



## Housing policy

The prevailing form of tenure in Hungary is homeownership, amounting to 89% of the inhabited stock, while private rental accounts for about 7-8% and municipal rental 1.5%. The share of private rental housing is growing, especially in bigger cities. However, there are no exact data about this as it partly operates in the grey sector. House prices and private-sector rents have substantially increased in the last ten years; in Budapest, they have doubled, resulting in an affordability crisis that affects not only the poor but the middle class as well, which has lately been exacerbated by the energy price increase and inflation.

### Key features

- ✓ Home-ownership subsidies mainly target families with children.
- ✓ Innovative housing schemes have been implemented primarily by NGOs, but some municipalities have also started new initiatives, although they remain small-scale.

### Challenges

- ⚠ There is diminishing municipal housing sector because of a lack of financing, and dilapidated conditions.
- ⚠ EU funds were not used to improve the quality of the housing sector and expand the social housing sector.
- ⚠ There is no housing subsidy scheme that supports access to affordable housing.
- ⚠ There is a lack of a centrally financed housing allowance program. The general “utility cost discount” program tends to favour households that are more affluent.
- ⚠ There is poor energy performance of the housing stock; no schemes are available to promote refurbishment on a large scale.
- ⚠ The private rental sector is still not adequately regulated.

## Main legal regulations concerning migrants and refugees

Hungary was the first EU Member State to introduce temporary protection status, allowing Ukrainian citizens and third-country nationals legally residing in Ukraine to enter its territory. This was necessitated by the fact that the government changed legal regulations in recent years so that asylum applications could be submitted only in the Hungarian embassies of neighbouring countries. People with Ukrainian-Hungarian dual citizenship are not entitled to register for temporary protection. However, they may be eligible for several forms of social support, similar to the beneficiaries of temporary protection. Beneficiaries of temporary protection **have the right to work, access to the social protection system, and emergency health care**. Children can participate in the **free education system**.

Hungary is **primarily a transit country** for Ukrainian refugees. As of January 24, 2023, 2,117,868 border crossings from Ukraine (including pendular movement) had been documented, and 33,604 people had registered for temporary protection.

## Current refugee situation

The **profile** of the refugees is characterised by a majority of women and children (80%), the proportion of those with disabilities is large (13%), while only 7% are over 60 years old. Only 30% are employed, and the majority do not work due to childcare duties or the language barrier. Based on interviews from September 2022, most respondents (80-90%) wanted to stay in Hungary, only 3% wanted to move to a third country, and 3% planned to return to Ukraine.\* These data show **a significant shift in intentions compared to in summer** when many fewer people intended to remain (48%)\*\*, partly because the early arrivals were typically more affluent and had more connections in western countries and partly because more people thought that they would be able to return to Ukraine sooner.

## Accommodation and social services

As **Hungary dismantled its refugee reception system after 2016**. Thus, the first responses came from NGOs (including large charity organisations) and individual members of society, with many volunteers organising transportation and accommodation for refugees; then, in March, the government set up its own mechanisms. To coordinate the activities of different organisations, the UNHCR set up the Inter-Agency Refugee Coordination Forum, but the government does not participate. Civil initiatives to establish online platforms have also played a crucial role in distributing information and accommodation; the most important such initiative has been the Hungary Refugee Help Digital Network.

### Immediate-response programs

The government established its **accommodation system based on collective sites** set up by municipalities (e.g., in cultural and sports premises) and other commercial and private entities (e.g., hotels and guest houses). It created a **financing scheme to compensate for the accommodation and other costs** (food, social services) of the municipalities and private entities that have the capacity to host at least 20 people. The National Directorate for Disaster Management is responsible for distributing refugees through the state accommodation system. No data are available about the capacities and regional distribution. Refugees are not obliged to use the state accommodation system, and many of them turn to NGOs or find accommodation themselves with private hosts and landlords. **Private hosts and landlords do not receive any compensation.**

**NGOs and charity organisations** run many **collective sites and even flats using their own premises** (e.g., institutions) or premises funded from private donations for temporary use (e.g., flats and hostels), or rent from the market (workers' hostels, and flats). Besides accommodation, they also provide services like social work, translation, help accessing health services, language courses, education, employment, etc. The government does not finance civil sector activities at all, apart from a one-off three billion HUF injection of funding to the six largest charity organisations. NGOs and charity organisations receive funding from big international organisations (UNHCR, IOM, IFRC, etc.), private donations, and crowd-funding.

### Long-term solutions

One program is run by the Hungarian Charity Service of the Order of Malta and financed by the nationally distributed AMIF and UNHCR. The program provides **housing (usually in private rental accommodation) and complex services** to help integrate refugees into the local communities. Tailor-made social assistance and mentoring to create community plug-in, establishing social networks, finding employment and training if needed, enrolling children in schools, are central to the 1-year program, which can be extended by six months. Currently, 500 families are participating in it. Other longer-term service solutions are the **rent supplement schemes for refugees** residing in the private rental sector. These programs are financed by international organisations (UNHCR, EPIM) and are implemented by several NGOs, who also provide social work for participants if needed.

