



Annual Report on Housing Poverty

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Zsuzsanna Koritár is an energy efficiency expert at Habitat for Humanity Hungary. She has been working in the field of sustainable energy management for more than 20 years, with an increasing focus on energy efficiency in buildings and energy poverty. For several years she was the head of the Hungarian Energy Efficiency Institute. Her main focus has been on policy issues at national and EU level, providing analyses and proposals, but she also participates in field programmes to integrate practical experience into her professional work.



Márton Czirfusz

Government Policies and Budget Expenditures

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Below is an excerpt, the full chapter can be downloaded at [this link](#) in Hungarian.

2022 was a turning point in housing sectoral policies, concluding the [fifth housing policy cycle since the regime change](#). **The general inflation, including the increase in household expenses for housing, more severely affected those living in housing poverty.** Public policy changes barely responded to the specific situation of those living in housing poverty. In 2023 and 2024, the government is significantly reducing support for middle-class housing.

In real terms, in 2022, budget expenditures under the title “Housing Subsidies” reached their highest value since the regime change – primarily due to record-high levels of requests for home renovation subsidy. The government will cut the expenditure maximum to the lowest point since the regime change in the coming years.

According to our summary, in 2024, the state’s budget expenditure for housing purposes will be HUF 1,363 billion at current prices. **The central government spends invisible amounts on socially targeted housing**

expenditures. In 2023 and 2024, two-thirds of housing expenditures are allocated to finance residential utility cost reduction, which is not a need-based targeted support.

Our most important suggestions for making housing policy socially just and reducing housing poverty are as follows:

- Housing policy should be based on a housing strategy developed with a situation analysis, wide-ranging social consultation, and the involvement of professional organisations, with transparent and regular monitoring. The primary goal of the strategy should be to mitigate housing poverty.
- A long-term, predictably operating housing support system is needed – the accessibility of housing policy tools should not be subordinated to short-term fiscal considerations.

- The proportion of need-based targeted tools must be significantly increased. This necessitates the transformation of utility cost reduction on a need basis, the expansion of access to current housing support tools, and the development of special programmes for the most needy.
- A comprehensive, long-term programme is needed to reduce energy poverty, focusing on the energy-efficient renovation of the housing stock.
- It is necessary to stop the state's withdrawal from socially targeted housing programmes and reverse the establishment of institutions parallel to the state. Local governments and their institutions, democratically elected, should be relied upon for the management of local housing supports and programmes, with secure financing from the central budget and in partnership with religious, charitable, and civil organisations.

1. Policy Changes

1.1. Transforming Family Policy Housing Supports

In 2022 and 2023, the government adjusted the conditions for the three major instruments of recent years: home renovation support, the Family Housing Benefit (CSOK), and the “baby expecting loan”, primarily for budgetary saving reasons.

- **Home renovation subsidy** was introduced by the government for the economic recovery after the coronavirus. Households with children could apply for this support in 2021 and 2022. [The programme resulted in renovations worth HUF 1775 billion, with HUF 770 billion](#)

[of state support on 380,000 properties. 43% of the investments included energy efficiency goals.](#) The support was not accessible for poorer households, even with the option of home renovation loans.

- The **baby expecting loan**, in its previous form, was available until December 31, 2023. From 2024, those under 30 can take out the loan with the previous conditions, with an increased amount of HUF 11 million. Those over 30 can still apply for support in the case of pregnancy until 31 December 2024, but not with a pre-committed child. [Only 11.9% of the applicants for the loan belong to the lowest income quintile.](#) The loan will become socially fairer from 2024 because fewer wealthier households will have access to it, and because the real value of state resources provided to the wealthier will decrease with the devaluation of the loan.
- The **Family Housing Benefit** (“CSOK”) introduced in 2015 will undergo significant changes from 2024. The support will be phased out in non-rural CSOK settlements, and the government has not yet proposed a new system for “urban” CSOK. The abolition of “urban” CSOK further increases the risk of territorial housing poverty, as it mobilises less wealthy applicants towards rural CSOK small settlements with lower property prices, where the accessibility of public services was already poor and has deteriorated in recent years. The state is simultaneously withdrawing from solving the affordability problems of urban housing.

