



# Annual Report on Housing Poverty

2024

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# Introduction

Dear Reader,

since 2012, Habitat for Humanity Hungary has been compiling and publishing its annual report on the state of housing, changes in the governmental and policy environment, and the state of housing accessibility and affordability.

In all cases, the analyses respond to housing poverty, its changes, and the social groups most affected by housing deprivation – these are either based on various social research surveys available at the time or expert estimates. In this year's report, we have used the EU SILC survey on income and living conditions and the 2022 Census data to draw conclusions on the number and groups of people affected by housing poverty.

The year 2024 has been particularly eventful, with local elections taking place, where housing issues played a part in sometimes more and sometimes less prominent ways. This has given rise to a separate analysis of the evolution of housing policies at the municipal level, the options available to local bodies, and the good practices they have adopted.

In the autumn, the government announced a new economic development policy, which also includes the promotion of affordable housing as a key element, with 10 (out of the 21) points of the program being related to this issue. (At the time of publishing, no details of these plans are available, and the Housing Strategy 2035 policy background material is not yet public and only known from press reports.) However, all this indicates that the

coming years may bring a fundamental turnaround in the way the housing crisis is addressed, both in policy and practice.

Our local programs respond to the housing crisis outlined in the Housing Report with measures such as support for the renovation of municipal rental housing and owner-occupied homes across the country, and the Village CSOK scheme for families who would not be able to access state support on their own. Our policy work is currently most effective at the local government level, and we hope to have an indirect impact on Hungarian policies by providing our views in EU decision-making processes, supported by the permanent representation of Habitat in Brussels since 2023. In addition to this, we consider it of utmost importance that housing issues and solutions are reflected in the public discourse. Through our volunteers involved in the renovation and office work, our communication work, events, supporters, and partners, we show actual ways of who and at what levels can be part of the change and the solutions to housing problems.

Our work is funded by a diverse range of donors and partnerships. Please support our work with a [donation](#) or by joining our renovation work [as a volunteer](#)!

We wish you a good read!  
György Lukács, Policy Officer  
Zsolt Szegfalvi, Executive Director

# About the Authors



**György Lukács**, sociologist. He has been working in the civil society sector since 1998, including in the development and implementation of EU-funded social innovation support programmes and sociological research. He has been working for Habitat for Humanity Hungary since August 2023 as Advocacy Officer.



**Márton Czirfusz** is a geographer, a co-founder of Periféria Policy and Research Center, and an external researcher at the HUN-REN Centre for Economic and Regional Studies. His research focuses on the analysis of socio-spatial inequalities in Hungary, including housing policy and housing-related issues. He completed his undergraduate and doctoral studies at the Eötvös Loránd University in Budapest.



**Lea Kőszeghy**, sociologist. She received her PhD in 2011 from the Doctoral School of Sociology, Eötvös Loránd University. Her main research interests are housing inequalities, housing poverty and housing policy, social inequalities in energy use and its implications for sustainability, energy poverty, and sociological analysis of urban planning. She has worked both in the academic and civil society sectors. As a former advocacy fellow at Habitat for Humanity Hungary, she initiated the organisation's Annual Report on Housing Poverty series. She is currently a Senior Research Fellow at the Institute of Sociology of the HUN-REN Social Science Research Centre.



**Katalin Ámon** is a PhD student at the Central European University. Her research focuses on the co-constitutive relationship between housing and acts of citizenship in Hungary and Spain. Her past research experiences included studies on the criminalization of homelessness, women's homelessness, and housing affordability. She used to be a housing activist at the advocacy group "The City is for All". She holds a Master's degree in International Relations from the Corvinus University of Budapest and a Master's degree in Gender Studies from the Central European University.



The image shows a multi-story residential building with a balcony. The building has a mix of brown and white facade, with some peeling paint and exposed brickwork. A balcony with a black metal railing is visible on the upper floor. A blue text overlay is positioned on the left side of the image.

György Lukács

# Housing poverty – in numbers





# Housing poverty – in numbers

*Editing closed on 18 October 2024.*

In 2022, the Hungarian society consisted of around 4 million households, with an average household size of 2.32 persons. However, this is overshadowed by the fact that nearly one third (31%) of them are single-person households. More than half of the households live in detached houses built between 1945 and 2000, and nearly one million households live in apartment buildings and blocks of flats built after 1945 (Table 1). The share of privately owned property is almost 90%, with 7.6% of households renting property, either at market or discounted prices. The average size of properties is 80 sqm, typically with 3-4 bedrooms.

In 2022, 20,540 new properties were built and handed over, with a total of 138,000 transactions in the real estate market. This indicates that **the domestic real estate market is rather rigid, with 3.5% of the 4 million properties being put on the market and 0.5% of new apartments and houses being built each year** (Table 2).

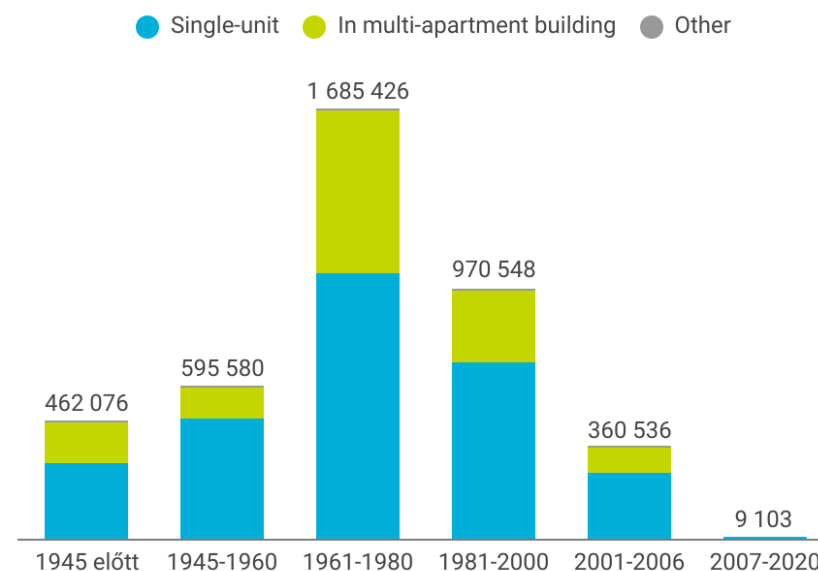


Table 1: Property types by year of construction (EU SILC, reference year: 2022)

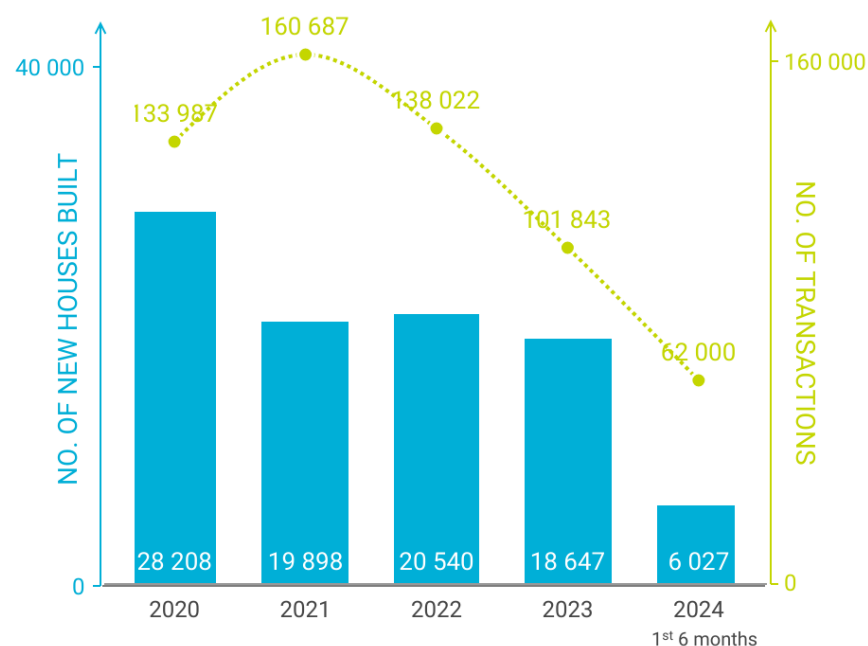


Table 2: Housing market baseline data

The current chapter of the Housing Report, presents data on housing poverty. Poverty is a multidimensional social phenomenon that includes low income, material and social deprivation as well as housing poverty.

