Housing First in Hungary

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1 The initiative and its organizers

By the end of summer 2014, the first two genuine Housing First projects in Hungary were due to have created affordable housing for 18 previously homeless people. The key idea behind the two projects was to renovate small social housing apartments that were owned by the Budapest municipalities but had been standing empty for some time, because they were in a very poor state of repair. Municipalities own a number of such apartments, which they themselves cannot afford to renovate – or even sometimes to demolish. The two Housing First projects in this case study seized the opportunity to match the supply of low-cost social housing apartments to the needs of the homeless. The organizations were responsible for carrying out the necessary renovation before the new tenants could move in, and the apartments were restructured in a way that would allow the tenants to save substantially on their utility bills. The low rent and the reduced cost of utilities were meant to ensure that the new tenants could hold on to their apartments beyond the year of the programme.

The two projects were run by “A Város Mindenkié” (AVM, “The City Is for All”), Habitat for Humanity Hungary and the Twist Olivér Alapítvány (TOA, Oliver Twist Foundation). Although there have been similar initiatives in the past, these have usually been characterized by a non-exclusive focus on finding an apartment for the homeless, as many participating in these programmes have ended up in shelters or workers’ hostels; and even for those whose rent for an apartment (privately owned, not social housing) was subsidized, the high rent and the brevity of the programme did not promote sustainability.

The three organizations, AVM, Habitat and TOA came together in various combinations for two distinct projects. The earlier one – in the municipality of Kőbánya, the 10th district of Budapest – was an initiative of AVM’s, and Habitat joined later. The other project – in the municipalities of Újpest (4th district) and Budafok (22nd district) – came under the supervision of the Twist Olivér Alapítvány through the fundraising and intermediary work of Habitat for Humanity. And while TOA contracted Vera Kovács from AVM (due to her valuable previous experience in Kőbánya), AVM was not part of the Újpest–Budafok project.

According to its blog, “A Város Mindenkié”, founded in August 2009, is an organization comprising homeless people and their allies who want to fight social exclusion for an equal and just society. The main goal of the organization is to provide an opportunity for the homeless to stand up for their dignity and to fight for their rights to housing. For this reason, the homeless feature prominently in the leadership of the group. Their large-scale events also aim to change the opinion and attitudes of the public with respect to the homeless and their struggle. Moreover, AVM often participates in the events of other, similar, bottom-up, grassroots organizations, in order to unite with other social groups in the

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1 The first initiative was the “Pilisi Parkerdő Project” between 2007 and 2009, which was not truly Housing First because not all the unsheltered people removed from the forest were guaranteed apartments. In fact, many ended up in shelters and workers’ hostels. The other initiative is currently running and is funded from the European Social Fund (ESF) co-funded Hungarian EU budget (Social Renewal Operational Programme “TÁMOP 5.3.3.”) by the Budapest Methodological Centre of Social Policy and Its Institutions (BMSZKI), Red Cross Hungary, Hungarian Maltese Charity Service, and altogether about 30 participating institutions. Not everyone participating is guaranteed an apartment; and the funds are mostly used to boost the institutional budget for providing services in shelters.

2 The official website of AVM is this blog: http://avarosmindenkie.blog.hu/
cause of fighting social exclusion. The organization has two working groups: one focuses on housing, the lack of housing policy and the inadequacy of the legal framework; the other provides legal advice to the homeless. AVM actively promotes the Housing First approach as a way out of homelessness.

Habitat for Humanity is an international non-profit organization, whose mission is to eliminate housing poverty. The Hungarian Habitat was founded in 1996, and originally the organization built new homes on loan for lower middle-class families, with the help of volunteers. However, the Hungarian branch had to adapt its activity to local conditions, where, because of housing poverty and the often concomitant unemployment, the lower middle-class families found it increasingly difficult to repay their loans. Therefore, providing smaller interventions, e.g. external insulation, became the new focus of the organization’s construction projects. According to the organization’s website, it seeks thereby to create “a more sustainable and more energy-efficient home for families”. More recently, with the appointment of András Szekér in 2013 as director of the Hungarian branch, the profile of the organization has undergone another change, with programmes for the Roma and the homeless appearing on its agenda. These two projects were the first Housing First undertakings that Habitat for Humanity participated in; however, the Hungarian branch has garnered a lot of interest among its sister organizations abroad, raising hopes for a future of similar initiatives within the organization.

Last but not least, the Twist Olívér Alapítvány is a service provider for homeless people in the municipality of Újpest. Founded in 1991, the organization separated from the family support services of the municipality and did ground-breaking work back then – work that later became codified in law covering the activities and responsibilities of a temporary shelter. Currently, it can provide temporary shelter for 42 men, while the capacity of its day centre is 65. Clients sign a contract for three months, with one of the conditions being that they should achieve a reasonable goal by the end of that period (often related to seeking treatment for addiction, looking for employment, etc.). The organization’s temporary shelter is available for a fee (it can provide subsidies for people who come in off the streets). It also provides a street social work service in its home region (which, apart from Újpest, also extends to a few other districts in the Northern Pest area). The Twist Olívér Alapítvány became involved in the Housing First project of Habitat for Humanity Hungary and Aktion Deutschland Hilft precisely because it provides street social work in Budapest in one of the flood zones of the Danube.

2 Basic information on the (local) context and the emerging problems

2.1 The housing situation of poor people in Hungary

The housing situation in Hungary is, first and foremost, crippled by a disproportionate ownership structure, in which over 90% of all apartments are privately owned. Thus the number of apartments owned by the municipalities is extremely small. By contrast, as may be seen from Figure 1 (which is taken from Habitat for Humanity Hungary’s annual report), less than two-thirds of apartments in Western Europe are privately owned, and the percentage of social rentals is above 15 per cent in the UK and Germany (Habitat, 2014a). According to the latest Census 2011 (Hungarian census, 2011a), less than two-thirds (64%) of the population live in a family house (single-apartment building) and more than a third (36%) live in a house with several flats. In larger settlements, especially Budapest, houses that contain several apartments predominate. This applies particularly to districts where housing estates consisting of several hundred flats are widespread. Consequently the housing stock owned by
the municipalities predominantly comprises apartments rather than family houses; therefore Housing First projects in the three districts also rely on apartments.

Those who cannot afford to buy an apartment or a house (for which people often take out a loan) can rent one – usually from a private landlord, as the number and share of private apartments for rent is far greater than the rentals of municipalities. Most of the empty apartments are private properties with high market prices, whereas those people in need of cheap social rentals are the poor or the homeless; therefore, demand and supply do not converge (Habitat, 2014a). Those private apartments available for rent are unreasonably expensive from the perspective of a poor or homeless person.

Figure 1

According to Péter Győri (2014), the construction of apartment buildings reached a hundred-year low in 2013. However, Győri also points out that there is no shortage of apartments – at least not in the numerical sense: a steady decline in population and an increased trend in migration to more

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Source: EU-SILC 2013, figure is taken from Habitat (2014b:9)

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3. There is a recommendation package from the housing experts of Városkutatás Kft. (Metropolitan Research Institute Ltd.), Habitat for Humanity Hungary and the Open Society Foundation for a social rental system that utilizes unused private flats (“Szociális Lakásügynökség – SZOL”, Social Housing Agency), but this system is still under consideration by the stakeholders on behalf of the state (Hegedűs and Somogyi, 2013).

4. In Budapest, the rent for a small, one-room apartment can range from 40,000 HUF to 60,000 HUF (130 to 200 EUR), plus utilities. The participants in the Housing First initiatives discussed in this paper will pay about 20,000 HUF (65 EUR) for rent and utilities in a winter month (including heating).
prosperous EU countries has meant that between 2001 and 2011 the number of apartments standing empty increased from 370,000 to 480,000. In Hungary today, one in every ten apartments stands empty (Győri, 2014). By contrast, the annual report of the Hungarian Habitat for Humanity mentions “383 thousand vacant dwellings in the country” in 2013 and “over 300,000 families in need of affordable housing” (Habitat 2014a:8). In theory, supply and demand are in equilibrium. However, these apartments are mainly privately owned, and their owners prefer not to let them out for various reasons (including a desire to maintain an apartment at home even if they live and work abroad; or simply a fear that they will be unable to get rid of tenants who refuse to pay the rent). When private rentals are available, they are expensive and out of reach of many. According to the Eurostat data quoted in the Hungarian Habitat for Humanity’s annual report, 33.5% of the Hungarian population was living in poverty and social marginalization in 2013. Furthermore, 26% of the population is in arrears with their utilities, rent or housing loans, which is an important marker of housing poverty. Therefore, the problem is the availability not of housing, but of affordable housing options.

Eurostat also deals with the problem of “affordable” housing, which is defined as housing that costs no more than 40% of the income of a household. In Hungary, the average spent on housing by households in the bottom 20% of the income distribution is 46% of household income (Győri, 2014). Social rentals available from the municipalities could potentially provide a solution to the problem of affordable housing. However, of the 4.1 million households living in apartments in Hungary today, only about 304,000 rent. Only 3% of apartments are owned by municipalities (120,000), while 4% are legal private rentals (Győri, 2014). The share of apartment rentals in Hungary is the lowest in Europe, primarily because of the rapid apartment privatization in the early nineties, in which the municipalities were heavily involved.