1.2. Policy Changes in Home Loans

According to the data of the [MNB's May 2023 housing market report](#), the disbursement of **government and central bank subsidised housing loans** peaked in April 2022, with HUF 74.5 billion. The majority of this was accounted for by the Hungarian National Bank's Green Home Programme,

which closed in 2022. A total of HUF 85 billion was placed in 2021 and 2022 from the home renovation loan associated with the home renovation subsidy. The placement of subsidised CSOK loans decreased with the fall in CSOK applications and housing purchases. **A portion of those living in housing poverty do not have access to subsidised housing loans.**

The government extended the **interest rate freeze** affecting about 300,000 households until 31 December 2023. **The interest rate freeze is not socially just.** No government action has been taken to assess and comprehensively address the difficulties of households struggling with worsening affordability due to their household loans.

1.3. Changes Related to Utility Costs Reduction

The government reformed the utility cost reduction system in the summer of 2022, and these rules remain valid until the end of 2023, with minor modifications. According to analyses by [Habitat for Humanity Hungary](#), **the reform of the utility cost reduction system in 2022 worsened the affordability of energy costs among poorer households.**

Preserving the utility cost reduction system played a defining role in governmental disputes with the European Union in 2023. The European Commission in its country-specific recommendations suggested phasing out measures that support household energy costs without targeting.

Government plans related to energy policy [lack long-term perspectives and targeting of those living in energy poverty.](#)

1.4. Charitable Organisations' Housing Programmes Funded by the State

The government increasingly outsources the assistance of those living in housing poverty to church and charitable actors.

Significant in reducing housing poverty and larger in scale than similar programmes in previous years is the [housing component](#) of the **Catching-Up Settlements** programme, to be implemented between 2022 and 2026. Within the framework of the programme, a social rental housing stock of 2000 units and solar power capacity to assist those living in energy poverty are being developed, geographically dispersed across the country's poorest municipalities, coordinated by the Hungarian Charity Service of the Order of Malta. The programme is implemented with European Union financing from the Recovery and Resilience Facility.

The former housing stock of the National Asset Management Programme, along with its tenants, was transferred to the ownership of **MR Közösségi Lakásalap Nonprofit Kft.** [MR Community Housing Fund Nonprofit Ltd.] on 1 January 2022. By the end of the year, the company, which is owned by two charitable organisations, managed properties worth HUF 16.1 billion. In 2023, the MR Community Housing Fund continued property sales and announced housing tenders for wealthier households. The company also undertakes additional tasks, such as managing and debt collecting for properties purchased in instalments by former asset management tenants and [addressing the housing needs of those affected by the June 2023 mudslide in Recsk.](#)

1.5. Migrant Workers as a Growing Group Among Those Living in Housing Poverty

Due to labour shortages in Hungary, more and more third-country nationals have been arriving in recent years. [In 2022, 81,000 foreign nationals lived in Hungary](#), most of whom were employed by temporary staffing agencies. A portion of these workers is also **vulnerable in terms of housing**. Due to anti-migrant sentiment, the accommodation of foreigners is likely to increasingly occur away from settlements and local services, **exposing migrant workers to the risk of territorial housing poverty**.

1.6. Housing for Refugees from Ukraine

Based on [data from UNHCR](#), between 24 February 2022, and 27 August 2023, Hungary registered 52.3 thousand refugees from Ukraine. This figure does not include those who arrived before 24 February 2022, nor Ukrainian-Hungarian dual citizens. In the [UNHCR's questionnaire survey](#), **one-fifth of the refugees stated that their most urgent need was related to housing**.

The Hungarian state barely participates in providing housing for refugees. Organisations providing services for refugees **mainly offer short or medium-term housing solutions**, with some refugees facing the risk of eviction or inadequate living conditions. The task for 2023 and 2024 is to shift towards long-term housing solutions. [Habitat for Humanity Hungary also participated in assisting refugees](#), operating a solidarity housing offer and rent support programme in cooperation with the From Streets to Homes Association, and supporting five partner organisations with in-kind donations, thereby improving the housing conditions of refugees accommodated by them.

2. Budget Expenditures

The budget planning for housing policy became even less transparent in the past year than it had been before. In the last days of 2022, the Government bypassed the Parliament, rewriting the 2023 budget adopted in the summer of 2022, which was later approved retrospectively by the Parliament. The Government did not rewrite the chapter volumes containing detailed justifications of the budget, so, for example, the updated allocations for 2023 housing policy tools are unknown. The 2024 budget was adopted by the Parliament in July 2023.

2.1. Expenditures Under the “Housing Subsidies” Budget Title

The “Housing Subsidies” budget title includes most expenditures belonging to the Government’s key housing policy tools. In 2022, expenditures of HUF 635.3 billion at current prices were accounted for on this budget line. **In real terms, in 2022, expenditures under the “Housing Subsidies” budget title reached the highest value since the regime change, primarily due to the uptake of home renovation support.** According to the budget’s projections, the government will cut the expenditure maximum to the post-regime change low point in the coming years.