We consider the following as the main indicators of housing poverty:

- Access to housing (this refers mainly to access to housing for low-status groups, but in recent years also includes the situation of young people);
- Legal security of tenure (this includes lack of clarity of tenure status, gaps in land registrations, gaps in tenancy agreements, and lack of clarity in eviction regulations);
- Housing quality (technical adequacy of properties, availability of water, electricity, heating);
- Location (access to basic services);
- Affordability (housing costs as a proportion of household income);
- Energy poverty (access to energy sources, their cost in relation to household income).

Of course, the indicators listed are not independent of each other and may even reinforce each other's negative effects – i.e. **housing poverty does not describe a homogeneous group, it has different degrees**, as will be indicated below.

# 1. Indicators of housing poverty

## 1.1. Infrastructural situation, properties without basic infrastructure, without amenities

Data<sup>1</sup> show that in 2020, 90,160 households had no bath/shower and/or toilet, representing nearly 232,000 people. The vast majority of properties without basic infrastructure were mud-brick houses (nearly a quarter of those with mud-brick walls), typically with residents in the lowest income decile (13% of those in the lowest income decile and 6% of the second lowest income group, compared to 2.2% of the national average – i.e. **the lower the income, the higher the chance of living in a property without even basic amenities.**)

For the year 2022, we do not have data on bathrooms and toilets from the EU SILC database; however, data on the comfort level of dwellings was collected by the HCSO (Hungarian Central Statistical Office) during the census. According to this, the number of households living in unfurnished and emergency dwellings was 88,500 (roughly the same as in the previous year), so the population living in such dwellings is unlikely to have changed.

This means **that there are nearly 90,000 households in Hungary that do not have water, bathrooms and toilets in their house or apartment and who, due to their low income, cannot change this situation by themselves.**

This peripheral situation is not only present at the national level: according to some surveys, around 150,000 people live in peripheral, suburban properties on the outskirts of cities. Their situation is determined by the classification as peripheral – here the municipalities have no obligation to develop infrastructure, i.e. the inhabitants, who are displaced for essentially

financial reasons, either provide their own water or have it supplied from a public well. (No data is available on the proportion of properties with water and toilets in these areas.)

Looking through an even finer filter, it is worth looking at the 300 poorest municipalities in the country, with a total of 304,000 inhabitants and 117,000 properties. Under the FETE programme for the development of these municipalities, a diagnosis was carried out in 2022, including an assessment of their infrastructure. According to the results of the survey, in 2011 these municipalities had 25% of houses without toilets, while in 2019 the percentage of houses connected to the public water supply was 83.5%.

## 1.2. Properties in poor condition

**In 2023, 475,000 households reported that the property inhabited by them has serious problems (i.e. the roof structure of the dwelling leaks, or the walls/flooring/foundation is damp, or the windows or flooring is rotten), representing 11.6% of all households and affecting nearly 1.2 million people.** In the 2021 EU SILC survey, the existence of the above-mentioned problems was asked separately, but in the 2023 survey, the questions were combined. Based on the data from the previous survey, **the most common problem was the poor condition of windows and doors, with** leaking ceilings and roofs being the least frequently mentioned.

**The highest proportions of technical problems surveyed were reported by those living in villages, those in the bottom quintile of income** (25% of those in the bottom quintile of income compared to 5% of those in the top quintile) **and inactive households.**

In addition to infrastructure deficits, problems related to inadequate heating are also presented under this indicator. **Almost 328,000 households**

<sup>1</sup> Our analysis uses data from EU SILC 2022 and 2023, as well as the census of 2021.



**(8% of the total) reported that they could not afford to heat their property properly** – just over 680,000 individuals. **Heating is mainly a problem for inactive households in the bottom two income quintiles living in villages, the vast majority of whom heat their rooms one by one with firewood.**

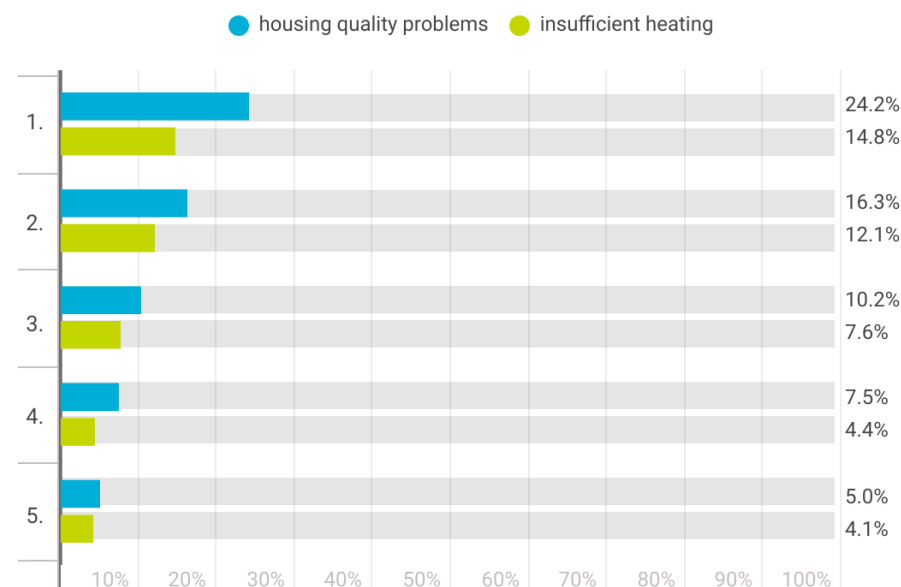
Inadequate heating is essentially linked to infrastructural handicaps, which require substantial resources to overcome (replacing wood-burning stoves with energy-efficient central heating or heat-pumped refrigeration-heating equipment is an investment that very few affected families can afford without subsidies). **As low-income households are also predominant in this respect, it is not expected that this housing disadvantage can be significantly reduced without external intervention.** (Table 3)

### 1.3. Overcrowded housing

8.6% of households were classified as overcrowded in 2022, representing nearly 17% of the population. This group mainly includes households in the lowest income quintile, living in villages, with children and a higher proportion of unemployed or other inactive households. Compared to the average household size is 2.3 persons, the households in this group typically comprise 4 or 5 persons, with an average apartment size of 76 sqm. Of course, **the larger the household, the more likely it is that they can only use a smaller property than necessary – all households with more than 6 persons fall into the overcrowded category (32,000 households and 260,000 persons).**

### 1.4. Households facing high housing costs

For the purposes of the definition of housing poverty, households are considered to be in housing poverty if they spend at least 40% of their total disposable household income on housing-related costs.



\* Do any of the following problems apply to the dwelling in which you live?:

The roof structure of the dwelling leaks; and/or the masonry/flooring/foundation of the dwelling gets wet; and/or the window frame or floor rots - YES answers

\*\* Can your household afford to keep your home adequately warm? - NO answers

Table 3: Housing quality and heating problems (EU SILC, reference year: 2022)

For this indicator, the high number of missing responses should be highlighted first. The EU SILC no longer collects detailed household expenditure items in its latest survey, but data on total and disposable household income and housing-related expenditure are included. However, out of 4 million households, only close to 800,000 households include both items, so the size and share of housing costs can be analysed, albeit in a limited way, for these households.

On average, households spend 24.6% of their income on housing costs, with most households spending 17.7% (median) and almost 60% of households spending less than 20% of their income on housing costs. When examining housing poverty, we consider households where housing costs require 40% or more of the household's disposable income. **13% of households in the country fall into this category, which represents around 106,000 households.**

Of course, households that have a mortgage or are renting are much more likely to fall into this category (45% of those with a mortgage and 36-44% of those renting). **Even in this category, people living in poverty are much more exposed than the average household: a third of those in the lowest income quintile and 30-40% of inactive households spend almost half of their income on housing.**

## 2. Housing poverty groups and their common clusters – Housing poverty index, and how many households and people fall into each group

The following combines the different housing poverty indicators and uses them to construct an index.

The index we use combines the indicators presented so far, namely:

- lack of adequate housing infrastructure,,
- the possibility of inadequate heating,
- overcrowding, and
- housing maintenance costs above 40%.

