



**FEANTSA**

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Hungary - National Report

**Housing solutions for people who are homeless**

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## **1. Basic questions on housing market**

Following the period referred to as transition in Hungary, the state distinctly withdrew from the housing market and the number of newly built dwellings reduced significantly. In 1991, after the establishment of local governments, the formerly state owned housing stock passed into the ownership of local governments. At that time local governments had the right to consider which of their housings they sell to their tenants, but later in 1993, the law obligated them to sell the dwellings if the tenants intended to buy them. All the parties concerned must have been satisfied with this measure, since the tenants' security of housing increased in a rather precarious economic period (high inflation and unemployment rate, recession) and at least they did not need to fear the rising rents any longer. Local governments made profits and could dispose of their maintenance and modernization expenses. Those already living in local government rentals could enter into possession on extraordinary favourable terms, since tenants had to pay only a fraction of the market price. In addition, those who paid the whole purchase-price in one amount could receive further reductions. That's how the extremely low proportion of the rented housing stock – which is almost unexemplary in Europe – evolved in Hungary.

According to the most recent available data of the Hungarian Central Statistical Office (hereafter HCSO) there are 4 million 270 thousand dwellings in Hungary.<sup>1</sup> The proportion of owner-occupied dwellings is prominently high and amounts to 92%. The share of public rented housings in the total housing stock is around 4%. On the basis of microcensus data in 2005 the number of dwellings rented from local governments was 115 765.<sup>2</sup> Adding the vacant local government-owned dwellings, the share of local government rentals in the total housing stock is nearly 4%. A significant share of dwellings owned by municipalities is social rented housings in which the rent is set by social basis.

The privatization of dwellings started at the beginning of the 90s is currently still ongoing although its pace has slowed down significantly. The number of dwellings constructed by local governments does not amount to that of the sold ones. In 2006 municipalities constructed only 295 dwellings, while they sold 3648.<sup>3</sup>

Dwelling construction data of recent years:

<i>Year</i>	<i>Number of newly built dwellings</i>	<i>Of which: built by local governments</i>
2000.	21 583	n.a.
2001	28 054	183
2002	31 511	1258
2003	35 543	1394
2004	43 913	577
2005	41 084	724
2006	33 864	295
2007	36 159	278

(Source: Hungarian Central Statistical Office)

Between 2000 and 2004 due to the extraordinary favourable scheme of state subsidies and tax allowances the number of newly built dwellings started to increase considerably. The quality indicators of the housing stock improved partly due to these measures. For further improvement of the quality indicators it would be necessary to sustain the number of newly built dwellings at the level of 40 thousand.

#### **Main quality indicators of the housing stock<sup>4</sup>**

<b>Denomination</b>	<b>1999</b>	<b>2003</b>	<b>2005</b>
Average floor area per person m <sup>2</sup>	28	30	31
Number of households per 100 occupied dwellings	103	102	104
Number of persons per 100 occupied rooms	104	98	94
Share of substandard dwellings (%)	19	14	13
Share of dwellings with water conduit (%)	92	93	95
Share of dwellings connected to public sewage (%)	52	65	67
Dwellings with bathroom (%)	88	92	92
Share of households living in overcrowded dwellings (%)	11	7	8

The share of substandard dwellings has showed moderate decline in recent years. Substandard dwellings: dwellings without toilette or bathroom, not connected to sewage system, ungrounded with adobe walls, have no kitchen and their size does not exceed 50 square metres, or haven't got at least one room larger than 12 square metres.<sup>5</sup>

According to the data in 1999, the share of substandard dwellings in the total housing stock amounted to 19%. In 2005 this proportion declined to 13%. In general it can be stated that the smaller the settlement the higher the share of substandard dwellings is. In the villages it currently exceeds 20%, while in settlements with less than a thousand inhabitants nearly 30% of the dwellings can be considered as substandard.

Significant regional differences can also be discovered: the share of substandard dwellings in the Southern Great Plain region is 20%, while it is 7% in Central Hungary. In the rental sector, 21% of the municipality-owned dwellings, while 10% of private rented dwellings are substandard.<sup>6</sup> According to the data collected in 2003 there are 1,2 million people concerned by this quality problem.<sup>7</sup>

Inadequacy of the housing stock in terms of quality is still remaining steadily in certain disadvantaged areas, despite the significant improvement of the indicators achieved on national level.

