

# Annual Report on Housing Poverty in Hungary

2025

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Habitat for Humanity Hungary, Budapest, 2025.

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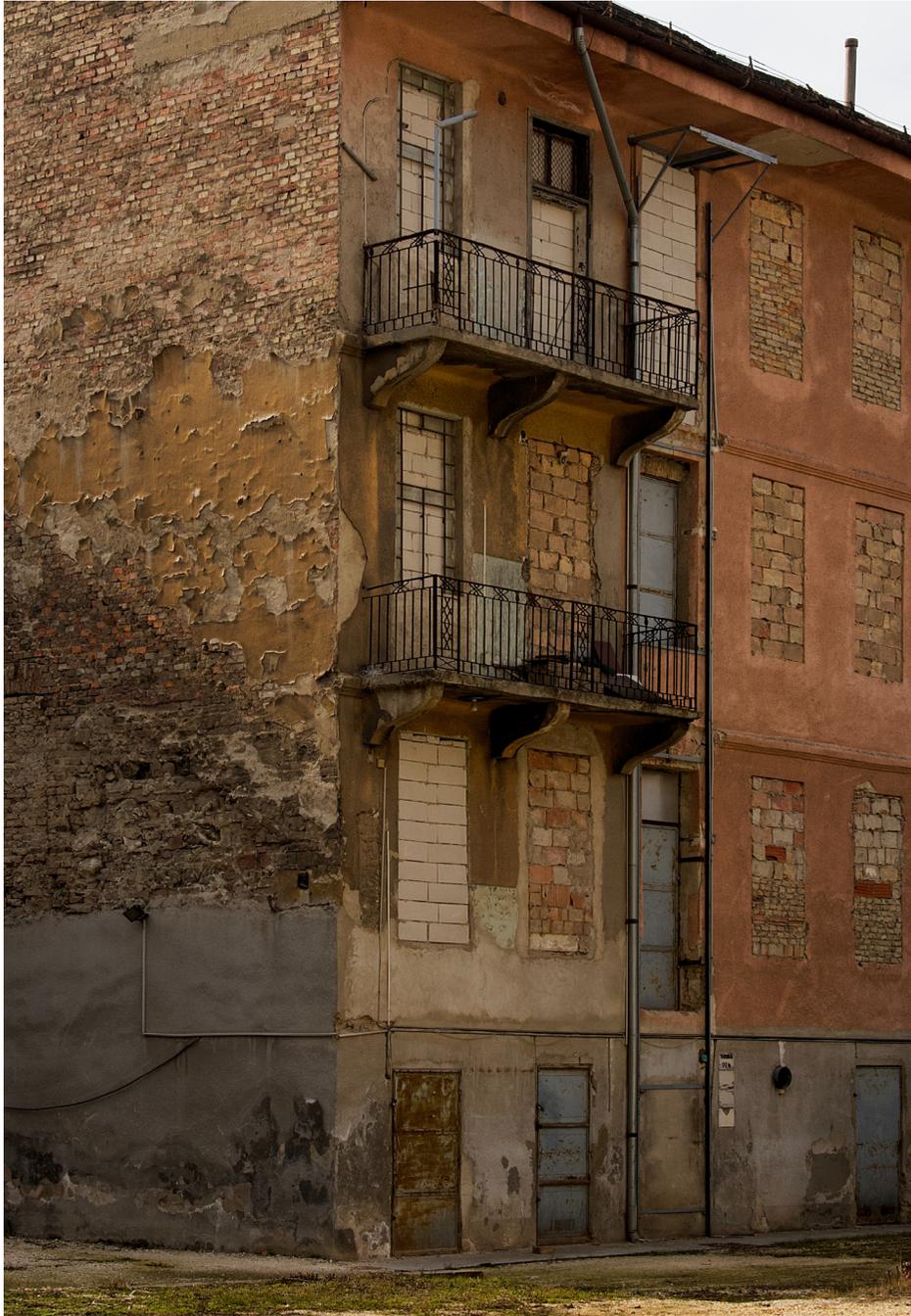
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# CONTENTS

<b>Introduction</b>	5
<b>About the Authors</b>	6
<b>Márton Czirfusz</b>	
<b>Housing policies and budgetary expenditures</b>	8
<b>1. Housing policy turnaround in late 2024</b>	9
<b>2. Public policy changes</b>	10
2.1. Housing finance	10
2.2. Regulatory developments	11
2.3. Instruments targeting vulnerable groups	12
2.4. Housing in the governmental structure	13
<b>3. Government expenditure</b>	13
3.1. The 'Housing subsidies' budget title	13
3.2. Detailed analysis of housing-related budgetary expenditures	13
<b>4. The impact of housing policies on housing inequalities</b>	15

<b>Katalin Ámon</b>		<b>Zsuzsanna Koritár</b>	
<b>Housing affordability</b>	18	<b>Renovation Grant Schemes Aimed at Reducing Energy Poverty</b>	27
<b>1. Introduction</b>	18	<b>1. Household Energy Use in Europe and Hungary</b>	27
<b>2. Access to secure home ownership or rental housing</b>	19	<b>2. Energy Poverty in Hungary</b>	28
2.1. Difficulties in accessing home ownership	19	<b>3. Accessibility of Building Renovation Grants</b>	28
2.2. Access to privately owned and municipal rental housing	20	<b>4. Habitat for Humanity Hungary's Response: One-Stop-Shop Support Model</b>	29
2.3. Consequences: people forced out of home ownership and secure, formalized rental housing	20	<b>5. Lessons Learned and Recommendations</b>	30
<b>3. Housing affordability</b>	21	<b>6. A Just Green Transition</b>	31
3.1. How much does housing cost?	21		
3.2. Consequences: indebtedness and loss of housing	22		
<b>4. Adequate housing</b>	22		
4.1. Quality of affordable housing	22		
4.2. Consequences	22		
<b>5. The interrelationships of affordability issues – two short case studies</b>	23		
<b>6. The most essential state-supported programs and measures aimed at making housing affordable</b>	24		
6.1. The Housing Program for Catching Up Settlements (FETE)	24		
6.2. MR Community Housing Fund programs	24		
<b>7. Policy recommendations</b>	25		

# Introduction

Dear Reader,

For nearly three decades, Habitat for Humanity Hungary has worked to ensure that everyone has the opportunity to live in a decent, safe, quality, and affordable home. Housing is the foundation on which people build their lives, and our mission has remained constant: to support families and communities so they can thrive. A cornerstone in this work is our annual report on housing poverty, which we have published since 2012. It brings together the expertise of our team and external specialists to highlight the most pressing trends in housing and to offer practical, evidence-based solutions.

Each year, we review government policies affecting housing, analyse relevant budgetary expenditures, and assess how affordability is changing for households in Hungary. We also address each year a timely topic in greater depth - offering insights and recommendations that can guide national and local decision-makers in designing programmes that reduce housing poverty.

In recent years, housing has moved from being an abstract policy issue to becoming one of the most widely discussed challenges in Hungary. Rapid increases in both home prices and rental costs have placed significant pressure on families across the country. The term “housing crisis” now appears frequently in public and political discussions. In our analysis, we show that the current housing policy framework – dominated by demand-side incentives – is not targeted based on need, does not prioritise or effectively reach vulnerable groups, and ultimately does not contribute to alleviating housing poverty.

Beyond identifying the drivers of affordability challenges, this year’s report also examines the associated consequences and risks. Through two brief case studies, we illustrate how certain interventions, when not designed with vulnerable households in mind, can unintentionally deepen housing poverty. We conclude by proposing a set of measures that we believe could lead to meaningful improvements in housing affordability.

Drawing on the multi-year experience of our Rural Housing Programme, we also outline the principles that should guide the creation of a national home renovation support scheme, as well as the one-stop-shop model that would enable its effective implementation. We highlight how such a programme could support households living in energy poverty, contribute to a just response to the social impacts of climate change, and help Hungary meet its climate commitments.

Our hope is that this year’s report offers valuable insights and serves as an accessible guide for anyone concerned about housing poverty and committed to addressing it. We also hope that our recommendations contribute to the development of a fair and solidarity-based housing policy and support our long-term goal: ensuring that everyone in Hungary can live in a decent, quality, safe, and affordable home.

On behalf of all authors and contributors, thank you for your interest in our work and for your commitment to housing justice. I wish you an engaging and thought-provoking read.

**Tímea Illyés**  
Habitat for Humanity Hungary  
National Director

# About the Authors



**Katalin Ámont** is a research fellow at the Institute for Minority Studies, Centre for Social Sciences, Eötvös Loránd Research Network. Her earlier research focused on the criminalisation of homelessness, women's homelessness, and housing affordability. She was a member of *The City is for All*, an activist group advocating for housing rights. She completed her undergraduate studies in International Relations at Corvinus University of Budapest, and earned her Master's degree in Gender Studies and her PhD in Political Science at Central European University.



