

Housing challenges and their solutions - The role of local governments in Hungary

The publication of the Friedrich Ebert Foundation Budapest Office and the Progressive Hungary Foundation focuses on the current housing situation in Hungary and presents council-level solutions for more equal and fair housing.

There are currently around 2-3 million people that are affected by housing poverty in Hungary, meaning that they face difficulties paying their rent and bills, live under housing conditions below a minimum, their tenancy is legally uncertain and/or the spatial accessibility of the dwelling is extremely difficult.

After the transition and especially after joining the EU, international capital has flooded the Hungarian housing sector, which was somewhat slackened by the 2008 crisis but has been increasing again since. These events have resulted in higher property and rent prices as well as an increased dependence on the global market.

Since the 1990's there has been no substantive and comprehensive housing policy carried out. There is no state-wide public housing or support scheme for tenement flat building, recently the refurbishment support has been taken out of the national budget and homelessness has been criminalised. Subsidies to the construction industry are supporting the national fund-holder class. The number of those buying dwellings with an investment objective, thus profiting from the housing need of others, is rising, among others due to the rising level of tourism.

A progressive housing policy needs to help those affected by housing poverty, thus reduce social inequalities. The publication looks at four main topics (municipal estate management, market intervention, settlement development and arrangement, social services and financial aid) and nine subtopics (council estate, council housing, private market, new types of housing arrangements, settlement development without population exchange, empty sites and flats, housing allowances, housing institutions, evictions), each going into detail about the main challenges, the most important differences between settlement types and the possible solutions.

The publication shows that in terms of municipal estate management Budapest has the most room for action, but both other cities and towns could and should invest into buying new estates for social housing and into establishing communal land tenure systems. Among others, it is important that estates should only be privatised if absolutely necessary and the acquired money has to be invested back into social housing projects. Where possible,

properties should be reconstructed into inhabitable ones. Another guiding principle is that the estate management's annual balance cannot be positive. Further, there needs to be a budget for regular refurbishing of the properties.

It is shown in detail what kind of market interventions are necessary and why. For example, in Budapest, short-term lettings (mostly functioning as tourist accommodation) need to be regulated ¹. Establishing a social rental agency as well as cooperation with employers is

encouraged not only in Budapest, but also in other cities. Local tax differentiation could be a useful and feasible means for both cities and towns to tackle the black market.

Settlement development and arrangement needs to have a focus on socially sensitive urban renewal projects, utilisation of (the very high number of currently existing) uninhabited apartments and houses and other means to reduce the tendency exclusion from the housing market. Further, the publication discusses international best practices such as contracts with private investors and landlords which can be used to ease the financial burden of the council by outsourcing certain tasks to them.

The present publishing goes into detail about advised practices in the scope of social services and financial aid as well: One of the most urgent issues to impose a limit on evictions. In addition, it elaborates on recommended ways of developing and expanding institutional care and municipal support, as well as ways to make housing renewal programs more equal and accessible.

¹ In 2020, the newly elected mayor of Budapest, Gergely Karácsony (Dialogue for Hungary) opened up the possibility for councils to restrict such short-term lettings.