

Ending homelessness in Central and Eastern Europe: making the shift to a housing- led system in **Hungary**

Introduction

World Habitat believes that housing is a fundamental human right and that housing-led approaches offer a lasting solution to homelessness. Housing-led approaches focus on getting people experiencing, or at risk of homelessness, into a secure home as soon as possible and minimising the amount of time spent in temporary or emergency accommodation.

This policy briefing is part of a research project completed by the Metropolitan Research Institute and the Budapest Institute for Policy Analysis. The main report considers the barriers, challenges and opportunities for countries in Central and Eastern Europe to move to a housing-led approach as a means of ending homelessness. This work has been commissioned by World Habitat.

Summary

In Hungary, an estimated 30,000 people experience homelessness with up to ten times more people living in insecure or inadequate housing. At present there is no accepted and implemented national homelessness strategy. Housing affordability problems are fuelled by increasing housing prices and growing market rents and utility costs. Social housing only makes up less than 2% of housing stock.

Whilst the homelessness sector is severely underfunded and is still overwhelmingly dominated by emergency and temporary responses, encouragingly, Hungary features some important

preconditions for implementing and scaling-up housing-led approaches to tackling homelessness. There is also a growing amount of best practice and learning available from successful housing-led programmes being delivered by Non-Governmental Organisations (NGOs), often utilising innovative partnerships with local municipalities to deliver social housing.

To make the shift towards a wider housing-led approach, further investment in social housing programmes and welfare benefit schemes, coupled with long-term funding and support for housing-led programmes is needed. A reversal of measures which further marginalise people experiencing homelessness is also key to driving a shift towards a housing-led system of homelessness support in Hungary.

Levels of homelessness

The yearly point-in-time nationwide homeless count coordinated by the Shelter Foundation generally finds around 7,000-10,000 people in contact with emergency shelters, temporary homes and street outreach services, out of whom about 3,000 are contacted while sleeping rough.¹ People sleeping rough are mostly male, roughly a quarter are affected by mental health problems; around half have serious ill health; half do not have any regular income; and every fifth person experiencing homelessness has at least one addiction. The definition of homelessness also includes a larger group: those without a formally registered address, estimated to be 24,500 persons and over 80,000 people who only have a 'temporary or mailing address'.²

Gaps in the homelessness sector

The criminalisation of homelessness after 2010 enabled authorities to fine people experiencing homelessness for residing or sleeping in public spaces and detain them if rough sleeping is repeated or they cannot pay a fine.³ The regulation has negatively affected public discourse around homelessness and social inclusion, and diverted focus on the causes of homelessness away from structural factors, towards personal responsibility.

The structure of homelessness services follows a staircase model and lacks effective policy drivers that enable people to exit homelessness. Two national homelessness strategies were developed in 2008⁴ and 2015⁵ to reform the system by mainstreaming housing-led programmes, but neither was approved by governments of the time.

1. Albert, F., Teller, N., Fehér, B. and Kőszeghy, L. (2019). *ESPN Thematic Report on National strategies to fight homelessness and housing exclusion – Hungary*. European Social Policy Network (ESPN), Brussels: European Commission.
2. Ámon, K., et al.: *Éves jelentés a lakhatási szegénységről 2018 [Annual report on housing poverty 2018]*, prepared for Habitat for Humanity Hungary, 2018. <https://habitat.hu/mivel-foglalkozunk/lakhatasi-jelentesek/lakhatasi-jelentes-2018/>
3. Missetics, Bálint (2013): *The Criminalisation of Homelessness in Hungary*; In: Jones, Samara (ed.): *Mean Streets – A Report on the Criminalisation of Homelessness in Europe*. Fondation Abbé Pierre – FEANTSA – Housing Rights Watch.
4. Györi P., Maróthy M. (2008). *Merre tovább? Egy nemzeti hajléktalanügyi stratégia lehetséges keretei (Szakértői javaslat a Magyar Köztársaság Kormánya részére, Pro Domo Füzetek 1*. Budapest, 2008
5. Györi Péter (összefoglalta) (2015). *Hajléktalanügyi teendők 2015. Utcától lakásig. Javaslatok a hajléktalan emberek ellátásának átalakítására*. 4.0 munkaváltozat

Recently, Budapest City Municipality has approved its own strategy for mitigating homelessness by increasing access to housing and improving its support system to prevent evictions. The lack of secure affordable housing and the limited resources of social workers limit the effectiveness of housing-led programmes and undermine their sustainability.