**Márton Czirfusz** is a geographer and co-founder of the Periféria Policy and Research Center. His main research area is the analysis of socio-spatial inequalities in Hungary, including housing policy and other housing-related issues. He completed both his university and doctoral studies at Eötvös Loránd University.



**Zsuzsanna Koritár** is a policy expert at Habitat for Humanity Hungary. She has been working in the field of sustainable energy management for more than 20 years, during which her focus increasingly shifted toward energy efficiency of buildings and later toward housing quality, affordability, and energy poverty. She served for several years as the head of the Hungarian Energy Efficiency Institute. Her work primarily involves national and EU-level policy issues; she prepares analyses and recommendations for decision-makers, contributes to international projects, and participates in field-based pilot programmes in order to incorporate hands-on experience into her professional work.

Czirfusz Márton

# Housing policies and budgetary expenditures



# Housing policies and budgetary expenditures

Periféria Policy and Research Center

Manuscript closed: October 15, 2025

This chapter reviews the 2024–2025 changes in government housing policies and the budgetary expenditures on housing. The public policy analysis focuses on three areas: housing finance, regulation, and instruments targeting vulnerable groups. The budgetary analysis points out that means-tested subsidies are almost entirely missing from the current Hungarian housing policy toolkit.

**Based on the housing policy developments of the past year, the following recommendations are the most important.**

- It is essential to **develop a national housing strategy** – with a comprehensive problem map, objectives, public policy instruments aligned with those objectives, and a monitoring system. It is also necessary to ensure alignment with the European Union’s forthcoming first European affordable housing plan.
- It is necessary to **define and apply the concept of affordable housing** in the public policy toolkit. The government has defined affordable

housing merely by housing prices per square meter in a newly launched interest-subsidised housing loan scheme. The definition of affordable housing must also be supplemented by the affordability of housing costs and that of rental housing.

- A legally defined **definition of limited profit housing providers** is essential for new actors to appear on the supply side of affordable housing, particularly in the rental sector. Limited profit housing providers need targeted support on the supply side to be able to build up an affordable housing portfolio, which is currently non-existent in Hungary.
- There is a need to **develop support programmes targeted at households living in housing poverty**, which are available and predictable in the long term. The resources of the Social Climate Fund, once launched, must be directed towards households exposed to energy poverty. Additional instruments must be developed for the challenges of housing poverty beyond energy poverty.

- It is necessary to **increase the amount and proportion of means-tested budgetary expenditures**, currently amounting of only 5% of all housing expenditures. The long-overdue reform of poorly targeted instruments with devalued amounts of subsidies cannot wait any longer. The share of non-means-tested instruments must be reduced in the housing policy toolkit, and existing instruments must be transformed on a means-tested basis.
- The **role of municipalities must be strengthened in reducing housing poverty**. The two main instruments for this would be the expansion of the publicly owned housing stock, as well as a housing cost support subsidy and debt management service financed by normative funding from the central government budget.

## 1. Housing policy turnaround in late 2024

In October 2024, the government announced the ‘**New Economic Policy Action Plan**’, one pillar of which was affordable housing. This represented a positive turn insofar as the government began talking about housing problems, whereas previously it had denied the existence of a housing crisis in Hungary.

The measures launched in late 2024 and 2025 are **not expected to substantially reduce housing poverty**. The new instruments do not offer solutions for households struggling with severe housing quality and affordability problems. Instead, new housing finance opportunities have opened up for certain ‘deserving’ groups: young people, creditworthy middle-class individuals, homeowners and public sector workers. The main economic objective of the measures was to stimulate consumption and support the construction industry, in order to avoid the economic recession of the country.

	MEASURE	IMPLEMENTED		IMPACT ON HOUSING POVERTY		
		Yes	No	Reduction	Neutral	Increase
Financial	Housing programme for young people (Home Start)	●				●
	Housing loan with a 5% interest rate cap	●			●	
	Rural Home Renovation Program	●			●	
	Széchenyi Recreation Card benefits for housing purposes	●			●	
	Voluntary pension fund savings for housing purposes	●			●	
	Housing allowances provided by employers	●			●	
Supply side	Expansion of higher education dormitory capacities		●	●*		
Regulatory	Tightening private short-term rental regulations	●			●	
	Review of the rental costs and contractual conditions		●	●*		
	5% reduced VAT on the sale of newly-built housing units	●			●	

\*depending on implementation

Figure 1: Housing measures of the 2024 ‘New Economic Policy Action Plan’, their implementation, and expected impact on housing poverty

The government also launched an **intensive communication campaign promoting homeownership as the ‘Hungarian dream’** and opposing rental housing programmes. According to Hungarian professional organisations in housing, however, housing inequalities are high precisely because of the homeownership-dominant housing regime. Without a strong public rental housing and a regulated private rental housing sector, it is difficult to ensure decent housing for everyone.

**The government does not meaningfully address the complex problems of housing poverty in Hungary.** Housing policy instruments almost exclusively reach higher-income households; thus they do not reduce, but rather increase, housing inequalities.

## 2. Public policy changes

### 2.1. Housing finance

In 2024–2025, the government introduced new housing finance instruments without a backing in an existing overarching housing strategy. **The main goal of these new instruments was economic stimulus** under a recessionary environment of the national economy. The instruments primarily stimulate demand, do not reach those living in housing poverty, and, in fact, may worsen their situation due to rising property prices.

The main new housing finance instruments have been as follows:

- **Housing loan with a 5% interest rate cap.** Banks introduced this as a ‘voluntary commitment’, suggested by the government. Individuals under 35 could apply between April and October 2025, for the purchase of energy-efficient homes. Due to strict credit conditions, this financial product did not become popular and did not help those in housing poverty, many of whom are not creditworthy.

- **Home Start Programme (Otthon Start).** This instrument, launched in September 2025, became the central measure of government housing policy this year. The scheme is a fixed 3%, max. 50 million HUF (cca. 125 thousand €) interest-rate-subsidised loan, available to first-time homebuyers. The price cap for the housing units bought is 1.5 million HUF (3,750 €) per square meter which was communicated as an affordability criterion by the government. The government defined first-time homebuyers very broadly, and included no age, income, or wealth limits, nor any child-bearing conditions for the application. The subsidy is expected to reach higher-income earners, including those buying for investment-purposes, and will increase housing prices and regional inequalities of housing, overheating urban housing markets. The state pays the difference between the 3% fixed rate and market rates for the entire term of the mortgage, which poses a significant financing risk for the central government budget. Twice since 1990, interest-subsidised housing loans have led to unmanageable fiscal burdens and severe social crisis among indebted poorer households when interest rates skyrocketed: the government did not secure that the same will not happen the third time with the Home Start Programme.

- **Renovation programmes for homeowners.** Several new programmes were launched using domestic and EU funds, but without a comprehensive strategy for the renovation of the Hungarian housing stock. The **Rural Home Renovation Programme** is available in municipalities with populations under 5,000, for families with children and for pensioners, from 2025 to mid-2026. The programme offers a maximum of 3 million HUF (cca. 7,500 €) non-repayable grant, with a 50% co-payment by homeowners. Interest in the programme has been low so far, government goals have not yet reached. The Rural Home Renovation Programme is a poorly targeted instrument in terms of reducing housing inequalities and energy poverty, as no energy-saving criteria are attached. The Energy-Efficient Home Renovation

Programme is running from EU funds between July 2024 and March 2027, with a total budget of 73 billion HUF (cca. 182 million €). The combination of a non-repayable grant and an interest-free loan (from autumn 2025, max. 5+5 million HUF, cca. 12,500 € + 12,500 €, per household) is not accessible for vulnerable households who are not creditworthy or who are not homeowners. Thus, the support reaches the more affluent population.

- **Temporarily available sources for housing finance.** To stimulate the economy, various savings can be used for housing purposes in 2025 as an interim measure. 50% of the balance of the Széchenyi Recreation Card (SZÉP Card, a popular, fringe benefit with preferential tax for employers, on a debit card which can be used in the domestic hospitality industry) can also be spent on home renovation, including buying construction materials, furniture and homeware products. Due to the low amounts held on SZÉP Cards, the impact on improving housing quality is negligible. Voluntary pension fund savings can also be channelled to housing loan down payment or home purchase in 2025. As pension fund assets are unevenly distributed in society, this opportunity mainly helps asset-rich households to restructure their wealth assets.
- **Employment-related housing finance.** Employers can provide housing support worth 150,000 HUF (cca 375 €) per month with a preferential tax rate to their employees under 35 since January 2025. Only a small fraction of employers provides such fringe benefits. A new housing support programme will be launched in 2026 which will provide 1 million HUF (2,500 €) per year for public service workers, for housing loan down payment or home purchase. The new 'Worker Loan' (munkáshitel), launched in 2025, is an interest-free loan of up to 4 million HUF (10,000 €) for 17–25 year-olds, which recipients also use, to a smaller extent, for housing purposes.

