On the history of the failed reforms, see Györi, P. (2012). [Elszabotált reformok – 'Tékozló koldus ruháját szaggatja.'](#) *Dialógus Mózer Péterrel*. Esély.

¹³¹ [2/2006 \(MK 94.\) order of the Minister of Local Government and Regional Development](#).

¹³² ÁSZ [State Audit Office] (2009). [Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről](#). Budapest: Állami Számvevőszék.

3.3. Housing strategies

Hungarian housing policy over the past three decades has also been dysfunctional, because **no government ever had a comprehensive housing strategy** (or a comparable strategic document). In the mid-1980s, The National Planning Office started to prepare a housing concept, but this was not finalised due to conflicting interests, political concerns (politicians feared a loss of popularity due to rent increase) and the political changes of 1989–1990.¹³⁷ 1991 saw an unsuccessful attempt to develop a housing concept,¹³⁸ which was followed by a government decision to develop such a document in 1995¹³⁹ (to never be implemented). In 1998, during the first Orbán government, the Minister of Economy was responsible for the preparation of the housing concept. In August 1999, a proposal was approved by the government on the main directions of housing policy, on the reshuffling of housing subsidies, and housing finance. This proposal sought to improve access to homeownership through lending and proposed a programme for increasing the municipal rental housing stock.¹⁴⁰ Although this document setting out the directions of the housing policy was ‘adopted as a basis for further work’ by Government Resolution 1100/1999 (IX.3.), no comprehensive housing policy document was subsequently developed.

After the socialist-liberal coalition government took power in 2002, the Minister of Interior was tasked with drafting the conceptual document of housing policy. The National Housing Programme¹⁴¹ was prepared by the government commissioner on housing, Judit Csabai. Although the cabinet discussed the proposal in December 2003, the programme document was not adopted. According to a report of the State Audit Office of Hungary, the main reason for this failure was that the Ministry of Finance doubted the financial viability

¹³⁷ On the housing policy around 1990, see housing expert Péter Győri's discussion with Zsolt Oszlányi, who worked on housing policy development: Győri, P. (1991). [Hogyan készülnek a lakáskonceptciók?](#) Beszélő.

¹³⁸ As housing expert Péter Győri noted: 'In an inward-looking manner – and increasingly excluding other actors – new variations of the housing concept were prepared [in the Ministry of Welfare]. These resembled a flowery essay of a sentimental, patriotic adolescent (...) At the end of 1991, there were still only green (or red-white-green [referring to the colours of the Hungarian flag]) concept crumbs, nothing else.' Győri, P. (1992). [‘Lakástörvény’ – koncepció nélkül.](#) Beszélő.

¹³⁹ Government Resolution 1081/1995 (VIII.31.).

¹⁴⁰ The objectives of the proposal are discussed in ÁSZ [State Audit Office of Hungary] (2009). [Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről.](#) Budapest: Állami Számvevőszék.

¹⁴¹ Miniszterelnöki Hivatal Kormány megbízott (2003). [Otthon Európában. A nemzeti lakásprogram pillérei.](#)

Level	Text of the legislation
State Secretary for Finance	§ 26 (1) i) ensure the preparation and implementation of measures related to the implementation of housing policy tasks, the development of the concept of the housing strategy and the preparation of legislation related to housing management and housing provision
Deputy State Secretary for Financial Policy	54. § (1) c) shall ensure the development of the concept of the housing provision strategy and the housing programme in-line with the general policy of the Government, as well as measures related to the implementation of housing policy tasks, in particular the laws on housing, housing cooperatives, rental housing and renting of premises, and the disposal of municipal housing and premises, and the laws on state subsidies for housing (...)
Macroeconomics Unit	Appendix 2.3.6.1.2. 4. prepares draft amendments to the Act on the Central Bank of Hungary in the monetary policy field, drafts legislation on housing cooperatives, on housing rental and rental premises and on the disposal of municipal flats and premises (...) and on state subsidies for housing, 5. operates the system of national housing subsidies, ensures the professional management of housing subsidies, the updating of the underlying professional IT systems and the identification of IT development needs, (...) 8. develops proposals of housing provision, ensures the implementation of housing policies, cooperates with relevant ministries in the development of programmes to support housing of families for demographic purposes

Table 2: Housing responsibilities within the Ministry of Finance.

Source: [Order of the Minister of Finance 1/2020 \(I.31.\) \(unofficial translation\).](#)

of the proposal.¹⁴² **The draft of the National Housing Programme set out the main pillars of housing policy, as part of a complex understanding of housing: this included 15-year targets and monitoring indicators. However, the document remained at the conceptual level, lacked detailed elaboration of concrete measures, and did not discuss the financial resources needed to implement it.**

Despite this failure, the preparation of the National Housing Programme remained a ministerial task until 2006 – after which even drafting a housing policy document was removed from the duties of any sitting minister. The political need to develop a housing strategy and a rental housing programme resurfaced in 2010, when it became the duty of the Minister of National Economy, György Matolcsy. A green paper on housing strategy was completed in May 2011,¹⁴³ but this has not been adopted by the government. The proposal did not address housing poverty per se, but rather dealt with housing as a housing loan availability and building issue. Since 2011, state secretaries and deputy state secretaries are commissioned to prepare the conceptual framework for housing policy (see Table 2 above), but they failed to put forward any concept ever since (or – perhaps – such concepts were not made public). **The ‘Housing Programme’ referred to in governmental communication is merely a set of policy instruments – without an underlying overall strategy and without comprehensive, publicly available impact assessment and monitoring.**¹⁴⁴

Habitat for Humanity Hungary’s annual reports on housing poverty and other academic/professional articles also list a number of strategic documents on development, economic and social policy (e.g. programming documents for EU funds, various government strategies) in which housing issues are partially featured.¹⁴⁵ **These general policy documents may have shaped housing policy developments and government debates in particular years, but they have not impacted**

the long-term direction of housing policy and the management of housing policy instruments. Strategic planning, programming and monitoring tended to characterise the periods of socialist-liberal coalition governments in the past thirty years (1994–1998, 2002–2010). The technocratic character of Hungarian strategic planning can rightly be criticised since it totally lacked public participation. The early years of the post-2010 Orbán government were characterised by an abundance of concepts and strategies in various policy fields, with the Ministry of National Economy being the key actor in the process of development.¹⁴⁶ But these plans were poorly integrated into government politics, and planning itself largely disappeared by the mid-2010s, with measures in housing generally being driven by momentary interests and haphazard decision-making.

3.4. Other institutions implementing housing policy

In addition to the above-mentioned institutions, executive agencies, public bodies and commissions have helped to implement housing policy over the past three decades. **Especially in the 2000s, public tasks – including some related to housing – were delegated to government agencies, foundations, public foundations and public interest companies (PIC).**¹⁴⁷ Although all of them were ephemeral in the long-term, the most important ones related to housing were the Building and Housing Management and Maintenance Innovation R&D Foundation (Épület- és Lakásgazdálkodási- Fenntartási, Innovációs K+F Alapítvány),¹⁴⁸ the ÉMI Non-profit Limited Liability Company for Quality Control and Innovation in Building (previously ÉMI Kht.),¹⁴⁹ the Hungarian Housing Innovation PIC

¹⁴⁶ These documents have been analysed in detail in the 2012 and 2013 annual report on housing poverty (Kőszeghy, L. (ed.). (2012). *Éves jelentés a lakhatási szegénységről – 2012*. Budapest: Habitat for Humanity Magyarország; Hegedűs, J., Horváth, V. (2013). *Éves jelentés a lakhatási szegénységről 2013*. Budapest: Habitat for Humanity Magyarország.). Subsequent reports could not even devote a separate chapter to the analysis of strategies, because they were not present.

¹⁴⁷ On various legal forms in Hungary see: <https://www.cof.org/content/nonprofit-law-hungary>

¹⁴⁸ The foundation was established in 1991 and dissolved in 2015. It engaged in research and development activities related to the built environment, but its objectives also included ‘exploring decision-making related to the contradictions between privatisation and the preservation of national (municipal) housing assets, as well as long-term planning and professional anchoring of optimal housing management’.

¹⁴⁹ Established in 2000 as the successor to the Construction Quality Control Institute (ÉMI), founded in 1963, ÉMI is Hungary’s largest institution dealing with complex building and construction materials industry approval, testing, inspection, certification. https://www.emi.hu/EMI/web.nsf/Pub/professional_activity.html

¹⁴² ÁSZ [State Audit Office of Hungary] (2009). *Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről*. Budapest: Állami Számvevőszék.

¹⁴³ Nemzetgazdasági Minisztérium (2011). *Otthonteremtési stratégia. Szakmai vitairat*. Budapest: Nemzetgazdasági Minisztérium. Habitat for Humanity Hungary’s position paper on the proposal can be read [here \(in Hungarian\)](#).

¹⁴⁴ The government advertised that the ‘programme of housing provision became complete’ by the end of 2020; a set of instruments helping middle-class families to acquire private property – see the [government’s website](#) for a summary in Hungarian.

¹⁴⁵ For a description of these documents, in addition to Habitat for Humanity Hungary’s [annual reports on housing poverty](#), see Csermák, K. (2011). *Quo vadis, magyar lakáspolitiká?* Polgári Szemle.

(Magyar Lakás-innovációs Kht.)¹⁵⁰, the National 'Kós Károly' Home Creation Supporting PIC (Országos 'Kós Károly' Otthonteremtést Segítő Kht.) which ceased to exist in the mid-2000s, the Public Foundation for the Homeless People of Budapest (Összefogás a Budapesti Lakástalanokért és Hajléktalan Emberekért Közalapítvány) and the Public Foundation for the Homeless (Hajléktalanokért Közalapítvány). Government advisory bodies in housing were the National Housing Policy Council¹⁵¹ (1995–1999); the Housing Policy Advisory Board¹⁵² (1999–2002); the National Housing Policy Advisory Board¹⁵³ (2002–2004, 2008–2010), the Housing Advisory Board¹⁵⁴, the Housing Board¹⁵⁵, the Housing Provision Advisory Board¹⁵⁶ (2011–) and the Secure Housing Monitoring Committee¹⁵⁷ (2010–?). The actual impact of these bodies on housing policy has been marginal, and these bodies are usually not considered as important actors in shaping Hungarian housing policies.

¹⁵⁰ MLI Kht. was founded in 2001 to manage housing subsidies distributed through tenders; its tasks were taken over by the ÉMI Kht. in 2007.

¹⁵¹ The successor to the Inter-ministerial Committee established in 1993. It was a 21-member consultative body set up to 'prepare and promote the implementation of a modern and comprehensive housing policy in a multifaceted manner', consisting of representatives of state administration and other bodies (local authorities, tenants' and owners' associations, financial institutions and professional organisations) (Government Resolution 1081/1995 (VIII.31.)).

¹⁵² The successor of the National Housing Policy Council – enlarged to 28 members, with main activities unchanged (Government Resolution 1099/1999 (VIII. 31.)).

¹⁵³ Established parallel to the appointment of Judit Csabai as government commissioner. It was intended to provide broad social participation in housing policy decision-making (Government Resolution 1139/2002 (VIII.12.)). Between 2008 and 2010, a ministerial advisory body was established under the same name within the Ministry of Local Government (Order of the Minister of Local Government 5/2008. (HÉ 39.) ÖM).

¹⁵⁴ It was located within the Ministry of Interior (Order of the Minister of Interior 29/2002 (BK. 21.) BM) between 2002 and 2004. Based on available government documents, its specific tasks are unknown.

¹⁵⁵ A ministerial advisory body in the Ministry of Local Government and Regional Development, mentioned in the Order of the Minister of Local Government and Regional Development 2/2006 (MK 94). Its responsibilities remain unknown until this day.

¹⁵⁶ The Board drafted the February 2011 green paper on housing. The Board was mentioned in the Ministry's organigram and the Ministry acted as the secretariat of the Board until 2014 (Order of the Minister of National Economy 4/2010 (X.5.); Order of the Minister of National Economy 11/2013 (VI.3.)); it is unknown whether the board actually functioned.

¹⁵⁷ The committee was set up by the Minister of National Economy in 2011 and dealt with the issue of foreign currency lenders and housing loans. Its members were Júlia Király, then Vice President of the MNB (the central bank of Hungary), László Balogh, Vice President of the Hungarian Financial Supervisory Authority (PSZÁF) (current deputy state secretary responsible also for housing) and András Kármán, State Secretary of the Ministry of National Economy. hvg.hu (2011). [Mit javasolhat a kormánynak az otthonvédelmi bizottság?](#)

4. Budgetary expenditure on housing

'There is no comprehensive data on housing subsidy budget expenditures. Housing-related expenditures are listed under different budget lines in different ministry chapters, and there is no information system developed which would help decision-makers conceptually or with statistics', wrote housing sociologist József Hegedüs in Habitat for Humanity Hungary's first annual report on housing poverty, published in 2012.¹⁵⁸ **Comprehensive data regarding Hungarian housing policies has been lacking throughout the past thirty years.** Therefore, we have no exact information of how much the state spends on providing or helping citizens' housing – meaning it is difficult to verify the accuracy of current government statements which claim to run 'the biggest ever home creation scheme'¹⁵⁹ in Hungary, or that 'the government has increased housing subsidy spendings to more than two and a half times compared to 2010'.¹⁶⁰ The first statement can be easily refuted, because the government does not have a housing programme that would define the conceptual framework of housing policy. We will also show below that it is highly doubtful whether the state spends more on housing in 2021–2022 than at any time in the past three decades (not to mention earlier times – for example the large-scale housing construction programme of the state socialist period). The second claim about a two and a half-fold increase in housing subsidies is true in some respects, but we will show why this claim is not suitable for assessing the successes and failures of housing policy.

No substantive information is available on housing subsidies beneficiaries i.e. whether certain instruments have contributed to reducing housing poverty or whether they have targeted those living in housing poverty. Both Habitat for Humanity Hungary's annual reports on housing poverty and housing policy experts generally agree that **budget spendings in the past thirty years were largely misused because they did not target social groups in need.** The details of social targeting were presented in the previous section.

¹⁵⁸ Hegedüs, J. (2012). Lakhatással kapcsolatos költségvetési kiadások. In: Kőszeghy, L. (ed.). [Éves jelentés a lakhatási szegénységről – 2012](#). Budapest: Habitat for Humanity Magyarország, 38.