Although ever since 1969 legislation has allowed tenants to buy their rentals (Lakner, 2003), prior to the transition of 1989 the housing sector was centrally controlled by the state and the Communist party, and did not operate on the principles of a market economy, being characterized rather by “bureaucratic coordination” and “huge, non-transparent subsidies” (Hegedüs and Teller, 2005). Local municipal governments came to the forefront of change in the public rental sector after 1989. Not only did they regain their political independence, but their financing also changed: local municipalities were allowed to levy their own taxes, and in September 1991 they gained ownership of the public rental stock (Hegedüs et al., 1993).

However, from the very beginning the relationship between the municipal governments and the national government was one of antagonism and struggle for political influence. The national government was quick to seize every opportunity to raise taxes, and at the same time gradually to reduce the share of revenue distributed to municipal governments, which relied heavily on central transfers to meet their expanding duties and responsibilities (Hegedüs et al., 1993). Municipal governments faced a constant lack of funds, as the amount allocated to them from the central budget was always subject to the arbitrary decision of national government. According to Lakner (2003), every national government after the transition tried to diminish the influence of the municipal governments, which were practically forced to sell their apartments. In so doing they increased their revenues, but lost political influence in the long run. After the initial years of confusion and uncertainty, when municipal governments tried cautiously to increase rents in order to navigate the burden of responsibility and their inadequate funding, the housing law of 1993 offered almost every tenant the right to buy their rental properties. The last resort of the municipalities was to put certain apartments on the list of historic buildings that are protected and are therefore not for sale (Hegedüs et al., 1993).
The spirit of the time immediately after the transition was characterized by a desire for private property, which provided security for those who could buy their apartments. However, those with a lower income could not benefit from privatization to the same extent as the well-to-do (Hegedüs and Teller, 2005). After privatization, it was mainly those apartments in a poor condition that remained with the municipalities, since it was almost exclusively the very poor who were unable to buy their apartments. Neither the municipalities nor the tenants had the financial wherewithal to renovate these apartments (and many still do not). During the nineties, municipalities sold approximately 750,000 rental properties to their tenants, while only 10,000 new social rental apartments were built (Hegedüs et al., 2008). Often, instead of increasing their social rental stock, the municipalities would sell their newly built apartments at market value and then fail to invest the income generated in the social rental system, preferring instead to use the revenue for other expenses (Lakner, 2003).

The problem is not just that someone from a temporary shelter is unable to take the next step and rent an apartment (generally on the private market, due to the limited number of social rentals), but, as the director of one of the NGOs involved suggests, people seeking housing are ignorant of the size of the market (the number of empty apartments, prices, location, etc.) and are consequently vulnerable to the landlords. There is inflexibility in the system, he argues, which makes it hard for tenants to move between apartments. Cheaper options are available, of course, but these apartments may already be in a poor condition, or be in a bad neighbourhood (lower chances of employment, fewer services available); or else the landlord does not register the tenant either in order to avoid paying tax (thus leaving the tenant without an officially registered address and rendering him or her vulnerable and ineligible for local services) or because it is a municipally owned social housing apartment. However, the number of cheaper options is extremely limited and is far outstripped by demand.5

The two districts in Budapest that have been most responsive to the Hungarian Housing First initiatives, Kőbánya and Újpest,6 both have ownership of about 2,500 apartments, but most of those are inhabited. Budafok, the 22nd district of Budapest, also joined the Housing First project, providing two flats during autumn 2014 within the same scheme as runs in the Újpest municipality.

Budapest operates under a two-tier system: the city itself has a local government, and in parallel each of its 23 districts has a separate municipality,7 and so responsibilities are shared between these two levels. Most of the non-private housing stock is owned and operated by the district municipalities, each with a certain number of apartments. As Table 1 shows, the population of the three municipalities varies greatly: Budafok is the smallest, with something in excess of 53,000 inhabitants, while Újpest is the largest, with almost twice that number; roughly the same ratio applies to the number of households and apartments. The share of municipality-owned apartments is far below 10% in each district (ranging from 3% to 6% – i.e. from 694 to 2,484 in numerical terms), and most of those are in use; meanwhile the condition of most of the empty flats is too poor for them to be used. According to those people interviewed from the municipalities, in Kőbánya about 100 apartments stand empty, while in Újpest it is about 60.8

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5 According to Habitat expert Luca Koltai, there are about 15,000 social housing apartments in the whole of Hungary.
6 Each district in Budapest has its own local municipal government, while there is also a municipal government for Budapest as well.
7 The terms “municipality” and “district” are used as synonyms in this study.
8 No information on the number of empty municipality flats in Budafok, 22nd district.
Table 1 Main characteristics of the three Budapest municipalities (districts) taking part in Housing First project (compared to the districts with the smallest and largest population)

<table>
<thead>
<tr>
<th></th>
<th>Smallest Budapest district</th>
<th>Újpest (4th district)</th>
<th>Kőbánya (10th district)</th>
<th>Budafok (22nd district)</th>
<th>Largest Budapest district</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>21,155</td>
<td>98,284</td>
<td>80,978</td>
<td>53,704</td>
<td>127,010</td>
</tr>
<tr>
<td>Employment rate</td>
<td>42.1%</td>
<td>47.9%</td>
<td>44.7%</td>
<td>42.4%</td>
<td>49.6%</td>
</tr>
<tr>
<td>Number of households</td>
<td>8,456</td>
<td>44,503</td>
<td>35,953</td>
<td>21,945</td>
<td>69,833</td>
</tr>
<tr>
<td>Number of employed</td>
<td>77</td>
<td>105</td>
<td>98</td>
<td>103</td>
<td>106</td>
</tr>
<tr>
<td>residents per 100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>households</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of apartments</td>
<td>8,644</td>
<td>46,970</td>
<td>38,432</td>
<td>22,486</td>
<td>78,173</td>
</tr>
<tr>
<td>Number of privately</td>
<td>8,314</td>
<td>43,842</td>
<td>34,599</td>
<td>21,605</td>
<td>74,313</td>
</tr>
<tr>
<td>owned apartments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of municipality-</td>
<td>77</td>
<td>2,373</td>
<td>2,484</td>
<td>694</td>
<td>6,602</td>
</tr>
<tr>
<td>owned apartments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of municipality-</td>
<td>1%</td>
<td>5%</td>
<td>6%</td>
<td>3%</td>
<td>8%</td>
</tr>
<tr>
<td>owned apartments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Hungarian census (2011b)

Because of the privatization process at the beginning of the 1990s, it is usually the poorest tenants who have remained in these apartments, and only the apartments in the worst state of repair have remained in the ownership of the municipalities.

Not only is there a limit to the number of social housing apartments available in the municipalities, but the system itself is faulty in many respects. For instance, the apartments are not utilized efficiently: a pensioner might inhabit a large apartment (many older tenants still have contracts for an indefinite period of time that date back to the early 1990s, and an inalienable right to tenancy), while a family of four cannot move up the waiting list, because most of the flats that are available are small and there is a regulation requiring a certain minimum number of square metres per person as living space. Most apartments in the municipality’s ownership are in need of renovation, and since the poorest tenants pay social rent and the others pay a rent that, while higher, is still far below the going rate for a private flat of similar size and location, there is no possibility of cross-financing, where wealthier tenants support poorer ones. The deputy mayor of one of the municipalities argues that the general under-financing is compounded by the fact that sometimes the municipality finds itself subsidizing whole apartment blocks: it pays the common charges on behalf of its tenants, while the occupants of privately owned apartments in the same building are in arrears and/or refuse to pay. It is clear that maintaining the social housing system represents a drain on municipality funds – 700 million HUF (2.3 million EUR)9 each year in Kőbánya, according to the deputy mayor. With this drain, it is impossible for the municipalities to renovate their apartments. Moreover, because of the obligation to undertake repairs

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9 1 EUR equals about 300–310 HUF; this rate is used throughout the case study.
through public procurement, the costs are even higher than in the case of renovation by a tenant (3 million HUF/10,000 EUR, as against 1–1.5 million HUF/3,000–5,000 EUR). Municipalities are heavily in debt – not only because funding their basic operations requires them to take out loans, but also because (as explained above) after the rapid privatization they were stuck with those poor tenants who usually could not afford to buy their rented apartments (and who most probably did not have the means of carrying out the necessary renovation through the years or decades they rented the apartments). The municipalities were therefore stuck with many apartments in poor condition. Consequently, social housing apartments are mostly available only in exchange for the tenant undertaking to carry out renovations; a would-be tenant’s inability to devote adequate funds to renovation can be a serious drawback in the application process.

Corruption also limits the available resources, as the friends and family of municipality officials may receive social housing apartments, sometimes renovated at municipality expense, although the extent of this practice in unknown.