Regarding the adequacy of housing it can be stated that the share of overcrowded dwellings has declined in recent years. In 1999 the share of those living in overcrowded dwellings was 11%, in 2003 it was 7%, nonetheless data in 2005 showed moderate increase or stagnation at 8%. According to these data overcrowding affected around 300 thousand households, 1,3 million persons in 2005.<sup>8</sup> In such dwellings members of different generations usually live together or people only distantly related cannot choose but share a room.

*Adequacy of dwellings in the different sectors*

Adequacy of dwellings (living density of dwellings) (%) <sup>9</sup>	1999.	2003.	2005.
<b>In all dwellings</b>			
Overcrowded	11	7	8
Acceptable	32	26	29
Adequate	41	43	41
Spacious	17	24	21
<b>In dwellings rented from local government</b>			
Overcrowded	26	27	28
Acceptable	48	47	46
Adequate	21	24	21
Spacious	5	1	5
<b>In private rented dwellings</b>			
Overcrowded	19	11	19
Acceptable	40	39	43
Adequate	32	44	32
Spacious	9	6	6
<b>In owner occupied dwellings</b>			
Overcrowded	9	5	7
Acceptable	31	24	28
Adequate	42	44	42
Spacious	18	26	23

According to the definition applied by the Hungarian Central Statistical Office dwellings are overcrowded (small as literally cited) if the living density per room exceeds 2 persons. Dwellings are overcrowded even if the living density per room is two, but the persons living together are not spouses or siblings.

*Acceptable dwellings:* if the living density per room doesn't exceed two persons per room and persons living in one room are not spouses or siblings. Half a room is also acceptable for singles.

*Adequate dwellings:* if they are one room, on occasion half a room larger than the acceptable size

*Spacious dwellings*: if they are 1 room larger than the adequate size.<sup>10</sup>

When measuring the affordability of the dwellings, distinctions must be made between affordability of home-ownership and the affordability of the maintenance of already occupied dwellings. The ratio of property value and household income shows how many years of the annual income of an average family are needed to purchase a dwelling of average value. The ratio of property value and household income was 4 years in 1999 then by 2003 it increased to almost 7 years.<sup>11</sup>

The affordability of the already occupied dwellings is measured by the ratio of regular housing expenditures and the net household income. (The following expenses are reckoned as housing related expenses: rent, public utility cost, communal waste expenses, dwelling insurance, monthly payment of housing loans, TV subscription, etc.) According to the data, in 2003 the share of regular housing expenditures in housing income somewhat declined.

Concerning the income quintiles it can be stated that in 2003 households belonging to the lowest income quintile spent 30% of their income on housing expenditures, while in the highest income quintile this proportion is 16%. In Hungary, payment of housing expenditures is problematic for a significant proportion of the households. In 2003-ban the income/housing expenditures ratio exceeded 25% in 38% of the households.<sup>12</sup>

(Considering that public utility expenses have increased significantly – in certain cases they doubled - since 2003, the most recent data would probably indicate even more serious situation.)

In the rental sector the rent to be paid in an average dwelling rented from the local government was equal to 4% of the average household income, while in the private rented sector the rent amounted to 32% of the average monthly income.<sup>13</sup>

## **2. Public housing policy**

In 2005 the state's housing budget exceeded 280 milliard HUF which equalled to 1,4% of the GDP.<sup>14</sup> A significant proportion of this amount was expended on subsidising housing loans. In 2003, 46% of the total housing budget was expended on this purpose, while in 2004 it was 50%. The state's housing budget significantly supports home-ownership or dwelling construction (in small compass,

modernization), thus taking into account social or income aspects when distributing subsidies usually falls behind.

Approximately 5-8% of the housing budget was expended on housing benefits in order to prevent indebtedness of households during the last 10 years.<sup>15</sup>

Housing policy decisions affecting the majority of society – e.g. access to home-ownership – fall under the public housing policy. The criteria of access to social rented housings are regulated by local government regulations. In most of the settlements it is the benefit schemes that seek to replace the completely missing social housing sector and provide support to homeowners and tenants struggling with housing maintenance problems. Chances of access to benefits vary by settlements, and depend mainly on the financial situation of the given local government. In 2005 303 thousand households received housing benefits;<sup>16</sup> however, the amount of the benefit and the number of recipients falls far behind the actual needs.