Taking all of these into account, a four-tier index has been created, where the existence of each problem represents a grade. So, if someone is affected by housing poverty based on one indicator, they get a score of one, if two indicators, they get a score of two, and so on. The distribution of domestic households based on the index is as follows:

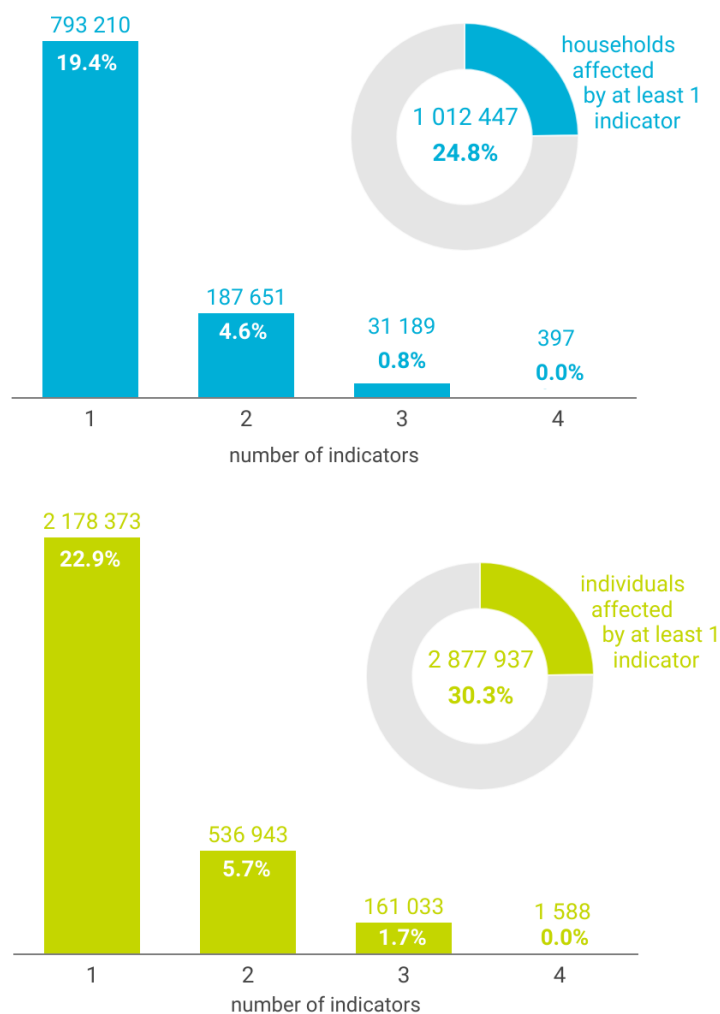


Table 4: Housing poverty by indicators

The most disadvantaged in terms of housing poverty are the homeless, estimated at a minimum of 10,000 people. The next **group with very severe disadvantages is made up of nearly 90,000 households, almost 230,000 people, who live in properties without basic infrastructure**. They are likely to be affected by other indicators of housing poverty, which can only be estimated statistically, but not proven based on the available data.

According to our data, **nearly a quarter of households in the country and 30% of the population are affected by at least one of the characteristics of housing poverty (roughly 1 million households, 2,877,000 people)**. The number of people who can be classified as housing poor according to two indicators is also above half a million, and the number of people who are disadvantaged in at least three aspects is over 160,000.

Unsurprisingly, **households in the lowest income quintile with an unemployed or other inactive head of household are the most likely to be in housing poverty**. However, although the number of households in this group is much smaller, households with all members under 25 years of age are also at significant risk (32% of them belong here).



### 3. Other factors affecting housing

The EU SILC survey also seeks to identify other factors related to the well-being and financial situation of households, including those that affect housing. For example, repayment of loans and credit – 90% of households with a home loan were not late with repayments, but 8% were more than once. The importance of the housing issue is illustrated by the fact that the proportion of late payers of loans for the purchase of goods and other non-housing loans is 10% higher, i.e. households are more stringent in meeting their financial obligations related to property. (It is also important to note, however, that almost all households have utility bills, while nearly 870,000 reported having a loan for the purchase of goods or other loans.)

A very important aspect of housing is the living environment itself. The survey looked at four different aspects of this.

Pollution and other environmental problems were the most common complaint, with 14.5% of responding households (it is worth noting that the survey was conducted before the environmental protests against battery factories, which has since become a major issue in several parts of the country). The highest proportion of respondents who indicated that pollution or environmental problems caused them housing difficulties was among the residents of the capital city, Budapest.

A tenth of households reported dissatisfaction with noise from the street or neighbours, again mainly in the capital, mainly in apartment buildings and tower blocks.

The situation is similar for the light in the property, with nearly 10% of respondents reporting that they have little access to natural light.

Lack of public safety and vandalism are fortunately much less of a problem, with less than 6% of respondents reporting it.

	HOUSEHOLD SHARE	NUMBER	(NO. OF INDIVIDUALS)
Not enough light in dwelling	9.2%	375 683	(867 094)
Neighbours are loud or there is a lot of noise from the street	10.3%	421 027	(947 712)
Pollution, dust, other environmental problems	14.5%	591 182	(1 386 007)
Lack of public safety, vandalism	5.7%	233 944	(575 129)

Table 5: Other housing problems of households (EU SILC, reference year: 2022)

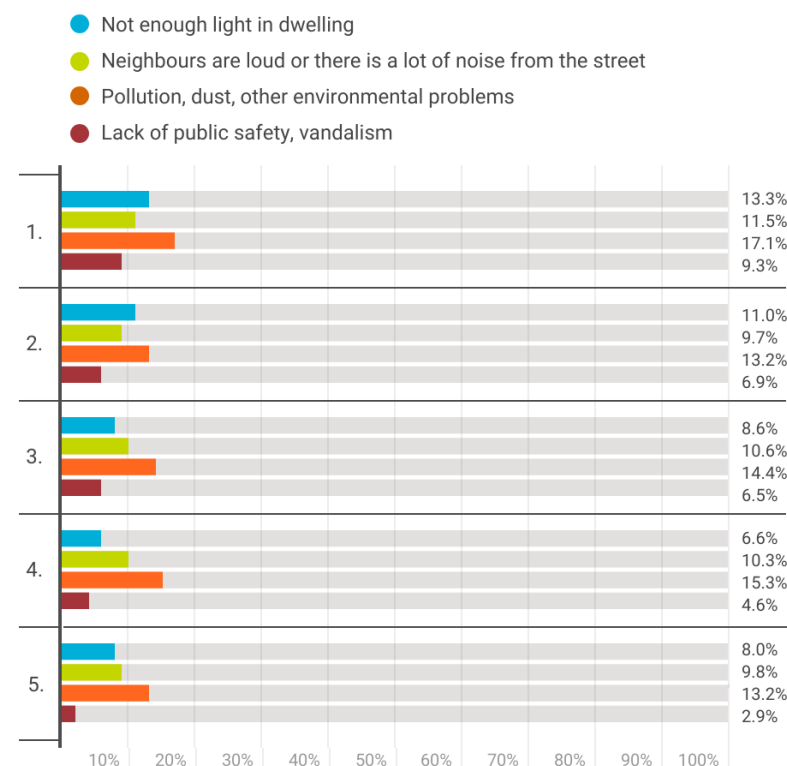


Table 6: Other housing problems of households - by income quintiles (EU SILC, reference year: 2022)

The spiral of housing problems is illustrated by the fact that the lower the income group, the higher the likelihood of experiencing other housing problems. Households in the lowest income quintile reported significantly higher proportions of problems for all questions asked; when examined along the lines of the housing poverty index, the difference is even more pronounced between the extreme groups. In other words, **those experiencing housing poverty are two to three times more likely to report other housing problems** – although this should not be legitimate: the poor technical condition of a property should not be linked to the disadvantages of the wider housing environment.

The survey also collected information on whether the property has undergone any energy renovation or repair in the last 5 years. The very poor energy condition of the domestic housing stock was reported in the Housing Report 2023, showing that “...our buildings are also in very poor condition from an energy point of view: on average, they use more than one and a half times as much energy for heating as the EU average, making us the second worst performing country. 56% of the total housing stock is in energy class GG or worse (...), using more than two and a half to three times as much energy as modern buildings.”

Even in this context, the fact that **33% of households have been able to undertake any energy renovation in the last 5 years, and that 22% of them could afford one type of intervention**, is a very low proportion, with only 192,000 households reporting a complex (multi-intervention) renovation that actually brought about energy improvements.

