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### ***Housing Needs in Hungary***

Budapest: Metropolitan Research Institute (MRI), 55pp. Available from MRI on request.

Habitat for Humanity is a non-profit international agency aimed at improving housing conditions across the globe for those in greatest need. It is sponsored by charitable donations but appears to have support from the United States Agency for International Development (USAID) for its lending projects and has a number of protocols with the United Nations social care programmes. Habitat commissioned the leading Hungarian housing research body, Budapest-based Metropolitan Research Institute (MRI), to mount a wide-ranging study of housing conditions and problems in Hungary. MRI's detailed report describes and sums up what it sees as the country's key housing problems.

The report is divided into four parts. Part One, entitled the 'Nature of housing problems', describes some features of the Hungarian housing market, the distribution and size of the social housing sector and a number of issues related to the legal and institutional context. Part Two uses EU statistics on income and living conditions (EU-SILC) to describe housing conditions, access to basic facilities and aspects of the external environment. Part Three explores the situation of young families and households living in marginal communities in some detail. Part Four provides an overview of current housing policy programmes. The unspoken sub-text at the heart of this study concerns whether there has been an improvement in Hungarian housing in the two decades since the collapse of communism.

The report presents a huge amount of data and figures on various aspects of Hungarian housing. Essentially, this is a factual report and reflects the nature of the work as a commissioned empirical study. However, this format also raises a number of difficulties for the reader. First, the document lacks historical context. It is apparent to this reader that Hungary's historical legacy remains very prominent in the contemporary story and, especially for newcomers to this country or to post-communism in general, it was necessary to include more background information and perhaps rather more about the country as a whole. Reference to the United Nations charter and protocols on housing need and adequacy did not provide

sufficient background information for the reader. Without this wider context we are faced with fifty pages of figures and a lot of hard work to understand what has been going on in Hungarian society (housing) and where it is at in 2010.

It is not really possible, for example, to read the narrative on housing subsidies without knowing the legacy from the communist period – which is still very apparent because the best housing and the best of the new state-built flats in the 1970s and 1980s with central locations were allocated to favoured party members and the ‘new’ middle class and it was only in the final phase of state building in the mid-1980s that allocation became more socially diverse. State rental flats were rapidly privatised in the early 1990s putting high-value equity in the pockets of the political classes but leaving many of the peripheral high-rise estates in a dreadful condition with no local authority services, almost no social housing and a practically non-functioning private rental sector. Hungary became a ‘super-owner-occupied’ society (92 per cent of households are owner occupiers). A very large amount of equity has thus ‘transitioned’ from the ‘old system’ to the new, conferring a continuing advantage, at least in the housing market. One wonders therefore whether we are in fact talking about ‘continuity’ rather than ‘transition’, with many of the same people living in the same valuable flats.

The large quantity of small, low-amenity flats built between the 1960s and the 1980s also continue to be a major factor despite construction of a new wave of larger properties in the 1990s. There is still a structural problem in the housing market with an excess supply of these flats and insufficient ‘up-market’ property. The middle classes have continued to benefit the most from this situation (as they did under the communist system when they creamed off a high proportion of the housing subsidies) indirectly and directly through mortgage subsidies.

A second key problem with the study, also reflecting its empirical nature, is that it is not sufficiently grounded conceptually. It has no comparative resonance and is ethnocentric in construction. It does not connect to the debates about, for example, asset-based welfare systems and yet, as a super owner-occupied country, Hungary might well be a social laboratory of the low-tax/low-spend welfare state. How should we think about post-communist states two decades on from the so-called ‘transition to the market’? What role does housing have in the wider pattern of society? These meso-level questions hover very tantalisingly above this report, but it is left very much to the reader to infer answers. Rather like a cryptic crossword puzzle we are given subtle hints, Hungarian data measured in billions and billions of forint-denominated<sup>1</sup> subsidies and projects and hundreds of thousands of households, a variety of social groups with or without access to affordable housing and social policies that are difficult for outsiders to understand.

<sup>1</sup> One Hungarian forint equals €0.0035 (July 2010).

Unfortunately, the analysis is also inconsistent in places. For example, the data on affordability appears to indicate improvement over the last decade but if the 'average household' can only afford to borrow 50 to 60 per cent of the median house price ('assuming a 20% down-payment') then there is a major affordability dilemma. Where does the deposit come from? How is the difference between 50 to 60 per cent loan-to-value with a 20 per cent deposit covered? Other 'affordability' information is scattered across the study; later on we discover from the EU-SILC data that over one-third of households have trouble paying their mortgages and, in a different place, that households spend on average 28 per cent of income on housing (including utility costs).

Another example of where we need context is in the section entitled 'An overview of current housing policy programs', where we are introduced to the idea of housing subsidies. We are told that there are (were?) mortgage interest subsidies that 'brought results in the housing sector'. Somehow this translated into housing construction exceeding a '40 thousand threshold' (what threshold?) with outstanding mortgages growing from 200 billion HUF in 2000 to 2,000 billion HUF in 2005. But then the subsidy system was cut back and later abolished due to the fiscal crisis. We then learn that about half the outstanding mortgage debt is held in non-HUF accounts with no subsidy. But what does it all mean? Finally, we are told that the middle classes are the main beneficiaries of the subsidy system and lower income groups are not really helped. Readers would have benefited from a much more developed commentary on these issues. It would also have been useful for references to external data and studies – apart from the UN Charter and EU-SILC data there are no references to non-Hungarian sources. This is perhaps due to most sources being Hungarian data but it is unusual for a study of this type not to be referenced in the text, although there is a long list of Hungarian sources at the end.