2.2. Detailed Data on Housing-Related Expenditures

Summarising housing-related budget expenditures was more difficult than in previous years due to the opacity and uncertainty of budget planning and significant modifications to the tools. It remains unchanged that **the central government essentially does not spend on socially targeted housing-related expenditures**. In 2023, primarily due to expenditures for utility costs reduction, housing-related budget expenditures will reach heights not seen since the years of regime change.

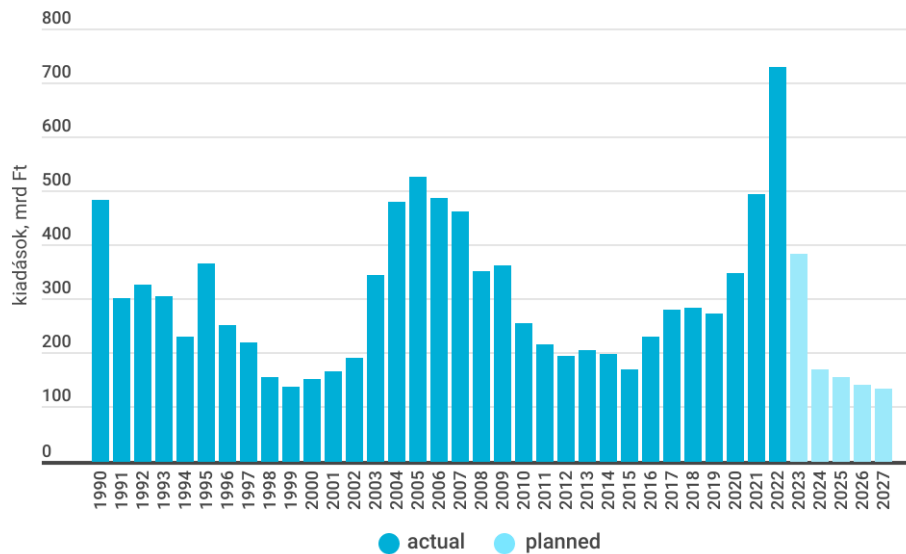


Figure 1.: Public spending under the budget heading 'Housing subsidies' (HUF billion, at 2023 prices, 1990–2027)

sources: final accounts and budget proposals, Ministry of Finance: [2022 preliminary accounts](#), Hungarian Central Statistical Office: [Consumer price index](#)

Data used are publicly available at [this link](#)