The government **preserved existing housing subsidies linked to family policy and childbirth.** The family housing benefit 'CSOK Plusz' and the baby expecting loan are still available. Both are interest-rate subsidised loans with post-childbirth waivers. These loan-based solutions do not help low-income, non-creditworthy households in improving their housing situation.

**Supply-side instruments** were less widespread in the housing policy developments of the past year.

- The '**Housing Capital Programme**' was launched in 2025 by the Hungarian Development Bank (MFB), providing 300 billion HUF (cca. 750 million €) capital for 19 fund managers to boost housing development. 30,000 housing units are expected to be built under the programme in the next years. The call for applications contained no affordability criteria, so there is no guarantee that affordable homes will be built with this cheap state financing for selected developers. The expansion of affordable housing opportunities would have been better served by financing provided to municipalities and non-profit rental housing developers within an appropriate regulatory environment. Both of these sectors are underdeveloped in Hungary.
- The 'New Economic Policy Action Plan' also envisaged the expansion of **higher-education dormitory capacity**, in which no substantive steps were taken over the past year.

## 2.2. Regulatory developments

Numerous regulatory changes occurred as part of and beyond the 'New Economic Policy Action Plan', without systemic reforms.

- In Budapest, the **registration of new private accommodation** (and through this, the expansion of short-term housing rentals) has

been temporarily restricted for 2025–2026, and the flat-rate tax on accommodation rentals was raised. These measures are not sufficient to reduce rental prices via regulating short-term rental. A comprehensive reform of the entire private rental market would be necessary.

- The **preferential 5% VAT** rate on the sale of new homes will remain in effect until the end of 2026 and can be applied until 2030 for developments starting before the end of 2026. The preferential VAT rate has not made home purchases more affordable in the past years.
- The new **law on the ‘protection of local identity’** was the most controversial regulation of the past year. This law allows municipalities to restrict who can purchase property and register their residence in the locality, based on various criteria. Initial experiences show that municipalities use the law in a discriminatory manner to prevent poorer, lower-status people from moving in. For example, they prohibit individuals with a criminal record, those who do not speak Hungarian, or those without a secondary education from settling down or purchasing residential property, or they require the payment of a cash contribution. Professional organisations consider the law to be violating fundamental rights and international conventions.
- Regulatory changes for **‘allotment gardens’ properties** (zártkerti ingatlanok) were undertaken, which empower municipalities to rezone these areas and facilitate the sale and purchase of these properties. Allotment gardens have become affordable permanent residence of the lower middle class in recent years.
- Housing developments with at least 250 units, 70% of which are compatible with the Home Start Programme’s lending regulations, can be declared **priority investments** by the government. Priority investments receive fast-track permits and are not obliged to adhere

to national and local building regulations. This may speed up construction but could also result in the construction of lower-quality residential properties in neighbourhoods inadequate for residential development.

- The **interest rate freeze** introduced on variable-rate loans was extended until the end of 2025, shielding a few thousand debtors from the increased interest burden. This measure is a poorly targeted instrument. It would be more socially just to settle households endangered by indebtedness through debt management measures.
- The new rules of the **Energy Efficiency Obligation Scheme (EKR)**, obliging energy companies to achieve energy savings for end-users, could theoretically support energy-efficient building renovations. Renovations financed by this scheme, however, are not coordinated with other renovation subsidies, and it is unknown whether they have reached energy-poor households.

### 2.3. Instruments targeting vulnerable groups

Instruments targeting vulnerable groups did not change considerably in the past year.

- The state provides no meaningful housing assistance to **young adults leaving childcare institutions**, even though the situation of the child protection system has become one of the most important public issues in the last 1.5 year due to recent scandals about abuse and systemic hiatuses. The MR Community Housing Fund, a charitable organisation running housing programmes for vulnerable persons, launched a programme for young adults leaving childcare institutions with 100 units. The call for application favours less vulnerable persons.

- No substantive progress was made in **replacing mass institutions** with supportive housing solutions in which independent living, on-site support and affordable rents are combined.
- There are still no long-term state-financed housing programmes for **refugees from Ukraine**. Charitable programmes helping Ukrainian refugees struggle with funding shortages. The government narrowed the eligibility for housing allowances for Ukrainian refugees in 2024.
- No substantive progress was made in providing housing solutions for **homeless people**.

## 2.4. Housing in the governmental structure

Governmental responsibilities related to housing remain fragmented. **Housing has a low-profile political representation within government**, without a dedicated minister, state secretary or undersecretary for housing policy – even as the field of housing has gained importance in government work.

Within the Ministry of National Economy, the instrument planning and finance sides of housing policy were brought under one roof from 2025. Social housing issues remain with the Ministry of Interior, housing construction-related tasks are the competence of the Ministry of Construction and Transport, and building energy issues fall to the Ministry of Energy. A dedicated Home Start Programme Office was founded within the Prime Minister's Office to coordinate priority investments in housing development. Housing subsidies linked to family policy belong to the Ministry of Culture and Innovation.

## 3. Government expenditure

### 3.1. The 'Housing subsidies' budget title

The 'Housing subsidies' budget title contains the main housing policy expenditures. Except for one scheme subsidising accessible renovations, none of the instruments are means-tested. In 2024, **'Housing subsidies' expenditures plummeted to a historic low of the past quarter of century**, mainly due to the phasing out of the previous home renovation subsidy and narrowing the accessibility of the family housing benefit (CSOK). An increase of spendings is planned for the 2026 parliamentary election year, mainly due to the ramp-up of the Rural Home Renovation Programme. Figure 2 does not yet include the Home Start Programme (estimated expenditure: 50–100 billion HUF, cca. 125–250 million €) and the public service workers' housing support programme (190 billion HUF, cca. 475 million €).

### 3.2. Detailed analysis of housing-related budgetary expenditures

Figure 3 presents the composition of central budget expenditures for housing in detail. The figure shows the expenditures broken down into six thematic groups. According to the compilation, **95% of the roughly 1,000 billion HUF (cca. 2.5 billion €) housing-related spendings planned for 2026 are not means-tested**.

The expenditure groups are as follows.

- The central state spends virtually nothing on the **expansion, renovation and maintenance of public housing**. Municipal expenditures amounted to 19 billion HUF (cca. 47.5 million €) at current prices in 2024, for which they received no normative funding from the central government.

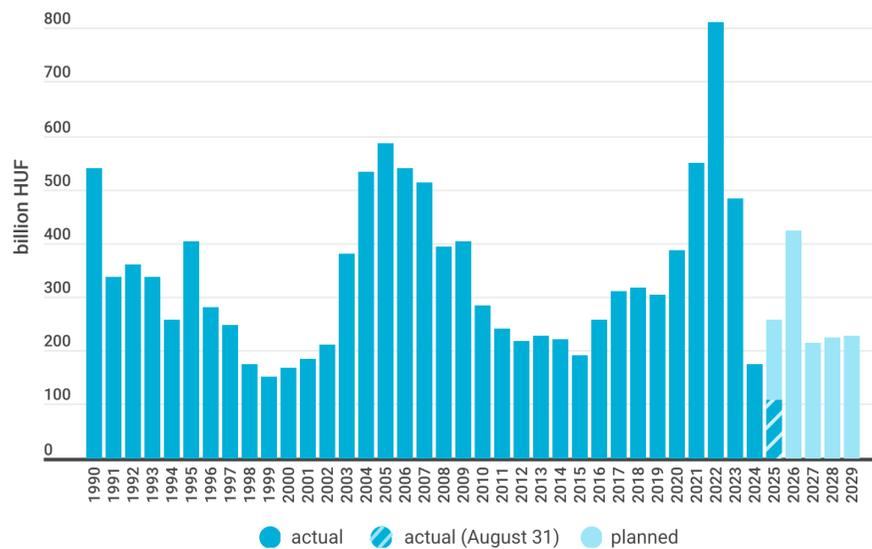


Figure 2: Public spending under the budget title 'Housing subsidies' (billion HUF, at 2025 prices, 1990–2029)

Data is publicly available [here](#).