¹⁵⁹ See the government's English language website: [abouthungary.hu](#) (2021). [Hungarian government to launch its biggest ever home creation scheme this year.](#)

¹⁶⁰ [kormany.hu](#) (2021). [Egyre több lehetőség, egyre több családnak.](#)

In this section, we look at housing expenditures of the central government (the national level) in three ways.

- 1 The first estimate shows spending changes of the ‘Housing subsidies’ budget line of the central government budget since 1990, based on data from the Closing Accounts Acts and the Budget Acts.
- 2 The second estimate analyses government expenditure on housing on the basis of the Classification of the Functions of Government (COFOG) – an internationally standardised methodology of thematic areas of government spending that has remained largely unchanged since the mid-1990s.
- 3 The third estimate is based on a detailed data collection of budgetary expenditure on housing, by processing Closing Accounts Acts and Budget Acts (including annexes in the bills). This method has been followed by previous annual reports on housing poverty, but we slightly modified the classification in order to adapt it to the longer timeframe under review.

4.1. The ‘Housing subsidies’ budget line

The ‘Housing subsidies’ (Lakástámogatások) budget line item has been constantly present in the central government budget since 1990, with only slight changes in terms of what included under this heading. The current name has been used since 1998 – previous designations being ‘home building subsidies’ (1997) and ‘subsidies of self-organised home building’ (until 1996). The Budget Acts themselves do not provide any information on the internal structure of this budget line item (i.e. division of projected spendings according to specific policy instruments), **the exact contents are revealed in the annexes of the Budget Bills and Closing Accounts Bills with the textual justification of government spendings.** The level of detail with which the government has reported on these expenditures has varied over the past three decades. Nevertheless, the below scathing finding of the State Audit Office of Hungary from 2009 is valid for the whole thirty-year period: ‘there is no monitoring database available that would allow us to determine the number, composition and quality changes of dwellings built, renovated or purchased with the help of housing subsidies.’¹⁶¹

¹⁶¹ ÁSZ [State Audit Office of Hungary] (2009). [Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről](#). Budapest: Állami Számvevőszék, 10.

The Housing subsidies budget line is relevant for a long-term assessment of housing expenditures because, in principle, **governments have added the expenditures considered to be housing subsidies under the Housing subsidies heading.** The ‘Housing subsidies’ designation is broadly accurate because spendings served housing purposes in some respects. However, these subsidies were not always for building homes (they included subsidies for renovation or purchase), nor was all expenditure allocated for broadening homeownership (they included some municipal subsidies as well). In general, once an instrument was put under the Housing subsidies heading, it was consistently kept there throughout its lifetime – this was also the case of instruments with similar contents. For example, the current family housing benefit and the former social policy allowance (non-reimbursable cash grants for families with children buying a dwelling) were consistently classified under this budget item, regardless of changes of government. Thus, the dataset can be considered relatively homogeneous.

The central budget has significant housing expenditures that do not appear in the Housing subsidies budget line. This might be explained by scattered responsibilities discussed above: different housing policy instruments belong to different ministries, and the expenditures are always in the budgetary chapter of the respective governmental unit. The Housing subsidies budget line itself has shifted across budget chapters several times. For most of the time, the Ministry of Finance oversaw the spendings, but it was previously classified under the ‘direct expenditures of the central government’ chapter. In the 2022 budget, it is part of the completely opaque Economic Recovery Fund under which the government classified all expenditures considered to be related to the economic recovery after the Covid-19 crisis under the jurisdiction of the Minister of Finance (this also included many unrelated spendings).

Figure 11 shows Housing subsidies actual and projected spendings between 1990 and 2025. The figure mirrors real estate cycles, financial cycles as well as cycles of housing policy instruments. **The three peaks of housing subsidies have been caused by the increased spendings on the social policy allowance (1990), the interest-rate subsidies of mortgages (mid-2000s) and the family housing benefit and building society top-up subsidies (since the mid-2010s).** (The spike in 1995 was due to a one-off financial effect related to the phasing-out of ‘old’ housing

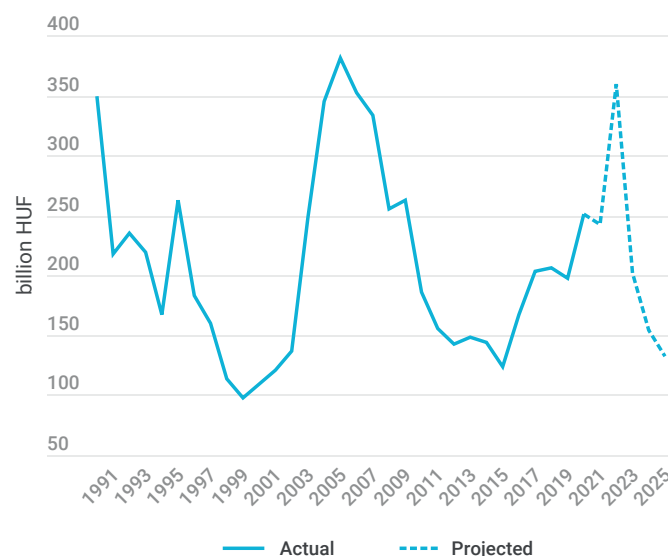


Figure 11: 'Housing subsidies' budget expenditures (billion HUF, 1990–2025), at 2020 prices. Source of data: Closing Accounts and Budget Acts, Hungarian State Treasury.¹⁶²

¹⁶² For the years between 1990 and the early 2000s, the Closing Accounts Bills and Budget Bills are available in the [Hungarian Parliamentary Collection of the Library of the Hungarian Parliament](#), while those of later years are available at the [Hungarian National Assembly's website](#). The [Fiscal Responsibility Institute Budapest](#) has also compiled the links to the closing accounts and budgets – both the bills and the acts. The graph shows actual data from the Closing Accounts Acts for the years between 1990 and 2019. Data source for 2020 is the [Hungarian State Treasury](#) (at the time of writing, in August 2021, the government had not yet introduced the Closing Accounts Bill of the 2020 budget). For 2021–2025 planned expenditures are shown, based on the 2021 and 2022 Budget Bills and their annexes. Current prices were deflated with the [Consumer Price Index \(1990–2020\) of the Hungarian Central Statistical Office](#). The long-term inflation target of the central bank of Hungary, MNB (3%) was used as a deflator between 2021 and 2025.

loans dating back to the state socialist era.) All of these subsidies primarily supported homeownership (either to buy or to build) but, for example, building society top-up subsidies – which could be used for renovation – were also included under this banner. **None of these instruments are socially targeted; on the contrary, they are less accessible to the lower classes.** For example, in the case of the family housing benefit, an active social security number is required; subsidised mortgage loans are unavailable for many households due to the lack of creditworthiness; and poorer households only rarely have housing savings accounts or receive top-up payments from the state. Thus, housing subsidies do not directly contribute to alleviating housing poverty.

Housing subsidy spendings were cut back several times in the past three decades. First, due to the economic crisis of the early 1990s, then after the change of government in 2002, and later on the eve of the 2008 crisis. As these austerity measures were introduced, governments changed the accessibility of the instruments and the amounts of subsidies. These changes occurred mostly in response to a surge in public spendings and partly reaction to the mismanagement of funds and a lack of strategic planning. The 2022 surge shown in the figure is due to the home renovation subsidy introduced in late-2020. This instrument – included in a governmental stimulus package after the Covid-19 recession – funds 50% of renovation expenditures of wealthier households: the government hopes to spend 155 billion HUF for this instrument alone in 2022. If government spendings are calculated at constant prices (of 2020), it is clear that the current policy mix is not the 'biggest ever' housing programme as the government states: both the 1990 and the mid-2000s spendings were above current levels.'

Governments have included more than forty instruments under the housing subsidies budget line item in the past three decades, and the availability and accessibility of each instrument has also varied widely, as discussed previously. This shows that governments have not had a comprehensive housing policy that would have provided predictable and fiscally sustainable support for the housing of different target groups. The type of subsidies with the longest and highest fiscal impact in the past three decades have been the ones related to purchasing homes: cash grants to households, interest-rate subsidies on housing loans (including subsidies for banks covering their costs on loan disbursement) and

also some socially targeted subsidies such as renovation subsidies for persons with reduced mobility¹⁶³ (the latter represented an expenditure of 3 billion HUF in current prices in the early-2000s peak – a minor share of total expenditure). **Interest-rate subsidies and guarantees linked to housing loans result in budget liabilities that can last for several decades after the instrument has been phased out** as subsidies are paid throughout the long maturity of the housing loan contracts.¹⁶⁴ For example, the topping-up of building society savings has remained a dominant expenditure even after the termination of new claims in 2018. The *Fészekrakó* (Nesting) scheme of the second half of the 2000s generates budget expenditure until today. The social policy allowance and the interest-rate subsidy on mortgage loans (phased out in 2009) account for government expenditures until today, albeit in decreasing amounts (the interest-rate subsidy on mortgage loans has a maximum length of 20 years). Although the ‘Housing subsidies’ budget line consisted mainly of longer-term instruments, one-time expenditures were sometimes also included here, such as the costs of the reconstruction of dwellings after the devastating floods of the Tisza river in 2001.

As mentioned earlier, the government claimed to have increased housing subsidies more than twofold compared to 2010. This claim presumably refers to the ‘Housing subsidies’ budget line. Technically-speaking, this amount can easily be increased or decreased by merging various housing policy instruments under this budget line item or by taking them out and accounting them elsewhere. If we compare the 2010 current price value (147.4 billion HUF) with the 2022 projected spendings (381.8 billion HUF), we indeed see a 2.5-fold increase (at constant prices, however, the increase ‘only’ amounts to 1.9). **The reason for the increase is partially due to a consistent overestimation of the ‘Housing subsidies’ budget line during budget planning in recent years.** For example, the government projected to spend 106.2 billion HUF on the family housing benefit in 2019, but the actual expenditure was only 73.5 billion HUF. The overestimation is useful for communication purposes (e.g. announcing a 2.5-fold increase), but it also provides fiscal leeway for the government for mid-year budget transfers from this line to other purposes. Overestimation,

however, has not been a uniform feature of the last thirty years: **the rapid expansion of mortgage lending in the early- to mid-2000s was also due to budget planning failure.** Interest-rate subsidies on mortgages were tightened in 2003, leading to front-loaded demand and a near doubling of budget expenditures in 2004 (at current prices); the aggregated housing subsidies spendings were 1.5 times higher in 2004 than projected (see the steep rise on Figure 11). A similar case occurred with the social policy allowance in the second half of the 1990s, where expenditures ended up being two to three times higher than the estimates of the budget planning.¹⁶⁵

4.2. Housing expenditure by functional sector of government expenditure

As a second estimation, we look at the housing expenditure based on the functional spendings of government (COFOG methodology).¹⁶⁶ This methodology adds up spendings of central government, local government and social security funds (including state-owned enterprises and non-profit organisations) and divides them into broad thematic objectives linked governmental activities. Expenditures of organisations with multiple activities are divided up thematically (e.g. the expenditures of a municipality-owned real estate management company are considered as housing expenditures if they are spent on dwellings and not accounted for if used for commercial real estate). The long time series help us identify general trends, and data is also internationally comparable (with some limitations).¹⁶⁷

The COFOG classification aggregates not only central budget expenditure, but the whole government sector: it is therefore broader than the Housing subsidy budget line discussed earlier. **A difficulty in interpreting this data is that its breakdown is not publicly available,** making it unsuitable for evaluating the impact of specific policy instruments.

¹⁶⁵ Hegedüs, J. (2006). *Lakáspolitikai és a lakáspiac – a közpolitika korlátai*. Esély.

¹⁶⁶ For more details on the COFOG classification and statistical methodology, see the websites of the [Hungarian Central Statistical Office](#) and the [Hungarian State Treasury](#).

¹⁶⁷ To give an example of the limitations of international comparisons in the housing sector: spendings are attributed to a different category if housing subsidies are provided as tax rebates or as cash grants.

¹⁶³ On this form of support, see Gosztonyi, Á., Vankó, L. (eds.) (2020). *Annual report on housing poverty in Hungary 2020. English summary*. Budapest: Habitat for Humanity Hungary.

¹⁶⁴ In the early 1990s and mid-2000s, liabilities of earlier programmes accounted for three quarters of annual housing expenditures. Hegedüs, J. (2006). *Lakáspolitikai és a lakáspiac – a közpolitika korlátai*. Esély.

Government expenditure on housing is covered by two COFOG groups, Housing development (COFOG 6.1) and Housing (COFOG 10.6). The former includes government expenditure on housing construction, land acquisition for housing and housing purchases; subsidies for the expansion, maintenance and renovation of the housing stock (without social targeting); housing elements of settlement rehabilitation programmes; expenditures on the administration, evaluation and monitoring of housing. The latter group includes affordability subsidies (e.g. utility allowances, rent supplement, socially targeted housing loan subsidies for homeowners) and expenditures on social rental housing. Data for Hungary is available in Eurostat's database from 1995 onwards, but due to a one-time effect in 1995, data is only examined from 1996 onwards.¹⁶⁸

In many respects, Figure 12 is similar to Figure 11: housing expenditures declined in the second half of the 1990s and peaked in the mid-2000s. But unlike in Figure 11, expenditures stabilised at a lower level than ever before in this period. An important structural change is that **while the bulk of the expenditures was initially classified under social housing, socially targeted expenditures became lower than expenditures on housing development (without means-testing) from 2016 onwards.** The conversion of forex housing loans to HUF loans represented a one-time expenditure of 48.7 billion HUF and 54.9 billion HUF in 2011 and 2012 at current prices (0.2% of GDP in both years), and explains outliers in housing development (COFOG 6.1).¹⁶⁹ Compared to Figure 11, housing expenditures based on the COFOG classification were higher than the Housing subsidies budget line in the mid-2000s (this is probably due to the fact household energy price subsidies were classified as a social expenditure – even though this instrument was not means-tested until 2007). In the past years, however, government spending on housing based on the COFOG methodology is lower than the total expenditure of the Housing subsidies budget line discussed in the previous section.

