



What do National Organisations Have to Say About the Cost of Living Crisis?

In this article, FEANTSA Member BMSZKI – the largest homelessness service provider in Budapest – takes stock of the impact the current energy crisis is having on the homelessness sector in Hungary. From skyrocketing energy bills to government inaction, this piece explains the real effects this crisis is having on service providers, who are faced with the prospect of limited availability and lack of resources during this winter.

THE COST OF ENERGY CRISIS IN HUNGARY: WHAT ARE THE IMPACTS ON HOMELESSNESS SERVICE PROVIDERS?



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This article offers a brief overview of how the cost of energy crisis directly endangers the provision of services to the most vulnerable citizens in Hungary. After describing relevant changes in policy and the price of energy as well as the alarming rate of general inflation, it offers specific examples of the effects the crisis has had on homeless service providers and what little the government has done about the issue so far. With the winter approaching, services and service users are becoming desperate.

The Hungarian State stopped imposing a price cap on energy prices in August 2022 for ALL users. Certain groups, although the measure concerns very few people, can ask for financial support on an individual basis. For example, families with at least three children can ask for a reduction of their gas bills – but most have had to pay much more since 1 August. There is an “average use” (calculated for a one-person household which estimates a use of 2523 kWh/year for electricity and 1729 m³ for gas/year) and anyone going over these thresholds has to pay market price for the surplus they consume. [Estimates say](#) that the cost of electricity above “average” shall double, and the cost of gas might be seven times as much for private users.

However, there is also a distinction between private and corporate users, the latter including NGOs and other non-profit organisations such as libraries, theatres, swimming pools as well as social service providers, even when they are housing individuals. If an organisation, for example, owns an apartment where people can live independently with some floating support or manages a shelter for homeless people, the bills are calculated as if it were for a corporate user, while in the first case, it is the tenant who has the responsibility to pay. The cost of

heating for certain BMSZKI¹ accommodation services has risen 1700%! This has caused great anxiety among homeless service providers as there has not been any increase on the funding side, but the costs have risen considerably. At the same time, the inflation calculated by the Central Statistical Office was 20.2% in September 2022, while the price of certain food products has risen by 50-100% over the past year.

At the [National Annual Conference for Homeless Service Providers](#), which took place in early September 2022, Attila Fülöp, Secretary of State for Social Affairs, a delegate from the Hungarian State during the setting up of the European Platform on Combatting Homelessness, offered no consolation but said “they were working on the issue.” He was also quoted saying that it is up to service providers and local authorities to take care of the problem – the latter being responsible for the provision of services. Towards the end of the two-day event, services gathered to discuss their strategies aimed at managing the upcoming challenges this winter will bring. Some stated that they would not open emergency shelters during the winter, which will result in less available spaces, especially for those with complex needs. Some said they would restrict their services: hot water will only be available for a few hours in day centres, people will have less access to laundry services, some offices will have to close and administrative staff will have to work from home for example. As the price of gasoline has also increased significantly², outreach teams in several organisations are encouraged to use their vehicles less and visit people on foot, rendering the transportation of users more difficult. Some service providers were

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- 1 BMSZKI is the service provider organization of Budapest City (<https://bmszki.hu/en>)
 - 2 While there is a cap on the price of gasoline/diesel, it is not available for “corporate” users.

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already forced to raise their fees or rent. For example, the rent³ of BMSZKI's non-commercial accommodation⁴ (unchanged since 2014) has been raised by 50%⁵. Some are spending their reserves on energy-efficient retrofitting, but for others, this is not an option due to the legal state of the service (rental property), the physical state (the renovation

3 The rent includes bills.

4 Non-commercial accommodation is affordable housing for people who work for the City of Budapest or one of its services or for former homeless people.

5 The price still falls under the affordable category – which means that it is less than market price.

would come at an extraordinary cost), or simply the lack of sufficient funds. Other service providers said they wanted to keep their reserves for compensation to staff should they be forced to close and let people go.

With the winter almost here, the government has still not come up with a viable solution for the financial difficulties homeless service providers face. Even though church organisations in Hungary already receive 170% of the normative funding other organisations get (such as NGOs and local Government-run social services), a government decree⁶ has only removed them from the corporate users list, meaning that they pay much lower prices, as they are categorised as private users. This however fits well with the general trend of the Hungarian government, whereby they see churches as the ideal providers of social services and has given over about 50 of all social services (but almost all of those relating to the foster care of children, for example) to established churches since 2017⁷. As the State has not yet committed to covering the real costs of social services, local authorities with fewer resources are trying to compensate for this: the City of Budapest, for example, has provided 50,000 euros through the Menhely Foundation in [an open call](#) to help small NGOs (739/2022.(09.28.)) with their energy costs. They have also extended the eviction moratorium (732/2022.(09.28.)) and are asking other local authorities in the city to follow this example (733/2022.(09.28.)). The social net is already full: there have not been enough places for homeless families for years as most services have

6 389/2022. (X. 14.) Government Decree - <https://net.jogtar.hu/jogszabaly?docid=A2200389.KOR&dbnum=1>

7 See: <https://maltai.hu/cikk/hir/4553>

reached maximum capacity. If families start losing their homes due to the rise in energy prices, they will not have anywhere to turn to for help. Soup kitchens have also reported a higher demand on their free hot meal services.

At the same time, Sándor Pintér, the Minister of Interior Affairs (also responsible for education, health and social care, among others) saw fit to submit a proposal regarding the [reform of the Social Bill](#) of 1993: III., redefining the responsibility of taking care of those in need as being “[out of] their own fault”, limiting the role of the State as being a last resort for individuals after relatives, churches and local authorities. Many fear it will result in the weakening of social provision during the economic crisis.

CONCLUSION

This article has outlined the impacts of inflation, energy and cost of living crises on homelessness service providers in Hungary. None of these providers have stopped their operations, but there is a reduction in the quality and availability of some of the services, as well as steeply rising living costs for both homeless service users and staff working with them. Service providers fear what the winter shall bring and are disenchanted by the government’s lack of responsiveness.

“The social net is already full: there have not been enough places for homeless families for years as most services have reached maximum capacity. If families start losing their homes due to the rise in energy prices, they will not have anywhere to turn to for help.”