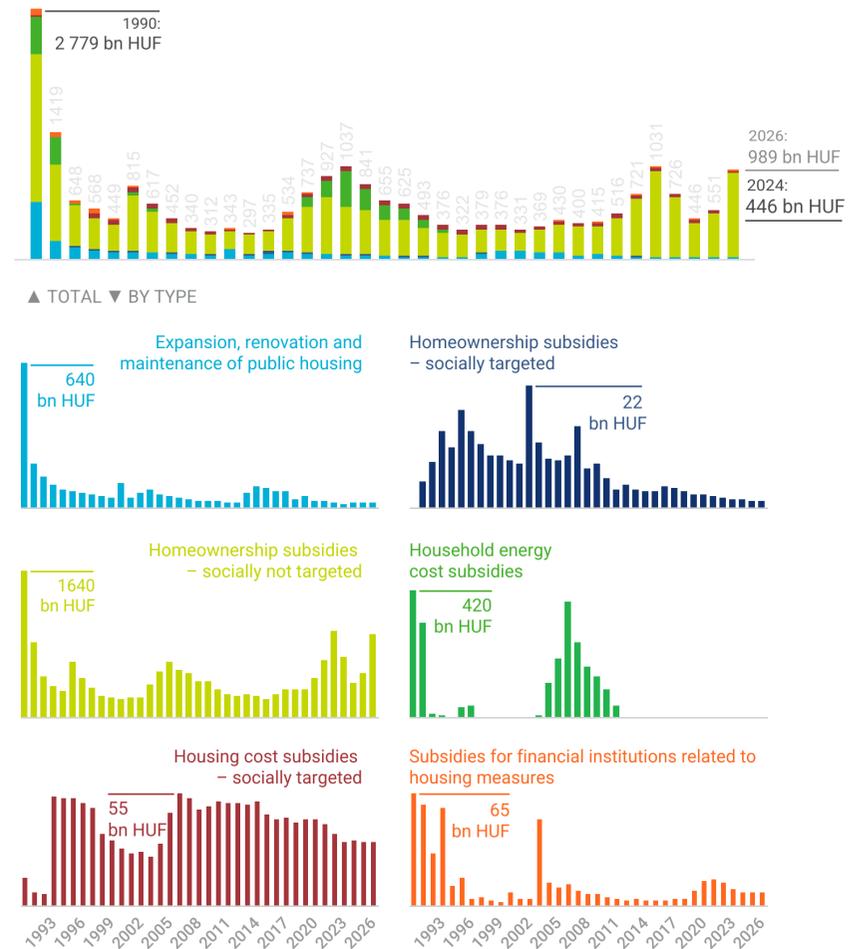


Figure 3: Public spending on housing in Hungary (billion HUF, at 2025 prices, 1990–2026)

Data source: final accounts (1990–2024) and budget bills (2025, 2026), Hungarian Central Statistical Office. Data is publicly available [here](#).

- **Socially targeted supports related to homeownership** are barely visible in the figure. This group includes support for the youth leaving childcare institutions (barely 1 billion HUF, cca. 2.5 million € at current prices in 2024) and subsidies for accessibility renovations or purchases for persons with reduced mobility (109 million HUF, cca. 272.5 thousand € expenditure). Neither instrument meaningfully helps solve the housing problems of the target groups, due to the low amount of subsidies.
- **Homeownership subsidies which are not means-tested** have been the largest group of housing expenditures since 1990. Expenditures at current prices will rise to 965 billion HUF (cca. 2.4 billion €) in 2026. In 2024, the largest items were the baby expecting loan (over 200 billion HUF, cca. 500 million €) and the family housing benefit (CSOK) (100 billion HUF, cca. 250 million €). In 2026, the largest expenditures will be the baby expecting loan (269 billion HUF, cca. 672.5 million €), the Rural Home Renovation Programme (228 billion HUF, cca. 570 million €), the housing support programme for public service workers (190 billion HUF, cca. 475 million €), and the Home Start Programme (75 billion HUF, cca. 187.5 million €).
- **Household energy cost subsidies**, by which we mean cash subsidies directly reaching residential consumers, have not existed since the mid-2000s.
- **Socially targeted housing cost subsidies** have two main instruments: the municipal social benefit and the social firewood scheme. The amount of the municipal social benefit (25 billion HUF expenditure at current prices in 2024, cca. 62.5 million €) depends on the financial capacities of municipalities and are not only targeting those with housing difficulties. The amount of the social firewood scheme (5 billion HUF, cca. 12.5 million €) has not been increased since 2019, while the price of firewood increased 1.8-fold between 2019

and 2024. The government has not remedied the distribution and access inequalities of the social firewood scheme, for which only small municipalities can apply, and which does not necessarily reach inhabitants in need.

- **Subsidies for financial institutions related to housing measures** decreased to 7 billion HUF (cca. 17.5 million €) in 2024 due to regulatory changes.

The figure does not include several items that are difficult or impossible to classify into the above categories, as well as expenditures where the exact budgetary spending cannot be deducted from the final accounts of the central government. These include small-scale programmes for the expansion of the municipal housing stock, particularly for public employees; the normative funding for different forms of institutional housing provided by the non-profit sector; the financing of the MR Community Housing Fund; programmes implemented from European Union funds (e.g., the Maltese Charity Service's programme creating 2,000 social rental homes in disadvantaged settlements); supports for for-profit developers (e.g., a workers' hostel construction programme and the Housing Capital Programme); housing subsidies from the National Employment Fund for jobseekers and those in vulnerable labour market positions (small programmes reaching a few hundred persons each year); as well as various housing-related tax and duty allowances for homeowners.

## 4. The impact of housing policies on housing inequalities

**Overall, housing policy instruments increase social inequalities in Hungary.** Figure 4 below shows the average amount of actual support disbursed per beneficiary through some key housing policy instruments. We have

	Target group	Instrument	Average subsidy per person or housing unit		
			[1000 HUF]	[EUR]*	
ONE-TIME SUBSIDIES	Homeowners with mortgages having several children	Mortgage waiver of the family housing benefit (CSOK Plusz), after the birth of the second child	10 000	25 000	
	Renovating homeowners	Rural Home Renovation Programme	1 800	4 500	
	Young people leaving childcare institutions	Child Protection Housing Fund	1 100	2 750	
	Persons with reduced mobility	Renovation or purchase of accessible homes	300	750	
ANNUALLY RECURRING SUBSIDIES	Public sector workers	Housing support for public sector workers	1 000	2 500	
	Young persons buying their first homes	Home Start Programme	700	1 750	
	Families buying residential property and expecting children	Interest rate subsidy of the baby expecting loan	530	1 325	
	Employers employing refugees from Ukraine	Emergency support - housing part	430	1 075	
	Renters in municipal housing	Renovation of housing units owned by municipalities	190	475	
	Households with housing cost affordability issues	Municipal social benefit	30	75	

\* 1 EUR = 400 HUF

Figure 4: Main housing subsidies for selected target groups in Hungary, 2024/2026

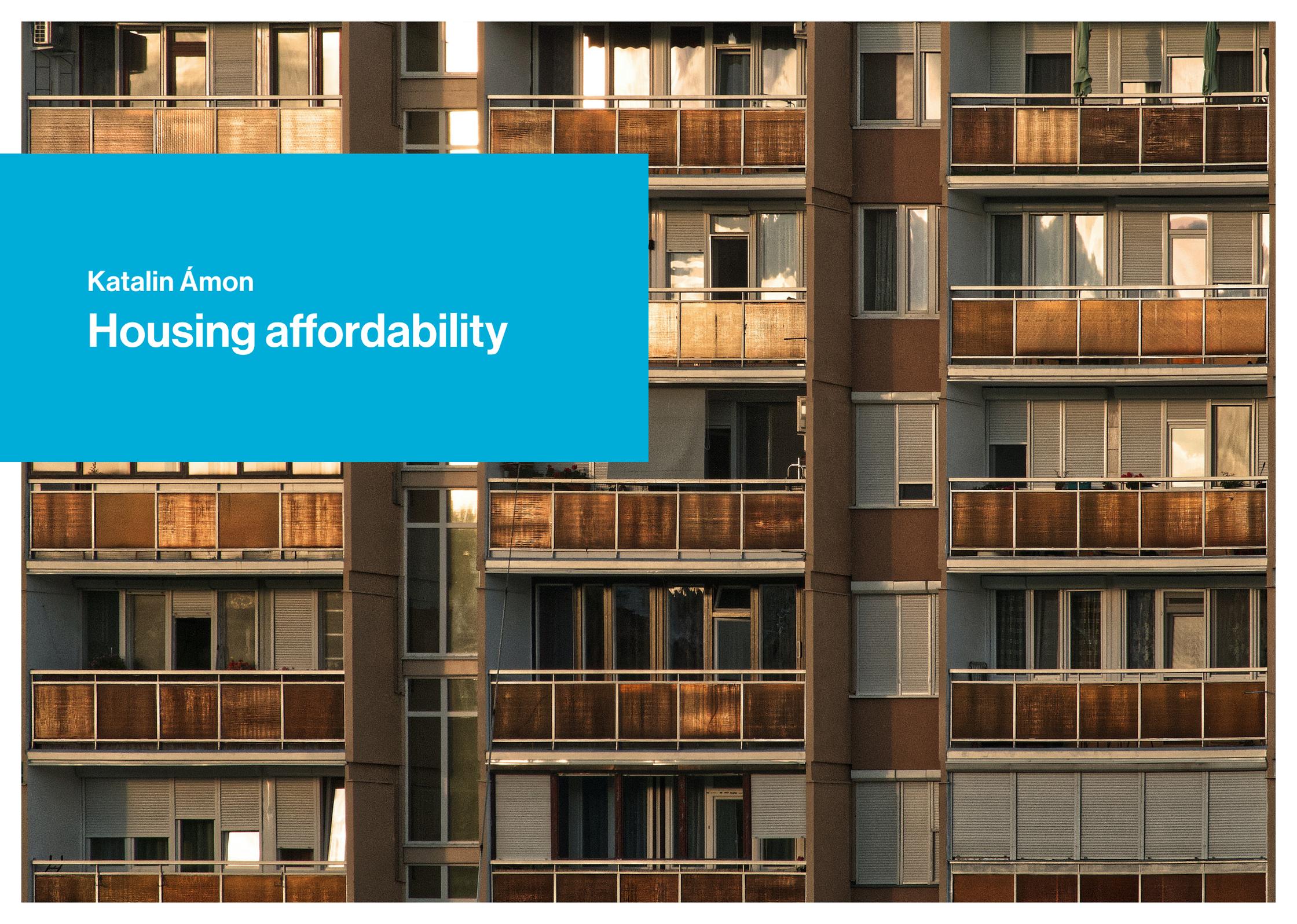
Sources: different sources, compiled by the author.