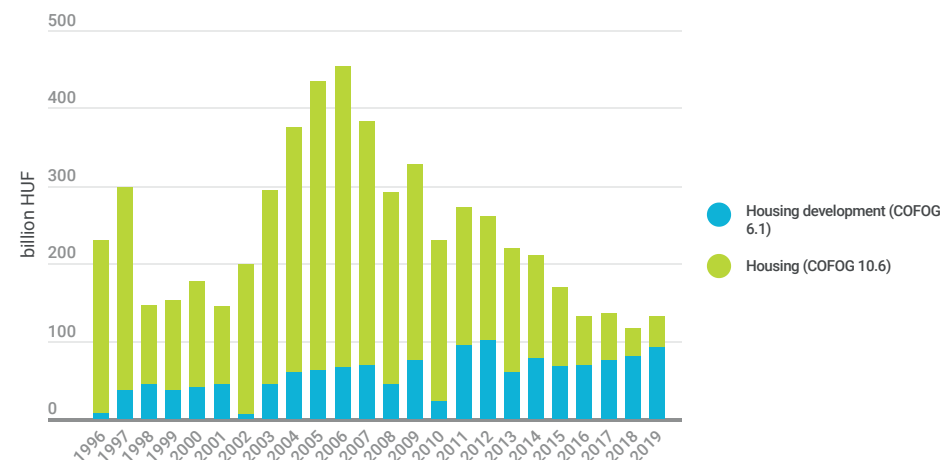


Figure 12: Government expenditures on housing in Hungary, 1996–2019 (billion HUF, 2019 prices).

Data source: [Eurostat](#).

¹⁶⁸ The one-time effect was due to the privatisation of the housing stock: in the municipal accounts, the sold dwellings were recorded as negative gross fixed capital formation in the year of privatisation, while instalment payments (by those households who did not pay upfront) appear as receipts on a cash flow basis each year. This effect reduced the expenditure on Housing development (COFOG 6.1) by 2.5% of GDP in 1995, i.e. by HUF 145.6 billion, resulting in a negative value. Eurostat (2019). [Manual on sources and methods for the compilation of COFOG statistics – Classification of the Functions of Government \(COFOG\) – 2019 edition](#).

¹⁶⁹ Eurostat (2019). [Manual on sources and methods for the compilation of COFOG statistics – Classification of the Functions of Government \(COFOG\) – 2019 edition](#).

Expenditures devoted to housing over the last fifteen years decreased significantly (i.e. the government has furthered housing policy objectives primarily through family support instruments rather than housing expenditures in the statistical sense) and **socially targeted subsidies have also relatively decreased** (i.e. housing as a social policy has become secondary and housing problems have been – partially – addressed through general social subsidies).

In terms of GDP percentage, **the sum of the two housing expenditure groups fell from over 1% of GDP in 1997 to 0.5% in 2001; it peaked at 1.2% in 2005–2006, then fell steadily to stabilise at 0.3% at the end of the 2010s.** This figure is the lowest share in Hungary in the time series since 1995, making the **government's current housing spending the 'smallest ever' housing programme, rather than the 'biggest ever' claimed by the government.** Experts estimate housing subsidies to be 3% of GDP in the early 1980s; this rose to an unsustainable level of 6% by 1989 (other experts suggest that housing subsidies only accounted for 8% of GDP), and then fell to 1.8% of GDP by the mid-1990s.¹⁷⁰ However, these expert estimates are not directly comparable with the COFOG classification data.

4.3. Detailed breakdown of government expenditure on housing

As in previous editions of Habitat for Humanity Hungary's annual report on housing poverty, government expenditure on housing is also aggregated from the detailed Budget Acts and Closing Accounts Acts and some other sources – such as from data by the Hungarian Central Statistical Office (Figure 13). **An accurate compilation of expenditures is nearly impossible as there is a lack of data transparency throughout the past three decades.** The reasons for this nontransparent data provision range from a lack of a unified monitoring system or coherent housing policy to the level of detail the Budget Acts and Closing Accounts Acts provide on housing expenditures – as well

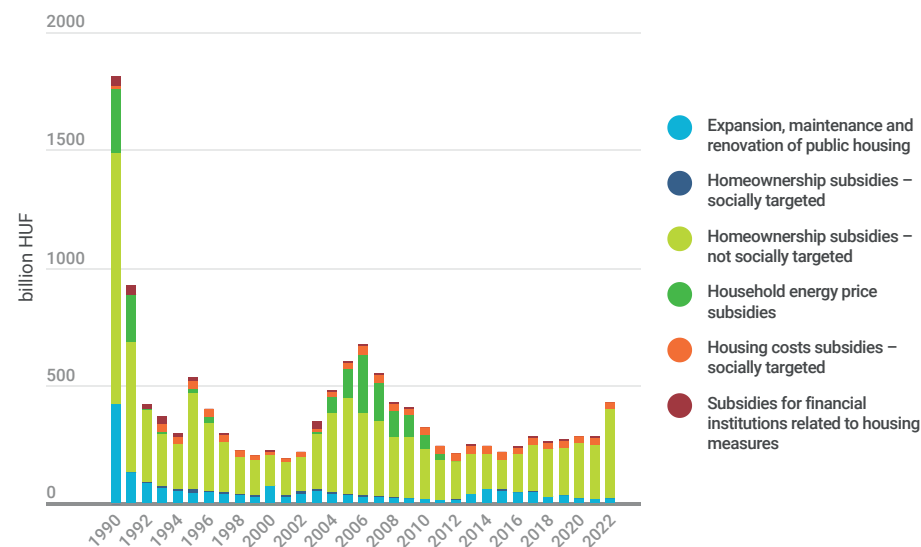


Figure 13: Government expenditures on housing (1990–2022), at 2020 prices. Data source: Closing Accounts Acts and Budget Acts, Hungarian State Treasury, Hungarian Central Statistical Office.¹⁷¹

¹⁷⁰ Dániel, Zs. (1997). *Lakástámogatás és társadalmi újraelosztás*. Közgazdasági Szemle; Hegedüs, J., Somogyi, E. (2016). *Moving from an authoritarian state system to an authoritarian market system: Housing finance milestones in Hungary between 1979 and 2014*. In: Lunde, J., Whitehead, C. (eds.). *Milestones in European housing finance*. Oxford: Wiley-Blackwell.

¹⁷¹ See Figure 11 for the detailed description of the sources.

as ministries hampering access to public data.¹⁷² Thus, **in many respects, our compilation only includes what the budget and the government allow us to see, leaving several expenditures hidden.** However, the compiled data is useful for showing longer trends and internal ratios. Limitations are described in detail below, and we also highlight some housing expenditures not included in the compilation (where time series could not be compiled for methodological or data availability reasons).

Expenditures were divided into six thematic groups, covering most of the housing policy toolkit of the last three decades. The classification was based on two criteria: a) social targeting of the instruments (whether or not they are socially targeted) and b) the target group of instruments (private owners, tenants, renters, utility cost payers, municipalities, companies, financial institutions, etc.). **In total, ninety (!) housing policy instruments were included in our dataset covering the last three decades.**¹⁷³ The groups and the main instruments in each group are as follows:

1. Expansion, maintenance and renovation of public housing. The main expenditures in this category were: renovation of the municipal housing stock,¹⁷⁴ central budget support for the state-subsidised rental housing expansion programme in the early 2000s¹⁷⁵ (not including municipalities' own contribution), the National Asset Manager Programme (2010s) and the municipal housing subsidy loan.¹⁷⁶ A smaller item was the municipal slum

clearance programme supported by the central budget.¹⁷⁷ These subsidies are regarded as socially targeted subsidies, as they primarily ensure that public housing is available for poorer households.

2. Socially targeted subsidies linked to homeownership. These amounts are almost invisible on Figure 13. Spendings correspond to three larger instruments: grants for the purchase, construction or renovation of housing for people with reduced mobility,¹⁷⁸ the Child Protection Housing Fund and its predecessors to support access to housing for those leaving foster care,¹⁷⁹ and the consolidation of housing loans taken before 1990 and available to people in need in the early 2000s.¹⁸⁰ The consolidation of old housing loans and accessibility support were part of the Housing subsidies budget line, whereas the Child Protection Housing Fund was not.

141/1994) and – until 2001 – central budget support for housing subsidies granted by local councils to private households in the 1980s (interest-rate subsidies of the central government for loans taken by local councils to provide this type of support to households – [Decree of the Council of Ministers of the Hungarian People's Republic 106/1988 \(XII.26.\)](#), § 10).

¹⁷⁷ The budget of settlement rehabilitation programmes was negligible, with a peak year of 741 million HUF in 2010 at current prices, see Varró, Sz. (2008). [Az MSZP–SZDSZ-kormányok romapolitikája 2002 óta – I. – Céltalanul](#), Magyar Narancs. From 2013 onwards, EU-funded programmes were undertaken for the same purpose, but these expenditures are not included in the dataset.

¹⁷⁸ A number of structural problems regarding the application and transparency of the scheme were identified by a participatory action research recently (Kovács, V. (ed.) (2018). [Önállóan lakni – közösségben élni. Kutatási beszámoló](#). Budapest: Közélet Iskolája Alapítvány). The subsidy has been devalued to one seventh over the last three decades (the maximum subsidy of 150 thousand HUF in 1990 would be HUF 2.044 million at 2020 prices, compared to a mere 300 thousand HUF currently available). The subsidy is technically misplaced, as it is part of the Housing subsidies budget line, and therefore the Ministry of Finance is responsible for the scheme (i.e. not the ministry responsible for social policy). The instrument is subject to the logic of profiteering: the subsidy must be requested at two Hungarian bank's offices, applications are assessed by the banks, and the state pays a 8% reimbursement to financial institutions – instead of using state institutions for administering the funds as it is done with other social policy benefits.

¹⁷⁹ The fund – which ran under different names during the three decades – has been administered by the ministry responsible for social policy. The rules for the support are set out in Chapter X of [Government Decree 149/1997 \(IX.10.\)](#). The planned expenditure in the 2021 budget is 1.2 billion HUF.

¹⁸⁰ This included two measures introduced in the early 2000s. Under the first measure ([Government Decree 66/2001 \(IV.20.\)](#)), households with housing loans taken before 1994 terminated by the bank were entitled to interest relief, capital repayment and arrears reduction. With the second programme [Government Decree 11/2005 \(I.26.\)](#), the state took over pre-1989 housing loans of certain debtors in need. The government spent 10 billion HUF at current prices on the two schemes. The number of beneficiaries is not fully disclosed in the budget accounts; the second and third tranches of the second programme reached roughly 4,000 people.

¹⁷² There are four main ways of hindering public data access by ministries: extending the deadline for the response, not responding to a request (and hoping that the requestor will not sue), requiring reimbursement for data (Hungarian law allows this since 2016), delaying access to data based on Covid-19 emergency procedures (in 2020 and 2021). The Ministry of Finance, which is primarily responsible for housing policy, has utilised all the above-mentioned methods to restrict access to public data when Habitat for Humanity Hungary submitted data requests for its annual reports on housing poverty in recent years.

¹⁷³ The full dataset with Hungarian and English labelling is publicly available online under: Czirfusz, M. (2021). [Public spendings on housing in Hungary, 1990–](#).

¹⁷⁴ The source of the data series is the [website](#) of the Hungarian Central Statistical Office and the [Yearbook of Housing Statistics](#); for the years 2020–2022; the 2019 data has been used as an estimate.

¹⁷⁵ For the regulation, see §§ 12–25 of the [Decree of the Council of Ministers of the Hungarian People's Republic 106/1988 \(XII.26.\)](#), amended by the Government Decree 101/2000 (VI.27.); later §§ 26–27 of the [Government Decree 12/2001 \(I.31.\)](#).

¹⁷⁶ The municipal housing subsidy loan (part of the Housing subsidies budget line) included two instruments: interest-rate subsidies from the central budget for loans taken by municipalities for renovation of public housing (Article 22 of [Government Decree 12/2001 \(I.31.\)](#), previously the [Decree of the Council of Ministers of the Hungarian People's Republic 106/1988 \(XII.26.\)](#), amended by the Government Decree

3. Socially not targeted subsidies linked to homeownership. This group is the backbone of public expenditure on housing in the past three decades, with nearly fifty (!) different instruments.

- The first subset consists of various **cash grants**, the most important of which are (in chronological order) the social policy allowance, the tax refund subsidy (for self-built housing), the top-up payments for contractual savings for housing (building societies), the renovation scheme for socialist-era apartment blocks and the family housing benefit.
- The second subset consists of **interest-rate subsidies** for housing loans of state-socialist times, for ‘new’ housing loans and mortgages after 1990, for measures for phasing out forex loans (e.g. the exchange rate cap scheme and interest-rate subsidies), and – more recently – interest-rate subsidies for housing loans taken together with the family housing benefit cash grant. Smaller schemes existed as well (e.g. interest-rate subsidies for youth savings deposits before 1997). The subset also includes schemes ‘waiving’ loans, such as the reduction of mortgage debt for families with three or more children from 2017. Cash grants and interest-rate subsidies were combined in a series of measures to phase out housing loans of state socialist times in the early 1990s.¹⁸¹
- The next subset is the mid-2000s **state guarantees** for homeownership (e.g. for housing loans for public sector workers) and the guarantee provided for the *Fészekrakó* (Nesting) scheme.¹⁸²
- **Smaller grants for various ad hoc problems.** These include cash grants to homeowners after flood and inland water damage (these were generally administered by municipalities through funding by the Ministry of Interior.) The best-known and longest-running programme is the compensation of homeowners damaged by the use of open-hearth slag as building material in the vicinity of Ózd, northeast Hungary

(open-hearth slag used in cement leads to cracks in concrete structures over time).¹⁸³

- The state provided **interest-rate subsidies for working capital loans** for companies and municipalities building housing for sale until the early 2000s (when interest rates were high). This was also a non-targeted subsidy.¹⁸⁴
- Finally, we included the **baby expecting loan** in this category which is both an interest-rate subsidy and a waiver. Although these loans can be used for other purposes than housing, in most cases they have supported purchase or renovation of housing.¹⁸⁵

4. Subsidies for household energy costs. Household energy costs have been subsidised in different forms by different governments in the past three decades. In the early 1990s, consumer price supplements contributed to lowering household energy prices for all residential consumers. Later, annual programmes were launched for the same purpose with ad hoc decisions in variable forms (some means-tested, others not).¹⁸⁶ These were replaced in 2003 by a price reduction for natural gas and district heating, initially as a non-targeted subsidy, but transformed into a socially-targeted one in 2007.¹⁸⁷ The scheme was phased out by the Orbán government after 2010, and household energy prices have since been ensured through direct price regulation (‘utility price deduction’ or ‘fight for utility prices’ in government communication), which does

¹⁸³ The legal background for the subsidy is [Government Resolution 1085/2001 \(VII.21.\)](#) and [Government Resolution 40/2003 \(III.21.\)](#); regarding the case of houses built with open hearth slag see e.g. Kovács, I. (2014). *‘Leszakadt a plafon, elköltöztünk’ – Évtizede hagyják cserben a salakos családokat*. Magyar Narancs.