Although it may seem rather controversial to oblige tenants to renovate a property they do not own, renovation undertakings started to appear in the practice of the municipalities under examination when they realized that there was significant demand even for social rentals that are in such bad condition that they could not rent them out normally. A solution emerged in the form of a renovation obligation undertaken by applicants who are prepared to take on a municipality rental, despite its inadequate state of repair. Municipality representatives maintain that these flats would otherwise remain unused, as the municipality has no resources with which to renovate them, and for legal reasons they are not allowed to rent them normally in such a condition. From this perspective, they claim, it is better practice to assign them with a renovation obligation than not to use the apartments at all; however, it clearly results in a less fair system, where wealthier applicants are preferred in a competition for cheap flats that target the poor.

The housing situation of the poor remains an unresolved problem. The risk of getting into deep debt after taking out a loan means that buying an apartment of their own is only a remote possibility for poorer people – even if their loan application is entertained in the first place. It remains too expensive to rent privately owned apartments, while social housing apartments are limited in number and come with a renovation obligation. It is problematic that someone might spend 1 million HUF on doing up an apartment, only to lose it at any time. Because the municipality wants to be able to exercise its right to evict tenants, it enters into short-term agreements with tenants (usually twelve months), after which time each agreement is subject to revision and possible renewal. Housing security is not guaranteed in a system where, after a year, when their contract expires, tenants can be evicted for no reason. (While contracts are generally renewed in good faith, there is no reason why the situation could not be abused.) Last but not least, it is unrealistic to expect municipal governments to construct

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10 The costs in a public procurement procedure are so high, according to the deputy mayor of Kőbánya, because the companies that tender in such a procedure quote according to a standardized catalogue, in which prices resemble those of Western Europe.

11 Not only does the inadequate housing law leave tenants vulnerable to landlords, but landlords are insufficiently protected against recalcitrant tenants, who are unwilling to pay their rents. Every landlord knows that it is impossibly difficult to evict their tenants. Municipalities protect themselves by renting out apartments for only twelve months at a time.

12 There has recently been an attempt to abuse it. The leadership of the municipality of one of the biggest provincial towns in Hungary decided to evict the tenants from a relatively central street in order to build a
a significant number of new apartment buildings to be let out on social rent, since they already struggle with a shortage of financial resources. The municipality of Újpest also recognizes the need to expand the number of social rent apartments available in its district; however, in the absence of funds, its options are limited. Most recently, it has tried to prioritize housing for newly wed couples and policemen.

It is important to consider evictions here – not only because they result in apartments becoming available, but also because they potentially contribute to the problem of homelessness. The municipalities of both Kőbánya and Újpest have placed an emphasis on trying to keep current tenants in their apartments. The eviction process is reversible at several stages. Contracts are usually suspended if the rent is unpaid for three months. But tenants have an opportunity right up to the last possible moment to strike a deal with debt management and the local municipality. If they agree a repayment schedule, they regain their contract and their tenancy. The new contract is usually valid for a shorter period: this encourages tenants to settle their debts in a timely fashion, and also gives the municipality the opportunity to keep tenants under closer scrutiny. According to the deputy head of the housing department of one Budapest municipality, about half (at least 1,000) of its tenants are in debt, while about 30 evictions were due in 2014, of which about ten actually took place. The deputy mayor of another municipality stresses that evictions are necessary, otherwise the municipality would go bankrupt; it also needs to think of all those on the waiting list.

The official at the housing department also provided figures on the number of applications that the municipality receives for social housing: more than a hundred per month. By contrast, every year only about 30 new tenants move in to apartments owned by Újpest, as the municipality tries first and foremost to accommodate the requests of current tenants, some of whom ask to change apartments (e.g. for a smaller one). On average, the official admitted, of every 80 applicants for social housing, 78 receive rejections. However, Újpest is a unique case, in the sense that residence in the district is not a prerequisite for an application,13 furthermore, application decisions are made on a case-by-case basis, assessing the need of each applicant. In Kőbánya, applicants fill in an apartment request form and the information is entered onto a database; however, there is a long waiting list of eligible applicants. A stable income is a must (as is proof of residence in the district).

The most basic problem is that there is no central funding to support the social housing system. In Hungary today about half a million households receive the so-called housing maintenance subsidy of about 3,000 HUF (10 EUR) per month on average (the only national housing benefit provided by the state). This figure roughly corresponds to the number of people thought to be living in housing poverty (1.2–1.5 million). However, the amount of the subsidy is totally inadequate to provide any sort of meaningful support for these people in a housing market dominated by private owners and high prices. Our interviewees argued that 1.5 million people is a large enough number to allow a differentiation of their needs: they could receive different tiers of subsidy depending on their income. Also, the director of one NGO argued that some of the subsidies for loans and mortgages could be diverted into housing subsidies, since currently the amount allocated to aid home owners with a mortgage is five times the parking lot for a football stadium. The short-term nature of the contracts may make it possible for the municipality to get rid of its tenants without any compensation. No evictions have yet occurred.

13 Officially, it is not a prerequisite anywhere; however, in practice, most of the municipalities strongly favour applicants from their own district.
amount allocated to housing maintenance subsidy. Short-term tenancy agreements, inadequate housing subsidies, loans, unemployment, divorce, illness and eviction all often lead to homelessness.

2.2 The situation of the homeless in Hungary

A constitutional amendment at the end of 2013 made it possible to arrest and charge anyone who spends the night in a public space. This change only provides the legal basis for such a move; local municipality by-laws can put such legal provisions actually into effect by bringing charges against anyone who spends the night on the streets. As an advocacy specialist and housing policy researcher at an NGO explained, the penalty for being caught is a fine of 30,000 HUF (100 EUR); a third offence can lead to detention. New shelters have been built to accommodate the anticipated rise in the number of those seeking a bed for the night. However, as a researcher at one of the state-funded facilities points out, building new shelters is not the solution. She also suggests that the money that goes to provide services for the homeless could be spent more effectively – for instance, on better-tailored services for the homeless or on cheap housing options that provide the missing “next step” after shelters. It seems inappropriate, she argues, to pay for the upkeep of a separate, permanently operating office with two officials, where the police bring in those found sleeping on the streets. Little is actually known about the enforcement of this law, and not many vagrants are known to have been punished by it,\(^{14}\) but there was general consensus among our NGO interviewees that the main effect of this legal provision is to introduce uncertainty for the homeless, who cannot be sure what the outcome of an encounter with the police might be.

Currently, the estimated number of those categorized as homeless is approximately 15,000 nationwide (Február Harmadika Munkacsoport, 2013). Officially, those who spend the night in shelters or on the streets qualify as homeless, as do those who do not have a registered address or whose registered address is a shelter. In practice, homelessness is less clear-cut, and the lines delineating it are blurred, for instance, by how we categorize make-shift huts on private property, and by the fact that there are people living in primitive conditions and deep poverty in summer houses. The precise number of homeless people is, therefore, hard to establish. However, we do know that of the 10,500 beds available in overnight and temporary shelters, about 10,000 are occupied during the winter months, and at least a further 3,000 people spend the night on the streets.\(^{15}\) One study which looked at the number of individuals registered at various day centres and shelters over a five-year period (Február Harmadika Munkacsoport, 2013) found that approximately 48,000 people accessed these facilities and took advantage of their services. However, it is generally accepted that day centres are often frequented by those who have housing but live in deep poverty.\(^{16}\) The head of a temporary shelter explains that, according to the shelter’s own non-representative survey, approximately a third of its day centre clients come in off the streets; a third come from shelters; and another third come from their homes nearby. An important thing to consider is that many who could be considered homeless

\(^{14}\) According to Ákos Surányi, every three months about 40 are charged, a negligible proportion.

\(^{15}\) According to the figures of “3 February” research, which is a non-representative voluntary survey run by various service provider organizations, whose street social workers hand out questionnaires to their clients encountered on the streets each year on 3 February.

\(^{16}\) These people might not have electricity or running water available in their apartments after getting into debt with the utilities companies, or they might try to save on heating in the winter months.
do not show up in the statistics because they find shelter for the night in garages or abandoned barns, etc.; however, they do frequent day centres.

In the absence of concrete figures, it is just as difficult to establish whether the number of those forced to sleep on the streets has increased or decreased over the last couple of years. What we do know, according to a researcher at one of the state-run facilities, is that in 2014 for the first time, temporary shelters had to initiate waiting lists in the summer as well. Even though the government’s primary way of dealing with the problem of homelessness is to build new facilities, the number of beds available is not increasing dynamically, and the summer waiting list tells us that there seem to be more and more people trapped in homelessness, moving from shelter to shelter. The researcher also has a different take on the age-old debate about the capital versus rural towns, arguing that while probably more than half of the homeless live in the capital (compared to just 17% of the country’s population generally), the situation of the homeless in rural settlements can be just as dire if, for instance, 150 individuals are competing for 80 available beds in local shelters. Homelessness, however, is less visible in rural areas, as people there may live in garages, hovels or other buildings not intended as accommodation, dwellings in the yard of a family house or small summer holiday houses with an extremely low level of comfort and limited heating possibilities. People living on such premises may not be regarded as homeless, according to the strict definition; however, with an unstable housing situation in an unhealthy and uncomfortable environment, they are borderline homeless.