## 4. What should be done to reduce housing poverty?

It is worth comparing the main findings of the first Housing Report in 2012 with the situation today:

- In 2011, the number of homeless people was in the tens of thousands – it is still of a similar magnitude today.
- There were nearly half a million empty homes for various reasons, and this remains unchanged in the 2022 Census.
- **In 2011, around 660,000 people lived without a toilet and 440,000 without a shower or bath. This number has fallen significantly, with around 90,000 properties without basic amenities, which are home to roughly 230-250,000 people.**
- In 2011, on average, residents spent 25% of their income on housing costs, with a third of those in the bottom decile reporting figures above 40% – almost identical to current figures.
- **The proportion of housing in poor condition (leaking roofs, mouldy walls, bad doors and windows) has fallen from around 20% in 2011 to around 12% – although this does not affect the lowest income groups, a quarter of whom continue to have these problems.**
- In 2011, 10.7% of Hungarian residents reported not being able to heat their homes sufficiently – in 2022, 8% of households said the same.

Almost a decade ago, the number of people affected by the different segments of housing poverty was estimated by Hungarian researchers between 2 and 3 million, and the current statistics show the same number. It is unfortunate that **housing poverty has essentially not decreased over the last 10 years.**

#### 4.1. Our recommendations for reducing housing poverty:

- **Development of new private housing and housing estates should be replaced by rental housing development**, including market-based, community and social rental housing,
- **instead of the subsidies of recent years**, mainly through bank loans, **socially targeted subsidies, whether for rent subsidies or maintenance**, should be provided,
- **the rental market should be made more lawful through regulation, registers and tax incentives**,
- **more national and EU funds and support schemes should be made available for energy renovation of buildings.**





Márton Czirfusz

# Housing policies and budget expenditure



# Housing policies and budget expenditure

*Periféria Policy and Research Center*

**Since the regime change, the Hungarian housing policy toolkit lacks long-term predictability and is not organised into a coherent system.** This has not changed in 2023-2024.

In October 2024, the government announced an “economic policy action plan”, with affordable housing as one of its pillars. **Most of the ten measures planned are not targeted at people living in housing poverty, according to information available in October 2024.**

To make housing policy socially just and reduce housing poverty, we propose the following:

- The **housing crisis** has been introduced as a new element in government communication in autumn 2024. We see this as a positive development, as it may encourage the government to identify the characteristics of the housing crisis and to **address housing poverty at a systemic level.**

- The new European Commission has set itself the goal of producing the first European affordable housing plan, which could be accompanied by **the first Hungarian affordable housing plan**, prepared in a broad professional and social dialogue.
- If EU housing resources are increased, they **should be** used to **reduce cyclical fluctuations in housing policy expenditure and increase the share of socially targeted housing measures.**
- **Targeted support programmes** for people living in housing poverty should be developed, taking into account energy poverty considerations.
- **More attention needs to be paid to the territorial aspects of housing poverty.** A comprehensive programme should be developed to address housing problems in metropolitan areas, and housing policy incentives to move to peripheral areas should not be encouraged.

# 1. Housing policy developments

In autumn 2024, the issue of affordable housing became a focus of government communication. We see it as a positive development that the government has finally started to address the housing crisis. The “Economic Policy Action Plan” announced in October 2024 incorporates affordable housing as one of its pillars, with ten measures. **The measures are designed to boost the construction industry and economic growth** (e.g. pension savings or fringe benefits in “SZÉP cards” can be used for housing purposes). The impact of the youth housing programme or the expansion of dormitory space in Budapest’s higher education institutions on housing poverty can only be predicted in the future. Some elements of the action plan are a continuation of previous policy instruments (e.g. reduced 5% housing tax, rural home renovation programme). The details of the measures are not known at the time of finalising the current manuscript.

The correlation of the housing policy changes in 2023-2024 with housing poverty is illustrated in the figure below. **The changes to the housing policy toolkit have not served to target people living in housing poverty and have instead worsened their situation.**

## 1.1. Family policy housing subsidies

Family-type housing subsidies were cut back sharply by the government in 2023 due to the deteriorating fiscal situation.

The **CSOK Plus programme**, newly introduced to replace the CSOK (family housing benefit), is a subsidised housing loan with a higher amount than before, and a loan waiver after the birth of at least two new children. **Some households in housing poverty planning to have children are not creditworthy.** The eligibility criteria for the rural CSOK have not changed, but the increase in the subsidy amounts may lead to higher house prices

THEME GROUP	INSTRUMENTS AND THEIR CHANGES IN 2023-2024	Targeting people living in housing poverty				Impact on the situation of people living in housing poverty			
		Not at all	Rather not	Rather yes	Entirely	Negative	Partly negative	Partly positive	Positive
Family policy housing support	Reform of the family housing benefit (CSOK) and its sub-types	●					●		
	Reform of the baby expecting loan	●					●		
Further interventions related to housing finance	Extension of the interest rate freeze		●					●	
	Extension of the preferential housing VAT	●					●		
	Housing finance instruments of the Economic Policy Action Plan	●					●		
New home renovation and residential energy programmes	New home renovation subsidy scheme		●					●	
	Solar Energy Plus Programme	●					●		
Displacement linked to large public investments					●	●			
Vulnerable groups in housing deprivation	Housing assistance for Ukrainian refugees				●	●			
	Victims of the 2023 Recsk mudflow				●		●		

The impact of housing policy measures on housing poverty (2023–2024)

in municipalities where this subsidy can be claimed by families. The eligibility criteria for the **baby expecting loan** have been modified which led to a pull-forward in applications in 2023.

**Households that do not meet the childbearing condition attached to family allowances have emerged as a new risk group for indebtedness.** For baby expecting loans, the deadline for meeting the childbearing requirement has been extended to 1 July 2026 to avoid putting more than 10,000 families in a more difficult situation. In the case of CSOK contracts, thousands of households are also affected by the non-compliance with childbearing requirements.

## 1.2. Further interventions related to housing finance

The government extended the interest rate freeze introduced in 2022 on variable-rate mortgages until 31 December 2024. **The interest rate freeze mainly benefits borrowers who would have no difficulty paying the increased repayments, making the instrument socially unfair.**

**The reduced 5% value-added tax for buying newly-built houses** has been part of the housing policy toolbox since 2016 and will remain in place until at least the end of 2026. New home purchases are more affordable for the more affluent, so the instrument **does not make it significantly easier for the less affluent to buy a home.**

**Some of the instruments of the economic policy action plan announced in autumn 2024,** such as the use of voluntary pension savings for housing in 2025 or the introduction of housing loans with a 5% interest rate, requested from banks, **will help to increase the resources for housing.** The instruments are not primarily suitable for improving housing affordability.

## 1.3. New home renovation and household energy programmes

From 1 July 2024, a **new home renovation grant scheme was launched, which will contribute to the energy-efficient renovation of 20,000 single-family homes built before 1990.** The maximum grant amount is HUF 7 million, consisting of a non-repayable grant and an interest-free loan. While some conditions (e.g. consideration of household income and direct contractor reimbursement) help people living in housing poverty to access the **scheme, a number of people living in housing poverty will not have access to the scheme** because the quality of the house they own does not meet the eligibility criteria or because the household is not creditworthy. Habitat for Humanity Hungary's professional position is that the programme does not target energy-poor households.

**There is no social targeting in the Solar Energy Plus Programme,** funded by the Recovery and Resilience Facility and launched in 2024, which allows applicant households to install solar panels and energy storage systems.

## 1.4. Displacement processes due to large investments

**Displacement processes associated with major government investments have intensified.** Households are displaced during the implementation of the investments or the investor fails to provide adequate housing for displaced households.

In Budapest, in the **Rákospuszta** rust belt area, people living in employee housing of the Hungarian state railways MÁV have been displaced. In Budapest-Józsefváros, several public investments (University of Public Service campus development, Pázmány Campus) are under preparation that threaten to displace the population. The expansion of the Debrecen

airport may displace local residents in the Szepes district due to increasing noise pollution.

## 1.5. Vulnerable housing groups

The government has turned away from supporting several vulnerable housing groups in 2023-2024.

**The state has largely withdrawn from housing support for refugees in Ukraine by tightening access to housing subsidies.** Since 20 August 2024, housing has been provided only to residents of “war-affected areas” as defined by the government commissioner, for a maximum period of one month or until receiving the temporary protection status. Two to three thousand people were at risk of losing their housing as a result of the tightening. There is no state involvement, financial or otherwise, in the long-term solution for the housing of refugees from Ukraine.