¹⁸⁴ In recent years, the direct budget support of housing construction loans was replaced by the Central Bank of Hungary’s [Funding for Growth Scheme Go!](#) programme and the [Bond Funding for Growth Scheme](#). Both are unconventional monetary policy tools providing cheap financing (also available for construction companies in the housing sector.)

¹⁸⁵ According to a survey of the Central Bank of Hungary (MNB), three quarters of the applicants used the baby expecting loan to buy and/or renovate. Fellner, Z., Marosi, A., Szabó, B. (2021). [A babaváró kölcsön hitelpiaci és reálgazdasági hatásai](#). Közgazdasági Szemle.

¹⁸⁶ Between 1992 and 1997, these ad hoc subsidies were part of either the Ministry of Interior or the Ministry of Welfare budget, depending on who distributed the subsidies to the population.

¹⁸⁷ Consumers paid reduced prices, the government paid the difference between market prices and consumer prices for utility providers (by then, privatised companies in foreign ownership). The main legislation is the [Decree of the Minister of Economy and Transport 50/2003 \(VIII.14.\)](#) and [Government Decree 231/2006 \(XI.22.\)](#).

¹⁸¹ Almost all non-repayable and interest-rate subsidies were part of the Housing subsidies budget heading. Main exceptions were the renovation of socialist-era apartment blocks and the phasing-out of housing loans taken before 1990. The latter turned interest-rate subsidies into government bond repayments (see earlier) and was therefore filed under the ‘government debts and claims’ chapter within the budget.

¹⁸² The guarantees were not part of the Housing subsidies budget line but were either included in the chapter of Ministry of Finance or in the chapter of the government’s direct expenditures and revenues.

not directly entail budgetary expenditure, as utility providers carry the costs.¹⁸⁸ Housing energy costs have carried variable weight in housing expenditures over the three decades, but in some years contributed to a significant share of spendings.

5. Socially targeted support for housing costs. This group is almost invisible on Figure 13. Tools included cash benefits used for housing purposes: rent subsidies (early-1990s, 1996–2002 and 2005–2011), a short-lived housing debt management programme (1998–2003),¹⁸⁹ and major benefits such as temporary allowance, housing allowance, debt reducing assistance and the municipal social benefit.¹⁹⁰ Also included here is the social firewood programme of the post-2010 Orbán governments.¹⁹¹

6. Financial institutions' subsidies for housing. A recurring feature is that the state reimbursed financial institutions for the additional costs they incurred in disbursing loans and subsidies. In certain cases, financial institutions received advance payments for certain expenses, and the state provided surety for certain non-performing housing loans.¹⁹² However, it is difficult to assess whether these expenditures have increased the profits of financial institutions.¹⁹³

Based on Figure 13 and Table 3 (which summarises assets with a total expenditure of at least HUF 200 billion at 2020 prices) **the share of socially not targeted housing expenditure has made up at least two-thirds of total housing expenditure over the past three decades.** Within this category of expenditure, socially not targeted homeownership subsidies prevail. In the early 1990s and mid-2000s, subsidies for housing energy costs (which partly included socially targeted instruments) were also of high importance. **There was a clear roll-back of the state in terms of housing financing after 1990, leaving behind a gap that could not be filled by the various subsidies supporting homeownership.** Expenditures fell sharply in the 1990s, partly because of the devaluation of previous instruments due to rapid inflation, partly because falling spendings linked to the privatisation of public housing, and partly because previous subsidies were financially unsustainable. The expenditure peaks of the subsequent period were in the mid-2000s and in the 2020s. Table 3 summarises the largest instruments (those with an overall total of at least 200 billion HUF between 1990 and 2022, at current prices in 2020.)

Data for 2020–2022 is partially uncertain. Since 2020, the Ministry of Finance has not provided detailed spendings regarding the Housing subsidies budget line in the annexes of the Budget Bills, as it had previously. Therefore, expenditures of major policy tools (e.g. the phasing out of the top-up of contractual savings for housing) are not included in Figure 13, – which means the actual amount for 2020 was possibly higher than indicated. Projected spendings have generally overestimated actual expenditures in recent years, but the 2021 Budget Act did not yet include the home renovation subsidy – which was introduced after the budget bill was adopted by parliament (increasing actual expenditures). Thus, the share of socially targeted subsidies is difficult to estimate for 2021 and 2022. Newly introduced or modified subsidies (e.g. the home renovation subsidy) are not means-tested. These new instruments are expected to offset declining (e.g. family housing benefit) and phased-out instruments (e.g. the topping-up of contractual savings for housing). Therefore, **we expect that the share of socially not targeted subsidies is either stagnating or declining in 2021 and 2022.**

¹⁸⁸ At the same time, the reduction of utility costs did not solve structural problems regarding the energy supply, see e.g. Weiner, Cs., Szép, T. (2022). [The Hungarian utility cost reduction programme: An impact assessment](#). Energy Strategy Reviews. In the largely renationalised energy sector after 2010, low household energy prices mean lost revenue for state-owned enterprises; costs have to be largely borne by the state in the long run in the form of capital injections.

¹⁸⁹ Government Decree 96/1998 (V.13.). Municipalities could apply for additional support for a debt management programme for households. This aid was introduced and subsequently phased out by socialist-liberal coalition governments.

¹⁹⁰ The expenditure data is taken from the [Yearbook of Welfare Statistics](#) of the Hungarian Central Statistical Office and its statistical tables ([here](#) and [here](#)). Between 2020 and 2022, the 2019 actual data is shown as estimates in Figure 13.

¹⁹¹ For details on social firewood, see Bajomi, A. Zs. (2018). [A szociális tüzelőanyag-támogatás Magyarországon](#). Budapest: Habitat for Humanity Magyarország.

¹⁹² The legislation on reimbursement to credit institutions are: [Decree of the Council of Ministers of the Hungarian People's Republic 106/1988 \(XII.26.\)](#), followed by [Government Decree 12/2001 \(I.31.\)](#), [Government Decree 16/2016 \(II.10.\)](#) and [Government Decree 17/2016 \(II.10.\)](#). The reimbursement rate for banks was typically 1.5–8% of the amounts paid.

¹⁹³ Hegedüs, J. (2006). [Lakáspolitikai és a lakáspiac – a közpolitika korlátai](#). Esély.

	Years*	Socially targeted	Total expenditure (billion HUF, 1990–2022, 2020 prices)
Expansion, maintenance and renovation of public housing	1990–	Yes	1695
Of which: Renovation of the municipal housing stock	1990–	Yes	1024
Expenditures of the National Asset Manager	2012–2021	Yes	207
Socially targeted support for housing costs	1990–	Yes	856
Of which: Housing allowance	1993–2016	Yes	346
Temporary allowance	1993–2014	Yes	255
Socially targeted subsidies linked to homeownership	1991–	Yes	159
Socially not targeted subsidies linked to homeownership	1990–	No	8709
Of which: Interest-rate subsidies on mortgages	2000–	No	1288
Social policy (housing construction) allowance	1990–	No	1283
Housing Fund (phasing-out state socialist housing loans)	1990–1991	No	1017
Top-up of contractual savings for housing (building societies)	1998–	No	751
Repayment subsidy (interest-rate subsidy)	1990–2012	No	738
Family housing benefit	2015–	No	668
Supplementary interest-rate subsidy	1994–	No	604
Interest settlements of housing-related government bonds (related to the phasing-out of state socialist housing loans)	1992–2016	No	481
Financial institutions' subsidies for housing	1990–	No	283
Subsidies for household energy costs	1990–	Partially	1424
Of which: Contribution to household energy costs	2003–2019	Partially	893
Consumer price supplement for household energy costs	1990–1991	No	473

Table 3: Main categories of total government expenditure on housing, with instruments totalling above 200 billion HUF. Data source: Closing Accounts Acts and Budget Acts, Hungarian State Treasury, Hungarian Central Statistical Office.¹⁹⁴

* The years in which Closing Accounts Acts included any expenditures related to that instrument. This does not necessarily coincide with the years in which the instrument was in operation, because expenditures may have occurred in subsequent years as well.

Table 4 shows the overall reach and budget expenditures of the most important housing policy instruments in the ‘peak years’ of each instrument (reaching the most people or generating the most expenditure). For some instruments, only approximate figures are available. The table highlights differences between broad-coverage and expensive instruments (e.g. top-up payments for contractual savings for housing, gas price subsidies for households); popular instruments supporting homeownership of the middle class (e.g. social policy allowance, housing privatisation); and socially targeted instruments with small budgets and reaching few people (e.g. debt reduction allowance).

Finally, we list some direct expenditures (either permanent or temporary) which were not included in our compilation for methodological or data accessibility reasons, as well as indirect subsidies provided by the state (mostly to homeowners), without means-testing.

- A socially targeted housing expenditure is the provision of **permanent and temporary accommodation in social care institutions**. State spending is relatively difficult to determine. One estimate calculates the running costs of the institutions, which have risen from around 100 billion HUF in the early 1990s to around 200 billion HUF in the early 2010s (2020 price levels).¹⁹⁵ Funding was provided under two different spending categories, with separate tabs for institutions run by municipalities and for other organisations (the former has been managed by the ministry responsible for local government, the latter by the ministry of social affairs). Budget categories have changed regularly: there were periods when it was not possible to tell apart institutions providing accommodation from those providing only daycare. In the case of institutions run by local governments, a further difficulty for comparison over time is that in the early 2000s a certain share of the personal income tax transferred to local governments was earmarked as block grant for financing these institutions. In many cases, municipalities supplemented block grants with their own resources (which are not included in the central budget spendings).

¹⁹⁵ Operating costs exceed budget expenditures because institutions have revenues. For example, fees have risen from 20 billion HUF to over 80 billion HUF in real terms over the three decades, meaning that the state has increasingly withdrawn from providing institutional care. Church-, charity- and NGO-run institutions are not only supported through earmarked block grants, but through ‘general’ support: i.e. it is impossible to tell how much of the state subsidies to churches are spent to run social institutions. Data source: KSH [Hungarian Central Statistical Office] (2018). [Yearbook of Welfare Statistics, 2017](#).

¹⁹⁴ See Figure 11 on sources.



Table 4: Reach and annual budget of main housing policy instruments in their peak years

The renovation of institutions has generally been financed through earmarked, individual grants from the central budget or from European Union funds, but these measures and their budgets are not included in the detailed breakdowns of the budget and the Closing Accounts Acts. Therefore, amounts spent by the state on social institutions for capital expenditure cannot be estimated.

- A recurring theme in annual reports of housing poverty has been the question of **how much the state spends on helping homeless people** (with accommodation and other benefits). The government claims to have spent 12 billion HUF on homeless people in 2020,¹⁹⁶ but we do not know which expenditures and benefits were included in this figure. A 2013 estimate suggested that the central government budget allocated around 10 billion HUF on funding services for homeless people; for the same year, the annual report on housing poverty reported 8 billion HUF, based on ministry data.¹⁹⁷ Block grants for temporary accommodation for homeless people can be traced from the central government budget (with the limitations described above), and regular (but very low) project funding was also available through two public foundations and ad hoc grants (an example of the latter is an 80 million HUF one-time grant to the Municipality of Budapest in the winter of 2013/2014, provided by the Ministry of Interior as a 'compensation' for additional demands stemming from the legislation criminalising homelessness¹⁹⁸). To give an example: in 2005, earmarked government expenditure to tackle homelessness was 4.4 billion HUF (7.2 billion HUF at 2020 prices), of which 3.8 billion HUF were block grants for institutions, 500 million HUF was project funding for capital goods, and a further 100 million HUF was available for project funding through two public foundations. The lack of a long-term government strategy on tackling homelessness means that funding

is not aligned with real needs and objectives, and the impact of budget spending cannot be monitored.¹⁹⁹

- **Dormitories in the secondary and tertiary education** are another type of institution providing housing. For university students who do not get accommodation in a dormitory, housing allowance has been provided since 1998 as block grants for universities who distribute these funds in their own jurisdiction. Data is difficult to compile because the Budget Acts separated block grants for dormitories for state and non-state institutions, and the block grants for housing allowance were reported in the Closing Accounts Acts combined with other block grants for several years. In secondary education, block grants for dormitories were initially classified within municipal block grants, but this changed with the centralisation of public education and the increase in the number of non-state institutions (such as schools run by church organisations). As in the case of social institutions, it is difficult to compile data on investments. For example, expenditures on public-private-partnership contracts for the construction and maintenance of dormitories in higher education are disclosed neither by universities nor the responsible ministry.²⁰⁰ In 2007, the state spent over 15 billion HUF (at 2020 prices) on block grants for higher education dormitories and housing allowances, but this amount has been roughly halved since then. The housing issues of young people were discussed in more detail in the 2019 edition of the annual report on housing poverty, which highlighted the importance of dormitories in alleviating housing difficulties of students coming from poorer families in higher education.²⁰¹

¹⁹⁹ This was already noted in a 2006 report by the State Audit Office of Hungary: ÁSZ [State Audit Office of Hungary] (2006). *Jelentés – A hajléktalanokat ellátó intézményrendszer ellenőrzése*. Budapest: Állami Számvevőszék.

²⁰⁰ For more, see Bucsky, P. (2019). *Egy hasznosnak tűnő állami program, a részleteket mégis rejtőgetik*. G7.hu. The outsourcing of higher education to public trust funds in recent years also undermined the transparency of spendings. On this legal and political move see the [information note by the Hungarian Helsinki Committee](#).

²⁰¹ Ámon, K. et al. (2019). *Annual Report on Housing Poverty in Hungary 2019. Executive Summary*. Budapest: Habitat for Humanity Hungary.

¹⁹⁶ *Életbe lépett a vörös kód szerda reggel*. kormány.hu, 2021. július 7.