The services available to the homeless include daytime centres, overnight shelters, temporary shelters and the help of street social workers. Street social work operates on a competitive basis, with the Ministry of Human Resources predetermining the number of social workers needed in certain areas and announcing an open competition between organizations for available funding. The duties of street social workers include prevention, intervention in case of emergency, signposting homeless people to other service providers (e.g. hospitals, if needed), providing them with information, helping them to replace their documents or to find employment, bringing them food, blankets, clothing, medicines, etc. The shelters receive normative funding from the state of up to 60% of their expenses, while the remainder is the responsibility of the organization. Funding comes from municipal resources and the fees clients pay for their beds at temporary shelters. However, it is the common fate of many to have to move between shelters. Most homeless qualify for unemployment benefit of 22,800 HUF (74 EUR) per month; but it is impossible to live on that when a bed in a temporary shelter eats up half of that amount. Not only do the homeless receive little help in finding adequate housing options, but it is practically impossible for them to rent a room without employment. Conversely, many lack employment not just because they are unqualified, but also because they are physically incapable of working, or because their physical appearance precludes them from finding employment. Therefore, the homeless are trapped in a vicious circle of no housing, no employment, moving from shelter to shelter, without any tools or help available in the social services provided by the government that would enable them to find a better housing solution than a shelter.

According to the deputy mayor of one of the municipalities, one of the greatest problems with homeless care in Hungary is that it has been neglected for the past 20 years. A researcher shares his opinion that too much money is spent on maintaining a gigantic institutional framework, while the

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17 In the case of the Twist Olivér Alapítvány, the monthly fee for a place in the temporary shelter is 9,000 HUF. The first month is free. The shelter has 39 beds. Thus TOA’s annual revenue from the temporary shelter fee is 4,212,000 HUF (approx. 14,040 EUR).
clients benefit little from the money allegedly spent on them. Moreover, on the issue of shelters currently available, the deputy mayor also comments that better conditions are needed: everyone should have his or her own bed and a locker to store personal belongings safely. An advocacy specialist also speaks of the many factors that deter people from staying at these shelters: it is hard for couples and dog owners to find a shelter, there is a lack of privacy, residents have to comply with certain rules (which is in stark contrast to their previous independent lifestyle), and they also have to produce documents, like a negative tuberculosis test result and a social security card.

By far the greatest consensus among our interviewees was on the fact that the current homeless care system does not adequately provide its clients with “a reasonable next step”, as the head of a temporary shelter put it. The current mainstream institutional care is about survival, and it usually conserves people in their situation, with little chance of reintegration. The deputy head of the housing department in one of the municipalities stresses the importance of a more holistic approach and of improving the employment situation generally, since the 22,800 HUF (74 EUR) of unemployment benefit is of little assistance to anyone trying to find housing. Currently housing subsidies are restricted to existing tenants; the move from being a resident of an institution (caring for the homeless, the mentally ill or those suffering from addiction) to becoming a tenant is not supported financially. An adequate financing system would not only make apartments for rent at market prices more available, but it would also provide for the intensive social work that these clients require (a feature of the programmes discussed in this paper). According to the calculations of one researcher interviewed, the amount of money that the Hungarian government spent on building football stadiums last year could have financed a generous housing subsidy for the homeless (Fehér, 2013). The only problem with such a system would be the remaining 1.5 million people living in housing poverty, who would receive much less financial support (currently, they receive around 3,000 HUF/10 EUR per month). The director of an NGO reminded us that the aim of his organization (and of the state generally) should be not only to provide housing for the homeless, but to provide affordable and sustainable housing for everyone.

Though social housing is more affordable, it is extremely difficult to come by, due to the large number of applicants. One of our interviewees would also like to see a general revision of the housing law that would lay the foundations for Housing First types of programmes for the homeless. A researcher drew our attention to the fact that in certain Western European countries clients receive housing subsidies for market-value rental for as long as they need them, and also receive social benefits for other living expenses and intensive social work to channel their efforts into meaningful activities. These clients usually do not find employment, and staying in their apartment is considered a mark of success. By contrast, in Hungary, where in the Budapesti Módszertani Szociális Központ és Intézményei (Budapest Methodological Centre of Social Policy and Its Institutions, BMSZKI) programme housing subsidies were only provided for a year, clients were expected to stabilize their situation within that year. As a researcher at a state-funded facility put it: “We expect not completely stable people to start leading a stable life within just a year, and that is impossible, it’s an impossible expectation.”

In terms of the “next step”, the usual practice today is for clients to move from shelters into either elderly care facilities, workers’ hostels or rented apartments (usually a friend’s apartment); but most rotate around various temporary shelters. However, there are already several small-scale projects that aim to help clients move out of the vicious circle of shelter-hopping. BMSZKI’s “tenants’ house” is an apartment building where apartments are available for new tenants for a year at a cost of 15,000 HUF (50 EUR) per month. There six bedrooms (single or double) share a bathroom and a kitchen. In Kőbánya, the so-called Lélekprogram (Soul Programme) offers 2- or 3-bed bedrooms and a shared
kitchen in an abandoned children’s summer camp. It operates like a temporary shelter, where clients can stay for up to a year. The municipality has been able to move in couples right from the very beginning and it will make 5–6 new rooms available each year. Clients pay nothing at the start, but they pledge to save up, and social workers assist them to find employment. Yet another alternative is Housing First, as run by AVM, Habitat and the Twist Olivér Alapítvány in Kőbánya, Újpest and Budafok.

3 Genesis of the initiative

The Housing First programmes of AVM, Habitat for Humanity Hungary and TOA, though they do overlap, are in fact two different projects. Housing First in Kőbánya was initiated by AVM, and Habitat for Humanity joined later; while the Újpest–Budafok projects, created in response to the Danube floods of 2013, are primarily organized by TOA and Habitat for Humanity. Table 2 at the end of the chapter summarizes the main features of the two projects in the three municipalities.

The work of Sam Tsemberis and Pathways to Housing in New York City was an obvious model for the two projects. The innovation of Tsemberis lay in his approach to supporting the recovery of homeless people with mental disorders and addiction by solving their housing problems first. In her article on the Kőbánya Housing First initiatives, Vera Kovács, the social policy expert of AVM, pinpoints the importance of Tsemberis’ work in his recognition that housing should not be the reward of successful social work, but rather its starting point (Kovács, 2014:101). Kovács also mentions in her article AVM’s attempt to adhere to the seven standards of Housing First, which she traces to the website of the Downtown Emergency Service Center in Seattle (desc.org). The most important way in which AVM applied these standards was via its strong emphasis on robust social work at the time its homeless clients moved into their apartments (Kovács, 2014:100). However, the advocacy expert at Hungarian Habitat hastens to add that there is no tried and tested Housing First approach in Hungary: a range of different approaches has been tried, drawing on the publications of the European Federation of National Organisations Working with the Homeless (FEANTSA) for inspiration. A discussion of Housing First crops up at more and more workshops and conferences. Most recently, Habitat presented its Housing First initiatives as part of a separate section at the National Conference of Service Providers for the Homeless, and a four-hour discussion of the programme ensued.

3.1 Kőbánya

The two initiatives came about as a creative response to extreme situations, and made the most of the prevailing circumstances. AVM’s project in Kőbánya started in spring 2012 with a protest against the municipality’s attempts to evict the members of a homeless colony in the Terebesi Forest (located within the district), where their huts were about to be demolished. AVM, an advocacy organization, defended the interests of the homeless, and during autumn of that year started negotiations with the municipality over a possible solution. Not only did AVM organize a round-the-clock vigil over the huts, but on one occasion also managed to prevent the bulldozers from getting closer to them (Kovács, 2014). The negotiations went on for months – not only because of the extensive municipal bureaucratic apparatus, but also because of the innovative nature of the project, which meant that several questions had to be explored and addressed (Kovács, 2014). The municipality was interested in working with AVM to find a solution, and in April 2013 the first two couples moved into their apartments. The initial success enabled AVM to seize the opportunity to embark on a one-off
cooperation with Kőbánya involving the first ever Housing First type programme in Hungary. AVM reached agreement with the municipality of Kőbánya that each year the municipality will make available to AVM two apartments, into which AVM’s clients can move once the flats have been renovated. Habitat for Humanity joined the Kőbánya project in 2013, providing the project supervisor for the renovation work. The advocacy expert at Habitat explains that Habitat was asked to join at short notice, since AVM did not have experience of renovating houses and could not anticipate the amount of work involved. The deputy mayor of Kőbánya confirms the benefits of Habitat’s partnership in the project, arguing that its presence provided grounds for greater confidence in the project on the part of the municipality – especially since negotiations were difficult at the beginning, in the case of the first two apartments. The deputy mayor adds: “They were sweating a lot and we also had to learn from our mistakes.” Kőbánya seems to be genuinely interested in and proud of the Housing First initiatives in the district. Apart from the day centres it operates, the district has started its own affordable housing service in an abandoned children’s camp. The deputy mayor personally visited the Terebesi Forest at the beginning of the eviction scandal, and seems genuinely glad to have been able to negotiate a solution with AVM in the form of the first Housing First initiatives ever seen in Hungary. Now the apartments in Kőbánya are a joint effort between AVM and Habitat, which signed a five-year contract in 2013 agreeing to renovate at least two apartments per year (more if extra funding is available in the Habitat budget), and Kőbánya has agreed to provide two apartments for renovation every year.