divided the instruments into two main groups: one-time subsidies and annually recurring subsidies.

**Among the one-time subsidies, we only find instruments related to homeownership.** Instruments targeted on a needs-basis (subsidies for young people leaving childcare institutions and support for persons with reduced mobility) are of a much lower amount than subsidies that have no needs-based conditions and are more easily accessible to those in a better financial situation (such as the Rural Home Renovation Programme or the mortgage waiver of the interest-rate-subsidised CSOK Plusz loan after the birth of the second child).

**Among the annually recurring subsidies, instruments related to homeownership are at the top of the list.** The maximum amount of subsidy for public sector workers having a mortgage (HUF 1 million per year) will be higher than the interest-rate subsidy components of the two broad-reach instruments, the Home Start Programme launched in 2025 and the baby expecting loan. Based on the current interest rates as well as the average amount and maturity of housing loans, the central government covers HUF 700,000 (cca. 1,750 €) per year for each mortgage in the Home Start Programme. At the bottom of the list is the municipal social benefit, which also provides assistance for paying housing costs for those in need, but its average annual amount of HUF 30,000 (75 €) is extremely low.

The disproportions are well illustrated by the fact that a family with a baby expecting loan receives over half a million HUF (cca. 1,325 €) in interest rate subsidies from the central government each year, while a young person leaving a childcare institution receives roughly twice of this amount as a one-time payment for buying a home – which is of course not possible from this amount. Persons with reduced mobility can receive only one-sixth as much support for accessibility renovations or for purchasing an accessible home as the amount the state provides in the Rural Home Renovation Programme available on a non means-tested basis.

A photograph of a multi-story apartment building with balconies, partially obscured by a blue text box. The building has a modern, somewhat industrial aesthetic with concrete and metal elements. The balconies are enclosed with glass and metal railings. The lighting suggests it might be late afternoon or early morning, with a warm glow from the windows.

Katalin Ámon  
**Housing affordability**

# Housing affordability

Manuscript closed: October 15, 2025

## 1. Introduction

In recent years, **housing prices and rents** in Hungary **have grown significantly**. As a result, the concepts **of housing affordability** and **housing poverty** are increasingly appearing in public discourse. This chapter outlines the affordability problems affecting the Hungarian population, the policy responses, and the policies that undermine housing affordability.

The report discusses the concept of affordability from three perspectives:

- **Accessibility:** The household is able to afford **access to adequate housing (ownership or rental)**.
- **Financial overburden:** Housing is affordable when housing costs do not jeopardize the household's ability to meet its basic needs. [According to UN-Habitat](#), if these costs exceed **30% of disposable**

**income**, this indicates an **affordability problem**; Eurostat sets the limit at **40%**.

- **Quality:** The household has access to **adequate housing that provides decent living conditions**.

Affordability is an essential indicator of **housing poverty**. Those affected by at least one indicator related to housing quality, access, location, or energy poverty are considered to be living in housing poverty. According to [the 2024 report](#) by Habitat for Humanity Hungary, **30.3%** of the Hungarian population, or **2,877,937 people**, were affected by at least one indicator of housing poverty.

## 2. Access to secure home ownership or rental housing

### 2.1. Difficulties in accessing home ownership

The declared goal of the Hungarian government's housing policy is **to support access to home ownership**. Not only do these policies fail to help those in social need, but **they also make it more challenging to become a homeowner by driving up real estate prices**.

**Within the European Union, Hungary has seen the highest increase in housing prices** (see Figure 1), **with prices more than tripling in nominal terms over the past 15 years** (and were 2.5 times higher in real terms in 2025 than housing prices in 2010). [According to data from the Hungarian Central Statistical Office \(KSH\)](#), in the first quarter of 2025, the average price per square meter for used homes in Budapest was around 1.2 million forints, which is a 5.7% increase compared to the same period last year.

The increase in housing prices **exceeds the growth in net real earnings**, which was 4.9% from 2024 to 2025 (see Figure 2). Overall, home ownership has not become more affordable, despite the government spending hundreds of billions of forints on state subsidies. In fact, it has become even less affordable for those who do not qualify for subsidies.

In addition to affordability issues, discrimination permitted by **Act XLVIII on the protection of local identity** may also be an obstacle to home ownership as the law enables local authorities to disable potential buyers to purchase real estate in the village or town if they do not meet specific criteria (related to the household's income or education levels, for example) set out by the local council. According to the [Street Lawyers Association](#), many local governments use the law **to discriminate against disadvantaged households**.

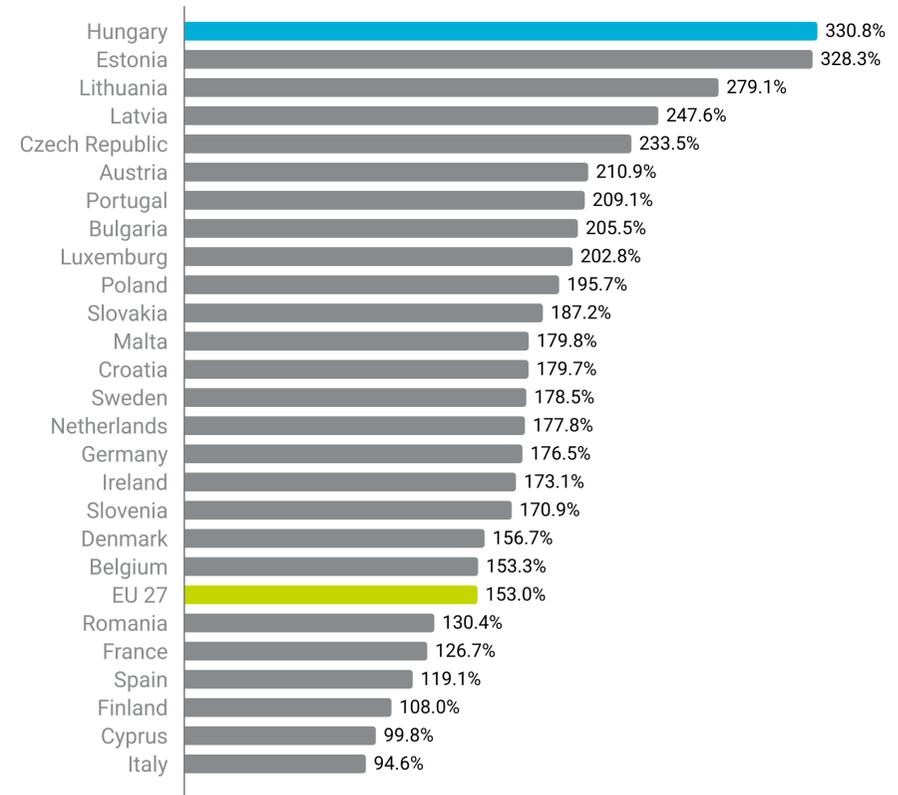


Figure 1. Changes in nominal housing prices in the European Union between 2010 and 2025

Source: [Eurostat, 2025](#)