¹⁹⁷ Győri, P. (2014). *Hajléktalanügyi országjelentés*; Koltai, L. (ed.) (2014). *Éves jelentés a lakhatási szegénységről 2014*. Budapest: Habitat for Humanity Magyarország.

¹⁹⁸ For details see Koltai, L. (ed.) (2014). *Éves jelentés a lakhatási szegénységről 2014*. Budapest: Habitat for Humanity Magyarország.

- **EU-funded programmes** with housing elements are also not included in our compilation of budget expenditures on housing. These programmes are discussed in a separate chapter of this publication.²⁰²
- **Tax or fee reductions and rebates related to homeownership** have been indirect subsidies, as they are not direct expenditures of the budget, but represent losses in government revenues. The existence of these benefits illustrates well the anomalies of the homeownership-dominated housing regime. Private property and a functioning housing market are not able to solve the housing crisis, reduce housing inequalities and increase housing mobility. **Tax and fee reductions related to homeownership reduce public sector resources that could be used for housing – particularly the funding available for non-homeowners. They favour homeowners and provide discounts for investors buying homes.**²⁰³ The annexes of Budget Bills estimate revenue losses, but the time series are not covering all three decades, nor is the methodology of the estimates provided. The Orbán governments after 2010 provide more detailed information on these revenue losses than previous governments did. According to expert estimates, the share of tax and fee rebates and other indirect rebates amounted to one third of total housing expenditure in the early-1990s (although the largest share of this amount consisted of the difference between market rents and rents in social housing²⁰⁴). The personal income tax credit for housing savings was introduced as part of the 1987 tax reform (which also introduced personal income tax) and phased out in 1997 (the credit was available until 2001). The personal income tax credit for housing loan repayments was available from 1994 to 2007 (the budgetary impact lasted until the early 2010s). These two tax reliefs caused a total loss of tax revenue of 355 billion HUF (2020 prices) for the central budget. The phasing-out of the personal income tax relief can be justified given the social targeting of the subsidies (as tax reductions were generally accessible to people with higher incomes.²⁰⁵) Further losses in government revenue have occurred

because of reductions in transfer taxes and fees on transfer of residential property, on the purchase of land (if used later for residential construction), on the purchase of newly-built homes of less than 30 million HUF, on the purchase of housing with the help of the family housing benefit and on inheriting residential property. The **2022 budget estimates these reliefs to amount to 129.6 billion HUF (at current prices)**; half of this relief is linked to transfer tax and a third to houses bought with the family housing benefit. Between 2012 and 2022, the Ministry of Finance estimated the total loss of tax revenue related to homeownership tax reliefs at 639 billion HUF (2020 prices). Although the government does not disclose data on the distribution of the tax rebates among social or income groups, it is likely that better-off taxpayers profited more from these measures.

²⁰² Bajomi, A. Zs. (2021). The EU framework for reducing housing poverty. In: in this volume.

²⁰³ In the early 2000s, experts estimated that 10–15% of homebuyers receiving tax benefits bought homes as investments. ÁSZ [State Audit Office of Hungary] (2009). [Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről](#). Budapest: Állami Számvevőszék.

²⁰⁴ Dániel, Zs. (1997). [Lakástámogatás és társadalmi újraelosztás](#). Közgazdasági Szemle.

²⁰⁵ For details see Hegedüs, J. (2006): [Lakáspolitikai és a lakáspiac – a közpolitika korlátai](#). Esély.

5. Housing affordability

The extent of housing poverty is often assessed in terms of housing affordability.

Housing poverty can be effectively reduced through public policy interventions if the affordability of housing is improved. Methodologically, however, it is difficult to find affordability indicators that are relevant and comparable over time – and which could also possibly allow for comparisons between different housing regimes in different countries. For example, the definition of affordability includes the ability of households to afford the cost of a ‘socially acceptable’ dwelling²⁰⁶; but what Hungarian society considers to be ‘acceptable’ standards (in terms of amenities, overcrowding, etc.) has also changed over the three decades under review.²⁰⁷

Housing affordability in previous years’ annual reports on housing poverty was analysed with a mixture of different thematic approaches.

- **Affordability of home-buying.** Given the dominance of homeownership in Hungary, the affordability to buy is a key determinant of housing affordability in general. According to this approach, household income relative to house prices can be a good indicator. The analysis can be complemented by the examination of terms and costs of housing loans; and houses bought as investments can also be considered. From this perspective, housing poverty levels dip when it becomes ‘cheaper’ to buy a dwelling or if homeownership becomes affordable for a wider range of households.
- **Affordability of housing costs.** This approach has been a prominent consideration in previous annual reports on housing poverty. A methodological choice must be made in regards to what counts as housing costs. Eurostat defines housing as affordable if a household spends less than 40% of its

disposable income on housing,²⁰⁸ but other expert assessments may use other values. An advantage of this approach is that affordability can be calculated separately for each income group of the population. Thereby, it is possible to show how much poorer households spend on housing compared to richer households. The analysis can be complemented by an analysis of households’ subjective judgements of affordability, when households are asked, for example, whether they have regular problems paying their housing costs.

- **Energy poverty.** A narrower understanding than the previous point, this approach approximates the affordability of housing with the affordability of household energy costs. This understanding can be complemented by analysing housing quality indicators (proportion and characteristics of housing with poor building energy ratings) or by subjective perceptions of households (e.g. whether they have difficulties in heating their home properly.) Previous annual reports on housing poverty discussed energy poverty either within the affordability chapter or as a separate topic.
- **Rental costs (both in private rental and municipal rental housing).** This approach looks only at renters. The conceptual backbone of this approach is the idea that renters experience housing poverty differently than homeowners. The private rental market is unaffordable or difficult to afford for many – which means increasing rents (relative to the increase of incomes) may indicate exacerbating housing poverty, with households forced out of the private rental market. As municipal rental housing is primarily aimed to be allocated to the socially deprived population, the situation of municipal rents may also be a good indicator of housing affordability.
- **Household indebtedness.** According to this approach, affordability problems are reflected in the accumulation of household arrears. Arrears can take different financial forms, such as non-performing housing loans, arrears in rent or utility bills. Aggregating data from these different forms is methodologically difficult (there are different data sources, from household

²⁰⁶ See for example Koltai, L. (ed.) (2014). *Éves jelentés a lakhatási szegénységről 2014*. Budapest: Habitat for Humanity Magyarország.

²⁰⁷ For example, an analysis of the 1993 Hungarian Household Panel found that half of Hungarian households lived in substandard housing (which meant a lack of amenities – running water, bathroom, indoor toilet – and/or a dilapidated and/or overcrowded dwelling). Hegedüs, J., Kovács, R., Tosics, I. (1994). *Lakáshelyzet az 1990-es években*. In: Andorka, R., Kolosi, T., Vukovich, Gy. (eds.). *Társadalmi Riport 1994*. Budapest: TÁRKI.

²⁰⁸ Details of the calculation are available on the [Eurostat website](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&code=sdg_11_3_1).

questionnaire surveys to data on arrears recorded by utility companies) and there are limitations of comparing affordability over time.

- **Evictions.** This approach defines evictions as a consequence of a wider affordability problem. For example, more evictions occur if proportionally more households cannot afford paying their housing costs – which leads to the termination of their rental/housing loan contracts, and ultimately, often to evictions as well. Additionally, a rise in the number of squatters can also be a viable indicator of an affordability crisis.
- **Availability of policy tools improving housing affordability.** This approach looks at affordability from the perspective of public policy instruments (e.g. beneficiaries of the housing allowance or the debt management allowance), and combines the analysis of affordability and accessibility. (This approach was followed earlier when we discussed different Hungarian housing policy instruments.)

Different indicators can indicate housing affordability issues over different time horizons. For example, changes in house prices or rental prices due to booms and busts in the housing market can rapidly reflect improvement or deterioration of affordability. Housing cost affordability follows with a small lag: after an economic downturn, arrears and debts start to increase a few years later; they eventually start to decrease again when an economic upturn occurs. Evictions indicate affordability on even longer periods because an eviction is a longer legal process that can take up several years after one has stopped being able to pay housing costs. Policy instruments reflect affordability issues over very different time horizons. For example, debt management programmes of the past decades for those with housing loans have been able to reach many people on a time horizon of up to a year. Price caps on utility costs can also be implemented quickly and with quick gains in households' monthly budgets. In contrast, investments in energy efficiency of buildings improve affordability over the long-term with less rapid investment costs returns. Interest rate subsidies on housing loans combine short-term and long-term effects: they improve affordability and accessibility in the short term, but their costs for the central government budget might be dispersed over several decades.

5.1. The affordability of buying a home

The literature discussing the affordability of housing primarily measures it by comparing house prices with per capita incomes on real terms (Figure 14). Real house prices in Hungary fell by 60% in the 1990s compared to the 1990 baseline, while incomes fell 'only' by 15%. This suggests that housing affordability improved in the 1990s. In the late 1990s and early 2000s, housing affordability deteriorated because real house prices rose faster than real incomes. After a period of stagnation in house prices, both house prices and real incomes declined as a result of the 2008 crisis. Since 2014, house prices have been rising considerably faster than incomes. The real house price index reached the 1990 price level in 2020. **Overall – compared to 1990 levels – housing affordability in Hungary has improved in crisis periods and deteriorated in times of economic upswing.** However, because of the emphasis on the financial logic of Hungarian housing policies, it was precisely in these prosperous periods that the government spent more money on subsidising housing (which suggests a poor utilisation of public money). It is also important to stress that if housing affordability improves in periods of crisis, when real incomes are falling, fewer households are able to buy.

The time series of Figure 14 are not homogeneous,²⁰⁹ and thus can only approximate housing affordability. House prices show prices of dwellings bought – i.e. there is a significant composition effect in the evolution of prices. Over the last three decades, dwellings of different quality, geographical location and physical characteristics have changed hands in the housing market;²¹⁰ and the number of housing transactions has also fluctuated. **Moreover, the relationship**

²⁰⁹ Real income time series are compiled from national accounts by the Hungarian Central Statistical Office, where, due to the change to ESA2010 methodology from 1995, the time series are only comparable to a limited extent. The housing price index was compiled by MNB researchers from sales tax data of the National Tax and Customs Administration, where there was a major change in the records in 2008. Banai, Á., Vágó, N., Winkler, S. (2017). [The MNB's house price index methodology](#). Budapest: Magyar Nemzeti Bank.

²¹⁰ The composition effect is not constant over time, see detailed data from the Hungarian Central Statistical Office's house price index for the last half decade: KSH [Hungarian Central Statistical Office] (2021). [Housing prices, housing price index, Quarter 1 2021](#). In addition, a 1999 survey pointed out that housing market transactions only provide information on prices in a sub-market of dwellings, and only a survey-based method would provide more refined data on differences in prices and their causes. Székely, G.-né. (2000). [A lakások társadalomstatistikai összefüggései](#). Statisztikai Szemle.



Figure 14: Indices of real per capita incomes and real house prices in Hungary (1990=100).

Source: own calculations based on [KSH \[Hungarian Central Statistical Office\]](#) and [MNB \[The Central Bank of Hungary\]](#) data. House price indices show first quarter data for each year.

between average incomes and average house prices does not capture the particular problems faced by those living in housing poverty: indeed, this segment of the population has lower than average incomes and can only afford lower priced, poorer quality homes in worse geographical locations (if at all).

In addition to a 'simple' comparison of house prices and incomes, research has also analysed the affordability of housing prices in detail. The speculative demand for housing in the 1980s (investing in real estate was attractive at the time) disappeared after 1990; in the 1990s, financial investments had higher returns than real estate investments, with housing subsidies unable to compensate for the difference. Demand for housing declined and due to high real interest rates, high inflation, high instalments and insecure incomes during the economic crisis, housing loans made access to housing less affordable for those with lower incomes. In addition, income differences were more pronounced in the 1990s than the price differences between dwellings.²¹¹ In the 1990s, the price of an average dwelling equalled 4–6 years of total income of an average household; the figure was around 6 years in the mid-2000s.²¹²

In the lowest income quintile, an average dwelling in Budapest would have cost 24 years of total income in 1993.²¹³ In the years before the 2008 crisis, incomes rose and house prices stagnated in real terms, and there was no housing price bubble just yet.²¹⁴ In the 2010s, house price growth outpaced income growth. House price growth has been different depending on the dwelling size: for example, in the case of dwellings advertised on [jofogas.hu](#) (one of the largest Hungarian online marketplaces) prices of larger dwellings have risen faster than those of smaller dwellings. The MNB house price index showed significant geographical differences: house prices rose more steeply in Budapest (partly due to the prevalence of investment property).²¹⁵ Similar trends were laid out by the Takarékszövetkezet House Price Index: the **affordability of a 60 square-meter**

²¹¹ Hegedüs, J., Várhegyi, É. (2000). [The crisis in housing financing in the 1990s in Hungary](#). Urban Studies.

²¹² Hegedüs, J. (2006): [Lakáspolitikai és lakáspolitikai korlátai](#). Esély; Lakner, Z. (2003). [Versengő célok, versengő elvek. Lakáspolitikai és politikai motivációk 1990–2003](#). Esély.

²¹³ Hegedüs, J., Kovács, R., Tosics, I. (1994). [Lakáshelyzet az 1990-es években](#). In: Andorka, R., Kolosi, T., Vukovich, Gy. (eds.). Társadalmi Riport 1994. Budapest: TÁRKI.

²¹⁴ Hegedüs, J., Somogyi, E., Teller, N. (2019). [Housing market and housing indicators](#). In: Tóth, I. Gy. (ed.) Social Report 2019. Budapest: TÁRKI Social Research Institute.

²¹⁵ See e.g. Ámon, K. et al. (2019). [Annual Report on Housing Poverty in Hungary 2019. Executive Summary](#). Budapest: Habitat for Humanity Hungary; Gosztonyi, Á., Vankó, L. (eds.) (2020). [Annual report on housing poverty in Hungary 2020. English summary](#). Budapest: Habitat for Humanity Hungary.

dwelling deteriorated across the country between 2014 and 2020. Compared to other regions in the country, housing affordability is worse in Budapest and its surroundings, the western border, around Lake Balaton and some other cities.²¹⁶ Trends in the 2010s were particularly unfavourable for people living in housing poverty. The Covid-19 crisis also shaped housing affordability: early data suggests that the price of a second-hand housing stagnated in 2020,²¹⁷ while average incomes have continued to rise.