3.2 Újpest–Budafok

The Újpest–Budafok project started as a flood relief effort for the victims of the Danube floods of 2013. The Aktion Deutschland Hilft crisis fund reached out to the German Habitat for Humanity organization during summer 2013, and it then contacted its Hungarian sister organization, through which the Twist Olivér Alapítvány became involved in the project. The fund was meant to support the recovery efforts of flood victims; however, basing its estimates on the terrible damage witnessed in Germany, the German organization was over-generous in its allocation of funds: the actual number of houses destroyed was relatively small. Hungarian Habitat proposed several programmes to utilize the money. One of these targeted the homeless: 18 some of their make-shift huts had been swept away by the floods, but they were not targeted by any government or NGO relief efforts. Hungarian Habitat, in fact, made it clear that to some extent the programme might be considered to be more about homelessness than about the flood. Still, the German fund was enthusiastic and curious about the development of the programme. (Though since its funds were only available to flood victims, it was clear from the start that it would be unable to sponsor any potential future Housing First projects of Hungarian Habitat.) TOA was entrusted with overseeing the project, as one of the civil organizations that provide services to the homeless in the Danube flood region (though this project can in no way be regarded as a logical extension of its previous work).

Originally Habitat and the TOA proposed three options for housing: (1) social housing, (2) renting apartments at market value, (3) buying apartments for clients. The head of TOA admitted that the organizations favoured the third option as providing the most cost-effective way of directly benefiting the homeless: about ten small flats – a permanent solution – could have been bought with the support

18 According to Ákos Surányi, a German private donor wanted to help the homeless specifically, while Luca Koltai explains that Habitat suggested this idea for intervention.
available; the method finally implemented helps only seven households, and offers only the opportunity to rent. (One of the greatest criticisms of the Hungarian social services provided for the homeless is that most of the funds pumped into the system are used to maintain an elaborate institutional framework, while those who should see most of the money – the homeless – “only get a cup of hot tea”, as the deputy mayor of Köbánya likes to put it.)

The German organization was not keen on the idea of buying property for homeless people, the head of TOA surmises, mainly because people tend to rent their apartments in Germany, and not own them. Instead the social housing option was agreed on. Not only is this the cheapest option in terms of rent, but it contributes greatly to the sustainability of the project, since, as the advocacy expert of Habitat explains, it is impossible to expect these clients to be able to afford to rent an apartment at market prices (as was mostly the case in the BMSZKI programme discussed above). The key idea behind the programme was to contact all 23 Budapest municipalities and offer to renovate their unused, empty, run-down apartments, in return for which the project’s homeless clients would move in and pay social rent. (In the event, only four municipalities expressed an interest in this arrangement.) The clients moved in straight off the street and received intensive social care. Furthermore, the programme aimed to create living conditions for the clients that they could maintain in the long run, meanwhile signposting them to available social benefits that they could access once the year of the programme expires.

The head of TOA was responsible for handling the application process, finding clients and coordinating the social workers in both Újpest and Budafok. While in Újpest, the social workers came from the TOA, in Budafok, he contracted the Hungarian Maltese Charity Service, which provides street social workers in the district. He also contracted a member of AVM, based on her previous experience in Kőbánya, to reach out to the municipalities of Budapest, lead the negotiations, reach agreements and sign contracts. One of the issues to negotiate was that potential tenants under the programme may not be able to meet some of the municipal regulations that tenants normally have to comply with. For instance, some of the clients did not have a steady income. However, the applicant pool was so small that employment was not a major criterion in the selection procedure (altogether 30–32 people were eligible, of whom only nine applied and five were chosen). Still, social workers talked through with the applicants how they would come up with the rent. Two clients had unregistered jobs; others received pension-type social benefits, had seasonal/temporary employment, or begged for money.

In Köbánya, a steady income featured more prominently in the selection criteria, though the municipality did make concessions, and accepted unregistered jobs and unofficial income (such as scrap metal collecting, so long as tenants could show a receipt) (Kovács, 2014). It was pure coincidence that the two most responsive municipalities, Újpest and Budafok, should happen to be those with street social workers in contact with homeless flood victims. Even though the Maltese Charity Service cares for the homeless in both Újbuda (11th district) and Budafok (22nd district), the flood victims of Újbuda will move into apartments in Budafok. This arrangement is advantageous not only because of the proximity of the districts (they are neighbours), but also because the same social workers are able to help the clients through the process. The advocacy expert of Hungarian Habitat notes the strange way in which Újbuda tried to justify its inability to support the project: the municipality declared itself a “family-friendly and elderly-friendly municipality”, which at once ignores the problem of

\[\text{19 In addition, the 15th district also seemed receptive to the idea in the beginning. After a few initial conversations, though, Vera Kovács has been unable to contact it to follow up on the initial interest.}\]
homelessness and reveals the municipality’s reluctance to remedy it. Unlike in the Kőbánya programme, no volunteers are involved in the renovation process in Újpest and Budafok; therefore the head of TOA and the contracted AVM member shared responsibility for contracting companies to do the work.

Table 2 Relevant characteristics of the two Housing First projects, by locality

<table>
<thead>
<tr>
<th></th>
<th>Kőbánya</th>
<th>Újpest–Budafok</th>
</tr>
</thead>
<tbody>
<tr>
<td>organizations involved</td>
<td>AVM, Habitat for Humanity (joined later)</td>
<td>Twist Olivér Alapítvány, Habitat for Humanity</td>
</tr>
<tr>
<td>number of participants</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>number of apartments involved</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>origins</td>
<td>eviction from forest</td>
<td>Danube floods</td>
</tr>
<tr>
<td>funding</td>
<td>“Van Esély” Alapítvány, Habitat for Humanity, anonymous source</td>
<td>Aktion Deutschland Hilft</td>
</tr>
<tr>
<td>renovation</td>
<td>volunteers, homeless people, Habitat</td>
<td>contracted companies</td>
</tr>
<tr>
<td>social work</td>
<td>Red Cross, Baptista Szeretetszolgálat</td>
<td>TOA, Maltese Charity Service</td>
</tr>
<tr>
<td>first move-ins</td>
<td>Spring 2013</td>
<td>July 2014 (Újpest), autumn/winter 2014 (Budafok, planned)</td>
</tr>
</tbody>
</table>

4 The activities and organization

Negotiations in Kőbánya between AVM and the municipality started in September 2012, and the first two couples moved into their apartments in April 2013. The deputy mayor stresses that the same terms and conditions applied in their cases as in any other social housing contract, with AVM taking over the renovation obligation from the tenants. The tenants received contracts for a year, which in both cases were renewed in 2014. The second two couples in Kőbánya were just moving in at the time this report was being prepared. In both years, the tenants have had steady employment (for instance, at a market or with a construction company), while some receive disability support or a pension. The tenants thus have a stable income. But certain features of the new apartments also promote the project’s long-term sustainability. Apart from the reduced social rent, for instance, electricity is provided through a pre-paid card system, by which clients purchase a certain amount of electricity; this prevents them from accumulating debt with the service company. Also, heating during the winter

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20 The attitude of the municipality points to a more widespread mentality among the various districts of Budapest, where the problem of homelessness and the effort required to help those in this situation is not a common, shared burden of every municipality.

21 June 2014.
months is provided by wood-burning stoves, since that is the cheapest (and thus economically the most sustainable) method of heating. Moreover, the municipality is actually able to provide all its tenants with a subsidy of enough wood for the winter, collected from felling around the district. The chimney – quite an expensive element of these apartments – is provided by the municipality.

The Kőbánya project is unique in that (unlike the flood projects) volunteers carried out the renovations in all four apartments. Our interviewee from AVM argues that it is much cheaper to work with volunteers than with professionals, even if they need more tools and equipment. Also, the time it takes to complete a job does not necessarily vary, since volunteers are also available on Sundays, for instance. However, what is a real drawback to working with volunteers is the sheer amount of organization and coordination that it takes to keep in touch with them all, to inform them about available shifts and to create rosters based on their availability. The advocacy expert at Habitat argues that this reason (along with the greater number of tools required and the effort involved in training each volunteer) means it is cheaper to work with a low-cost professional company. Also, a project supervisor is needed who is willing to work with volunteers (a retired project manager volunteered in the first year). Due to Habitat's involvement in 2014, AVM was relieved of this burden, while Habitat was also able to help with logistics and material procurement.

A further important feature of the renovation work at Kőbánya is the empowerment of homeless people through participation. One of the most distinctive features of AVM as an organization is that it was partially founded and is led and run by homeless people. In keeping with the spirit of the organization, the future tenants were able to participate in the renovation work in Kőbánya. This not only enabled them to become active shapers of their own lives (rather than passive receivers of charity), but it also made them realize that others cared about their fate. Due to the tight schedule, volunteers could not be involved in Újpest; however, the project supervisor contracted for the Budafok renovations will allow future tenants to participate. Three organizations provided external funding for AVM in its work in Kőbánya: Habitat, the “Van Esély” Alapítvány (“There is a Chance” Foundation), and another foundation that prefers to remain anonymous. The “Van Esély” Alapítvány provides grants for homeless people and their mentors to support their endeavours to find a way out of homelessness (Van Esély Alapítvány, Pályázatok – There is Chance Foundations, Call for applications). The social policy expert of AVM anticipates that the project will continue indefinitely: this is not merely born of optimism that new apartments will become available each year, but because current tenants still seek its help – as recently happened, when the first tenants’ contracts came up for renewal.