It would have been really useful if the study had gone further in answering key questions such as, given the focus on a post-communist state, whether the situation has changed over two decades and if so by how much? What are the implications of becoming a super-owner-occupied society with almost no social housing? How does Hungary's situation differ from other small EU states? We cannot just see 'housing' in isolation from the rest of society let alone the wider 'welfare state'. For example, we read the following paragraph concerning elderly low-income families:

The current Hungarian health and social welfare system is not prepared to deal with the problems which can appear in aging households, such as job losses or illness. In many cases, the family's social net cannot counterbalance such problems either, and the only solution that enables the financing of care is the use of the housing equity of people affected.

These sentences contain some important insights but there is no reference to the Kemeny/Castles debate on this issue.<sup>2</sup> Is there a trade-off between home owning and retirement income/pensions in Hungary as Kemeny argues is likely in home-owning societies? Are we then dealing with a low-tax/low-spend welfare state in Hungary? This seems likely and more developed theoretical grounding in the well-known comparative welfare state literature would bring much-needed insight into these key issues.

One should not criticise MRI for fulfilling their contract for Habitat. MRI has a tremendous track record of achievement and has been a leading light on the Hungarian housing and public policy scene for many years. However, it feels like a missed opportunity that the study was not able to go beyond the data to this much-needed conceptual work.

Despite the above limitations, the data does provide a picture of housing issues in Hungary in 2010. The key findings from this study are that the better-off households appear to be those who inherited state rental flats at knock-down prices after the collapse of communism. Hence the legacy of the 'old system' continues to echo down the years. Much Hungarian housing seems little changed from those days. The large Roma population continues its difficult marginal existence. Hundreds of thousands of Hungarian families live in small flats or properties without modern facilities. Altogether one-third of the whole population live in flats and/or houses with either structural problems, no toilets or without normal 'comforts' (such as bathrooms). The mortgage market has stalled. Taken together we are looking at what appears to be a stagnant housing market with very poor levels of mobility. Most first-time buyers are very dependent on their families to help with deposits and other solutions centred on family strategies. Young newly formed households without family support stand little chance of living independently. Hence there are major intergenerational inequalities. The social safety net of housing allowances is very flimsy and is ineffective in helping people unable to be in the market. The problem here is that, although much better than in years gone by, a large part of the economy is still 'black' or 'grey'; this undeclared cash culture inhibits a social security system even if it could be afforded. Inequalities remain very stark and the absence of properly functioning rental sectors, either public or private, leaves a major 'housing needs' issue at the heart of the housing policy debate.

The final section 'Conclusions and recommendations' could have gone much further in bringing together these findings and analysing their impact. The authors suggest a change in the legal definition of social housing but an overall summing up of key points would also have been useful. It would have perhaps been something like this: Progress in Hungarian housing over the last two decades has been slow, and for a very large part of the population remains little changed from the communist era,

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<sup>2</sup> See *Housing and Social Theory* Special Issue, Vol. 22, No. 2.

indeed relatively speaking for quite a large proportion of Hungarian families, the situation is worse. A middle class whose housing wealth was carried forward from the 'old days' (originally allocated to it via party and state) has prospered through privatisation, although there has been some expansion of the better-off middle class since 1990 and building of new flats and houses to accommodate them. The addition of a mortgage industry is a marked change although relatively few households can afford to use it. Because of these factors Hungary has become an extraordinary, super-owner-occupied nation with an insignificant social housing sector and a small private-rented market. There continue to be masses of small, low-amenity flats in high-rise blocks with broken-down lifts, marginalised Roma communities, significant inequalities between town and country, important intergenerational inequalities and an ill-equipped social insurance system to help the most needy.

The report will be useful as a specialist source for scholars of Hungarian social policy but what can non-Hungarian readers take from this study? Without the much-needed conceptual anchorage to the wider housing and social policy literature we are left in large part to make up the bigger picture for ourselves. But we have to be careful here as we are also trapped in what could be called a 'comparative lock-out'. As non-Hungarians we are bound to be reading from the default position of our own case or perhaps the wider European situation (if we are Europeans). We are also missing any detailed evaluation of the consequences of the credit crunch (Hungary has been hit very hard by the financial crisis of the last few years because of its dependence on foreign capital to finance its economy and a very large public sector debt).

To conclude, on its own terms there is a lot of information in this report that specialist scholars can delve into, but a report about Hungary alone, especially one that is not conceptually grounded, is of limited value to the wider policy-making and academic housing studies communities. Nonetheless, the underlying issues hinted at in the report are fascinating and important to post-communist societies. Although it is difficult to tell from the report, at face value one has the strong sense that not so much has changed since the 'old days'. I think this is what our MRI colleagues are telling us: *plus ça change, plus c'est la même chose*.

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