The trends of house price affordability also contradict the common belief that lower house prices and more affordable housing can be achieved through construction. In the late 1990s and early 2000s, housing construction doubled, property transactions increased,²¹⁸ housing subsidies expanded, all the while affordability deteriorated. A similar trend emerged in the second half of the 2010s and in the 2020s: housing subsidies and incomes have increased and the Orbán governments have used various means to stimulate construction – but housing affordability has continuously deteriorated.

5.2. The affordability of housing costs

Housing affordability is a measure showing the burden of various housing-related expenses on households relative to their income.

Housing expenditures of households increased significantly as a share of their total expenditures, leaping from 10% in the 1980s to its double in the mid-1990s. **For the poorest decile of the population, the share of income spent on housing almost tripled in the early-1990s.**²¹⁹ This was due to the increase in rents for those living in municipally-owned housing and the rise in utility costs (which

accounted for 85% of their overall housing-related expenditures).²²⁰ Consumer price supplements for utility bills were terminated by the government, and the price increase was compensated by various ad hoc (and later permanent) utility subsidies by governments in the 1990s. Even so, the price of household energy increased fourteen-fold in nominal terms over a ten-year period between 1987 and 1997.²²¹ Inflation and falling real wages have increased the housing cost burden on households relative to their income.²²² In 1993, a third of the population spent more than 30% of household income on housing-related expenditure. **In the bottom quintile of the population, utility costs, rents and repayments accounted for 42% of household income in 1993.**²²³ Housing cost affordability was also differentiated across housing tenure type: around 1990, owner occupiers' housing expenditure as a share of their income was roughly 1.5-times higher than that of those living in publicly owned rentals. Although privatisation gave a 'national gift' to new tenant-owners, the high running costs related to housing led to the paradoxical situation of most people remaining dissatisfied with their housing situation.²²⁴

Housing costs accounted for roughly 20% of household income in the 2000s, rising above 25% in the years following the 2008 crisis and falling to just under 20% in the late 2010s.²²⁵ The basic indicator of housing affordability (the share of the population paying more than 40% of household income on housing) has become a less informative variable over the past 15 years. The ratio was above 18% in 2005, declined to around 10% before the 2008 crisis, and after a temporary increase due to a methodological change, the figure is only 4–5% in 2019 (slightly increasing in 2020 due to the Covid-19 pandemic, as seen in Figure 15). Values by income quintiles have also improved: while **in the early-2000s, 40% of households in the poorest quintile spent more than 40% of their income on housing, by the end of the 2010s this was true only for 20% of**

²¹⁶ Takaré's methodology is not directly comparable with the similar dataset discussed earlier, as it uses income data and median house prices instead of average prices. Takaré Index (2021). [Budapesten majdnem ötször annyi ideig kell dolgozni egy lakásért, mint Nógrádban.](#)

²¹⁷ KSH [Hungarian Central Statistical Office] (2021). [Housing prices, housing price index, Quarter 1 2021.](#)

²¹⁸ Hegedüs, J., Somogyi, E., Teller, N. (2019). [Housing market and housing indicators.](#) In: Tóth, I. Gy. (ed.) Social Report 2019. Budapest: TÁRKI Social Research Institute.

²¹⁹ König, É. (2006). [Adósságkezelés: sikerek és kudarcok.](#) Esély; ill. Missetics, B. (2018). [Sosem volt elég: Lakásfenntartási támogatás 2015 előtt.](#) Esély.

²²⁰ Hegedüs, J., Kovács, R., Tosics, I. (1994). [Lakáshelyzet az 1990-es években.](#) In: Andorka, R., Kolosi, T., Vukovich, Gy. (eds.). Társadalmi Riport 1994. Budapest: TÁRKI.

²²¹ Missetics, B. (2018). [Sosem volt elég: Lakásfenntartási támogatás 2015 előtt.](#) Esély.

²²² Lakner, Z. (2003). [Versengő célok, versengő elvek. Lakáspolitikai és politikai motivációk 1990–2003.](#) Esély.

²²³ Hegedüs, J., Kovács, R., Tosics, I. (1994). [Lakáshelyzet az 1990-es években.](#) In: Andorka, R., Kolosi, T., Vukovich, Gy. (eds.). Társadalmi Riport 1994. Budapest: TÁRKI.

²²⁴ Dániel, Zs. (1997). [Lakástámogatás és társadalmi újraelosztás.](#) Közgazdasági Szemle.

²²⁵ https://www.ksh.hu/thm/2/indi2_7_4.html

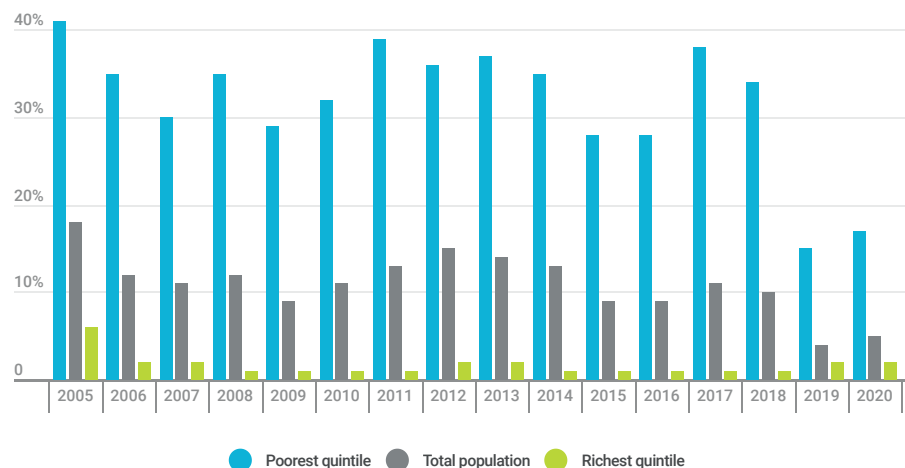


Figure 15: Proportion of households with affordability problems (proportion of households spending more than 40% of their income on housing, 2005–2020) Source: Eurostat (n.d.). [Housing cost overburden rate by age, sex and poverty status – EU-SILC survey](#). Eurostat (n.d.). [Housing cost overburden rate by income quintile – EU-SILC survey](#).

the same income group.²²⁶ However, the proportion of people living in housing poverty and their housing cost overburden is less well represented by this indicator – other indicators highlight more permanent problems.

The affordability of housing costs also varies by household type, type of dwelling and settlement type. For example, according to a 2015 survey by the Hungarian Central Statistical Office, the affordability problem based on the housing-income ratio was more pronounced among people living in family houses, those living in municipal rental housing and those living in smaller settlements.²²⁷

5.3. Energy poverty and affordability

Energy poverty also overlaps with the question of housing affordability: if households cannot afford to pay energy costs or cannot heat their homes properly, it is often due to energy affordability.²²⁸

Hungarian households faced severe problems in terms of energy cost affordability during the early 1990s: according to survey data, nearly a third of the population only partially heated their dwelling in 1993 (Figure 16). The same was true for half of the poorest social group (those with less than 40% of average income).²²⁹ There were significant fluctuations in the time series, reflecting volatile household incomes in the 1990s.²³⁰ **Household energy prices rose more steeply than both consumer prices and incomes:** between 1987 and 1997, energy prices rose 14-fold in current prices, consumer prices 8-fold, while incomes rose only 5-fold (and only 4-fold for the poorest decile).²³¹ Governments

²²⁶ Eurostat (n.d.). [Housing cost overburden rate by age, sex and poverty status – EU-SILC survey](#). Eurostat (n.d.). [Housing cost overburden rate by income quintile – EU-SILC survey](#).

²²⁷ Hegedüs, J., Somogyi, E. (2018). A lakások megfizethetősége és a társadalmi egyenlőtlenségek – a KSH 2015-ös lakásfelvétele alapján. In: *Miben élünk? A 2015. évi lakásfelmérés részletes eredményei*. Budapest: Központi Statisztikai Hivatal.

²²⁸ There are a number of other indicators of energy poverty, which were reviewed in detail in last year's report: Gosztönyi, Á., Vankó, L. (eds.) (2020). [Annual report on housing poverty in Hungary 2020. English summary](#). Budapest: Habitat for Humanity Hungary.

²²⁹ Andorka, R., Spéder, Zs. (1994). *Szegénység a 90-es évek elején*. In: Andorka, R., Kolosi, T., Vukovich, Gy. (eds.). Társadalmi Riport 1994. Budapest: TÁRKI.

²³⁰ Kolosi, T., Sági, M. (1998). *A háztartások demográfiai, foglalkozásszerkezeti és anyagi helyzetének változása*. In: Kolosi, T., Tóth, I. Gy., Vukovich, Gy. (eds.). Társadalmi Riport 1998. Budapest: TÁRKI.

²³¹ Missetics, B. (2018). *Sosem volt elég: Lakásfenntartási támogatás 2015 előtt*, Esély.

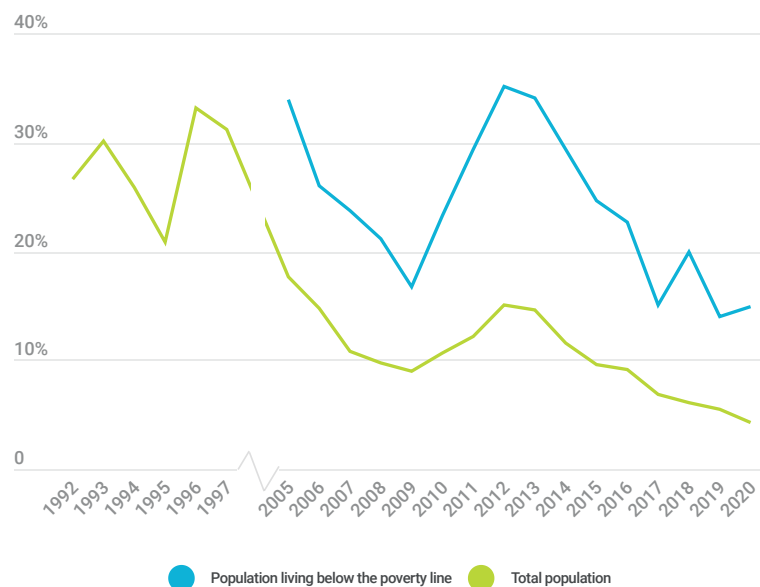


Figure 16: Percentage of households unable to keep their home adequately warm.²³²

Source: Eurostat (n.d.). [Inability to keep home adequately warm – EU-SILC survey](#); Kolosi, T., Sági, M. (1998). [A háztartások demográfiai, foglalkozásszerkezeti és anyagi helyzetének változása](#). In: Kolosi, T., Tóth, I. Gy., Vukovich, Gy. (eds.). *Társadalmi Riport 1998*. Budapest: TÁRKI.

have tried to alleviate the burden on households by subsidising heating costs in various ways, but these measures have not necessarily and adequately reached households in need; additionally, most subsidies have remained ad hoc measures.

The affordability of heating prices improved in the second half of the 2000s: energy poverty decreased, before rising sharply again after the 2008 crisis – especially among people living below the poverty line. In the second half of the 2010s, some energy poverty indicators improved for all income groups, mainly due to the utility price reduction. However, energy poverty differences by demographics, settlement type and dwelling type (family house or apartment buildings) remained significant throughout the late-2010s.²³³ Over the past decade, the only government programme specifically designed to reduce heating costs for the poorest households has been the social firewood subsidy (for which municipalities must apply from the Ministry of Interior). The scheme is not easily accessible, is not well designed and has been allocated a very small budget, therefore it has not been able to significantly contribute to alleviating energy poverty.²³⁴

Over the past three decades, renovation subsidies with a focus on energy efficiency have failed to make a breakthrough in reducing energy poverty. Subsidies (partly funded by the EU and partly by domestic sources) have largely been available to better-off households, making housing more affordable for those faced with less housing-related challenges. **Governments have favoured simpler, shortsighted interventions linked to energy prices (with the associated short-term political gains) rather than schemes that would have contributed to energy savings in the longer term.** Programmes have also failed to pave the way towards a large-scale modernisation of the Hungarian housing stock and the deep renovation of buildings – which would have improved energy affordability and reduced energy poverty.

²³³ For more on this, see last year's housing report: Gosztönyi, Á., Vankó, L. (eds.) (2020). [Annual report on housing poverty in Hungary 2020. English summary](#). Budapest: Habitat for Humanity Hungary.

²³⁴ For details see Bajomi, A. Zs. (2018). [A szociális tüzelőanyag-támogatás Magyarországon](#). Budapest: Habitat for Humanity Magyarország.

²³² Data from 1993–1997 and data from 2005 onwards are not directly comparable. People living below the poverty line are those with less than 60% of median income.

The policy instruments of the last three decades related to energy poverty will be unsustainable or insufficient in the next years and decades, as the energy transition will proceed. **Meeting the climate targets of both the European Union (and Hungary itself) is difficult to reconcile with the policy of utility price reduction through governmental price caps.** In the medium-term, cheap energy prices can only be secured by financing losses of state-owned energy companies with public money. In doing so, the government intervenes in household energy prices yet again in a socially not targeted manner.

5.4. Rental affordability

In addition to the affordability of homeownership, rental affordability is an indicator of housing affordability. The importance of rentals in housing tenure has considerably changed over the last three decades. In 1990, 685,000 of the 3.6 million Hungarian dwellings were owned by local authorities and 936,000 dwellings were rented (private and municipal rental combined). By 2016, only 48 thousand inhabited dwellings out of 3.85 million were owned by municipalities, and 322 thousand dwellings were rented (the latter figure was up by 50 thousand compared to 2001).²³⁵ **While the rents of municipally owned dwellings had a large role in shaping overall affordability in the early 90s, private rentals have a much bigger impact today.**

Measuring rent levels over three decades is not easy methodologically. The Yearbook of Housing Statistics of the Hungarian Central Statistical Office provides information on rents in municipally owned housing, broken down by the prevalence of amenities (WC, bathroom, central heating) and by rent type (social rent, cost-based rent, market rent²³⁶). Rents have been regulated by municipal ordinances since the early 1990s, when municipalities were given ownership of state-owned housing and the task of housing management. There is no complete record of the number and cost of private rentals, but larger surveys of the population covering housing issues have most often

asked about rent levels. The level of rents can also be assessed by evaluating rental prices of housing advertisements.