In Újpest, the municipality made no secret of the fact that it thought it could benefit from such cooperation, since the apartments handed over to the project were badly in need of renovation. However, the genuine interest of the district in finding lasting solutions to homelessness and in providing affordable housing remains to be established. While the local municipal government is happy to hand over apartments for renovation to TOA and Habitat, any newly constructed apartments are reserved for newly weds and policemen (instead of increasing the social rental stock). Nevertheless, Újpest has been especially cooperative, and supplied the coordinators with a list of 60 apartments. As in Kőbánya, low maintenance costs were a crucial criterion; therefore, only small one-room apartments were selected, where wood-fired heating could be introduced. Preference was also given to ground-floor apartments with a yard shared by the apartment building. In Újpest, Habitat promised to take care of the construction of the chimneys. The social workers of TOA took pictures of the apartments in question and showed them to the future tenants. They narrowed down the list of apartments to five in Újpest. (Thus, as in Kőbánya, the participation of the homeless people was an
important feature of this Housing First project.) In Újpest, only those with ties to the district were eligible to apply (social workers had to verify their residence), while Budafok takes in residents from the neighbouring district.

Altogether seven apartments were available in Újpest and Budafok, and ten clients were able to move in (three couples and four individuals). The contracts were signed for a year and are renewable if the tenants pay the rent in a timely fashion. The reduced social rent is between 5,000 and 10,000 HUF (17–33 EUR) per month for a small flat (c. 25–30 square metres) and that includes common charges. With the other utilities (e.g. electricity, water), tenants’ monthly expenditure on housing in this project is about 20,000 HUF, which the advocacy expert at Habitat does not expect to rise in the winter, since even before moving in the clients were able to find the necessary wood to take care of their heating needs.

Renovation of the Újpest apartments started in April and ended in June 2014. The first tenants moved in at the beginning of July, and, according to the plan, every Újpest tenant was to have moved in by the end of July. In Budafok, the social policy expert at AVM has just recently managed to sign the contracts with the municipality, after which she will collect offers for renovation from companies. She expects both apartments to be occupied by the end of the year. The renovation of each apartment costs between 1 million and 1.5 million HUF (3,300–5,000 EUR), and the work had to be carried out in a timely manner due to tight deadlines. It would not have made sense to hire five project supervisors (which would have been necessary if volunteers had worked on the five different apartments). Even if renovation by professionals is more expensive, the German fund was generous enough to allow professionals to be contracted, rather than volunteers. Aktion Deutschland Hilft provided 25 million HUF (83,000 EUR) for the Housing First project of Habitat for Humanity Hungary and TOA; this was evenly split between the costs of renovation and the wages of the managers and social workers involved in the programme.

Both of our interviewees from Habitat and TOA emphasized the importance of the intensive social work that the clients received before and after moving in: this included support with such things as signing the contract with the municipality, obtaining a new address card, arranging for the pre-paid card electricity system, and applying for available social benefits. The social workers also tried to educate their clients about savings and maintaining a household. The problem with the existing practice in social services is that as soon as a homeless individual moves into an apartment, he or she ceases to be the responsibility of street social workers and comes within the scope of the municipality’s family support services (which are ill-equipped to assist these new tenants).

The great innovation of the Újpest–Budafok project was the coordination and cooperation between the street social workers and the family support workers during the programme. Street social workers started the work with the clients and, during a handover period of three months, continued to visit the clients with the workers from family support; once the clients move into their apartments, family support can then provide them with services until the end of the programme. The head of TOA argues that the street social workers and family support both possess skill sets that the other does not (e.g. a street social worker does not necessarily know about available housing subsidies in the local municipality), and so a concerted effort is of great benefit to the clients. This cooperation was largely possible because the generous German fund enabled the project coordinators to adequately compensate the social workers at the family care support of the municipality for their extra effort. (One of the shortcomings of the 2007 Pilisi Parkerdő Project, a sort of Housing First precedent in
Hungary, was precisely the lack of financial reward that social workers of the municipality received in return for their efforts.) Altogether 12 social workers are involved in this project, and their salaries take up 50% of the 25 million HUF received from Aktion Deutschland Hilft. The head of TOA stresses that it has had the opportunity to work with a generous budget; he sees this as a unique feature of the project, difficult to replicate in other cases.

The selection of the homeless people to receive social rentals under the Újpest programme started in January 2014, with the street social workers informing their clients of the opportunity for flood victims to move into social rent apartments. A month and a half was allowed for applications to be made, and the social workers assisted their clients with this. The application consisted of a reference from the social worker and a short statement from the client, giving his/her reason for wanting to participate in the programme, and reasons for why he/she will be able to hold on to the apartment. Employment was not a major criterion during the selection process, since the applicant pool was rather small. Altogether 30 clients were eligible to apply, but only nine applications were submitted. The criteria for selection were: (1) willingness to participate and move into a stable home, (2) being a victim of the flood, (3) connection to Újpest, (4) employment, (5) willingness to save for living costs, (6) date of last time they lived in an apartment. Only two of the applicants had stable employment (albeit unregistered), and the rest received social benefits or supported themselves from seasonal employment and scavenging. The coordinators of the programme, however, made a case for sitting down with each applicant to think through ways in which they could come up with the rent and pay the utilities bills each month.

The head of TOA did not venture to state how the organization would define success in the programme. Certainly, holding on to the apartments for the year of the programme would constitute success in itself; however, he regarded even the fact of moving in as success, since the clients will be able to experience what it is like to live in an apartment. As for the further involvement of his organization in Housing First projects, he believes that TOA, being a small temporary shelter with a very small budget and a completely different profile, has reached its maximum capacity to coordinate such a big venture and to preside over such a huge fund. The organization is more than ready to share its experiences and expertise in the future, but he does not think it is likely to participate in a similar programme again.

The municipality of Újpest is excited and curious about the first results of the programme and is willing to renew the contracts with current tenants if they pay their rent on time. It will also be able to provide further apartments for renovation for future projects. Habitat for Humanity Hungary is committed and enthusiastic about continuing to work on Housing First type projects, but its activity is heavily dependent on available funds. Currently, it is committed to renovating five apartments each year in a Housing First type of arrangement, for which it is actively seeking funds at the moment.

Also, as the social policy expert at AVM explained, a new organization is being created called “Utcából Lakásba Egyesület” (“From the Street to an Apartment Organization”), which will basically gather all the most important players that have already been involved in these various projects, one way or another (and a few new ones). The point of establishing this new organization is that AVM is not a service provider, and a great part of this job requires social service; moreover, AVM is not a legal entity, which also hampers its activity and interactions with various other organizations. She sees a real innovation in this cooperation, where people come together from so many different organizations (AVM, Red Cross, TOA, BMSZKI, etc.). BMSZKI has also recently started an international initiative, which
aims to bring together NGOs from the EU to exchange ideas and know-how about Housing First programmes. Last but not least, the deputy mayor of Kőbánya already has the negotiations about next year’s two apartments on his agenda for the end of 2014. He notes with irony the need for evictions to free up more apartments for tenants. Though evictions may be necessary to avoid bankruptcy and to cut the immensely long waiting lists for social rentals, Tessza Udvarhelyi, a cultural anthropologist and founding member of AVM, argues that the elderly and families with children should be protected by law against eviction (Udvarhelyi, 2014). Such evictions are especially threatening if they happen without the municipality first providing a place to stay for those being evicted. Those who find themselves on the street can easily wind up in the vicious circle of homeless care, moving from shelter to shelter. However, the deputy mayor of the municipality of Kőbánya emphasizes that “everybody should know that they can lose their apartment, but they can also get it back. There should be a way out for everybody. If they get themselves together, find a job, do what they can, then they too have a future, and a way out.”

5 The innovative dimension of the initiative

As the director of Hungarian Habitat would argue, this initiative is truly innovative, though it should not be. He firmly believes that Housing First types of programmes should be a standard method for remedying the housing problems of homeless people. However, since the usual practice of the state is to increase the number of beds in temporary and overnight shelters by building new facilities, the Housing First projects of Kőbánya and Újpest–Budafok can be considered truly innovative. Even beyond the fact that these two projects seek a way out of the policy routine, content innovation was a feature of both: instead of subsidizing the rent of market-value apartments (as seen in a Social Renewal Operational Programme (TÁMOP) 5.3.3. initiative), which would be highly unsustainable beyond the year during which subsidies were available, in these Housing First projects the project managers aimed at creating sustainable and affordable housing that the clients will (hopefully) be able to hold on to even after the programme ends in June 2015.