Objectives related to tackling the extreme forms of homelessness (ETHOS 1,2) can not be discovered neither in the state's housing policy nor in that of local governments. For instance, homeless people are not given priority in the allocation of social rented housings. Regarding the prevention of homelessness, benefits aiming at the maintenance of housing have some role in the prevention of indebtedness by their nature; however, their current amount can hardly slow down the indebtedness of households.

In the National Action Plan on Social Inclusion submitted to Brussels a significant increase of the share of rental housings was set as a target under the objectives of secure housing:

**HOUSING TARGET:** To increase rental housing to 15% of available housing in 15 years.<sup>17</sup>

There seem to be no actual political willingness to implement this objective, thus the necessary resources are not available either. As a continuation of the declining trend, in 2007 there were only 278 new dwellings built by local governments.<sup>18</sup>

At the same time in 2003 a needs assessment conducted by the HCSO revealed 130 thousand needs for rented dwellings.<sup>19</sup>

Housing policy makers could play an important role in solving the housing related dimension of homelessness and in the prevention of homelessness; however, it can

not be discovered in the development of a comprehensive, long distance, consequent and calculable housing policy that would be able to guarantee the security of housing as a kind of horizontal objective for both homeowners and those living in the more precarious rental sector.

It is necessary to mention a recent initiative that would provide accommodation and social support in so called “social home flats” to those households that are temporary unable to solve their housing and are not in need of institutional care. Such dwellings would create the border-line between institutional care and rental dwellings by linking housing and social services.

At the same time the need to establish housing associations for the construction and operation of rental dwellings has come up at governmental level as well. Both initiatives are in a very early stage.

### **3. Access to housing as a trigger/cause of homelessness**

The lack of secure and adequate housing is one of the most crucial dimensions of homelessness. Besides other factors of pathways into homelessness, such as ill-health, unemployment, loss of social network, etc. the culminating point is still the loss of secure housing. The main causes of losing one’s home are relationship conflicts (divorce, domestic violence, quarrels with parents), leaving institutional care and accumulation of arrears. The stages of becoming homeless are accompanied by less and less secure and adequate housing situations. Nevertheless, it does not necessarily happen that those falling under the ETHOS 3 and 4 conceptual categories are moving towards more extreme forms of homelessness, however, their vulnerability is unquestionable. Among housing related problems leading to homelessness, it is the affordability of the increasing costs of housing maintenance that should be tackled most urgently. Nearly 270 thousand households have arrears exceeding three months among households that accumulated housing maintenance debts.<sup>20</sup>

Insecure housing mainly features tenants of the private rented sector. The security and calculability of this form of housing could be increased by regulating tenancy within the private rented sector.

Those households living in local government owned rentals with no tenure any longer must also face considerable insecurity. Under the regulations of the so called Housing Act, if the tenant is unable to pay the rent, tenancy contracts can be



terminated with 30 days term of notice, even if there are social causes in the background of non-paying, and the household would have been entitled to social support. After termination of tenancy contract the former tenant becomes an occupant without tenure, thus obliged to pay a so called “flat usage fee” which can be two-fivefold of the former rent. Several thousands of households are affected by this problem. Due to the expenses of such procedures and also to the significant and increasing number of households concerned, eviction of occupants without tenure does not occur very often.

Taking into consideration the currently experienced drastic increase of housing related expenditures - especially public utility costs - it is possible that indebtedness will be more frequently met among the triggers of homelessness in the coming years. Preventative measures aiming at the most vulnerable households must be taken in order to avoid future evictions.

Concerning pathways out of the cycle of homelessness it is important that accessible and adequate number of housing alternatives be available for service users able to leave the institution system with support. Without such alternatives, integration of people experiencing housing exclusion remains only a cynical expectation. The pilot project launched in 2005 November and aiming at independent living of homeless people, gave new direction to the evolution of homeless services in Hungary. Nearly one thousand homeless people could be housed in mainly private rented dwellings with some financial support (20.000 HUF ~85 EUR) as well as social support so that they could start their independent living. On the basis of the experiences gained in the pilot project, there will be three thousand homeless people housed in this way in the period of 2009-2011 by using EU resources. Besides supporting their independent living, increasing their employability will give equal priority in the programme.