The homelessness sector is overwhelmingly dominated by emergency and temporary responses rather than services aimed at preventing or ending homelessness. The existing homelessness system is the responsibility of local governments, who often contract out service provision to NGOs and church-based organisations. Services include day centres, soup kitchens, night shelters, temporary accommodation, and street outreach services, in addition to a medical centre in each big city. The homelessness sector is severely underfunded. The state only covers approximately 60-70 per cent of actual costs, so funding is topped up through local governments' or service providers' own budgets. Shelter infrastructure is overcrowded, often in disrepair, and burdened by extremely high energy costs.

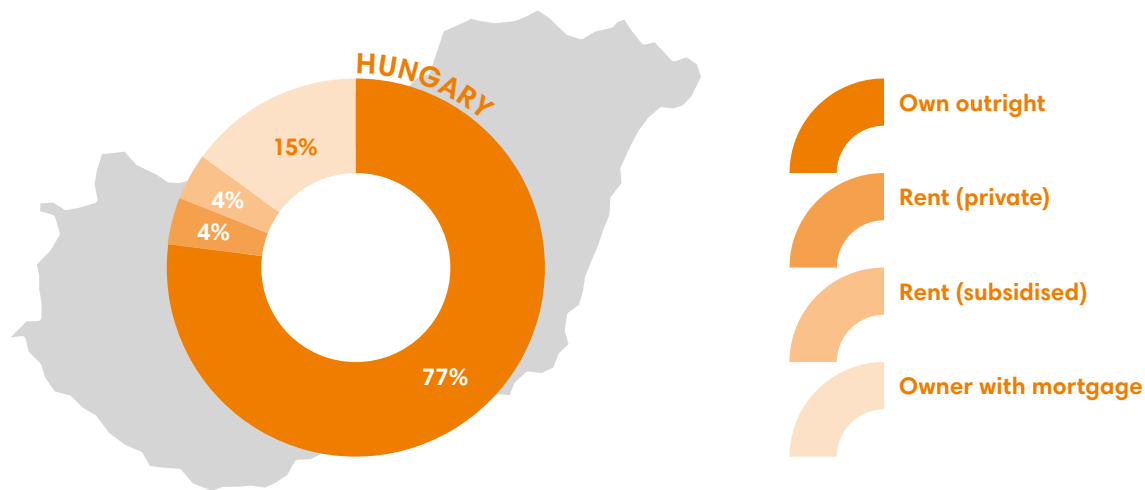
Despite numerous housing-led initiatives, programmes have remained isolated and have not been integrated with social service, health and social housing systems. The lack of a housing benefit system and poor ongoing service integration, both pose severe barriers to housing-led solutions. The first small-scale programmes were launched as early as the 2000s. The first EU co-funded housing-led programme was launched in 2008, and the first Housing First programme in 2017. Both largely relied on the private rental sector. In addition, a few NGOs run their own initiatives for creating more permanent housing solutions, in which they cooperate with municipalities that provide flats to them in return for their renovation. They rely on private donations and EU funds.

Decentralised housing benefit programmes are insufficient in amount and often exclude the most vulnerable groups.⁶ Whereas the deinstitutionalisation of large care homes has created opportunities for increasing supported housing capacities for people with addictions and psychiatric illnesses, homelessness service providers have not made use of such programmes yet. Furthermore, the weak capacity of mental health services is an additional challenge to supported housing schemes.

