

Origins of security and insecurity: the interplay of housing systems with jobs,
household structures, finance and social security

Contract no: CIT2-CT-2003-506007

Household Interviews Report

HUNGARY

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November 2005

Work package 2, Deliverable No 9

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1. Introduction

1.1 Overview

The report summarises the result of 30 interviews conducted in Hungary during the summer and early autumn. The interviews were aiming at clarifying the role of home ownership with regards to the behaviour and attitudes of the interviewed households in other areas of social life (labour market, education, savings strategies, family life etc.).

In Hungary, the tenure structure has radically changed in the last 15 years, when a basically unitary rental system has been residualized, which is reflected not only by the marginal share of rental units but by the legal uncertainties of the rental contracts (for further details and the emergence of this structure, please see the Institutional Report delivered earlier) The qualitative interviews clearly show the main trends, nevertheless, there are some sociological conclusions based on the qualitative research phase which could not be revealed by the quantitative method, such as the role of the family background, the level of risk-awareness, importance of the grant seeking attitude, etc.

As a further lesson from the qualitative interviews, we conclude that, parallel to the changing tenure structure and the modified meaning of the tenures, the transition has caused further effects on the households' perceptions. As we have found out from the majority of the interviews, households have built in the risks that emerged with the economic and social transition of the early nineties in their life-strategy, and they are eager to find security tools to manage the hazards they face. In these strategies, housing and more homeownership have gained a prominent role.

1.2 The interviews

The interviews were carried out in various locations of Budapest and one respondent was chosen from a nearby agglomeration area. We covered well- and worse located multi-unit buildings, single-family houses, large housing estates and suburban areas as well, thus various layers of the housing market and most social strata have become included in our sample. Further elaborated and detailed description of the interviews is attached in the annex of this summary.

The recruitment had two methods: we approached most interviewees through gatekeepers, but we also used the snowballing method for some cases. The rationale behind using both methods was that family care centres were able to provide us with responding families in hardship, but the original aim to rely on housing managers for recruiting households with mortgages (high status households) proved to be somewhat unreliable and insufficient. Therefore, in the case of the latter group, we predominantly relied on interviewees to give us further contacts.

This way, notwithstanding the benefits of the methods and the result of matching the defined quotas for the interviews, we were only able to compile a non-representative, biased sample, which, on the one hand, overemphasizes the presentation of interviewees from the rental sector and those living in hardship, and, on the other hand, gives only little information on some of the issues raised on our research agenda, namely the use of housing resources e.g. for starting business, or typical measures undertaken by elderly. While analysing the housing careers, another weakness of the sample became apparent: due to the urban accent during recruitment, there are only few cases that would have reported own experiences of the relationship of housing decisions and access to the job market. It seems that employment is considered as an issue only in the first stage of the housing career, because staying in the urban environment of the capital city provides for the proximity of job opportunities, hence, a comparably good labour market position.

1.3 Background - Housing privatisation and tenure structure, housing conditions and needs

The collapse of the centrally planned economy brought about radical changes in the housing sector. The new housing regime preferred the privatization and liberalization in the housing sector, which increased the significance of home ownership both as a source of security and as a source of insecurity. The “give-away” privatization of 600 thousand units meant a massive asset transfer. The homeownership rate has reached 93 % by 2001. The security aspect of homeownership played a crucial role as a determinant of the households’ motivation to buy the public units.

Table 1. Tenure structure in 1990 and 2001¹

	1990	2001
Homeowners	74 %	93 %
Private rental	3 %	4 %
Public rental	23 %	4 %
Other	0	1 %

Source: CSO, 2001

However, privatization resulted in a very unequal distribution of the housing assets, which – partly because of the price liberalization – increased the insecurity aspect of homeownership at the bottom of the income distribution. The legal framework of a market oriented housing system was not in place, which increased uncertainty (risks) related to homeownership. House price information was not reliable, the land and real estate registration were incomplete, etc. The main problem was the gap between the household income and the increasing housing cost, which was not bridged by an efficient housing allowance system. The number of the arrears problem increased the owner-occupiers' risk; the likelihood to lose their home became more and more real. (Eviction is a new phenomenon in our housing system, and politics is very sensitive to this question.)

Housing conditions in Hungary in terms of quantity is around the same or better than other accession countries, and slightly worse than the European average. However, in Hungary the average size of the housing units is much smaller and the quality is much worse than in the typical European countries. For example, the number of rooms per 100 units is typically around 500, while in Hungary without kitchen it is 263. The share of “unfit” units is typically around 5 %, while in Hungary it is 15 %. The share of inhabited units increased from 4 % to 8 % between 1990 and 2001.