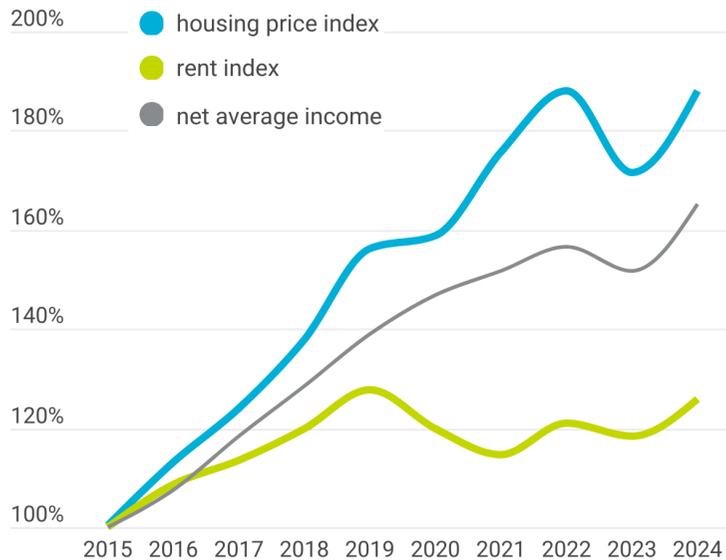


Figure 2. Housing prices and rents in connection with the net average income between 2015 and 2024 in Hungary

Source: KSH, [2024](#), [2025](#), [2025](#)

## 2.2. Access to privately owned and municipal rental housing

**The rise in rents for privately owned rental apartments** has also continued. According to the KSH-Ingatlan.com-Lakbérindex, in August 2025, rents were 7.5% higher nationwide and 7.6% higher in Budapest than in the same period of the previous year. **Over the past 10 years, rental prices have increased by 126% nationwide and 116% in Budapest.**

At the same time, **the number of municipally owned apartments is steadily declining.** According to data from the Hungarian Central Statistical Office (KSH), their number has fallen **below 100,000 units**, and only a portion of them will be rented on social grounds. This means that the chances of those unable to buy or lease at market prices obtaining municipal housing on social grounds are increasingly slim.

## 2.3. Consequences: people forced out of home ownership and secure, formalized rental housing

Those forced out of home ownership and secure, formalized tenancies often **rent without a proper contract or under unfair conditions**, live with relatives **as guests, in homeless shelters, or in other institutional forms of housing.** There are no precise data, but hundreds of thousands of people may be forced out of secure housing.

**There are currently no comprehensive responses** to the situation of those forced out of secure housing in state housing policy. They are primarily moved into the following institutions:

- **Temporary family homes:** Available to families with children. [According to 2024 data](#) from the Hungarian Central Statistical Office (KSH), **7,005 children** were living in such homes. According to social

experts, more and more households are using them as permanent housing due to the lack of rental options on the market.

- **Workers' hostels, homeless shelters:** [According to data from the Hungarian Central Statistical Office](#), **8,802 homeless people** were accommodated in temporary shelters and night shelters in 2024.

## 3. Housing affordability

### 3.1. How much does housing cost?

Housing affordability refers not only to the purchase price or rent, but also to the ratio of daily housing costs (utility costs and mortgage payments) to disposable income.

- **Housing cost overburden:** [According to Eurostat data](#), in 2024, housing was an excessive burden for **11.3% of households (in cities) and 7.3% (in smaller towns)**, who spent more than 40% of their income on it. Among those in [the lowest income quintile](#), this proportion was **27.2%**, while for [those earning less than 60% of the median income](#), **one-third (33.5%)** reported excessive burden.
- **Affordability of loans:** According to the [MNB's May 2025 Financial Stability Report](#), the affordability of housing loans **has decreased significantly** for those who do not receive state subsidies. The proportion of mortgage loans with high income strain (income spent on loan repayments exceeding 40%) has been steadily increasing.
- **Personal loans:** People living in housing poverty often cover their monthly housing costs **with personal loans** (see Figure 3). [According to data from the MNB](#), the value of personal loans issued by financial institutions **increased by 55%** between 2023 and 2024.

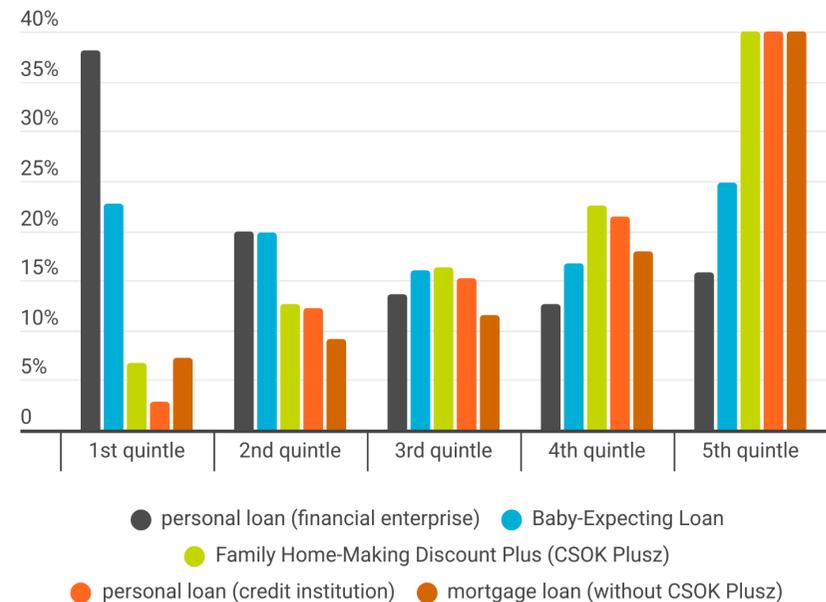


Figure 3: Distribution of loan agreements by debtor income (2024)

Source: [MNB](#), 2025

- **Housing subsidies:** Since March 2015, **the state has not provided centrally regulated normative subsidies** to reduce housing costs. Local governments offer financial assistance in the form of municipal subsidies or extraordinary subsidies. Still, this level of support (or an average of HUF 30,234 per person per year in 2024, according to KSH data) does not provide meaningful, long-term affordability support.

### 3.2. Consequences: indebtedness and loss of housing

The rise in housing costs increases the risk of indebtedness and housing loss. [According to the MNB](#), in 2024 **the annual growth rate of household loans in Hungary significantly exceeded both the EU and regional averages**. Although the overall proportion of non-performing loans decreased, it increased to 5% for personal loans and overdrafts.

The proportion of **households in arrears** was **7.1% of the total population in 2024, but 18.3% among those earning less than 60% of the median income**, [according to Eurostat data](#). Among the **most vulnerable households** (e.g., single parents or those raising more than three children), this rate was **29.1–30.3%**.

The accumulation of arrears can lead to **loss of housing**. According to 2024 [MBVK](#) and [KSH](#) data, there were **1,488 official housing losses** last year: 985 apartments were auctioned off, and 503 households were evicted from municipal or privately owned apartments. However, these statistics only show cases where the loss of housing occurs through official channels, not when a landlord or accommodation owner evicts residents without enforcement.

## 4. Adequate housing

### 4.1. Quality of affordable housing

Affordability also includes **adequate quality** housing.

- **Overcrowding:** [According to Eurostat data](#), **14.6% of Hungarian households lived in overcrowded properties in 2024**, with this figure standing at 23.8% among those [renting at market prices](#) and 31% among [those renting below market prices](#). According to data from the [Hungarian Central Statistical Office \(KSH\)](#), children are disproportionately affected: **26% of those aged 0-17 lived in overcrowded conditions in 2023**.
- **Comfort level:** Based on 2022 census data, tens of thousands of homes **are not connected to public utilities**, and **30% of homes do not have all modern conveniences** (see Figure 7).
- **Physical condition and energy poverty:** [According to Eurostat data](#), 12.6% of households lived in homes with leaky roofs and/or moldy walls in 2023. [Based on KSH data](#), **6.1% of households were unable to heat their homes adequately**, and 22.7% were unable to replace worn-out furniture.

### 4.2. Consequences

Poor-quality, outdated homes **have a detrimental effect on health**. [Children living in poverty](#) are particularly exposed to poor conditions: 15-20% of them live in homes without bathrooms or hot water, and half of them live in rooms exposed to indoor air pollution.

## 5. The interrelationships of affordability issues – two short case studies

An expert interview was conducted with Judit Durst, a research fellow at the Minority Research Institute of the ELTE Social Science Research Center, on the context of affordability issues among low-income residents of small settlements. Based on the interview, the report uses two household case studies to show how state-subsidized housing loans enabled families to become homeowners, but then led to a cycle of indebtedness and poor living conditions among low-income families living in small settlements.