#### **4. Role of hostel accommodation**

In ideal cases hostels provide accommodation for a short, temporary period to people in crisis situation. In Hungary – partly due to lack of pathways out of homelessness – the concept of gradual care has been dominant for a long time among homeless service providers. Initially the multitudinous appearance of

homeless people predestined the evolution of services in this direction. A lot of hostel accommodation was needed in a short period of time. Service users were accommodated in night shelters, then were transferred to temporary hostels, rehabilitation hostels and finally – at some service providers – to half-way housing units, and then they started the whole process all over again due to lack of accessible and affordable housing. It resulted in further confirmation of failure for both service users as well as the range of social workers that worked with the client. It was established that the longer the service users spend in institutions the more hospitalized they become, simultaneously their chances to leave the cycle of homelessness and start independent living decline.

If there are sufficient alternatives of moving out of homelessness, hostels can operate as temporary solutions, thus they must serve preparation for independent living for service users able to live independently. Unfortunately it is not always a real alternative due to the bad health situation of service users. Ill-health limits participation in the labour market as well, which hinders the affordability of independent living. It is probable that the clientele of hostels will change after supported housing become more dominant and widespread, thus service users unable to live independently will be overrepresented. The concept of reducing the number of rough sleepers is based on the idea that freed capacities of those able to move out of hostels can be occupied by those coming in from the streets. Hostel services will have to adapt themselves to this kind of change of clientele as well, laying special emphasis on the improvement of health status. For those service users needing nursing and thus unable to be involved in employment because of their ill-health, residential home for the elderly homeless can mean a permanent solution.

Concerning preparation for independent living and improving employability, pre-tenancy trainings, pre-employment trainings can play an important role. However, a significant proportion of the hostels are in very bad condition, originally not built with the purpose of homeless service provision, thus the majority of them are not adequate for the implementation of these trainings. It is more probable that the day centres built by EU funds in some major cities will be able to provide better opportunities for this. In future years improvement of employability and preparation for independent living are expected to give greater emphasis within the services provided due to the impact of an EU funded programme to be launched in 2009.

Regarding those people who have just lost their housing and been accommodated in hostels or contacted by street outreach workers, their immediate involvement in supported housing programmes is completely reasonable so that they can get immediate, new chances for social reintegration. In this case the housing first approach is fulfilled. Concerning the chronically homeless population, housing first programmes need an extraordinary well prepared team of resettlement workers.

Three simultaneous conditions must be met for the launch of housing first programmes:

The first condition is the provision of some kind of regular income to the participants to be able to pay the rent.

The second one is secure financial background for the payment of the resettlement team, since at present homeless service providers are not prepared for the provision of such intensive after care that is definitely expected for a successful programme. Thus service provider will have to find the way of restructuring their services. In addition to this, extra staff members must also be involved.

The third condition is to convince the decision makers that housing first is worth trying. It is the cost effective feature of the method that should be emphasised to achieve the support of decision makers.

Since in the Hungarian homeless service provision system the paradigm shift from institutional care to supporting independent living is likely to occur only in the near future, it is worth postponing the introduction of the housing first approach. In a successful housing first programme the composition of the resettlement team plays an important role; a resettlement worker, an employment coach, a psychologist, a lifestyle counsellor should be involved. For certain services 24-hour availability can also be reasonable. Thus the housing first method can only be tested after the above mentioned conditions are met and the methodology of the services to be provided has already been developed.

## **5. Homeownership**

The high proportion of owner-occupied dwellings, the insecurity coming from the unregulated private rentals both contribute to the common point of view that in Hungary, secure housing can only possible by entering into possession of a dwelling. Tenancy is considered as a temporary solution by those willing to move.

In 2003 a questionnaire of HCSO revealed that, 23% of people planning to move considered it possible to rent a flat if they receive housing benefit on social basis. 55% of them would only live in rented dwelling, until they are able to buy a flat of their own. Further 21% of them would only stay in their tenancy for one or two years, then their aim is also entering into possession. <sup>21</sup>

Due to the widespread possibilities of receiving foreign currency mortgage loans with favourable interest rates as well as the lightening eligibility criteria of accessing loans, many people appeal to the banks for mortgage loans. According to the HCSO data at the end of 2007 the total stock of housing loans amounted to 3109 milliard HUF, which equals to 12% of the GDP. The share of foreign currency mortgage loans was 47%. In terms of mortgage loan ratings, 95% of them were considered as “non-problematic”, nearly 4% received “needs special follow-up” rating, the share of loans with “sub average, “doubtful” or “bad” rating amounted to 1%.<sup>22</sup>

Concerning foreign currency mortgage loans, financial experts often warns the population of interest rate risk. Those recipients of foreign currency loans that applied for and received foreign currency loans in the strengthening phase of HUF are tend to calculate their expenses with this favourable exchange rate. Thus at the phase of weakening of HUF they have to face increasing amount of monthly mortgage payment. The increase of expenses resulting from exchange rate risk has burdened the population only temporarily so far. Nevertheless, the abolishment of the exchange rate band of HUF might hold significant risks.