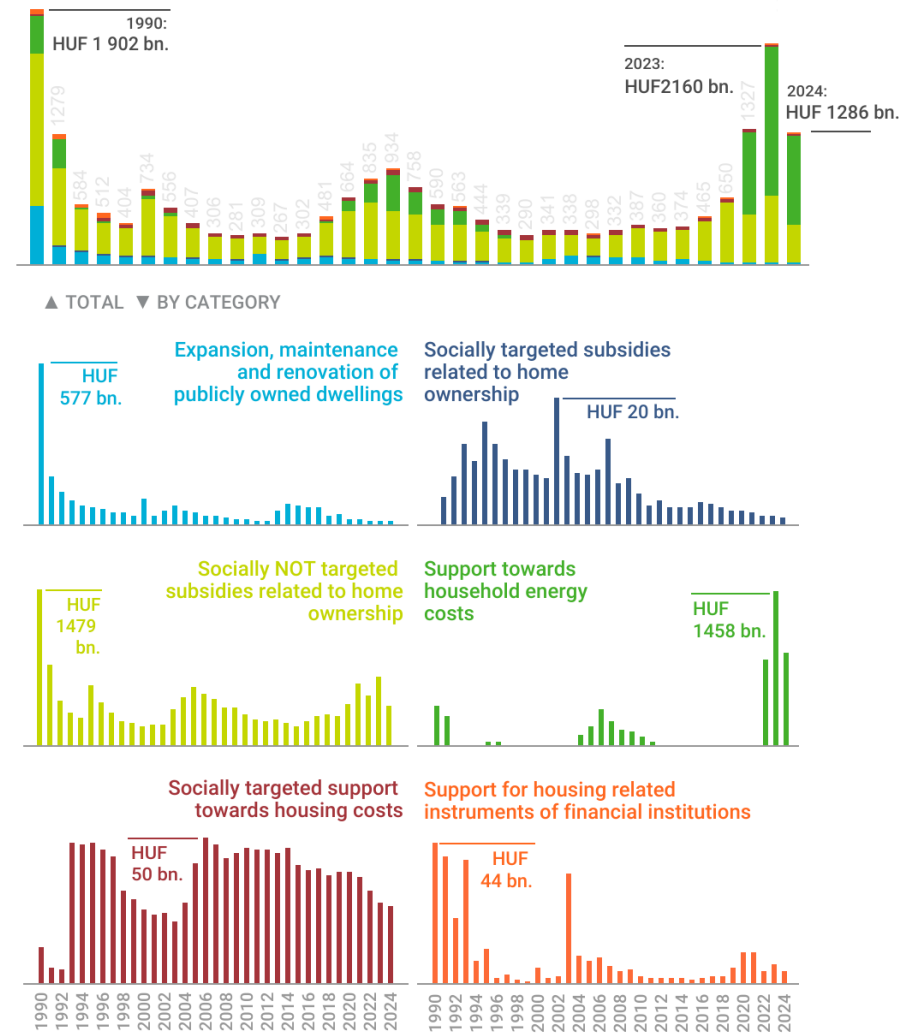


Figure 2.: Public spending on housing in Hungary (HUF billion, at 2023 prices, 1990–2024)

Data source: final accounts (1990-2021) and budget (2022-2024) laws, Hungarian Central Statistical Office. Detailed data are publicly available at [this link](#).

- **The central state essentially does not spend on the expansion, maintenance, and renovation of publicly owned housing.** For the renovation of the municipal housing stock, the [local governments spent HUF 16.8 billion in 2022](#).
- **In terms of socially targeted housing-related supports,** only the Child Protection Housing Fund exists, which does not reduce the housing poverty risk of those leaving the child protection system.
- **For socially non-targeted housing-related supports, the Government plans to spend HUF 393.5 billion next year** (at 2023 prices), which is a significant decrease. In 2024, the baby expecting loan will be the leading tool in this category, with expenditures of HUF 220.6 billion (at 2023 prices). The budget allocation for the Family Housing Benefit (CSOK) in 2024 will be HUF 66.3 billion (at 2023 prices).
- **Support for residential energy costs makes up two-thirds of housing-related budget expenditures.** Next year (at 2023 prices), HUF 865 billion will be spent on residential utility cost protection according to government expectations. The utility crisis of the early 2020s is comparable in expenditure terms to the utility crisis of the late 2000s.
- **Among the socially targeted support for housing costs, local social benefit and social firewood subsidy are the two defining but increasingly-devalued tools.**
- **Support related to housing tools for financial institutions is decreasing,** as applications for housing support channelled through financial institutions are also decreasing.

For methodological reasons, some specific housing-related expenditures were not included in the chart. Their analysis is included in the longer version of the chapter, which can be downloaded in PDF format in Hungarian.

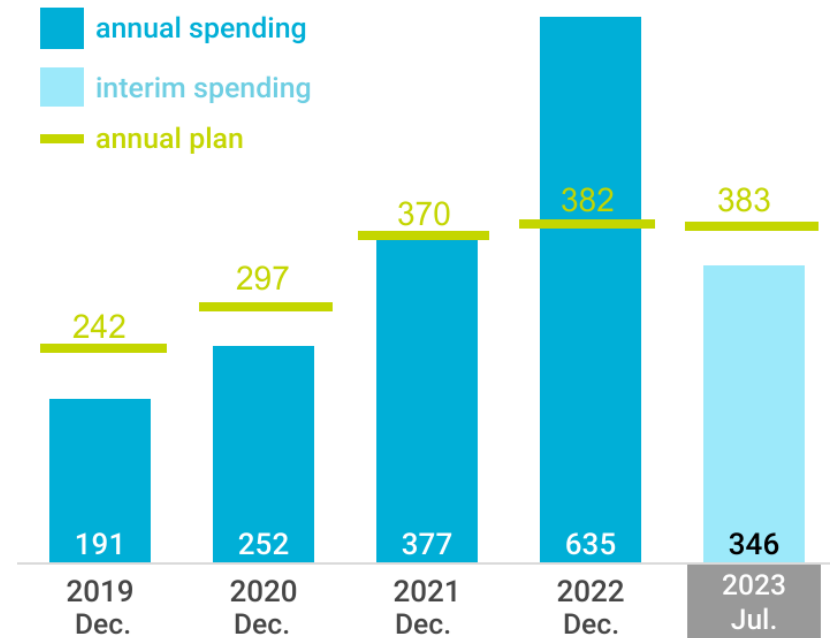


Figure 3: Evolution of public spending under the heading “Housing subsidies” (HUF billion, at current prices)

Data source: [public finance reports by the Ministry of Finance](#).