Housing system gaps

Similarly to other post-socialist countries, Hungary implemented a housing privatisation programme in the early 1990s that radically changed the tenure structure. As a result, the municipal housing sector now accounts for less than 2% of all building stock, with another 2% represented by below-market price rentals. Outright ownership and ownership with mortgage comprise the overwhelming majority of the tenure arrangements in the housing system. Since the transition, no major state-funded programme has been deployed to increase the social or affordable housing sector; state housing policies keep supporting the owner-occupied sector, mainly the more affluent middle class. In the very small subsidised rental sector, revenues from rent typically do not cover costs.

⁶. Missetics, B. (2018). *Kevesebbet kevesebbeknek: a lakásfenntartás önkormányzati támogatása 2015 után*. Esély 2019/1. sz.



Families living in poverty are also exposed to high-level risks in the private rental sector, which is an increasing but mainly informal sector. A significant proportion of low-income (urban) families have been pushed out of the social rented sector, only finding solutions in the private rental sector or settlements further from urban centres. The supply side is dominated by casual landlords. Under-regulation has created severe risks in the system, both for owners and tenants.⁷ Moreover, some social groups, like Roma and families with children, are hit especially hard by discrimination in the housing market.

Housing affordability problems are fuelled by increasing housing prices and growing market rents and utility costs. Housing prices and market rents are very high relative to income; for example, in Budapest, where the cost of private rental has more than doubled since 2012, the average household spends more than 45% of its income on rent.⁸ Housing prices and market rents are very high relative to income; for example, in Budapest, where the cost of private rental has more than doubled since 2012, the average household spends more than 45% of its income on rent. Housing costs, driven by utility and energy price increases, cause hardship to many: arrears in utility payments or mortgage repayments affect 10.4% of the population.

State policy responses have not compensated for the shortage of affordable housing, and EU funds have not been used effectively to modernise and expand the remaining sector. A lack of nationwide housing allowance and debt management subsidies has significantly increased housing-related hardship and the probability of homelessness. Despite systematic financial disincentives, a few municipalities have launched initiatives to upgrade their housing stock and expand options for affordable housing by establishing social rental agencies involving private rentals. NGOs and church-based organisations have also started small-scale programmes. Scaling up these initiatives would require regular financial contributions by the state and legal reforms that foster tenure security.

7. Hegedüs, J., Lux, M. and Teller, N. (eds.) (2013). *Social Housing in Transition Countries*. New York: Routledge.

8. Deloitte 2021: *Property Index Overview of European Residential Markets 10th edition, July 2021*. Available at: <https://www2.deloitte.com/content/dam/Deloitte/at/Documents/real-estate/at-property-index-2021.pdf>

Conditions for upscaling housing-led approaches in Hungary

Some core conditions and components are present in Hungary that are needed for the successful implementation of housing-led approaches to tackling homelessness. Most importantly, several service providers have longer-term experience with housing-led projects. As a result, momentum towards a shift in the mindset of service providers and social workers has already been created.

Local initiatives showcase easy-to-remove barriers. Feasible steps include advocacy for more municipal flats, especially if funds are provided for their renovation and more systematic cooperation with municipalities that could allocate a proportion of their flats to their clients. The training of social workers to adopt new skills (e.g., motivational methods, assertive communication) could increase the efficiency of social work with people with multiple diagnoses and/or high support needs.

However, the most critical barrier to a shift to housing-led solutions is the withdrawal of funding. The government no longer plans to use EU funds for housing-led projects; instead, it aims to foster the staircase model and expand a pre-existing halfway housing model involving municipal housing or organisations' own housing for clients with less complex needs. This scheme is currently very unpopular due to its inflexibility and limited provision of social work.