The housing of the victims of **the June 2023 mud flow from the Recsk quarry** has not been resolved; the government has withdrawn HUF 500 million in funding to address the situation. The MR Community Housing Fund Nkft., a housing agency of two charitable organisations, is trying to resolve the housing of the victims.

## 2. Budget expenditure

This section summarises government expenditure on housing in 2023, based on the final accounts. Less information is known about the 2024 mid-year figures. The 2025 budget bill will be submitted by the government to parliament in November 2024.

### 2.1. The budget title “housing subsidies”

**The budget title “housing subsidies” includes expenditure on the government’s most important housing policy instruments**, such as the family housing benefit and the interest subsidies on housing loans. **These instruments are not socially targeted.** In 2023, with the phasing out of the home renovation subsidy, expenditure under the budget heading “housing subsidies” fell sharply and this decline will continue in the following years.

**In real terms, the central government only spends as much on housing subsidies as it did in the mid-2010s before the launch of the CSOK and as much as it did under the first Orbán government (1998–2002). These three periods represent three minimums of housing expenditures after the regime change.**

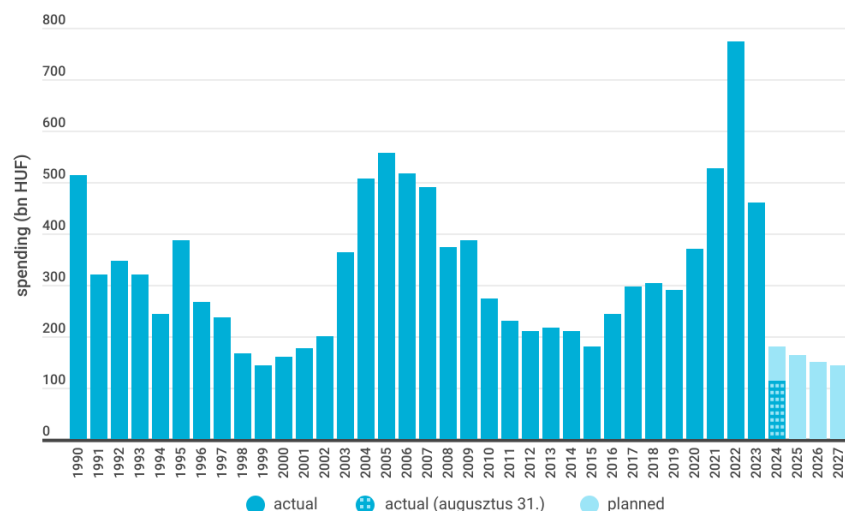
### 2.2. Details of budgetary expenditure on housing

As in previous years, a detailed compilation was prepared. This detailed data also considers expenditures beyond the “housing subsidies” budget title. Figure 3 groups these expenditures based on means-testedness and types of the policy measures.

**More than 90% of budget expenditure on housing is not socially targeted.** The share has decreased by a few percentage points in recent years,

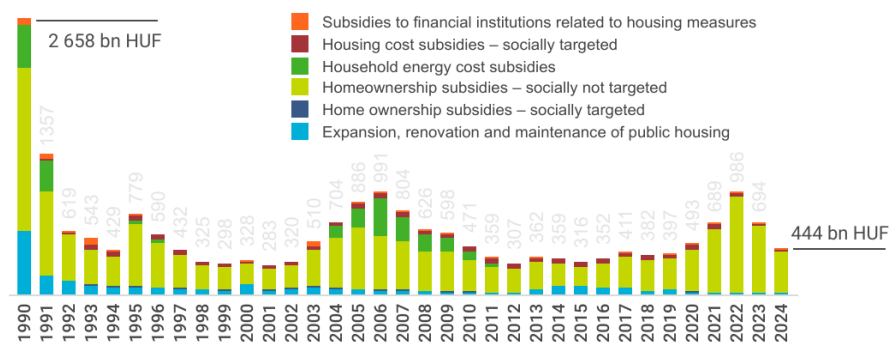


Public spending under the budget title 'Housing subsidies'  
(billion HUF, at 2024 prices)



Data is publicly available here: <https://zenodo.org/records/14010243>

Public spending on housing in Hungary  
(billion HUF, at 2024 prices)



Data source: final accounts (1990–2023) and budget bills (2024), Hungarian Central Statistical Office.

Data is publicly available here: <https://zenodo.org/records/14010243>

with the tightening of eligibility criteria for non-targeted subsidies and the phasing out of higher spending instruments (e.g. home renovation subsidies). Figure 3 shows fixed-price data, while the following text discusses current-price data.

**Expansion, maintenance and renovation of publicly owned dwellings** are essentially not financed by the central government. In 2023, municipalities spent HUF 15.2 billion on the renovation of their housing stock. The publicly-owned housing stock decreased to about 100 thousand units. The income from this housing stock is systematically higher than the expenditures on renovation and maintenance.

**Socially targeted subsidies of homeownership** are essentially non-existent. Both the subsidies for children leaving residential care institutions at the age of 18 and subsidies for disabled people to fund accessibility modifications of homes are decreasing in value.

**For socially non-targeted homeownership-related subsidies**, the state spent HUF 639.6 billion in 2023 and HUF 393.5 billion was planned for 2024. In 2023, home renovation subsidies were the largest instrument in this group (HUF 245.7 billion). This was followed by the family housing benefit (CSOK) (HUF 73.6 billion), and the post-childbirth waiver of the baby expecting loan (HUF 58.3 billion). In a rising interest rate environment, expenditure on interest subsidies for housing policy instruments increased: in 2023, interest subsidies for baby expecting loans accounted for HUF 112.4 billion of expenditure, and interest subsidies for CSOK loans for HUF 40.3 billion.

**Subsidies to household energy costs** include cash subsidies to household consumers in our long-term review. The last example of such subsidies was in the mid-2000s.

Within **socially targeted subsidies for housing costs**, expenditure on local social benefit fell by a quarter in real terms between 2020 and 2023. The financial framework for social firewood subsidies has remained unchanged since 2019 at HUF 5 billion, which does not cover needs.

**Financial institutions' subsidies for providing housing support** have decreased due to legislative changes.

In Figure 3 we have not included items for housing purposes that cannot be classified in the above categories, nor items whose expenditure amounts cannot be reconstructed from the final accounts.



A photograph of a dilapidated building interior. In the foreground, a staircase with green carpeting leads down. To the right, a window with a metal grille is visible, and sunlight filters through, casting shadows on the wall. The walls are peeling and damaged. A metal mailbox is mounted on the wall to the left of the window.

Lea Kőszeghy

# Local government and housing – extract from the chapter



# Local government and housing – extract from the chapter

*Editing closed on 25 October 2024.*

## 1. Introduction

Housing problems are highly location-specific. Moreover, municipal governments are the public authorities physically closest to the inhabitants and most familiar with local conditions. Municipalities therefore have a key role in addressing housing problems, even if the framework within which the housing sector operates is shaped by national regulation and economic trends, this framework provides limited room for manoeuvre for local authorities, and there is considerable variation in the room for manoeuvre between municipalities.

The chapter reviews the limitations and opportunities of today's Hungarian municipal governments in this area, with its relevant historical, policy and legal background. It argues that, even in the current constraints of limited competences and resources, there are still tools available for municipalities to take on the task of solving housing problems. These are not limited to the provision of municipality-owned social rental housing and municipal subsidies, and should be considered in the light of the possibilities of each municipality.

## 2. Housing problems and local authorities

The room for manoeuvre of local authorities and their perceived interest in solving housing problems has been influenced by a number of factors in recent decades and years.

The most significant of these has been the decline and change in the role of the central state in solving housing problems after the 1989/90 regime change. The best known component of this is housing privatisation. The process, which had already started before the change of regime, accelerated after the Housing Act of 1993, and as a result the municipal housing stock was reduced to only 2.2% of the total housing stock, about 102,500 dwellings. The low number and proportion of municipal rental dwellings and the very uneven spatial distribution of these dwellings significantly limits the scope for any community intervention, not only in the housing sector, but also in terms of, for example, urban rehabilitation.