¹ 1990: Public housing includes 3.6 % enterprise housing, 2001: Private rental includes "church" housing and privatised enterprise housing as well.

Table 2. Basic indicators of housing conditions in Hungary, 1960-2000

	N of units (in millions)	Persons per 100 inhabited units	Number of rooms per 100 units	Units with 3 or more rooms (percent)	Units without comfort (percent)
1960	2,79	349	147	n.a.	n.a.
1970	3,14	327	164	10.8	65.9
1980	3,55	302	199	24.3	37.7
1990	3,86	274	237	40.5	18.7
2000	4,06	260	263	45.9	15.0

Sources: Census 1990, CSO (Central Statistical Office)

The conclusion is that while there is no quantitative pressure on the housing market, the potential demand, because of the quality of the stock, both for new housing and modernisation, could be very high. The effective demand depends more on the income and mortgage market conditions.

There is no demographic pressure on housing: the steady population decrease over 15 years contributes to a positive change in housing indicators.

2. Meaning of housing and home ownership

The social meaning of tenure in the socialist housing system was developed according to special legal, economic, social and cultural factors influencing the housing system.

In the socialist system the public rental was considered as a safe tenure both in terms of

- right to transfer (swapping from private ownership to public and the reverse version from public to private, and the tenure was inheritable by the relatives), and
- the predictability of the rent burden (rents were typically around 5-6 % of the average income).

Owner occupation (and its different versions, e.g. ownership of a unit in a “cooperative housing”) was quite a safe tenure both in terms of the predictability of the housing cost and the rights and obligations attached to it. All other forms of tenure like sub-tenancy, private rental, home in hostels and status as a family member etc. were considered as a “socialist” version of homelessness. The status of tied accommodations was not so clear and depended on the authority to own/manage them. The tenants in tied accommodation had limited rights, but the actual effects depended on the individual cases.

The transition changed not only the tenure structure (privatization), but its meaning as well. Even before the transition (at the end of the 80s) there was a constant pressure on the increase of the rent to provide cost recovery in the sector (which meant a 4-time increase). As our research (quantitative analyses) proved, this uncertainty was one of the most important among the factors influencing the willingness to become owners in the process of the privatization. However, the uncertainty which accompanied the transition intensified the impact of this factor and the public rental became a non-preferred tenure, representing the “residual” solution for households who could not buy their own home or have no access to owner occupation.

The status (meaning) of private rental has not changed very much, moreover, it has become even more unregulated (no rent setting, lack of contractual relations etc.) and both the landlords and tenants feel defenceless towards each other.

In Hungary, we have not applied the so-called restitution when the original owners or their successors become the new landlords like in the Czech Republic (especially in Prague), but certain “tied accommodation” would follow the same logic. (For example, the housekeeper apartments in the new condominiums or the apartments owned by privatized companies.) In other CEE countries the restituted sector represented a special tenure (regulated rental sector) where the tenants could keep some of their rights and the rents remained under central control (Czech Republic and Slovenia).

2.1 What is the meaning of housing to respondents? Does this differ by tenure?

When asked about the meaning of housing, respondents referred to their dwellings as a place to live, relax and feel at home and secure. Nevertheless, further investigation and reflection to the situations addressed by the vignettes delivered a more comprehensive possibility to describe the reception of housing.

According to this, the tenure of owner occupation has two meanings: it represents a consumer good and an investment good. Typically households think of privately owned units as consumer goods which need a lot of investment, nevertheless, in times of hardship the feature as an investment good gains in importance, which becomes obvious when possibilities of solving the financial problems are considered and weighted.

The nature and convenient setup of the unit as one of the elementary needs in life was underlined in several cases, and also when respondents in the rented sector were interviewed: e.g. I-27 (owner 48, with mortgage) stressed that her unit defines the atmosphere of other areas of her life, thus, she has to provide for a calm and relaxing environment by means of her flat. She was also aware of the value of the flat, but, for the time being, she would consider it rather as a place to go home and “get revitalized” from her job, etc. Most interviewees felt emotionally attached to their flats, even if the objective parameters did not support the assumed good quality: they were mostly proud of the design and even more, if they invested their own work into the renewal or refurbishment (e.g. I-16 (owner, 38, in arrears) and I-22 (owner 54 and 47, in arrears)), and felt the housing as a perfect resort to come home to.

Housing is seen as investment mostly when it comes to financial hardship. Difficulties in paying the maintenance costs and management fee related to condominiums are prevalent in the case of low-income households. (Our sample is biased because we have a clear overrepresentation of households in arrears.) Nevertheless, although the objective measures of insecurity (see details later) would often require the utilisation of housing wealth, emotional attachment and the memories of the years spent in the given dwelling would diminish the investment nature of housing (e.g. I-25 (owner 30 and 28, with mortgage) and I-21 (owner 47 in arrears)).

