



Hungary: Habitat for Humanity, Hungary

Renovating the unfit housing stock: Case Study #4



FEANTSA

European Federation of National Organisations Working with the Homeless

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Before and after complete roof reconstruction (Magyarnándor, Nógrád county)

1. Context

Two-thirds of Hungarian dwellings are below modern energy efficiency standards. However, most homes are occupied by owners who cannot renovate their homes due to low wages and a lack of savings. Furthermore, there is a high share of single-family homes, especially in rural areas, with higher average energy needs. Additionally, many structural issues are also present in the homes of poor households, such as leaking roofs, humidity, obsolete electrics and/or heating systems, and bad indoor air quality. The government's generous home renovation subsidies are not accessible for the poorest households due to post-financing mechanisms

and administrative requirements (e.g., the need for years of social security coverage that many low-income households do not have).

Motivation

Many households living in unfit housing struggle to access home renovation support. This project facilitates the access of low-income households to a major home renovation program - **Rural Family Housing Support Program**. By providing additional services, the homes of these families can be renewed, severe structural problems can be fixed, and the home becomes healthier and more comfortable (e.g., by accessing utility

“The government’s generous home renovation subsidises are not accessible for the poorest households due to post-financing mechanisms and administrative requirements”

services) and potentially more energy efficient (e.g., if new doors and windows are installed or the heating system is exchanged).

Source of Inspiration

The improved living conditions of families who have spent years living in unfit housing is invaluable. Children will grow up in healthier homes; parents will have more free time and experience

less stress concerning the condition of their home or their energy bills; and families can finally feel at home in their homes. Every household that accesses state support for housing renovation thanks to the support in overcoming structural barriers proves that restorative, distributive, and procedural justice is achievable.



Before: Old boiler (Magyarnándor, Nógrád county)



Before and after, including roof construction, insulation, and door and window replacement (Mohora, Nógrád county)

2. Project Description

To make the **Rural Family Housing Support Program** accessible for families living in unfit housing, **Habitat for Humanity Hungary (HfHH)** manages a revolving fund to cover the up-front costs of renovations and provides social, administrative, and technical assistance for families. First, **HfHH** reaches out to rural families through a local advisor to check if they meet the administrative requirements for a subsidy. If they are eligible, the family receives support with the administrative procedure of the application for funding. Technical support is also provided to plan the renovation and match the number of interventions that can be covered

from the amount of support. Once the subsidy is awarded to the family, **HfHH** covers the up-front costs of the renovation. This is crucial as the support is only paid after the renovation is made. The local advisors also suggest trustworthy and tested local entrepreneurs who can carry out the renovations. Finally, once the renovation is done, **HfHH** supports the family with the administrative tasks to access the subsidy payment, which is returned to **HfHH** as reimbursement for the up-front costs covered.

Typical interventions include the replacement of windows and doors; fixing roofs; bringing amenities into the home; tackling humidity, leaks, and

mould; and upgrading obsolete heating devices.

In some cases, the home is in such poor condition that the entire subsidy is used to tackle structural issues, in other cases, there is more space for energy efficiency improvements.

The programme is designed and operated in partnership with **Erste Bank Hungary**.

Target Group

Low-income residents of villages in Hungary living in unfit housing and facing barriers to accessing a home renovation support scheme. Households should meet the administrative requirements of a housing support scheme: having children and a social security contract.

Stakeholders Involved

Low-income households eligible for a home renovation subsidy but facing difficulties accessing it; local bank branches managing the subsidy; local SMI-s offering renovation services.

Funding

The programme's core financial resource is the home refurbishment subsidy scheme that provides approximately 5 million HUF (≈12,800 EUR). **HfHH** pre-financed the renovation cost to cover households' financial gaps in accessing a post-financing scheme. 1200-2000 EUR are deducted from the support to cover the costs of **HfHH** (social, administrative, and technical support).

3. Outcomes

Positive Outcomes

12 family homes were renovated in 2022, and in 2023 a further 20 homes will be renewed according to the plans.

Severe housing deprivation of families with children is tackled through the programme. Families excluded from state support due to their financial and social situation can finally access renovation support and live in improved housing conditions.

Innovation and Key Success Factors

The key innovation of the program is to tackle three critical barriers to renovations that low-in-

come households face, by:

- ◀ Facilitating vulnerable households' access to social and administrative support,
- ◀ covering the up-front costs of renovation through a revolving fund, and
- ◀ providing technical support for quality renovations.

Barriers and Difficulties

The radical inflation rate of recent years significantly reduced the number of interventions that can be carried out from the state subsidy for state renovations.



After: New boiler and central heating (Magyarnándor, Nógrád county)

Often the subsidy is only enough to tackle serious structural issues, and no funding remains for energy efficiency investments or renewable energy production.

Low-income households living in unfit housing in rural areas face multiple difficulties that exclude them from support (e.g., they are indebted, or do not have enough social security time).

Keys of Transferability

- ◀ Establishing a revolving fund
- ◀ Establishing contacts with the local bank sector or other entities that manage the distribution of support for renovations.
- ◀ Working with skilled social workers to reach out and help families.
- ◀ Working with skilled technical experts to plan the renovations.

Policy Recommendations

- ◀ Renovation supports should be designed

inclusively, and part of the state funding should be ringfenced for those most need it: low-income households living in unfit housing and facing energy poverty.

- ◀ Financial support for renovation should cover up-front costs of renovations for low-income households. Funding for wealthy households must be repayable.
- ◀ Administrative requirements of the support should not exclude households living in poverty.
- ◀ The funding should also be generous to cover structural investments and energy efficiency improvements.
- ◀ Renovation programs budget should also cover soft elements, such as administra-

tive, social, and technical support. These costs are small but are the key to socially inclusive programs.

- ◀ Social service providers should be trained and incentivised to facilitate those administrative procedures in accessing renovation support.
- ◀ One-stop shop service should be available in all rural areas.
- ◀ Active employment services should provide trained and skilled trustworthy local workers for the renovations.
- ◀ Workers or rural bank branches should be trained to work with socially disadvantaged clients to facilitate their access to funding.



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