The main lessons of the case studies are:

- **Indebtedness:** The combination of the Baby-Expecting Subsidy, Fafusi CSOK, and market-based loans, as well as high utility bills, meant that even a short period of sick leave **created a crisis for borrower households**, leading to further personal loans and a spiral of debt.
- **Condition of real estate: Properties** that are affordable with subsidized loans but **are generally in poor condition are overpriced**. There is often no budget left for renovation and heating.
- **Risks: Combining loans can trap low-income households in debt for many years** and reduce their chances of improving their housing conditions.



Figure 4: Hungarian housing stock by comfort level (2022)

Data source: KSH, 2022

## 6. The most essential state-supported programs and measures aimed at making housing affordable

### 6.1. The Housing Program for Catching Up Settlements (FETE)

The FETE program aims to help the 300 poorest settlements in the country catch up, with [housing model programs](#) primarily coordinated by the Hungarian Maltese Charity Service (MMSZ). The report analyzed the program based on an expert interview with György Király, head of the MMSZ's specialist department. The program has three main strands:

- 1 Development of social housing stock:** Originally, 2,000 apartments were planned, but in the end, only a few hundred will be built. The rental apartments will be let for a maximum of five years, and tenants will receive intensive social work support to help them manage their debts and move on. The housing stock must be operated as social rental housing for 20 years after handover.
- 2 Making state subsidies available:** Poor households are assisted in applying for CSOK/Falusi CSOK and Babaváró subsidies, which are typically used to purchase and modernize used properties.
- 3 Roof repair program:** Providing small-scale, rapid renovations for families living in the worst-condition properties to deal with crises.

While it is a positive development that hundreds of rental apartments will be available in small towns where municipal rental apartments are scarce, it is essential to note that a few hundred properties can improve the housing situation of only a few households, while many more are in

need. Furthermore, it is unclear how long the program will be sustained, by whom, and what long-term affordable housing options families who move in will have access to after their rental contracts expire. Funding for social housing in this framework is accessible only to a few charitable organizations, not to other housing NGOs, even though it would make sense to increase capacity by including more organizations with experience helping families in housing poverty.

### 6.2. MR Community Housing Fund programs

The [MR Community Housing Fund](#) was established by the government in 2021 to take over the portfolio of approximately 6,400 properties from the defunct National Asset Management Company (NET) Ltd. It is maintained by charitable organizations (Hungarian Maltese Charity Service, Hungarian Reformed Charity Service).

- The aim is to provide households with regular but low incomes with rental accommodation at below market rates.
- Public sector employees and families with children are given priority.
- Rents are lower than market rates, but the minimum income requirement can be relatively high.
- In 2025, the Housing Fund also launched the [LÉPJ Child Protection Home Creation Program](#), which offers discounted rental opportunities for young people leaving the child protection system, intending to purchase real estate.

However, it is not entirely clear why, if there is a great need for rental housing provided by the Housing Fund, the vast majority of the apartments owned by NET Zrt., which had a much larger rental housing stock,

were privatized. Furthermore, it does not seem justified that the state has opened up subsidies for the social rental housing sector only to the two charitable organizations operating the Housing Fund, even though support for other civil society and municipal actors would also be necessary for building a larger sector.

### 6.3. State measures aimed at affordable housing in 2025

- **Restrictions on short-term rentals:** The government [suspended](#) the issuance of short-term rental permits in Budapest [for two years](#) and quadrupled the flat tax. This has not limited the expansion of Airbnb offerings but rather accelerated it, and there are no provisions for using the tax revenues generated to support affordability.
- **Employer housing support:** The [government would provide a monthly subsidy of HUF 150,000](#) for the rent or mortgage payments of young people under the age of 35 [through employer tax breaks](#). However, [according to Bankmonitor's analysis](#), the measure is unpopular due to the administrative burden and the 28% tax burden. It is therefore unlikely to significantly alleviate the affordability problems of young workers.
- **Housing Capital Program:** The [government](#) has made [HUF 300 billion in capital support](#) available to market players for the construction of residential properties, rental apartments, and dormitories. However, it is unlikely that this will be used for affordable housing: 80% of applications were submitted for residential properties offered for sale.

These measures were introduced without a comprehensive state housing strategy or concept, and it is unclear what affordability goals they set and what results they expect from these tools. Accordingly, it is not yet clear how they would help make renting affordable.

## 7. Policy recommendations

From the perspective of housing affordability, it would be necessary for the government to

- develop a **housing policy strategy** that includes **goals for alleviating housing poverty problems**, such as preventing loss of housing, homelessness, and institutionalization, reducing the burden of housing costs on households, and improving housing quality;
- provide **funding from the central budget to reduce affordability problems**, for charitable, other civil society, and municipal housing programs;
- **make a significant part of its housing programs socially targeted**, thereby avoiding a situation where a substantial portion of public funds goes to households that do not need support, while at the same time these programs make it difficult for everyone to access good quality, affordable housing due to their impact on real estate prices;
- **expand and maintain social housing programs in the long term, beyond the European Union funding period, and incorporate them into the toolkit of state housing policy.**



Zsuzsanna Koritár

# Renovation Grant Schemes Aimed at Reducing Energy Poverty

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# Renovation Grant Schemes Aimed at Reducing Energy Poverty

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## 1. Household Energy Use in Europe and Hungary

Household energy consumption in Europe, and similarly in Hungary, is one of the biggest sources of greenhouse gas emissions. The main reason is that the majority of Hungarian residential buildings are very energy-inefficient: poorly insulated and equipped with outdated heating systems, making them highly energy-intensive. Renovating these buildings is essential for ensuring quality and affordable housing, as well as for achieving climate goals.

However, for low-income households, renovation is often out of reach due to no or insufficient savings and inability to access loans. These households are also the most affected by climate change and rising energy prices, as they have few means to protect themselves or adapt. The green transition can only be fair and successful if it includes these vulnerable groups, which requires financial support through European Union, state, and local government programs.

In recent years, thousands of billions of Hungarian forints from the state budget have been directed to housing-related support. Between 2020 and 2024, the state spent nearly HUF 3,000 billion for this purpose, most of which was aimed to support property acquisition rather than improving living conditions through renovations. Funding for building renovations primarily came through three programs: the Home Renovation Grant (2021–2022), the rural family housing benefit, called “Rural CSOK” program, and EU-funded energy modernization programs, totaling roughly HUF 1,000 billion in state support. However, none of these programs were socially targeted, meaning they hardly reached low-income households or those specifically affected by energy poverty.

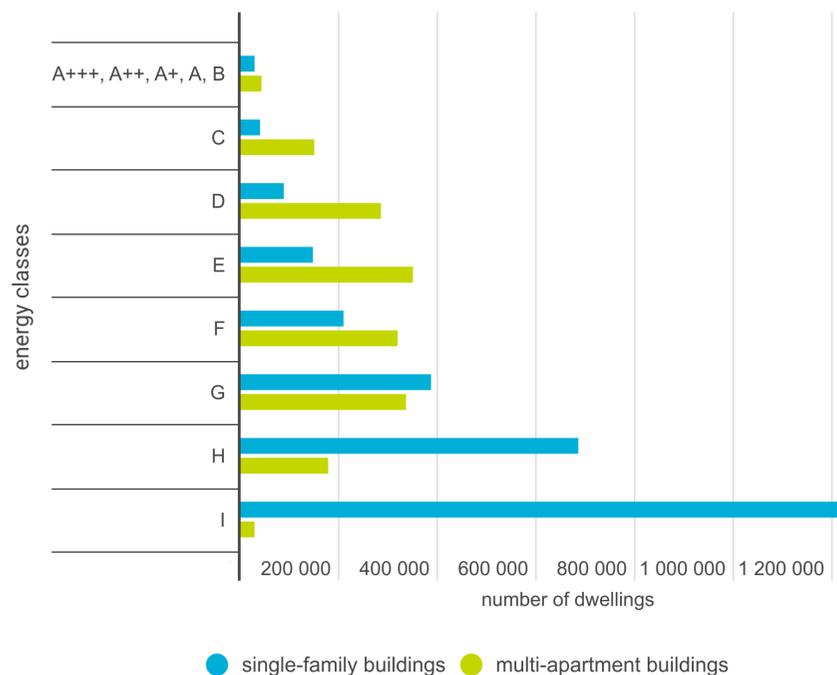


Figure 1. Estimated distribution of energy classes of Hungarian residential buildings.<sup>1</sup>

## 2. Energy Poverty in Hungary

Renovation grants are only effective if they are targeted to those in need; this is the prerequisite of just and responsible use of public resources. To do so, it is important first to define who is affected by energy poverty. According to the European Union definition, energy poverty is a complex phenomenon, with its main factors being low household income, high energy prices, and poor energy efficiency of homes. Eligibility criteria for support programs should reflect these three factors and be designed to realistically and sensitively respond to the target group's living conditions.