## Gaps

- ⚠ **Locational problems and mismatches:** There is a substantial territorial mismatch regarding the availability of housing and jobs in relation to the size of localities. When designating collective sites for refugees, the official distribution system does not pay sufficient attention to the availability of services and jobs, resulting in fewer opportunities for refugees in smaller localities.
- ⚠ **Legislative system:** Only municipalities and private entities (the latter through individual contracts) that provide for more than 20 people are entitled to compensation for accommodation costs by the government, but not individuals and civic organisations.
- ⚠ **Financial framework:** NGOs and private landlords/hosts are providing a substantial part of the accommodation and housing for refugees but do not receive any government funding; instead, they must rely on financing from international humanitarian aid organisations and private donations. Funding schemes are also short-term, albeit periodically extended, resulting in significant uncertainty for organisations in terms of service sustainability.
- ⚠ **Main housing regime framework and feasibility of long-term solutions:** Currently, there is no state or municipal housing scheme which could support affordable, longer-term housing solutions for refugees. Innovative housing initiatives have been sporadic: several NGOs and a few municipalities run small-scale social rental agency schemes, which were used and expanded to house refugees.
- ⚠ **Inadequacy of the physical composition of the housing stock:** The quality of the collective sites is very diverse; many of them need renovating, government funding for which is not available. Municipalities have empty stock, but this is in very dilapidated condition. The quality of the private housing provided for refugees is not known; however, the poor energy performance of the Hungarian housing stock is a general challenge.
- ⚠ **Cultural acceptance issues:** The main challenge is providing for Roma families from marginalised communities of Transcarpathia. However, solidarity with Ukrainian refugees has weakened, partly due to competing needs for support from less affluent Hungarian citizens.
- ⚠ **Lack of needed social assistance and other services:** Insufficient and unpredictable financing for social and other services both for NGOs and municipalities. As a large share of refugees are families with children, education is a key field of integration, but the state school system does not have enough capacity and seldom cooperates with other organisations in this regard (e.g., with language courses or extracurricular classes). In smaller localities, the capacity of social services is insufficient, and the presence of NGOs is scarce. The amount of cash-based state assistance is low, international NGOs try to supplement it with several programs.
- ⚠ **Information gaps related to effective decision-making:** The accommodation-related compensation system is not transparent, and the government does not publish data on the capacity of the government-supported accommodation system and the actual use of such capacity. Furthermore, the government does not cooperate with the NGO sector (which provides most of the services to refugees) to coordinate accommodation and social service capacity.

## Future perspectives

There are very few opportunities for affordable housing solutions associated with the current Hungarian housing system. The government **exclusively supports homeownership programs**, and municipalities are facing severe financial restrictions from the government. The **only option for longer-term housing is the private rental sector**, but in cities, this is not affordable. However, the rent-supplement programs funded by international organisations have proved that this approach could be a viable solution for refugees.

## Lessons and Recommendations

### Improve the quality of collective sites and availability of affordable housing solutions

- NGOs and private landlords should also be entitled to compensation from the government for accommodation costs. Financing should be more predictable and extended for a longer period. The system should be more transparent and define clear conditions for selecting beneficiaries.
- The quality of collective sites should be improved by providing grants for refurbishment, with particular attention to the energy efficiency of buildings and creating individual rooms for families with shared facilities.
- Collective sites should be located in places where (or from where) jobs are available.
- Moving out from collective sites to private rentals should be accelerated by providing refugees with sufficient support to find housing and employment, in which close cooperation with NGOs should be ensured.
- The government should introduce a rent supplement for households who already have some work-related income which is not sufficient for renting on the market.
- In terms of housing-related services, the government should cooperate more with pre-existing social rental agencies and NGOs with similar roles. The government should also contribute to their financing.

### Development of social and other services

- The development of social services should be focused on where they are most needed: smaller localities and the collective sites where the most disadvantaged refugees live.
- Mentoring families to integrate into local society should be further developed; for this, local citizens should be more intensively involved.
- The state school system should cooperate with NGOs to provide more language courses and extracurricular classes. Day-care services for mothers with small children need to be provided on a larger scale to enable mothers (often single mothers) to work.
- Refugees with special needs (those with disabilities, the chronically ill) should get access to caring services on a larger scale.

### Government funding and cooperation should be enhanced and restructured

- The government should increase funding to social and other service providers engaged in the provision of refugees regardless of their organisational form, and funding for services should be longer-term and more predictable.
- The government should take a more active role in organising the accommodation, housing, and services for refugees: It should strengthen its cooperation with the UNHCR-led Inter-Agency Refugee Coordination Forum and generally with international organisations (e.g., UNHCR, IOM, IFRC) and national and local NGOs that play a key role in refugee provision.
- The government should regularly provide data and information on the accommodation system that it coordinates and finances. In addition, the National Directorate General for Disaster Management should also take an active part in the coordination system.
- The government should use more EU and other international funding opportunities to develop housing solutions and expand services for refugees.

\*Source: <https://data.unhcr.org/en/documents/details/97062>

\*\*Source: <https://data.unhcr.org/en/documents/details/94176>