Losses of secure housing due to mortgage defaults do occur, yet they do not play very significant role in the causes of homelessness. In many cases mortgage loan defaults result in crisis situation further on. Those households that got into difficulties start down the slope by moving to cheaper and cheaper and less adequate rentals exhausting their savings gradually. The number of mortgage loan recipients that got into the final stage of the judicial proceedings - thus are affected by pending evictions - is estimated at 5000 by the National Dwelling and Construction Office.

Improvvidence of bank loan applicants is shown mainly by the high proportion of consumer credit defaults (especially car purchase). In the background of mortgage defaults, there might be loss of a job, loss of a family member and the increasing dwelling maintenance expenses. The increasing expenses of housing are shown

mainly in public utility arrears, since this type of arrears results less serious sanctions than mortgage loan arrears. Nevertheless, if the current trend of increasing gas and electricity price continue, then arrears might also concern mortgage loans even more seriously due to the exhausting savings of the indebted households. The multitudinous occurrence of this might cause incalculable consequences.

The expenses of those living in big housing estates of the cities in pre-fabricated buildings with out-of-date heating system and bad insulation are charged by higher dwelling maintenance expenditures as well. On the basis of the estimation of HCSO in 2005, 600 thousand owners out of the 837 thousand pre-fabricated dwellings will have to face serious modernization and reconstruction work.<sup>23</sup> The current amount of housing benefit is insufficient to tackle their financial problems.

Mortgage loan related risks detailed above also indicate that home-ownership itself for homeless people wouldn't be a sustainable solution of tackling their housing situation. It is rather supported housing in the rental sector that could be sustainable for them in the long run.

Extreme poverty experienced among certain strata of homeowners means an increasing problem. Especially people living in disadvantaged areas (Northern Hungary, North Great Plain) are affected by extreme poverty, where many people live exclusively on benefits due to lack of employment opportunities. In certain disadvantaged areas, usurious loans lent by local usurers run people living in extreme poverty into unpayable debts. A significant proportion of families experiencing extreme poverty live in extreme overcrowding, in half-comfort dwellings, or dwellings without comfort, in many cases in buildings not appropriate for human habitation.<sup>24</sup>

Those living in the so called "gypsy slums" experience the worst housing conditions. According to the data of the National Public Health and Medical Officer's Service there are 291 such slums and 1033 slum-like habitation in which there live approximately 140.000 people 49.152 of whom are children under 14.<sup>25</sup>

On the basis of the census data in 2001 in Hungary there live 462.644 people in such "dwellings" built from adobe, wood or other material that have no founding. This housing situation hardly differs from experiencing literally homelessness.

## **6. Role of private rental housing market**

The private rental housing market – also because of the low proportion of local government rentals – can play an important role as an alternative of pathways out of homelessness. Despite the fact that several issues of the private rental housing market is unregulated, supported housing programme for homeless people have proved to be successful in recent years.

For successful implementation of such programmes well prepared social workers specialized for this kind of support are needed who regularly visits people in their tenancy. Insecurity coming from private rental can be compensated by the social workers and homeless service providers supporting the former service users from the background. Homeless service providers are able to provide guarantee to both the homeowner and the tenant.

Many of the homeowners are unwilling to rent out their dwellings to homeless people. In terms of the method of finding an appropriate rental the various experiences are as follows. There were service users (or rather service leavers) who did not reveal to the homeowner that they were homeless, others contacted the owner accompanied by their social worker, or did not conceal that they had lived in homeless hostels. It was especially homeless people belonging to the Roma ethnic group that faced great refusal of private landlords.