The withdrawal of central budget resources from the operation of the public rental housing sector is a further component in the reduction of public involvement. The central budget does not provide targeted normative support for municipal housing and premises management. There has been resource allocation from the central budget to other segments of the public rental housing sector at certain times, such as to the National Asset Management Company (NET Zrt.) and then the MR Community Housing Fund, which took over the remaining housing stock of NET Zrt, yet these have been limited in scope and time.

The loose regulation of the rental housing sector – also laid down in the 1993 Housing Act, which has not been substantially revised since then – and the lack of a well-functioning enforcement and dispute resolution institutional system also mean a decline in the state's role (Kováts 2017).

Meanwhile, since the change of regime, housing policies have systematically favoured property acquisition (Csizmady-Kőszeghy 2022) – with the exception of a few instruments with limited impact –, and the allocation of public resources has shifted towards non-socially targeted subsidies, as illustrated in the budget chapters of Habitat's annual Housing Poverty Reports year after year.

A further determining factor for the municipalities' room for manoeuvre and interest in solving housing problems is changing municipal competences and funding. In the system of local governments established after the 1989/90 systems change, municipalities have been given extensive competences and financial autonomy. The functioning of the municipal system that was established at that time has been criticised by many, for example in relation to the discrepancies between the scope and size of municipalities, problems of spatial coordination and funding (insufficient funding, proportion of unlabelled resources, system of financial equalisation between municipalities in different situation). After 2010, there was a marked centralisation of service provision and the organisation of

public administration, devaluing locally elected municipal leadership and increasing centralised administrative dependence. In the context of the functions taken away from local governments, state funding of the local government sector has decreased, and the financial autonomy of local governments has been significantly reduced, while the role of individual bargains and individual decisions in the financial management of local governments has increased (Hegedüs-Péteri 2015).

The legal framework for urban planning, which is also important for planning housing interventions, has also changed. The competence of local governments has been removed in several policy areas that are also important for urban planning (e.g. education, health), and local governments' urban planning competences are significantly limited by the regulation of so-called priority investments, which in practice allows the implementation of investments that override local urban development and zoning plans.

While in most areas centralisation is causing difficulties in solving local problems, there is also an area where the abolition of a single centralised system is the cause of difficulties: the restructuring of the subsidy system to improve housing affordability. The centralised normative housing support system and debt management service, introduced in 2004, 90% of which was financed from the central budget, was abolished in March 2015, leaving municipalities with the discretion to provide so-called “municipal support” (for housing maintenance costs, debt reduction, but also for other purposes such as home care, medical costs), with the only legal obligation being to provide so-called “extraordinary municipal support” in crisis situations. The central budget only provides assistance to municipalities below a certain tax capacity to finance this municipal aid. The mandate to establish eligibility conditions for municipal support has in principle given municipalities the possibility to develop conditions adapted to local conditions, but practice shows that especially in resource-poor and disadvantaged areas, municipalities and small settlements are not able to develop an effective local system.



In recent years, local authorities' room for manoeuvre has been further reduced, and in some cases still is, by measures such as the ban on raising local taxes, imposing new taxes and abolishing tax concessions, and halving the business tax rate for small and medium-sized enterprises, abolition of the entire car tax, increase in the solidarity contribution, extension of the scope of municipalities subject to the solidarity contribution in the period of the Covid-19 epidemic crisis, and increase in the contribution for municipalities with a high business tax burden.

The scope for local authorities to act is also significantly influenced by real estate market trends affecting the housing sector as a whole, such as rising property prices, the purchase of investment property and the short-term letting of accommodation in certain touristically attractive areas.

The interests of municipalities and their responses to local housing problems are influenced by the above factors in many respects. Lack of competences and resources is an obstacle to the design and implementation of strategic, medium- and long-term, sustainable local government housing policies. Many municipalities feel reluctant to develop and operate a well-functioning municipal rental housing sector because of its resource requirements and the complex social problems associated with housing problems, which they also have limited means and resources to address. The lack of resources also limits the ability of local authorities to address the problems of owner-occupied housing, which makes up the majority of the housing stock, for example by supporting affordability or renovation. The limited room for manoeuvre of local authorities also contributes to the fact that housing policy in Hungary is rather instrument-poor: a range of instruments that can be used to reduce housing problems, according to international experience, are either not available or are sporadic and limited in scale.

### 3. The role of local authorities in the field of housing – key components of the legal-policy framework

According to the Local Government Act (*Act CLXXXIX of 2011 on the local governments of Hungary 2011*), local authorities are responsible, inter alia, for housing management, the provision of care and rehabilitation for persons experiencing homelessness in their area, the prevention of homelessness, and the provision of social services and benefits, which may include the granting of municipal assistance. In addition, tasks related to housing also include local taxes, certain utility services and tasks related to the habitability of the municipality and its parts, such as street lighting, the construction and maintenance of local roads, public transport, environmental health, local environmental and nature protection, water management, water damage prevention. The framework for the provision of local government rental housing is set out in the Housing Act (*Act LXXVIII of 1993 on certain rules for the rental and privatisation of dwellings and premises 1993*). According to this Act, the conditions for the rental of municipal housing and the rent are set by the municipality by decree, with three possible options: on the basis of social situation, on a cost basis or on a market basis. According to the Social Law (*Act III of 1993 on Social Administration and Social Benefits 1993*), municipalities may provide municipal subsidies to, among others, persons who have arrears in regular housing-related expenses and housing-related expenses. It is therefore possible, but not compulsory, to provide both housing maintenance support and debt management support. The only form of mandatory housing-related municipal assistance is the exceptional municipal assistance in crisis. Also under the Local Government Act, local governments are responsible for urban planning, the system of which is currently set out in the Architecture Act (*Act C of 2023 on Hungarian Architecture 2023*). Under the Local Government Act, local governments are allowed to voluntarily undertake “the solution of all local public affairs not referred by

law to the exclusive competence of another body”, so in theory there is no obstacle for local governments to implement measures to solve local housing problems, as local public affairs.

## 4. Options for local authorities to reduce housing problems

If a municipality takes on the task of addressing housing problems, there are tools that it can consider even in the current policy and regulatory environment, depending on the problems and its financial and other resources. The chapter describes such options. It is recognised that the housing problems experienced by individual municipalities and the resources available to address them vary widely. However, the interventions discussed in this chapter have very different resource requirements with some relevant to consider even for resource-poor municipalities. Of course, other measures can also serve the objective of reducing housing poverty and providing adequate housing, depending on the characteristics, and resources of the municipalities.

The description of the options draws on some recent analyses on the options available to municipalities: the analysis of the Periféria Policy and Research Centre on Housing problems and solutions – options for municipalities (Czirfusz 2019) – which is also used as a basis for the grouping of interventions –, the analysis of the management of rental housing in municipalities (Periféria Policy and Research Centre 2024), and materials of Habitat for Humanity Hungary’s Local governments for housing tender. For more detailed information on options for local authorities to reduce housing poverty and provide adequate housing, see the Housing Coalition’s Municipal Housing Minimum 2024.

The chapter contains suggestions and practical examples of the following options:

- Efficient management of municipal real estate
- Socially responsible and transparent management of the municipal rental housing stock
  - Application of social aspects in renting out municipal rental housing
  - Ending evictions without accommodation provision in municipal housing
  - Supporting pathways out of homelessness
- Social assistance – financial and other means
  - Affordability support – housing maintenance benefit, debt management
  - Prevention of homelessness
  - Helping people to remain in independent housing
  - Institutional care
  - Helping people to return to independent housing
  - Social fuel allowance
- Market interventions
  - Local taxes
  - Including existing housing stock in affordable rental housing
  - Facilitating access to grant funding
  - Housing renovation grants
  - Other market interventions
- Urban development planning
- Organisational revision and reform to better address housing problems locally
  - Organisational innovations
  - Elaboration of local housing concept
  - Customer-friendly operation

## 5. Afterword

The chapter reviews a number of measures that municipalities may consider in order to respond to housing problems in their area. At the same time, it cannot be denied that the current possibilities for local municipalities – in particular the implementation of a strategic, medium- to long-term sustainable local housing policy – are fundamentally determined (limited) by the national policy context and the lack of resources. In order to develop the potential of local municipalities in solving housing problems, it would be essential to rethink the policy environment on the national level: to create a comprehensive, national, long-term housing policy strategy with broad social consultation, including the identification of housing poverty problems, setting medium- and long-term goals, allocating appropriate measures, institutions and resources, and ensuring their predictable, stable operation and provision in the medium and long term. In such a new environment, a number of new actors could be involved in addressing housing problems, such as housing cooperatives, rental agencies, community land trusts, ethical investors able to provide financial backing for housing solutions, and local authorities could also rethink their role and their relationship with other actors.