As for process innovation, an important difference from similar previous projects has been the intensity of social work that the clients receive. In Újpest and Budafok, not only are there twelve social workers for every ten clients, but their remuneration is also better, which provides a further incentive for the extra work the clients require. Another innovative feature of the Újpest–Budafok programme has been its ability to utilize the financial assistance of a crisis fund for the benefit of the homeless residents of a flood zone. Not only is this to the credit of Habitat for Humanity Hungary for thinking “outside the box”, but it also speaks volumes for the generosity of the Aktion Deutschland Hilft Foundation and its willingness to support such an initiative. Last but not least, the courage of the three participating municipalities should be mentioned (for all that there was an obvious benefit in having some of their apartments renovated): unlike the 20 other municipalities, they were willing to accept homeless people as tenants and run the obvious risk that these people would not be able to pay their rent and utility bills in a timely fashion. However, the municipalities also benefited from these projects, as some of their apartments were renovated by tenants. In this regard, the innovation of the project lies in the creative coupling of the need for homeless people to find affordable housing and the opportunity for municipalities to provide cheap housing in return for renovation.

An important lesson learned from the interviewees was their faith in cooperation between the various actors. Our interviewee from AVM, the social policy expert involved in both projects, calls the Kőbánya
project a truly bottom-up initiative, since representatives from the organization accompanied future tenants to the negotiations with the municipality. Both the advocacy expert of Habitat and the head of TOA considered the cooperation between the street social workers and the family support to be the most innovative aspect of their Housing First project, while our AVM interviewee laments a lack of cooperation, for example, between the various organizations for the homeless and those for the mentally disabled. The various actors in these programmes also realize the limits of their capacities. The programmes require intensive social work, and sometimes clients suffer from certain mental conditions. Moreover, their situation, in a social rent apartment with the problem of often unsteady employment, is extremely unstable. However, the municipalities also have their own limits, and, as the deputy mayor of Kőbánya stresses, it is simply not possible to accommodate everybody's request for social housing. But while there is certainly a limit to the cooperation possible between these various organizations and the municipalities, he acknowledges the relationship between Kőbánya and AVM to be extremely unique and sensitive. Even though it is sometimes fraught with conflict, such a rare cooperation between a municipality and an advocacy group depends on the willingness of both parties to sit down and negotiate with each other openly. The deputy mayor emphasizes that he treasures this relationship and strives to maintain it. However, such cooperation does not automatically carry over to other cases in which the two parties are involved. Most recently, AVM protested against the attempted eviction of a family of nine (seven of them children) by Kőbánya, which did not first make sure that the family would not end up on the streets. There have also been reports that while the family support services of the municipality treat those in the Housing First programme with respect and courtesy, they fail to do the same with other clients of AVM. Such a pattern speaks of the unique nature of the Housing First programme in Kőbánya: the fact that it is the exception, rather than the rule.

A further innovative aspect of the Housing First project in Kőbánya was its empowerment dimension. The future tenants of the apartments, the former hut-dwellers of the Terebesi forest, were involved in the process at several stages. They were present at the negotiations with the municipal leadership, thereby actively shaping their own fate, instead of having decisions made over their heads. Furthermore, they participated in the renovation work itself – another empowering experience that allowed them to feel agency that they can provide for themselves, instead of being passive recipients of welfare benefit.

6 Institutional mapping and governance relations

The Hungarian state allocates normative funds from the central budget, usually on the basis of the number of clients that a social service provider handles. The same applies to social services provided for the homeless: the various service providers can accumulate about half of their budgets from this source. Another significant tranche of funding reaches the service providers from the municipalities that contract them to provide certain services on their behalf. Such contracts are made between the municipality of the capital city and certain service provider institutions (e.g. BMSZKI), and between the municipalities of districts and other institutions or foundations (e.g. between Újpest and the TOA). The rest of the revenue of these service providers comes from the fees their clients pay for their beds in the temporary shelter. However, it is not always clearly defined what belongs under the responsibilities and duties of the municipality of Budapest and what comes under the district municipalities. For instance, the Terebesi Forest, in the district of Kőbánya, came under the municipality of the capital.
city; therefore, its representatives were also involved in the earliest phases of negotiations between AVM and the municipality of Kőbánya. Many of our interviewees also spoke of the fact that the different district municipalities are unevenly burdened with the problem of homelessness, and some do not consider it their priority or even duty at all to share in the resolution of the problem. Both our Habitat and AVM interviewees noted that some municipalities they had approached expressed a lack of interest in the project. However, the enthusiasm of the municipalities of Újpest and Kőbánya should be noted here. They provide fine examples of cooperation between a grass-roots movement and a municipality (in the case of Kőbánya) and a promising long-term agreement between Újpest and Habitat for Humanity. As for the agreements made between the tenants of these Housing First programmes and the municipalities, both Újpest and Kőbánya stressed the fact that the same housing terms and conditions apply to these tenants as to other tenants, except that the renovation obligation is transferred to the host organizations. In fact, one key aspect of the sustainability of these Housing First programmes relies on the notion that the tenants will become citizens of the municipality, and therefore will be eligible for the same social benefits as their fellow citizens.

Negotiations with the various municipalities also tell their own stories. The decision-making bodies of a municipality are usually divided into a plenum and a committee, with committees playing a role subordinate to the plenum, which consists of the representatives of the municipality. In the case of Újpest, the plenum and the committee are one and the same; therefore, negotiations with the municipality of Újpest went faster than those with Budafok: when the first tenants were already moving into their Újpest apartments, the contracts with the municipality of Budafok were just being signed. The main reason for the delay there was that the social policy expert of AVM, who was entrusted with these negotiations, had to present her case both to the plenum and to the committee in Budafok, and the contracts were also presented to both bodies. However, she thinks a further reason why negotiations in Budafok went more slowly could be her affiliation to AVM. Although AVM was not part of the flood relief Housing First project, she is known to work for it. AVM has a bad reputation among municipalities as a radical advocacy group, often to be found “wherever trouble is” – e.g. fighting for the rights of tenants during evictions. Our interview with the deputy mayor of Kőbánya revealed an often conflict-ridden relationship with AVM. He was glad that the negotiations were successful in the end; however, he admitted that it was sometimes hard to find the lowest common denominator with the advocacy group, especially when the municipality acts with knowledge of certain background information on tenants that is classified and cannot be revealed to a third party.

As for the legal and financial framework for Housing First programmes, currently there is none. Not only should there be changes to the current housing law to make better provision for Housing First projects, but funding should also be made more readily available. It does not help that, among the planned grants within the next Hungarian National Strategic Reference Framework for the fiscal period 2014–20, Housing First initiatives are only to be supported in the convergence regions, even though at least half of Hungary’s homeless reside in the capital. But the normative funding that the homeless service providers currently receive could also benefit from a more discriminating attitude and a wiser redistribution, according to a researcher at BMSZKI. She cites a strategy plan developed for the Hungarian government by Péter Győri and Márta Maróthy in 2008, in which the authors argue that funding for services for the homeless should be separated from funding for their housing subsidies. The central idea of their plan is that not every client needs such intensive social work: some would

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22 Hungary is divided into seven regions: the six convergence regions and Central Hungary, which comprises mainly the capital city and the surrounding area.
benefit more simply from a greater housing subsidy. Also, clients should be given housing subsidies that they can freely use to choose their housing, their options ranging from apartments rented at market value, social housing, shelters, workers’ hostels and hostels (Győri and Maróthy, 2008:35). Most recently, the government announced that the central budget planned for 2015 will not subsidize housing for homeless people. A more general transformation of the budget to divert funds away from welfare benefits and towards promoting employment means that education, health care and social service providers will see a cut in their funding (Hungarian news website nol.hu, “Ezt tervezi a segélyezéssel a kormány” “This is how the government plans the social benefits”). The government makes it clear that its only vision for homeless people is to channel them into shelters.

7 Governance challenges

7.1 Governance welfare mix: avoiding fragmentation

As explained before, one of the key issues of homeless care has been inadequate communication between street social workers or social workers at temporary shelters and the family support workers of municipal governments. When a homeless person moves out of a shelter into an apartment, he/she ceases to be the responsibility of the social worker at the shelter and is instead encouraged to turn to the family support worker of the municipality. Not only are these family support workers often reluctant to listen to and adequately help homeless people, but they also lack certain knowledge and the skill to do so effectively. The Újpest–Budafok programme tried to find a solution to this fragmentation by introducing a case handover period, during which street social workers and family support experts meet the clients together, facilitating the work of family support once the clients move into their new apartments.

Also, as the social policy expert of AVM explained, a new organization is being created called “Utcából Lakásba Egyesület” (“From the Street to an Apartment Organization”), which will basically gather all the most important players that have already been involved in the various Housing First projects, one way or another (plus a few new ones). The point of establishing this new organization is that AVM is not a service provider, and a great part of the job requires social service; moreover, AVM is not a legal entity, which also limits its activity and interactions with various other organizations. The AVM social policy expert sees a real innovation in this cooperation, where people come together from so many different organizations (AVM, Red Cross, TOA, BMSZKI, etc.)

