Housing and the Roma in Hungary

György Lukács
Autonomia Foundation, Hungary
The Context

• Total population of Hungary is less than 10 million.
• Based on estimates, Roma make up 7 to 10% of the total population.
• The Roma in Hungary live geographically concentrated
  - Ghetto villages (Northern, Eastern and Southern part of the country)
  - Gentrification
  - Segregation
• Around 3% of the total population live in segregated places but 30% of the Roma live that way.
• 10-12% of the dwellings are substandard
The Context, II

• The Roma in Hungary live geographically concentrated
  - Ghetto villages (Northern, Eastern and Southern regions of the country);
  - Situation of segregated settlements in small and remote villages is worse because of the lack of public services (or poor quality of them);
  - Not only the physical segregation but the poor quality of the housing stock is a problem and its reason, as well.
Magas arányú cigány népességgel rendelkező térségek

A 2001-es népszámláláskor magukat cigány etnikumunak vallók aránya meghaladja az országos átlag kétszeresét (kistérségek), illetve háromszorosát (települések)
The Context, III

• Debt trap: Based on estimates, one fifth of the Hungarian households have overdue utility bills invoices (water, electricity etc.). More than 20% of the households pays more than 30% of their income for public services related to the household income (before the financial crisis).

• The ratio of social housing decreased from 22 to 4% since the beginning of 90’s.

• Previous (social) housing programs caused ‘market failures’ or financial abuses.

• Value of the properties is symbolic. It causes that habitants are inmobile and they cannot be financed by the formal bank sector.
The Context, IV

*Complexity of the problem:*
- Lack of access to labour;
- Bad health conditions;
- Exclusion from decision making;
- Low or unfinished education;
- Severe living conditions;
- No community cohesion.

*Paradox situation:*
- The more vulnerable the household is, the less energy efficient is the house. That is the poor families have to spend more money on for the wood (or pay a fine when stealing wood) and they cannot afford installing the insulation.

- Children living in segregated settlements are excluded from the ‘normal’ elementary school or they can’t access the same quality of education that higher class children enjoy. This increases/preserves the gap between Roma and non-Roma children.

- Funding/ Application (?) system is contradictory because the more underdeveloped a settlement is, the less likely that it will apply for EU-funds to liquidate its segregated settlements.
The Context, IV

• Governmental Programs
  - People living in deep poverty (the Roma) cannot benefit from governmental programs (pre-savings based fund, debt-consolidation program for governmental employees) because those are targeted to the middle or upper-middle class.
  - Roma Settlement Rehabilitation Program could reach only 31 settlements. There is no model-program, best practice and experience neither on the governmental nor at the Beneficiary side.
  - Administrative and financial burden of the calls hinders the participation of small and underdeveloped settlements.
  - There is no real complexity in the programs (i.e the most recent program does not contain infrastructural pillar - it will maintain the segregated situation.)
**Solutions**

**Governmental Programs**
- using financial instruments such as the European Agricultural Fund for Rural Development;
- making greater use of technical assistance,
- increasing the implementation period of the projects,
- ensuring that the various EU funds available can be applied in a more integrated and flexible manner in the future,
- evaluation the results,
- using global grants

*(Review of the EU Framework for National Roma Integration Strategies by OSI)*

- using ‘applicant-friendly’ procedures, taking into account the differences between the applicants’ capacity and motivation,
- ensuring real complexity by involving the target group in the planning
- motivating the municipalities to prepare feasible and efficient local programs to eliminate the segregated neighbourhoods (real integration)
- considering NGOs as eligible applicants - in case of resistance of the municipalities
Solutions II

• Alternative and pilot programs
  - It must not be a competition. Pilots, alternatives should complement the governmental measures and looking for new and innovative approaches.
  - Asset building based approach
  - Focusing on the ‘missing parts’ of the governmental programs or running parallel and financially independent local programs. (Avoiding the cross-finance.)
  - Energy efficiency (improving the energy efficiency of the houses AND assisting the households to use alternative energy - e.g. biomass briquettes)
  - Community based actions (community development, community based planning, exploring the local resources)
An Example

• Autonomia’s Asset Building Program
  - Various methods tested to provide a flexible ‘menu’ for different communities:
    - IDA-Housing
    - Bank of Chance
    - CAF-Model
  - The overall aim was to manage the complex problem with financial (asset building) measures:
    - Savings instead of loans
    - Loans provided in a sustainable, fair and simple way
    - Financial development and education in an indirect way
    - Consolidating household budgets (or preventing further debts)
    - Finding and testing new and adaptable models to complete the state run programs
CAF Method

Groups build savings to have their own loan capital. It is an ‘open source’ self-banking model.

Method can be efficient against illegal money-lending / usury, in case of financial emergency situations and for community development. Asset building effect is significant. Participants can save for housing aim as well.
Results I

• The effect of the financial crisis was serious (very high drop out rate compared to the previous programs)
• Methods work but the saving capacity is very limited (10-12 Euros monthly)
• Regarding the state of the houses, renovation, energy efficiency and conservation (drainage system, roof-repairing, eliminating wetness of the walls) can be feasible
• Complexity of the housing program (it was not ‘housing’...) was efficient (energy-efficiency, technical advisory, mentoring, financial education, community development).
• CAF and Bank of Chance model can (could) be financially self-sustainable after a launching period.
Results II

• Asset building theory can be useful to
  - involve and motivate the target group into a big scale Settlement Alleviation (anti-segregation) Program;
  - motivate them to manage a planned household economy;
  - consider their homes and environment as a value and invest in them;
  - develop the communities.

• There are many opportunities to complete these programs:
  - voluntary work
  - donations (materials)
  - media and awareness raising against the stereotypes.
Thank you for your attention!

György Lukács

gy.lukacs@autonomia.hu