There are different causes of unwillingness in the background: homeowners have prejudice against homeless people, can not see the guarantee of regular rent payment, they are afraid of possible damages of their dwelling. Worries of this nature can also be tackled by homeless service providers in the background. In certain cases it is the NGO itself that enter into contract with the private landlord. The advantage of taking part in such programmes for homeowners is that their income from the rent is guaranteed in the long run.

It is not easy to socialize the private rental sector for homeless people by policies. It is tax allowance that might have a role in convincing homeowners. For instance, if a homeowner rent out a flat for social purposes to the local government for at least 5 years he/she doesn't have to pay the 25% income tax coming from the rent. In respect that a significant proportion of private landlords do not pay taxes for their rent income anyway, this kind of tax rebate does not encourage a great number of homeowners in the private rental sector to rent out their flat for this purpose.

## **7. Role of social/public housing**

Under the regulations of the Housing Act (1993) the rent of local government rentals can be set in three ways:

1. Rent set on the basis of social situation (social rented housing)
2. Cost based (the rent is set in a way that the expenditures of the local government be covered)
3. Market based (profit can be made)

The amount of the rent in social rented housings is set on the basis of fundamental features of the dwellings, such as the level of comfort, floor area, quality and condition of the building, how the dwelling is situated within the building and the given settlement, as well as services provided by the local government in the frame of the contract.

Tenants in need can receive social rent subsidy on the basis of their social, income and means situation. The amount of the support, the eligibility criteria as well as the procedure are set in local government regulations taking into account the regulations respecting local housing benefit. The maximum amount of the social rent subsidy is set by taking into consideration the net income per capita as well as the number of persons in the household.

The social rental sector has a role to play rather in preventing homelessness than tackling it. Considering that this kind of housing solution for homeless individuals and families is only occasionally accessible due to lack of financial resources. In Debrecen, social housings are allocated in the frame of applications, (in a kind of auction). The one who pays the highest self-contribution gives priority in winning the tenancy. In addition local governments give priority to applicants living in the given settlement. In Debrecen applicants can submit their application only if they have had registered place of residence in Debrecen for six years. Thus when social housings are allocated the urgency of the housing and the living situation are not taken into account; however, this should be placed among the priorities. It wouldn't necessary jeopardise social mix in the social housing stock, because many social rentals are in buildings in joint ownership, which could create the most favourable conditions of reintegration.

The social rental sector does not even act its part of prevention adequately, since indebtedness concerns one fifth of the households living in local government

rentals. Households belonging to the 1-3 income quintiles are overrepresented (70%) among tenants in local government rentals, the proportion of households belonging to the 1-2 income quintiles is nearly 50%, while the share of those in the lowest income quintile exceeds 20%.<sup>26</sup>

The right to buy in the social housing sector would only result the necessary fluidity if there are at least as many new social housings built annually as the number of sold ones. That is not the case in Hungary. The number of dwellings annually sold by local governments was about 4000 in recent years, while the number of newly built houses was only a fraction of this amount. Therefore the declining stock of social housing does not create more opportunities for homeless people to access social housings.

The number of households that currently live without tenure in the same dwelling where they used to have tenancy is increasing. Local governments occasionally evict social housing tenants that accumulated arrears, pushing these households towards homelessness. According to the HCSO data 625 families were evicted from local government rentals in 2004. <sup>27</sup>

## **8. Prevention of homelessness**

Among concrete measures concerning the prevention of households' indebtedness and loss of their home the following are worth mentioning:

- local governments' debt management service
- housing benefit
- social rent subsidy
- installation of prepaid consumption meter

Debt management service: local governments can provide debt-management service for those families or individuals

- Whose arrears exceeds 50.000 HUF (~200 EUR)
- Who has at least 6 month of arrears belonging under housing expenditures such as public utilities, rent, rent arrears, mortgage loan arrears, and if the debt accumulated within 18 months prior to the submission of the application.



Criteria: compulsory participation in debt counselling.

The amount can not exceed 75% of the debt and can be 200.000 HUF (~850 EUR) at the maximum (however, for mortgage loan arrears the maximum amount can be 400.000 HUF)

The support can be granted either in one amount or monthly payment depending on the debtor's wish

One of the disadvantages of the debt management service is that many households can not be involved into the programme due to the eligibility criteria (e.g. the amount of the debt, 25% self contribution) or the service is not operated in the given settlement.

Housing benefit: This kind of benefit is provided on social basis to individuals and families in need as a contribution to their regular expenses related to the maintenance of their dwelling or a premise not built for habitation.