7.2 Mainstreaming social innovation

One obvious challenge to the Housing First projects discussed here is the question of mainstreaming, since there are serious limitations to both the vertical and the horizontal strategies for upscaling. In terms of spreading the initiative to other municipalities, there is a general lack of interest on the part of the municipalities, with some of them refusing to shoulder any burden in the struggle to remedy the problems of the homeless. Of the 23 Budapest municipalities, three were willing to participate; a fourth showed initial interest but has been unresponsive to further negotiations. (A social policy expert

at AVM recounted that one municipality official took the time and trouble to write a two-page response on why the municipality was unable and unwilling to cooperate; when AVM and Habitat held a forum for municipalities to inform them about the project, the same representative attended just to lend emphasis to his already expressed points against participation.) But even beyond the willingness of municipalities to participate, the greatest limitation to spreading these Housing First projects to other parts of the city or the country is the obvious shortage of social housing apartments. The districts do not share the burden of homelessness equally; and therefore the less-affected districts often do not consider it their priority to address the problem and participate in the solution. Furthermore, providing social rentals to homeless people runs the obvious risk of acquiring new tenants who cannot pay their rent, due to lack of steady income.

There are only 15,000 social rental apartments across Hungary. Most of them are occupied, sometimes with tenancy agreements for indefinite terms, and sometimes because the process of eviction is long and difficult for the municipalities. However, the municipalities (at least of Kőbánya and Újpest) also take pride in their efforts to keep their tenants in their homes, and try to channel them towards a reasonable debt management procedure up to the very last day before eviction. Many other apartments simply no longer comply with EU standards, and stand empty because reconstruction would be too expensive. An obvious response to the shortage of social housing apartments is to involve the privately owned ones in Housing First programmes; however, by their very nature, these apartments are too expensive (even the run-down, low-quality ones). It is certainly the case that mainstreaming this social innovation runs into problems presented by the very economic structures and processes that have produced the exclusion of the homeless from housing in the first place. The idea of a “Social Housing Agency”, outlined above (see footnote 3), could present a solution to the problem of matching privately owned apartments with poor tenants. Furthermore, Housing First as a viable solution to the housing problems of homeless people is not recognized and is often dismissed in favour of the legally and financially well-established policy routines of building more shelters. Just recently, a researcher at BMSZKI told us, the municipality of the capital wanted to build another shelter with 450 beds, renovating an old building; it never even occurred to the municipality that the same facility could be converted into some form of social housing. According to the advocacy specialist at Habitat, the reason why shelters are being built (rather than having other, more innovative options explored) is that the state is stuck in the single model of dealing with homelessness — the shelters, for which they have an established legal and financial framework.

A further limitation on transplanting the Housing First project of Újpest and Budafok to other municipalities and into other projects is the special financing circumstances of this programme. The monetary means in this case were provided by a crisis fund established for the relief of flood victims. Aktion Deutschland Hilft, the manager of these funds, emphasized its inability to contribute sustainably to the programme, and the head of TOA drew our attention to the kind of intensive social work that the programme was able to provide precisely because of the generosity of the funds available. “This is going to be hard to replicate elsewhere,” he argued.

7.3 Uneven access

Uneven access to these various programmes and the social benefits concentrated around them are also clearly visible. Due to the source of funding, participation in the Újpest–Budafok Housing First
programme was limited to the victims of the 2013 Danube floods. About 30 people were deemed eligible, but many of them did not submit an application because they preferred the independence of their current lifestyle. Therefore, the generous funds were only available to a small circle of people – the flood victims – which seriously restricted the reach of the programme. A further restricting factor in both the AVM and the TOA projects was that in both Kőbánya and Újpest only locals were allowed to apply, i.e. applicants for housing had to prove residency in the district (which the street social workers were able to verify for them). In fact, it is often the case (outside these projects) that applications for social housing are tied to a registered address or some other proof of residency in the district. Újpest, one of the exceptions to this, presents a solution to uneven access, because the municipality of Újpest does not require applicants to be residents (although it did for the applicants of the flood relief Housing First programme). The municipality of Budafok is another exception, as it accommodated the flood victims of the neighbouring district. Apart from established local residency, homelessness itself is treated differently from municipality to municipality during the application procedure for social housing. While certain municipalities award extra points for homelessness in the selection procedure, there are other municipalities where homelessness is a distinct drawback in applying for social housing (of course, not explicitly). There is also a lack of national interest in trying to fund durable solutions to the issue of homelessness, most clearly exhibited by the fact that homeless people are targets of policies that only deal with superficial appearance. By criminalizing homelessness to rid the streets of homeless people, and by building more shelters to crowd them into, the state fails to address the deep-rooted causes and fails to show any interest in the durable solutions. One of our interviewees firmly believes that if the state can, it will spend money (e.g. EU funds available for a range of different goals) on issues other than homelessness. (One expert interviewee was particularly scathing in this connection about the ardent football stadium-building spirit of the current government.)

Among the challenges of uneven access, the distribution of EU funding to fight homelessness in its regional aspects, as well as in comparison to other social-related issues, also has to be discussed here. According to the plans of the Hungarian National Strategic Reference Framework for the new planning period of 2014–20, Housing First projects are going to be included as an option in the respective operational programme. However, as mentioned above, recently such grants were removed from future programmes in the central region (even though the capital is home to at least half of the unsheltered population of Hungary), and will mostly likely be available only in the convergence regions. While in general it might serve well to focus funding and development efforts on the convergence regions instead of the central region, the case of homeless people most certainly presents an exception to the rule, due to their high concentration in the capital. In addition, a researcher at BMSZKI explains that it is not true that there is no diversity of EU funds available, even for programmes for the homeless; rather the government usually simply decides to spend the funds on other issues and programmes. One such example she mentions is the European Regional Development Fund (ERDF), which could have been spent on desegregation, breaking down big institutional facilities into smaller ones, and on helping the homeless with housing options. Instead, she argues, “if the current government receives funds that can be spent on things other than the homeless, they will spend it on those other things”.
7.4 Avoiding responsibility

Avoiding responsibility was another recurring topic in discussions with our interviewees. The director of Hungarian Habitat was the most vocal in expressing his concerns about municipalities and the state failing to carry out their normative functions. A social policy expert at AVM recounted that her Kőbánya Housing First clients receive friendly treatment from the local family support workers, since the municipality of Kőbánya has been supporting their programme. However, in another eviction case in the same district (in which AVM is also involved, since there is no support from the municipality), the family support workers exhibit a very inhospitable and indifferent attitude towards the soon-to-be-evicted. The Housing First programmes discussed here provide an incentive for municipal actors to carry out their basic, normative functions, i.e. they counter the common trend of municipalities avoiding their responsibilities. In another example, when discussing the benefits of providing financial incentives for family support workers to work closely with the tenants who are moving in to apartments in Újpest and Budafok, the general feeling among interviewees was one of hope that this time homeless people will receive more hospitable treatment during the programme. However, the director of Habitat was eager to point out that they should be receiving the same treatment anyway from the family support workers, with or without additional remuneration.

With respect to the distribution of EU funds, there was general consensus among our interviewees that lamentably most of the funds are used to support basic services that the state should be able to provide on its own. This was especially true of the TÁMOP 5.3.3. programme, where Housing First was the original aim of the grant; however, the homeless supported in most of these initiatives were placed in institutional facilities or workers’ hostels, boosting the budget of the service providers. To be fair, a researcher at the state-run facility hastens to add that the service providers’ budgets are in need of boosting, since they do not receive sufficient funds to carry out their normative functions.

To sum up the possible governance steps, Darvas et al. (2013) drafted a comprehensive package of housing recommendations for the systematic strengthening of housing policy. The most important element of the package is a normative and standardized housing benefit that depends on income and living conditions, but also suggests special travel and housing benefits for those living in the most deprived micro-regions.
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**Focus Group Discussion**

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**ImPRovE: Poverty Reduction in Europe. Social Policy and Innovation**

Poverty Reduction in Europe: Social Policy and Innovation (ImPRovE) is an international research project that brings together ten outstanding research institutes and a broad network of researchers in a concerted effort to study poverty, social policy and social innovation in Europe. The ImPRovE project aims to improve the basis for evidence-based policy making in Europe, both in the short and in the long term. In the short term, this is done by carrying out research that is directly relevant for policymakers. At the same time however, ImPRovE invests in improving the long-term capacity for evidence-based policy making by upgrading the available research infrastructure, by combining both applied and fundamental research, and by optimising the information flow of research results to relevant policy makers and the civil society at large.

The two central questions driving the ImPRovE project are:

1. How can social cohesion be achieved in Europe?
2. How can social innovation complement, reinforce and modify macro-level policies and vice versa?

The project runs from March 2012 till February 2016 and receives EU research support to the amount of Euro 2.7 million under the 7th Framework Programme. The output of ImPRovE will include over 55 research papers, about 16 policy briefs and at least 3 scientific books. The ImPRovE Consortium will organise two international conferences (Spring 2014 and Winter 2015). In addition, ImPRovE will develop a new database of local projects of social innovation in Europe, cross-national comparable reference budgets for 6 countries (Belgium, Finland, Greece, Hungary, Italy and Spain) and will strongly expand the available policy scenarios in the European microsimulation model EUROMOD.

More detailed information is available on the website [http://improve-research.eu](http://improve-research.eu).

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