Key structural challenges need to be addressed at the national level to create sustainable initiatives – for example, tackling the shortage and poor quality of affordable homes, addressing tenure insecurity, combatting barriers to integrated support services and prevention, and addressing discrimination. Municipalities need to invest more into affordable public housing, and a national housing benefit scheme should be reintroduced. More buffers and guarantees are needed to bridge critical periods and prevent repeated housing loss. Given the complexity of needs, more systemic pathways of care and follow-up need to be created. Addressing discrimination against families with a Roma ethnic background in various realms of life would also contribute to the prevention of family homelessness.

Recommendations

The order of the recommendations reflects the suggested priorities, with the most important/feasible ones listed first.

Recommendations for (NGOs, church- or municipality-affiliated) practitioners

- Improve own service provision to move to a housing-led approach by:
 - » Exploring move-on options to support people into permanent housing (if served currently by a shelter or emergency service provider)

- » Delivering training for existing and new staff (to include training on harm reduction approaches, Housing First and trauma informed practice)
- » Creating external partnerships and training staff to effectively support clients with integrated services (e.g. relationships with specialist physical and mental health providers)
- » Trialling different tenancy and accommodation types to increase housing supply, flexibility and choice
- » Where applicable, delivering services that separate housing management and social support
- Participate in the design of national and regional strategies
- Raise awareness of the extent and routes into homelessness (and the relevant evidence to back this up) and focus on the dissemination of good practice alongside networks of operational, academic and press partners
- Foster country-wide cooperation and participate in international networks to advocate for change and tap into pre-existing evidence of housing-led approaches
- Advocate for housing-led nationwide policy improvements and widespread homelessness prevention policies and a phasing out of homelessness policies that prioritise emergency responses as a way of managing homelessness.

Recommendations for local government and city management (municipal)

- Allocate a greater proportion of resources to and prioritise the development and expansion of the municipal housing sector by:
 - » Supporting and incentivising the construction of new social housing
 - » Directly or indirectly carrying out renovation work to empty or substandard buildings
 - » Purchasing homes through the private rented sector for use as social housing
 - » Consider leveraging privately owned housing that is available for rent through a social rented agency model, and support the expansion of existing best practice examples of social rented agencies
- Seek and actively support local service delivery partners that prioritise housing-led approaches
- Conduct peer visits to study local regulations of innovative Hungarian cities with a partially housing-led anti-homelessness approach and consult with knowledgeable practitioners and experts
- As much as possible, actively participate in the design of national and regional strategies and the programming, implementation and monitoring of dedicated EU funds
- Advocate for the nationwide recommendations listed below
- Introduce or expand municipal means-tested housing benefit schemes.

Recommendations for national policymakers (national/regional)

- Reconsider policies that penalise people experiencing homelessness
- Require and enforce anti-discrimination legislation, particularly concerning the housing situation of Roma

- Reintroduce a nationwide means-tested housing benefit scheme that targets those in need
- Actively support and consider piloting ways of developing/expanding the municipal housing sector
- Make real practitioner participation a cornerstone principle when devising, implementing and monitoring national (regional) housing and anti-homelessness action plans
- Re-engage in policy dialogue with the European Commission concerning homelessness and the expansion of the municipal/affordable rental sector
- Introduce and strengthen homelessness prevention mechanisms, including for those released from institutions
- Improve the regulation of the private rental sector to incentivise affordable rental arrangements e.g. offering tax allowance schemes for landlords.

Recommendations for funders and donors (including the EU)

- Directly support and fund international and national networks aimed at promoting housing-led approaches
- Provide support and funding for long-term advocacy and back programmes that focus on effective network and partnership work
- Insist on (and fund) the proper evaluation and dissemination of supported activities that pilot housing-led and Housing First interventions.

Published 2023 by World Habitat. © World Habitat 2023, all rights reserved.

World Habitat

Office 1, Gresham Works, 38 Market Street, Leicester, LE1 6DP, United Kingdom
+44 (0)116 482 9446 info@world-habitat.org www.world-habitat.org