Long-term trends in rents in municipal housing can be approximated using data from the Hungarian Central Statistical Office's price indices, as municipal rents are part of the basket of goods and services from which inflation is calculated (Figure 17). **Between 1995 and 2016, rents in municipal housing increased 2.3-fold in real terms, i.e. rents increased more than twice as fast as consumer prices.** Meanwhile, the population living in municipal housing has shifted increasingly towards poorer households. In the 2010s, the real price increase of rents in municipal housing stopped.

There are significant regional differences in municipal housing rent levels. In Budapest, rents have risen by an average of three times in nominal terms in the 1990s, lagging behind average income growth rate. There were also differences in the extent of rent increases between Budapest districts (which are independent municipalities) and depending on the amenities of the dwellings. The affordability of municipal rental housing presumably deteriorated in the 1990s, because of the socially selective nature of housing privatisation. This meant that better-off households were able to profit from privatisation, while the share of lower quality housing occupied by poorer households grew within the residual municipal rental housing.²³⁷ Rent subsidies by the central government in the 1990s failed to address affordability problems in a systemic way. **The imprecise rent regulations of the Housing Act have remained unchanged since its adoption in 1993. According to most experts, the Housing Act needs to be fundamentally rethought to ensure affordable rents for tenants, while also allowing municipalities to maintain their housing stock in both economic and socially just ways.**²³⁸ Rent differences between municipalities have persisted throughout the 2000s and 2010s – with differences up to four or eight times between largest cities in the mid-2010s (depending on the amenities of the dwelling).

²³⁵ Data from censuses and the 2016 microcensus; see the respective table on the [microcensus website](#).

²³⁶ In Hungary, there are three basic rent categories in municipal rental housing. Local governments define rent levels as well as which household falls into which category.

²³⁷ Györi, P. (2011). [Csak csendben, csak halkan, hogy senki meg ne hallja... A budapesti bérlet-szektor teljes szétesése](#). Népszabadság, november 11.

²³⁸ See for example Darvas, Á., Farkas, Zs., Györi, P., Kósa, E., Mózer, P., Zolnay, J. (2013). [A szociálpolitika egyes területeire vonatkozó szakpolitikai javaslatok](#). Esély.

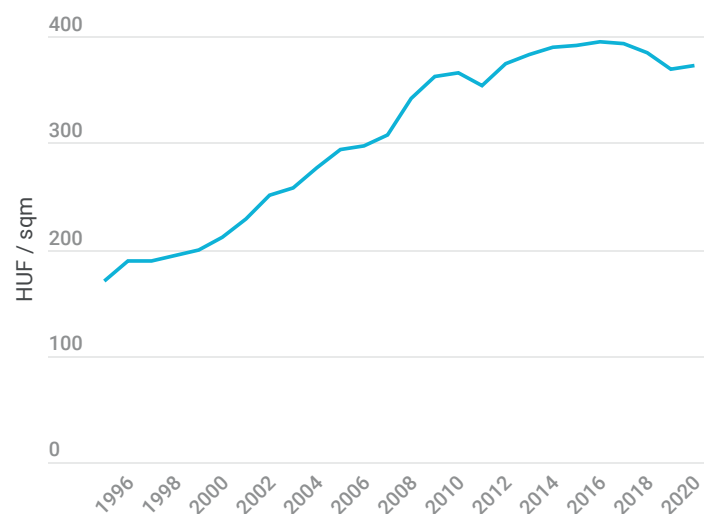


Figure 17: Monthly rent per square meter of a municipal dwelling with all amenities²³⁹ (HUF, at 2019 prices).

Source: own calculations based on [Hungarian Central Statistical Office data](#).

Most municipalities have not taken into account the social need of the local inhabitants and the question of affordability when setting rents.²⁴⁰ In the majority of municipalities, it is difficult to reconcile the fiscal logic of preserving the value of the housing stock with the social logic of providing affordable municipal housing primarily for poorer and vulnerable families. At current rent levels, the municipal housing stock is depreciating, there are insufficient local financial resources for renovation – but there is also very little room for manoeuvre to increase rents without compromising affordability. This contradiction can only be resolved, according to most experts, by a significant increase in the publicly owned housing stock and by block grants for municipal housing from the central budget.

There is little quantitative and reliable data or sociological research on the private rental market (and thus also regarding affordability problems of people living in private rentals); this is particularly true for the period running from the 1990s to the 2000s. Rapidly increasing rental prices and the increasing share of private rentals in the 2010s, however, led to increased research on this subject.

Surveys by the empirical social science research centre TÁRKI and by the Hungarian Central Statistical Office explored affordability from many angles in the 1990s and 2000s but put less emphasis on the population living in private rentals. However, it can be assumed that private rentals became less affordable for households for whom homeownership was not accessible – while simultaneously the availability of municipal rental housing also deteriorated. Sporadic data over the last three decades show that price differences per square meter between the private rental market and the municipal rental market have been roughly three- to four-fold. These values have also varied significantly by settlement size, with the highest differences in Budapest.²⁴¹

²⁴⁰ Koltai, L. (ed.) (2015). [Éves jelentés a lakhatási szegénységről 2015](#). Budapest: Habitat for Humanity Magyarország.

²⁴¹ For data of the 2003 and 2015 surveys see: KSH [Hungarian Central Statistical Office] (2003). [Lakás-viszonyok az ezredfordulón](#). Budapest: Központi Statisztikai Hivatal; KSH [Hungarian Central Statistical Office] (2016). [Miben élünk? A 2015. évi lakásfelmérés főbb eredményei](#). Budapest: Központi Statisztikai Hivatal.

²³⁹ A dwelling with all amenities, according to Hungarian law, is a dwelling with a room of at least 12 square meters, cooking facilities, bathroom and WC, utilities (electricity, water and sewage), hot water and central heating.

In the 2010s, rents in the private rental market roughly doubled, and halted only temporarily during the Covid-19 crisis. In 2021, rents started to rise again, but have not yet reached the peak of the first months of 2020.²⁴² According to data from the Hungarian Central Statistical Office, the affordability of the private rental market varies significantly by region and settlement size. Affordability was supported by the fact that one tenth of those renting privately paid below-market-price rents in 2018 and there was a significant proportion of tenants who rented through acquaintances.²⁴³ Prices on advertising websites are therefore generally higher than rents measured throughout the whole sector. Due to the unregulated nature of the private rental market, data on rents only give a partial picture of the rental sector. For example, the lower end of the private rental market, i.e. sub-standard, affordable housing for lower income households, expanded in the 2010s, both in Budapest and in peripheral villages. Demand has been created by the increase in the number of people for whom homeownership is inaccessible because of rising social inequalities.²⁴⁴

The regulation of the private rental market (like many other areas of housing) needs to be thoroughly rethought: by now, it has become obvious that the legal framework established in the early 1990s is not suitable to stop the increase in rental prices or to provide legal security – and thus, ultimately, to reduce housing poverty.²⁴⁵

5.5. Household indebtedness and affordability

Issues around housing affordability often lead to household indebtedness. Households accumulate arrears in housing costs or can only cover housing costs by taking credits. On the one hand, arrears and indebtedness point to the structural problems of the housing regime (e.g. many households can

access adequate housing only through housing loans). On the other hand, housing affordability issues also emerge cyclically, leading to arrears and indebtedness in times of economic crisis. The level of indebtedness is also a result of the regulatory environment, as well as the business practices of credit institutions and utility providers. Households with arrears are not a homogeneous social group, which means policy instruments seeking to tackle this issue should also differ.²⁴⁶ At the same time – as we have shown earlier – public policy instruments used to address arrears since 1990 have been less successful in providing appropriate responses to the affordability problems of those in housing poverty.

In the 1990s, most of the housing loans of state socialist times were phased out in a complex series of measures, and the credit market was in contraction. Arrears, nevertheless, persisted. At the end of the 1990s, 650,000 households (out of approximately 3.9 million Hungarian households) had difficulties paying their housing loans: this represented one fifth of loan contracts at the time.²⁴⁷

Non-payment of rent was also on the rise in the 1990s. In 1989, for example, 6% of living in municipal rental housing in Budapest (25,000 households) did not pay their rent on time, and arrears of longer duration increased in the following years.²⁴⁸ Non-payment of rent was primarily an urban problem, as the vast majority of rental housing was in cities.

The number of people with arrears rose in the 2000s, partly because of a housing loans market boom until the 2008 economic crisis. After the 2008 crisis, some measures were also targeted at those with non-performing housing loans, but most instruments were targeted at households without arrears.²⁴⁹

At the peak of overall indebtedness in 2014, one in fourteen Hungarian households

²⁴² [HCSO-ingatlan.com-rent index, July 2021](https://hcsó-ingatlan.com-rent-index-july-2021).

²⁴³ KSH (2019). [Magánlakásbérlet, bérleti díjak – a 2018. évi lakbérlemérés főbb eredményei](#). Budapest: Központi Statisztikai Hivatal.

²⁴⁴ Pósfai, Zs. (2018). [Annual Report on Housing Poverty in Hungary 2018. English Summary](#), Habitat for Humanity Hungary; Hegedüs, J., Somogyi, E., Teller, N. (2019). [Housing market and housing indicators](#). In: Tóth, I. Gy. (ed.) Social Report 2019. Budapest: TÁRKI Social Research Institute.

²⁴⁵ For a possible outline of the reform of the private rental sector see Szabó, N. (ed.) (2020). [Feketelakás 3.0](#). Budapest: Habitat for Humanity Hungary.

²⁴⁶ Different social groups with arrears and possible policy interventions are described in: Győri, P., Tausz, K. (1999). [A díjhátralék-probléma szociálpolitikai nézőpontból](#). In: Péteri, G. Tausz, K. (eds.). Megelőzés és együttműködés: a díjhátralék-probléma megoldási lehetőségei helyi szinten. Nagykovácsi: Pontes Kft.

²⁴⁷ Győri, P., Tausz, K. (1999). [A díjhátralék-probléma szociálpolitikai nézőpontból](#). In: Péteri, G. Tausz, K. (eds.). Megelőzés és együttműködés: a díjhátralék-probléma megoldási lehetőségei helyi szinten. Nagykovácsi: Pontes Kft.

²⁴⁸ Győri, P. (1990). [Adósságok kicsinyben](#). Valóság.; Győri, P. (1995). [Eladósodott társadalom](#). Esély.

²⁴⁹ Pósfai, Zs. (2018). [Annual Report on Housing Poverty in Hungary 2018. English Summary](#), Habitat for Humanity Hungary.

had a mortgage or rent arrears (Figure 18), which meant that hundreds of thousands of households were unable to pay their mortgages. The statistics on non-performing loans were improved by write-offs by credit institutions and the sale of non-performing loans to claims management companies – but these interventions did not solve the affordability crisis.²⁵⁰ The economic boom in the second half of the 2010s and the tighter regulatory environment for credit institutions in borrowing practices led to a situation where only 2% of the Hungarian population had loan and rent arrears by the end of the 2010s. Mortgage and rent arrears affected one in six poorer households (those earning less than 60% of median income) in the peak year of 2013.

In the 1990s, the rise in utility costs was accompanied by an increase in arrears (utility costs rose faster than rents): according to a 1993 survey, 12% of households were unable to pay their utility costs. In the early 1990s, the increase in utility costs led to many households falling into arrears or reducing their consumption.²⁵¹ Those living in rental housing in cities (especially those living in socialist-era apartment blocks with district heating) had less opportunities to cut consumption, while in villages, those living in larger family houses were facing difficulties in payment of utility bills (especially heating). At the end of the 1990s, 800–900 thousand households had overdue bills, 13% of households for electricity, 6% for gas and 21% for district heating.²⁵² Utility arrears affected more households than mortgage and rent arrears: **in the peak year of 2013, a quarter of the population had utility arrears.** Today, one in ten households are affected, despite the utility price reductions by the government. Among poorer households (those earning less than 60% of median income), 60% of households were affected by rent arrears in 2013, falling to 25% by the end of the 2010s (Figure 18). In other words, **poorer households' indebtedness is affected by business cycles to a larger extent than society as a whole.**



Figure 18: Share of households with arrears on mortgage or rent payments and utility bills in Hungary (%).

Source: Eurostat, Eurostat.

²⁵⁰ For more details see Bródy, L. S. Pósfai, Zs. (2020). [Household debt on the peripheries of Europe. New constellations since 2008](#). Budapest: Periféria Policy and Research Center.

²⁵¹ Győri, P. (1995). [Eladósodott társadalom](#). Esély.

²⁵² Győri, P., Tausz, K. (1999). [A díjhátralék-probléma szociálpolitikai nézőpontból](#). In: Péteri, G. Tausz, K. (eds.). Megelőzés és együttműködés: a díjhátralék-probléma megoldási lehetőségei helyi szinten. Nagykovácsi: Pontes Kft.

In the most acute cases related to affordability, utility arrears can lead to a disconnection of service, enforcement and loss of housing. Disconnection from the water supply is more limited due to legal reasons, more common for gas and electricity, and rarely feasible for district heating for technical reasons. With the spread of prepayment meters in the 2010s (13,000 gas consumers and 135,000 electricity consumers had prepaid meters in 2020),²⁵³ statistics on disconnection are less representative of how many households are currently living without a utility service due to affordability problems. Furthermore, official data on disconnected customers sometimes also includes business consumers.