Housing benefit can be provided by three ways: by local government regulations, by the frame of normative housing benefit as well as attached to the debt management service. The minimum amount of the benefit is 2.500 HUF (~10 EUR)

A person is entitled to normative housing benefit if the monthly income per capita of the household does not exceed 150% of the minimum amount of the old age pension, provided that the acknowledged monthly expense of dwelling maintenance exceeds 20% of the household's monthly income.

In 2005 recipients of housing benefit (303 thousand) received 40.000 HUF (~170 EUR) per household, the average monthly amount of which was only 3.300 HUF (14 EUR). This amount could barely cover 10-15% of the low-income households' (lower deciles) dwelling maintenance expenditures. <sup>28</sup>

Social rent subsidy: Support for tenants in social housings set on the basis of their social, income and means situation.

Prepaid consumption metres: On the basis of the Government Decision number 1048/2004. prepaid consumption meters were installed in 1084 households of the country in the framework of a one-year pilot project in order to prevent the accumulation of public utility arrears.

From 1 January 2007 the following households can claim the installation of prepaid consumption meters:

- Recipients of housing benefit,
- Households in which the gas and electricity supply was cut off due to accumulated arrears, and they make an agreement with the service providers on paying their debts and willing to use the prepaid meters for at least a year.

Although we do not have exact data, certain indicators show that the number of households threatened by evictions is increasing. According to the data in 2004, 13% of the Hungarian households – about 500 thousand - are affected by indebtedness. Nearly 100.000 households are affected by judicial proceedings thus the security of their living is threatened by pending eviction.<sup>29</sup>

There are various cases in the background of evictions; the most frequent are rent arrears, public utility arrears and mortgage defaults. However, there were examples of evictions with consumption credit or public transportation arrears in their background.

There are no data available on how many of the evicted households become homeless. In many cases it is a slow process, characterized by moving to less and less adequate housing, exhausting the savings and loss of work income. Sometimes there is no other alternative but the evicted families actually end up in the street due to lack of helping relatives. However long it takes, evictions are the most crucial factors of pathways into homelessness.

Housing advice can also be an effective way of prevention. Especially in cases when the cause of indebtedness originates from the household's inadequate way of budgeting. However, there might be a wide range of complex causes in the background of indebtedness such as unemployment due to low-qualification, lack of qualification or simply low work income (e.g. the working poor). Problems of this nature might not be overcome by reconsideration of household expenditures.

The content of housing advice for people who are homeless can concern a wide range of skills accordingly the different needs, such as finding the right rental, setting priorities in budgeting, communication with public utility service providers and neighbours, eligibility for benefits, cooking, etc.) These skills can be developed individually or in trainings if there are several people with the same needs.

## **9. Right to housing**

According to the interpretation of the Hungarian Constitutional Court the right to housing is not a basic constitutional right, thus in this regard the state has no responsibility. However, the state is obliged to provide fundamental conditions of human subsistence. Thus in case of homelessness the state must provide accommodation in order to prevent emergency situations directly threatening human life.

Nevertheless, housing belongs to the most fundamental human needs, which means that the lack or inadequacy of housing might result the breach of other basic rights as well. Therefore – if not directly then indirectly - it could be derivable from the right of social security and the enjoyment of the highest attainable standard of physical and mental health, yet it is not justiciable in legal proceedings. The current trends – when the affordability of maintaining secure housing threatens hundreds of thousands of households – justifies that the state does not represent adequate protectionism for the implementation of the right to housing.

The rights based approach can be a reasonable way of both combating and preventing homelessness. Making it justiciable could give priority to homeless people in accessing social housing and induce more effective measures concerning the indebtedness of households.

A broader understanding as well as observation of the right to housing (such as affordability, habitability) could generate a wide range of favourable processes. The state should recognize that expenditures spent on secure housing of its citizens is a profitable investment in the long run, which has impact on social and family cohesion, health status and employment of the population, what is more a comprehensive and reliable housing policy would have favourable impact on the demographic process as well. The progress to be achieved in the above areas is an objective frequently referred to in several government documents; therefore it is high time to take advantage of the synergic effects that inherent in guaranteeing secure and adequate housing for all.

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Note: For calculation of the examples, at the time of drafting this report the exchange rate is:  
1 EUR~235 HUF