# Kata Ámon

## Affordability





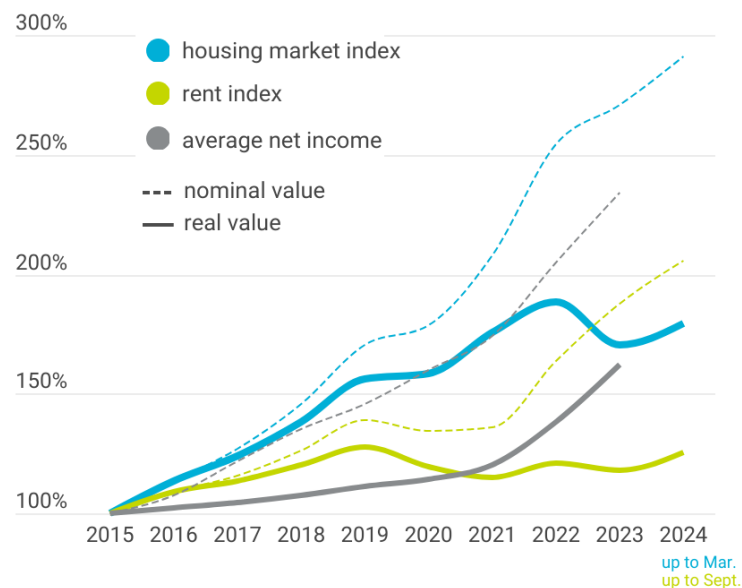
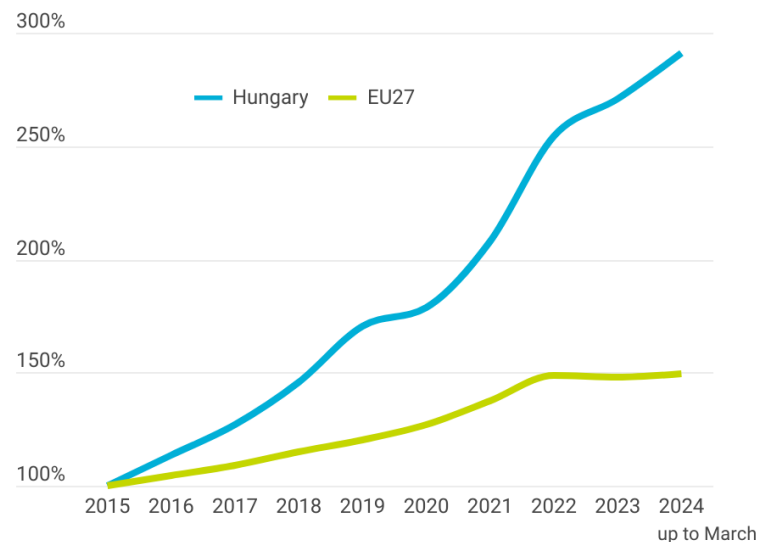
# Affordability

Editing closed on 1 November 2024.

## 1. Every year it gets more difficult to access affordable housing

Housing affordability is a central issue, as secure, decent-quality housing is a prerequisite for well-being. As the [UN Human Rights Council puts it](#): *“Housing is the basis of stability and security for an individual or family. The centre of our social, emotional and sometimes economic lives, a home should be a sanctuary — a place to live in peace, security and dignity.”* **Housing security also implies affordability, while affordability is not just about access to housing or accommodation, but also about adequate housing conditions that ensure quality of life.**

Yet in Hungary, year on year, including this year, access to both home ownership and renting has declined due to high rents and soaring house prices across the EU, which are not being matched by rising average gross wages and real wages. This difference is illustrated in the following graph (Figures 1.a and 1.b).





One of the main problems affecting affordability is **the difficulty of accessing home ownership**:

- **According to the HCSO Q1 2024 data**, both used and newly built dwelling prices increased in Q1 2024 compared to the same period last year: used dwellings by 5.3% and new dwellings by 4.6%. In Budapest, the average price per square metre of a new dwelling is HUF 1.5 million, while the average price of a used dwelling is HUF 521,000.
- Based on the same data, **house prices in Hungary have already risen to 298% of the 2015 price level. Although house prices have risen across Europe over this period, they have increased much less than in Hungary**: the average price increase in the 27 EU Member States compared to 2015 was 149%, half the rate in Hungary, [according to Eurostat data for 2023](#).
- The rise in prices is driven by an increase in housing sales and rentals. [According to HCSO data for 2024](#), after a 23% decline in 2023, the number of dwellings sold increased by 36% in the first quarter of 2024 compared to the same period of the previous year. The stock of housing loans rose by 5.7% in this period, with a 6.6% rise in the number of state-subsidised loans. Loan amounts with state support increased much more than in the previous year, rising by 71%, that is, 3.2 times, while loans without state support increased by 53% or 2.4 times. For state-subsidised loans, the average loan amount increased from HUF 10 million to HUF 18 million
- However, as it requires savings to take out CSOK and even more so [CSOK Plus](#) loans to buy a home, together with other requirements including a minimum of two years of social security and paying certain costs related to a bank loan (e.g. loan appraisal, valuation), these subsidies are mainly accessible to households that could already have access to homeownership without them. At the same time,

however, rising prices reduce access to homeownership for those who do not have similar resources.

**Rental prices have also continued to rise this year, but this has not been matched by a rise in demand from those who might be able to afford current price levels** ([according to an expert at Ingatlan.com](#)):

- [According to the HCSO's August 2024 rent index](#), average apartment rents rose by 9.6% nationally and 9.8% in Budapest. Compared to price levels of 2015, the former rose by 112%, and the latter by 102%.
- [According to the Eurostat survey](#), access to renting was a problem for 4.7% of Hungarian residents and 5.9% of households with children in 2023.
- The social group that cannot access homeownership and market rentals continues to find accommodation either provided as a favour or at [the lower end of the rental](#) market: in lower-than-market rentals or in workers' hostels, depending on their living and financial situation. When these options are no longer available, they can use the accommodation services of the state-financed system on a temporary basis for up to two years: with underage children, they use maternity homes originally intended for child protection purposes, as well as family shelters, temporary hostels within the homeless care system or, in the absence of available accommodation or financial resources, night shelters.
- **In the absence of a national strategy and resources for housing affordability, there are no comprehensive measures to provide long-term independent housing for households with financial resources and employment that are insufficient to pay market rents.**

- **Another reason is the underfunding of the municipal rental housing sector, the lack of state support and the resulting steady decline in the housing stock.** [According to the 2023 data of the HCSO](#), the municipal housing stock in 2023 consisted of 101 145 dwellings, of which only 3043 were renovated and 1857 were in a state of demolition. It is true that in 2023, 8,611 dwellings were allocated by the municipalities, however, these include contract extensions for people already living in municipal housing. With fewer and fewer municipalities keeping a register of housing applicants (169 in total, compared to over 200 before 2014), it is **becoming increasingly difficult to see how many people would need municipal housing**.
- As last year there were 9752 applications registered by municipalities that still keep a register, with the total number of allocations being 8611, these data show that **far more people would need municipal housing than those that have access to it**.

Beyond access to housing, the difficulty of its maintenance is also part of the affordability problem. **If households spend too high a proportion of their disposable income on housing – 40% or more – they risk becoming indebted, losing their homes and becoming poor.**

- According to the EU SILC 2023 survey, **households spend on average 24.6% of their income on housing costs, and 13% of households spend more than 40% of their disposable income on housing.**
- According to Eurostat data for 2023, the share of households with excessive housing costs, i.e. households that spend more than 40% of their net disposable income on housing, is 29.4% in the lowest income quintile, 6.7% in the second income quintile and 2.6% and 1% respectively in the top two income quintiles. **Thus, the lower the household's income, the higher the share of it spent on housing.**



\* Total housing costs represent more than 40 percent of disposable income.