Data on disconnected consumers have sporadically appeared in the annual reports of the Hungarian Energy Office (currently Hungarian Energy and Public Utility Regulatory Authority, MEKH) and in various surveys. The number of disconnected consumers was also covered by previous annual reports on housing poverty, based on data provided by MEKH in response to public data requests submitted by Habitat for Humanity Hungary. In 2003, 13% of electricity consumers and 6.5% of gas consumers were disconnected, but this share decreased to 5–6% for electricity and gas after the 2008 crisis, mainly due to regulatory changes (the non-payment period before disconnection was extended and certain vulnerable consumer groups were more protected than earlier).²⁵⁴ The number of disconnected consumers increased to 102,000 gas consumers and 37,000 electricity consumers in 2012.²⁵⁵ In the second half of the 2010s, the figures decreased steadily: at the end of 2020, 33,000 residential gas consumers (out of approximately 3.3 million), 8,500 electricity consumers (out of approximately 4.9 million), 3,700 district heating consumers (out of approximately 0.7 million) and 43,000 water consumers (out of approximately 4.2 million) were disconnected.²⁵⁶

5.6. Evictions

Problems with housing affordability may be indirectly reflected in the number of evictions. If more and more households fall behind with rent and utility bills, it is likely that more and more households will be subject to enforcement – a fraction of whom will eventually lose their housing. Evictions due to squatting also highlight general housing affordability problems, as those who are forced into squatting are those who cannot otherwise find acceptable and affordable housing. Measuring evictions is methodologically difficult. Detailed data on evictions from municipal housing is provided by the Hungarian Central Statistical Office (not covering evictions from private rental), while data on evictions due to foreclosure has recently been published by the National Order of Judicial Officers of Hungary (MBVK) on its website.²⁵⁷

The rise in homelessness after 1990 was partially due to the increasing number of evictions. The number of evictions in the inner city of Budapest increased with the launch of urban renewal programmes and housing privatisation in the 1990s. In Budapest, evictions were mainly taking place due to unlawful occupation.²⁵⁸ Municipal debt management programmes in the first half of the 1990s were seen by experts as having reduced the risk of evictions to some extent, but without lasting results.²⁵⁹ The legal procedure of evictions was codified in the early 1990s as well.²⁶⁰ Around the turn of the millennium, municipalities often evicted families in order to displace the poor (especially poor Roma families). Eviction methods became more brutal (e.g. the use of private security companies, municipalities making dwellings uninhabitable after the evictions); the legal security of squatters steadily deteriorated and, from 2000, the privatisation of municipal housing with its occupants (i.e. without relocating tenants into another dwelling in municipal housing) was also made possible.²⁶¹

The rise in evictions following the 2008 crisis showed an increase of affordability problems. The number of evictions from municipal housing rose to over

²⁵³ The Hungarian Energy and Public Utility Regulatory Authority (MEKH)'s data release for Habitat for Humanity Hungary's 2021 data request.

²⁵⁴ Herpai, B. (2010). *A lakossági díjhátralékok alakulása egy felmérés tükrében*. Esély.

²⁵⁵ Herpai, B. (2010). *A lakossági díjhátralékok alakulása egy felmérés tükrében*. Esély.

²⁵⁶ The Hungarian Energy and Public Utility Regulatory Authority (MEKH)'s data, responding for Habitat for Humanity Hungary's public data request in 2021.

²⁵⁷ <https://www.mbvk.hu/info.php>

²⁵⁸ Balogh, K. (1999). Hol tart a budapesti önkormányzati lakások privatizációja? Területi Statisztika.

²⁵⁹ König, É. (2006). *Adósságkezelés: sikerek és kudarok*, Esély.

²⁶⁰ Udvarhelyi, É. T. (2015). *A hajléktalanság kezelése 1989 után: osztálypolitika és növekvő egyenlőtlenségek*. Ezredvég.

²⁶¹ Ferge, Zs. (2001). *A költségvetés szíve. Az ezredforduló vibráló szociálpolitikája*. Beszélő.

1,000 per year in 2013, as the economic crisis reached many households – with evictions almost exclusively due to arrears. During the crisis, at the request of the government, most banks stopped evictions, just as tools were developed to help households with non-performing forex housing loans. A moratorium on evictions of debtors was also introduced at that time; this instrument was repeatedly used by the Orbán government until the public policy tools of ‘rescuing’ forex housing loan borrowers were developed.²⁶²

There were significant differences between eviction practices of municipalities in the 2010s,²⁶³ varying by the party affiliation of the mayor and the composition of the local council. In the late 2010s, several municipalities adopted local ordinances which prohibited eviction from municipal housing without providing adequate accommodation elsewhere. In the second half of the 2010s, the number of evictions due to enforcement (not only from municipal properties) was 3,000–3,500 per year, which was halved in 2020 because of the moratorium on enforcement announced at the start of Covid-19.²⁶⁴

Providing adequate housing for evicted people has been essentially unresolved since 1990.²⁶⁵ The welfare system and the legal environment do not currently provide comprehensive solutions to provide housing for households who were evicted due to affordability problems or for other reasons. Housing movements have repeatedly led the fight against evictions over the last three decades.²⁶⁶ The single recurring (but by no means systemic) intervention has been the institutionalisation of a moratorium on evictions during winter months. This practice was also followed during the last two years of the Covid-19 pandemic.

6. Summary

In the early 1990s, housing policy experts warned that the political elite will shift the housing regime towards the dominance of private homeownership. The mass privatisation was not only due to pressures from the majority of the society but also to a lack of progressive housing policy ideas among policy-makers. Even during the more technocratic governments of the 1990s and 2000s, proposals from housing experts have failed to systematically influence central governments’ housing policies. In the past three decades, housing has been weightless or subordinated to other policies within government policy almost throughout the entire period.

No government has had a comprehensive housing strategy since 1990 that would have set out long-term goals of housing policy and would have provided a framework for government action on housing. The proposals for a housing strategy failed in government consultations due to weak political representation of the field. **For most of the last three decades, there has been no political will to develop a housing strategy which would set out a long-term framework for political action.** Housing expert Péter Győri’s 1992 observation is still true today: when parties and political decision-makers had no vision in the field of housing, instead of starting with writing concepts, they rather concentrated their efforts in writing legislation (without any broader considerations about the general directions of housing policy whatsoever).²⁶⁷ Legislation – whether the Housing Act of 1993, constantly shifting and modified government decrees, as well as municipal ordinances – served as a substitute for meaningful action. Although legislation introduced housing policy instruments which were communicated broadly by governments, these have hardly provided comprehensive solutions to housing poverty in Hungary. The **poor quality of legislation and policy is illustrated by the fact that legislation on main housing policy instruments has changed frequently over the years:** the Decree of the Council of Ministers of the Hungarian People’s Republic 106/1988 (XII.26.) outlining housing subsidies was amended 18 times in 12 years. The subsequent framework legislation, Government Decree 12/2001. (I.31.) was amended 75 times in 20 years.

²⁶² For a more detailed history of events see the earlier section and also: Prugberger, T. (2011). [A lakossági és az előállítói ‘fogyasztással’ összefüggő jogügyletek társadalompolitikai és jogi problémái](#), Sectio Juridica et Politica, Miskolc.

²⁶³ For a detailed analysis see Czifrusz, M., Pósfai, Zs. (2015). [Kritikus ponton? Önkormányzati lakásgazdálkodás a gazdasági világválság után](#), Területi Statisztika.

²⁶⁴ See the data by the National Order of Judicial Officers of Hungary on their website, currently the most recent [data set is for the first quarter of 2021](#).

²⁶⁵ Győri, P. (1990). [Gyorsjelentés a hajléktalanságról, Magyarországon, 1990](#). In: Andorka, R., Kolosi, T., Vukovich, Gy. (ed.). Társadalmi Riport 1990. Budapest: TÁRKI.

²⁶⁶ See Bernadett Sebály’s chapter and [Péter Győri’s essay on evictions](#).

²⁶⁷ Győri, P. (1992). [‘Lakástörvény’ – koncepció nélkül](#). Beszélő.

Government Decrees 16/2016. (II.10.) and 17/2016. (II.10.) which launched the family housing benefit and some other instruments have changed respectively 17 and 20 times over 5 and a half years. In other words, the **basic legislation of housing policy instruments has changed on average every three to four months, making subsidies unpredictable and unmanageable for stakeholders.**²⁶⁸

Housing policy has operated under the squeeze of momentary political interests over the last three decades. This has mostly meant that housing policy has been subordinated to financial interests. **Social considerations have not been a dominant factor in shaping housing policy – which resulted in failures to considerably reduce housing poverty in Hungary.**

Apart from a brief period, housing policy has had no considerable representation in government for the past three decades. A government commissioner was in charge of the field for two years (but a cabinet reshuffle abolished the position and no substantial change in housing policy was achieved); there was no representation of housing at a state secretary level ever (i.e. a state secretary whose only task would have been housing), and **housing was allocated a separate unit of the responsible ministry only in less than a third of the period under review. This fact is striking, because in the meantime, governments spent hundreds of billions of HUF on housing every year** (in nominal terms).

After 1990, the privatisation of the state-owned housing stock essentially removed the housing regime from democratic control. Publicly-owned housing stock is not controlled democratically either.²⁶⁹ Public property was transformed into private ownership by way of a 'national gift' (privatisation prices

well below market prices), due to sitting tenants' lack of capital.²⁷⁰ **Compared to the loss of public wealth incurred through the privatisation of housing, programmes of the past three decades expanding the public housing stock were minimal, including the State Supported Rental Housing Programme in the early 2000s and the operation of the National Asset Manager in the 2010s.** Yet even these small-budget programmes provided tens of thousands of affordable housing units. (The housing stock of the National Asset Manager was reprivated, and to a small extent, handed over to charity organisations in the 2020s.)

At the same time, the homeownership-dominated housing regime led to a path-dependence of housing policies, in which the system of housing subsidies inherited from the state socialist period has been maintained to support homeownership. **The most persistent housing policy instruments of the last fifty years (with the largest budgets) have been non-refundable cash grants and interest-rate subsidies for housing loans which were accessible for families to buy property.** After 1990, households' general lack of capital meant that governments had to develop new forms of credit-based solutions of homeownership, which led to acute crises of household indebtedness because of global credit market fluctuations. **The lack of any coherent framework of housing subsidies is illustrated by the fact that, over three decades, more than fifty different types of socially not targeted subsidies of homeownership have existed.**

A comprehensive solution to the affordability of utility costs has not been devised. A system guaranteeing accessibility of these public services to all – including securing the long-term renewal of material infrastructure and providing a comprehensive and stable support system for those in need – is lacking. Utility companies (water, sewage, electricity, gas, district heating) were largely privatised in the 1990s, but were renationalised over the last decade. Combined with the price cap on residential utility costs, re-nationalisation has led to eliminating the profits of private utility companies and ensured the affordability of housing costs. However, democratic control of these state-owned utility companies is non-existent, and the renewal of material infrastructure (water, sewage, electricity, gas and district heating networks) is not secured

²⁶⁸ This fact had already been reported by the State Audit Office of Hungary in 2009: ÁSZ [State Audit Office of Hungary] (2009). [Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről](#). Budapest: Állami Számvevőszék. Since then, Orbán governments have only 'succeeded' in eliminating the State Audit Office's responsibilities in terms of overseeing governmental action; they have failed to introduce a stable legal environment regulating housing subsidies.

²⁶⁹ Democratic control of public housing would include giving decision-making rights to sitting tenants in municipally owned companies managing the public housing sector, and stronger public control of these companies than at present. Such a restructuring of municipal companies has recently been proposed in Germany, primarily in Berlin: see e.g. taz (2021). *Berlins landeseigene Wohnungsunternehmen: Aus 6 mach 1*. [taz.de](#); Bündnis 'kommunal & selbstverwaltet Wohnen' (2018). [Kommunal & selbstverwaltet Wohnen. Mieter*innen für die Demokratisierung der Wohnraumversorgung](#).

²⁷⁰ On the broader context of ownership change in Hungary see Böröcz, J. (1992). [Dual dependency and the property vacuum: Social change on the state socialist semiperiphery](#). *Theory and Society*.

by current utility prices: this inevitably leads to a deterioration of services in the long term.²⁷¹

Over the past three decades, governments have allocated more than ten thousand billion HUF (at current prices) to socially not targeted housing subsidies, while much less has been allocated to socially targeted support. It is thus little wonder that housing affordability has not improved substantially over the three decades.

In the absence of a housing strategy, it is not surprising that **the only criterion measuring housing policy instruments' success is how much money the government has spent on supporting citizens' housing.** The 2009 finding of the State Audit Office of Hungary on housing subsidies is still valid today: 'the financing approach prevailed, and the sole indicator measuring the performance of the subsidies was the amount of budget expenditure'.²⁷² **As of date, there is no monitoring system, no overarching database on the expenditures, results and effects of housing policy instruments. And even if there were any – the objectives the government would remain unknown, making it impossible to benchmark the policies' successes.** This is particularly worrying for two reasons. Firstly, **our analysis shows that the housing policy mix cyclically into major falls crises every ten to fifteen years,** when the expenditures cannot be covered by the government due to the macroeconomic environment. None of the governments has paid attention to preventing such crises, nor has any government committed itself politically to abolish the homeownership-focused housing instrument mix or to fundamentally rethink expenditures on housing. The current macroeconomic environment of rising interest rates, – along with rising construction and building material prices – pinpoint to a looming crisis, with budget expenditures skyrocketing. Secondly, since the current narrative measures the success of housing policy depending on the amount of money spent on it, **any comprehensive change to the current system (such as redistribution for those in need or the reduction or phasing-out of subsidies favouring the middle classes) would inevitably**

be framed as austerity measures: this inevitably narrows the political acceptance of progressive, socially just housing policies.

Overall, our comprehensive analysis of housing policy over three decades clearly shows that **fundamental changes are needed in terms of housing** to reduce housing poverty, affecting 2–3 million people. **In the longer term, a progressive, socially just housing policy should work towards a substantial reduction of the homeownership rate.** There is thus a need for an increase and renewal of the publicly owned housing sector, a radical expansion of the non-profit rental housing sector, and a reduction of public money going towards homeownership and buying property as investment. Various forms of non-profit housing (such as housing associations, social rental agencies and cooperative forms of rental housing) have been proposed by different expert groups in recent decades. Yet, pilot projects of this kind have been sporadic.

The state has essentially withdrawn from substantively engaging with the housing crisis. In effect, housing policy has been captured by lobby groups within the government linked to the construction industry, finance and family-issues. Housing that is accessible, affordable to all, and less homeownership-dominated than at present has disappeared from the horizon of the elite and the wider public as a fundamental political goal.

²⁷¹ For an example of the serious lack of investment in the Hungarian water utilities sector, see KPMG (2015). [A magyar víziközmű ágazat bemutatása – átfogó tanulmány](#). For the newest debates, see: [nepszava.hu](#) (2021). [Forrásra szorjazznak a víziközműcégek](#).

²⁷² ÁSZ [State Audit Office of Hungary] (2009). [Jelentés a lakástámogatási rendszer hatékonyságának ellenőrzéséről](#). Budapest: Állami Számvevőszék. The quoted passage is on page 16.