Hungary does not yet have an official definition of energy poverty, but based on the mentioned indicators, approximately 8–10% of the population, hundreds of thousands of households, are affected. These are primarily low-income households in rural areas living in poorly insulated family houses, often relying on firewood heating or individual space heating gas convectors.

## 3. Accessibility of Building Renovation Grants

A grant program's eligibility criteria determine whether it is accessible to those affected or, conversely, whether poorly designed conditions create barriers. Therefore, a well-targeted renovation program for households affected by energy poverty must ensure that support does not “leak” to better-off households and that barriers – so-called exclusion mechanisms – are minimized.

Our work shows that even state-funded programs that theoretically could help low-income households are often inaccessible to households with less resources. Analyzing the Rural CSOK program, which is a 100%

<sup>1</sup> Dr. Horváth Miklós – Dr. Horváth Áron – Székely Judit – Dr. Csoknyai Tamás: A jogszabályi változások következményei a lakóépületek energetikai besorolására; Magyar Épületgépészet, LXXIII. évfolyam, 2024/11-12. szám

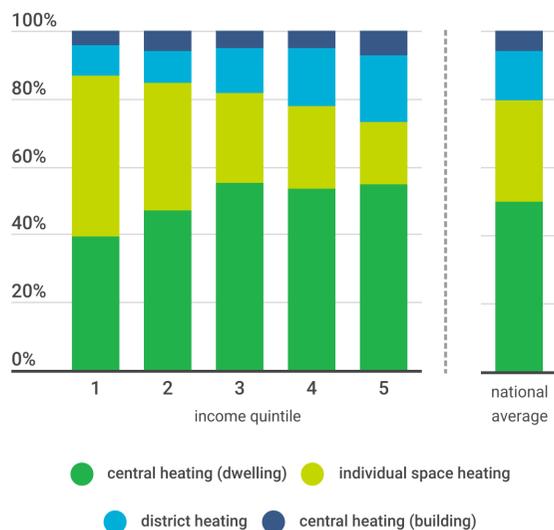
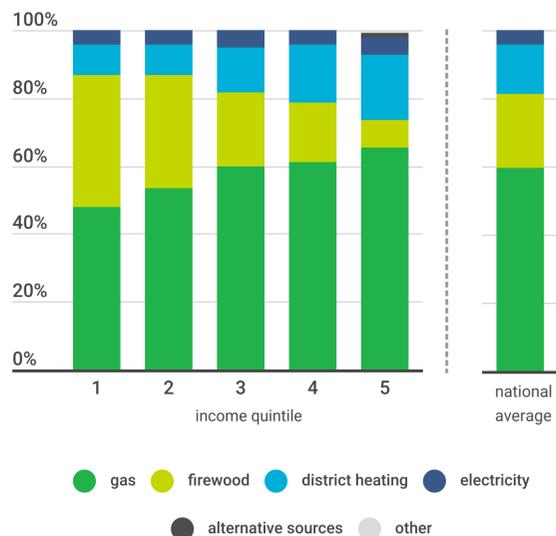


Figure 2. Heating fuels and methods by income level.  
Data source: Hungarian Central Statistical Office, 2023.

non-refundable state grant for renovations, we identified four main exclusion mechanisms:

- 1 Post-financing** – households must carry out and finance renovation work themselves before accessing state support.
- 2 Strict personal eligibility criteria** – requirements tied to the applicant (e.g., number of children or continuous two-year social insurance contribution) may be unnecessary in a program aimed at reducing energy poverty.
- 3 Strict property-related eligibility criteria** – e.g., limits on property size.
- 4 Complex administration** – requires digital skills, time, and support network.

We observed similar conditions in other state support programs in recent years. When these barriers combine, they often exclude those who need support the most.

## 4. Habitat for Humanity Hungary’s Response: One-Stop-Shop Support Model

Since 2021, Habitat for Humanity Hungary’s Family Village Program has worked to remove these access barriers and make the Rural CSOK renovation support accessible. In cooperation with Erste Bank, we created a “one-stop-shop support model” that guides households through the entire process: from information and eligibility checks to submitting grant applications, organizing renovations, and completing the work. This helps households access state support effectively.

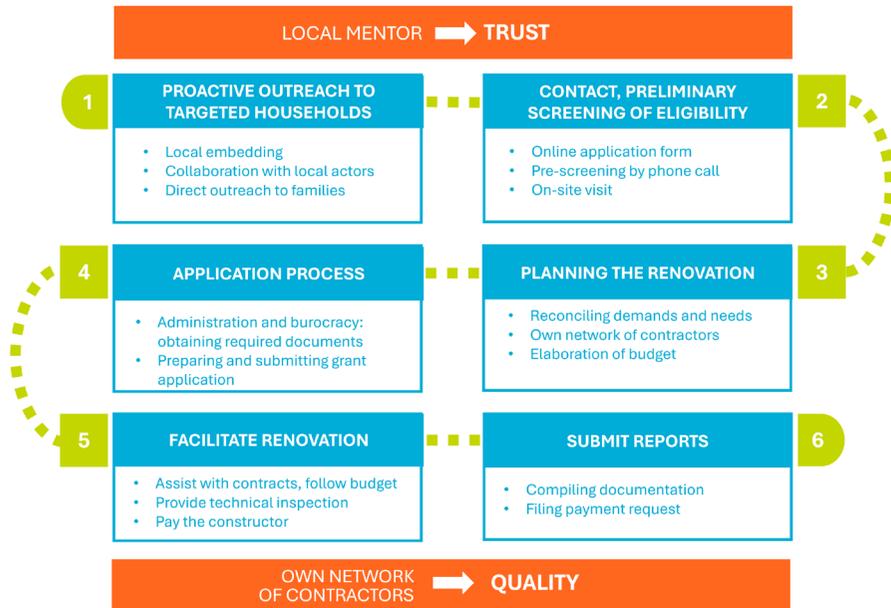


Figure 3. One-stop-shop support pathway

Initially, we assumed that families were mainly excluded due to post-financing. During program implementation, we also identified the other barriers listed above and realized that the renovation process itself posed challenges for many families. These lessons have been continuously incorporated into our support model.

The model rests on three pillars:

- **Pre-financing** – Habitat advances renovation costs so that families do not need their own contribution.
- **Personal mentoring** – Habitat staff assist with banking, paperwork, and renovation-related decisions to ensure families are not left to navigate the process alone.
- **Quality-assured execution** – Renovations are carried out by vetted, reliable contractors to ensure lasting improvements.

By the end of September 2025, the program involved 86 families, with 28 households successfully completing renovations totaling 163 million HUF in support. Beyond technical upgrades, these interventions created safer, healthier, and more dignified homes, significantly improving quality of life.

## 5. Lessons Learned and Recommendations

The experience and conclusion of the Family Village program is clear: personal support throughout the whole renovation and grant application process is key. It is not enough for households to be eligible on paper; they must be guided through the entire process. One-stop-shop models help ensure that grants reach the intended recipients.

Nationally, reducing energy poverty requires new approaches to support systems:

- Socially targeted eligibility criteria
- Pre-financing options
- Simple, people-centered administration
- Local support networks

A crucial insight is that while pre-financing is a basic element, the key to success is the intermediary role: the supportive presence that allows families to access grants and complete renovations. Local embedding, personal trust, and continuous presence are essential. Coordinators and mentors play critical roles: coordinators handle administrative and technical tasks, while mentors maintain daily contact with families, supporting decisions and navigation. This ensures that the program remains human-centered and effective.

Local actors – municipalities, social workers, NGOs, contractors – are also critical to success. They know the local context and households, enhancing targeting and implementation efficiency.

Habitat for Humanity Hungary acts not only as a program administrator but also as a guarantee-providing intermediary in three directions:

- **For clients:** ensures renovations are completed to quality standards and budget.
- **For contractors:** guarantees payments and continuous work.

- **For state or funders:** ensures accountability, proper use of funds, quality renovations, and transparency.

This guarantee role is a key argument for the one-stop-support model. Although it requires additional resources compared to traditional grant programs, it is likely to pay off financially and socially by ensuring that grants reach the target group and renovations are completed reliably, with good quality, at fair cost. Our resource evaluation showed that operating costs of the one-stop.shop model are a maximum of 15.5% of the renovation grant value, potentially decreasing below 10% as the program scales and administrative burdens are reduced.

## 6. A Just Green Transition

Reducing energy poverty is not only a matter of social solidarity but also one of the most effective climate policy tools: the greatest emission reductions come from renovating the worst-performing buildings. Future housing policies must combine climate protection and social justice to ensure no one is left behind. Households affected by energy poverty can only renovate their homes with state support and trusted guidance. Therefore, public funds should be concentrated on these households to ensure effective use.

Habitat for Humanity Hungary's goal is to make housing an accessible fundamental right, not a privilege for the few. Renovation grant schemes aimed at reducing energy poverty are an important tool in achieving this.