Closely related to affordability is the quality of decent housing conditions that a household can afford, whether as home ownership, renting or accommodation. **So it is also a matter of affordability that almost half of the lowest income quintile, 43.3%, live in material and social deprivation according to Eurostat data for 2023.**

As shown in Figure 2, the excessively high **housing maintenance costs of more than 40% of household income and material and social deprivation also affect the lowest income residents the most, while there is no significant difference between homeownership and rentals.** In contrast, **housing maintenance costs are much higher among market renters: 42.5% of renters spend more than 40% of their income on housing,** compared to only 14.7% of those with a mortgage or other housing loan.

## 2. Insecurity and lack of concept: housing problems for Ukrainian refugees

Among the groups affected by affordability problems since the Russian invasion of Ukraine in February 2022, Ukrainian refugees have also emerged. Their situation, their affordability problems, and the impact of new good practices on affordability launched by civil and church initiatives over the past two years have affected not only Ukrainian refugees but also the Hungarian population.

- The European Union [extended](#) temporary protection status to Ukrainian refugees in 2022. **Individuals with temporary protection status are obliged to receive assistance from the state, including housing.**
- However, [the government, by amending Government Decree 104/2022 \(12.3.2022\)](#) on the accommodation of people with temporary protection status, stopped state support for the vast majority of people living in collective accommodation as of 21 August 2024, arguing that certain areas of Ukraine were not affected by the war and that support for people from those areas, such as Transcarpathians and Kyivis, was not justified. **According to the data provided to the Hungarian Helsinki Committee, only 19% of those who applied for fairness were able to continue their stay in collective accommodation, and the majority of evicted families were not offered any alternative housing by the state.**
- [According to the UNHCR report of October 2024](#), 51% of refugees secure their housing without support, 34% do not pay for their housing and 14% pay for part of it. This is due to a decline in subsidised housing forms, community shelters and housing support schemes, the report says.

- **Housing insecurity is high among Ukrainian refugees.** [According to the UNHCR 2024 report](#), 30% of those renting private property do not have a tenancy agreement. 49% of refugees surveyed said they had been able to secure housing for more than six months, and 15% said they were under pressure to leave their accommodation. In almost half of the cases, this was due to the closure of the accommodation facility, in a fifth of cases it was because the housing programme had ended, in 17% the landlord had terminated the contract, in 13% the length of the housing solution was uncertain and in 3% the public subsidy for accommodation had been stopped.
- [In the UNHCR survey of June 2024](#), respondents also highlighted the **difficulty of finding accommodation due to high rent prices and the reluctance of many to sign a contract with a refugee. The report also highlighted that affordable housing tends to lead to respondents moving into poor quality housing on the periphery of cities.**
- **Although temporary protection status should guarantee housing for refugee families, their affordability problems often lead to homelessness.** According to a senior social worker in a community shelter run by BMSZKI in the capital helping refugees, many Ukrainian refugees, including those with young children, live in forests and containers and are not necessarily visible to social services.
- [According to the UNHCR report of October 2024](#), a third of Ukrainian refugees continue to share accommodation with others. **28% of the respondents were dissatisfied with their housing: 46% reported a lack of privacy, 42% a lack of private toilets and showers, and 22% a lack of cooking and food storage facilities.** These problems were mainly found in shared accommodation. 8% of refugees feared that they were living in a place that was not suitable for winter use (e.g. lack of insulation, heating).

- Interviews with a social worker from the BMSZKI, a staff member of the Hungarian Helsinki Committee and the programme manager of the From Streets to Homes Association confirmed that affordability, insecurity and quality of affordable housing are also linked for refugees from Ukraine. **Some Ukrainian refugees are able to afford the rent of a cheaper, less well-placed apartment with housing subsidies and/or their income from work, at the expense of other living costs. Others, however, are not able to provide their housing even though they are working. What they have in common is the precariousness of affordable housing.**

The housing support for Ukrainian refugees is a good example of the political and public policy barriers to affordable housing policies, and also of the fact that there are internationally funded good practices that could be translated into public and municipal housing policies to alleviate affordability problems.

- **Unconceptualised: unconceptualised, fire-fighting social assistance has been a feature of Hungarian social policy since the fall of communism, particularly in housing.** Homelessness care in the 1990s also started as a crisis intervention, which evolved into a care system run by NGOs, churches and partly by municipalities, mainly providing community accommodation without state support for affordable independent housing. The situation is similar for refugees: after the crisis intervention, grassroots NGOs, churches and municipalities, which took solidarity initiatives, developed their own programmes, coordinating with each other on a voluntary basis. **The state does not coordinate services, and it does not develop them according to a conscious concept.** Meanwhile, the **resources of the organisations are limited, they cannot help as many clients as they need to, and this places a considerable work and emotional burden on the people working there; furthermore, it is not foreseeable how long international funding will be available for a given programme.**



- **The problem of affordability as undeservedness:** despite the government's [insinuation](#) that it would withdraw housing assistance from undeserving refugees living on state benefits and not working, the [UNHCR 2024 survey](#) and expert interviews suggest that the vast majority of refugees are in work. **The sharp political divide between deserving and undeserving families has long been part of the government's approach to housing and a political obstacle to affordability measures.** Article 2(1) of Act CCXI of 2011 on the Protection of Families states: 'Family support shall be separate from the social assistance system based on social need. The State contributes primarily to the responsible upbringing of children in the form of subsidies.' As discussed in [the 2023 Annual Report on Housing Poverty](#), this approach is reflected in the fact that **the government does not subsidise affordable renting at all, but subsidises families' access to home ownership regardless of need, and this way, the state spends mostly on housing for better-off families.**
- **Good practices of affordability based on solidarity:** Solidarity-based initiatives have the advantage of **launching and mainstreaming programmes that go beyond the shelter system, and grassroots consultation helps to develop and spread innovative forms of housing support adapted to affordability problems and social work models for independent housing or in addition to independent housing.** An example of this is the From Streets to Homes Association and Habitat for Humanity Hungary's Solidarity Housing Programme which has developed into [a long-term home rental subsidy programme](#), and interviews are used as a basis for discussing the development of pathways from shelters to independent housing (home rental subsidy, housing agency), and the possibilities of social work in independent housing as aftercare or in the longer term.

### 3. Proposed solutions for affordability

Although [the government acknowledged in October 2024](#) the need to support affordable housing for all socio-economic groups, no housing policy solutions for affordability [beyond the restriction of short-term tourist housing in Budapest and tax increases](#) have been proposed so far. **There is still no housing policy concept that addresses housing affordability in a systemic way.**

The housing situation of Ukrainian refugees also shows that residents who do not own their homes and are forced to cope with the rental market are faced with an excessive financial burden of renting and often do not have the financial means to afford housing of adequate quality. Those who cannot manage their housing independently or with the limited rental support available from their employers, NGOs or church organisations, are forced into hostels or, in many cases, into exploitative working and housing situations. **At the same time, civil society, church and municipal programmes in solidarity with refugees from Ukraine also show that it is possible to promote and support medium and longer-term independent housing in low-income groups, and thus become forward-looking initiatives not only for refugees from Ukraine but for all residents in need of quality and affordable housing solutions.**

**Affordable housing would therefore require the following policy changes:**

- **The development and public financing of a public housing policy concept for affordable housing that offers a broad range of interlinked solutions to the housing and closely related needs of different socio-economic groups.** For example, it assesses the level, duration and type of housing solutions (e.g. rental subsidies, municipal housing, housing agency, etc.) and other support (e.g. social work) necessary for different target groups in relation to their income.

- A housing policy approach to affordable housing also means that **the state prioritises independent housing and treats community shelter accommodation as a genuinely temporary solution**. This includes outlining ways out of community shelters, accommodation provided as a favour, and other unsuitable (e.g. exploitative or very poor quality, overcrowded) housing conditions.
- **The concept development of affordable housing should involve civil society, church and municipal organisations that are already running innovative affordable housing programmes, and** the state should ensure the expansion of these programmes and their long-term funding from the central budget.
- **Affordable housing solutions should be more widely introduced** (e.g. housing agencies) **or re-expanded** (e.g. social rental housing) as **part of state and municipal housing policy, as opposed to temporary, project-based solutions**.
- For Ukrainian refugees and the Hungarian population alike, **the approach that divides those in need of housing assistance into deserving and undeserving groups needs to be broken**. On the one hand, this means that housing assistance for families should be aligned with the goal of access to affordable housing. On the other hand, housing assistance for Ukrainian individuals with temporary protection status should be reinstated in line with the EU directive.