On the other hand, housing is clearly considered as an investment not only if it comes to times of hardship, but also if the housing decisions are explained. Lifestyle offered by the particular dwelling is accompanied by the aim and expectation of a good investment. Several respondents pointed out that when choosing their current flat or

thinking about their future, it is important to be aware of the dwellings' position on the housing market. The possibility of losing money through a bad decision has already gained a stable position in most of the respondents' thinking patterns, and there is a note of caution, which can be clearly identified as the result of the learning process linked to the transition.

Besides the financial difficulties there is also some legal insecurity (mostly vulnerable) households are aware of. As a further result of the learning process which dates back to the first transition years, the possibility of being cheated by the housing mafia in any housing transactions raises the households' consciousness.

2.2 What are households' housing and tenure preferences? What factors account for these views?

The respondents were asked to deliver a detailed picture about their housing decisions in terms of tenure choice, and they reflected – among others – also on this issue when answering vignette 1 about the options of a young couple considering setting up their household in an independent dwelling.

The interviews demonstrate clearly the under-privileged position of the private rental sector due to several reasons:

- Discrimination of the families with kids (23. private rental, 33 and 33, with kids) and Roma (I-12, private rental, 32), resulting in poor choice options on the private rental market with difficulties to enter and face the distrust of the latter;
- Financial disadvantages: “paying for nothing” (7. owner, 35 and 28, with mortgage), since renting a flat on the private market would mean a loss of financial resources and the incapability to spare some money for further housing decisions;
- Limited possibility to form one's own environment and different degree of defencelessness (I-8 private rental, 42): there is no security for the investments in the dwellings to be awarded or supported and the privacy of the renter is easily disturbed by the landlord;
- Legal insecurity deriving from the lack of contractual relationship or attitude of the owner (I-8 private rental, 42 – previous owner was reluctant to show the bills according to which he had to pay the maintenance costs).

Private rental is conceived as a temporary accommodation and a proper solution in the transitional period of the life cycle. Such situations comprise studying, periods before household formation, solutions directly after divorce, tool of migration to a big city etc.

I-1 (private rental, 47) The interviewee moved to the private rental sector after separation from her husband, but considered it as a temporary solution.

I-8 (private rental, 42) The interviewee moved from a workers' house to private rental after having found a well-earning job.

I-24 (owner 32 and 32) The interviewee told: *"we'd tried how we could live together before we decided to buy a home and we'd rented an apartment"*

The public rental sector typically shares some of the disadvantages of the private sector, especially the financial elements of lack of control over the rents and maintenance costs. However, it offers a higher degree of security. As pointed out by some respondents (e.g. I-13, public rental, 58 and I-16 owner, 38 in arrears) the regular payment of the rent and fulfilment of the contractual conditions provide for secure renting, meaning that the municipality will not cancel any contracts, and due to the lifestyle abiding by the contract there are good chances of receiving an offer for contract extension.

We must point out that those who remained in the public rental sector (e.g. were not able to privatize the dwellings they had lived in) are typically worse off households with financial difficulties or have had family problems, mostly relating to unstable relationship.

I-6 (public rental, 49) They have ten children and only one income – it was not possible to purchase the flat.

I-16 (owner, 38, in arrears) At the time of the first offer for privatizing they were in debt and could not have taken the burden of additional expenditure. The recent offer by the municipality was taken immediately, and although the monthly financial burden increased, they could only plan the family's future when relying on the housing wealth growth.

I-15 (public rental, 40) She had severe problems with ex-husband, who drove the family into constant indebtedness, and was never able to consider purchasing the flat.

Nevertheless, public rental is also a way of upwards mobility for former homeless families, who would not have been able to enter the private rental sector let alone ownership sector. Another group utilizing upward mobility possibilities offered in the public rental sector are also better-off renters who cannot afford to leave the public rental market, but due to higher monthly incomes, can pay higher rents and utility costs.

I-5 (public rental, 33) She moved around homeless shelters with three children for 5 years when finally got a municipal rental where they are happy and feel secure. Private rental would have been no option for them, because of the high rents.

I-3 (public rental, 42) He had lived with the family in a one-room public rental, and after years of waiting and applying finally received a 2-room flat in the same house, where the 18-year-old child has got his own room.

I-13 (public rental, 58) He had always lived in a public rental in the neighbourhood in a run-down building. He and his family moved to the current newly constructed building into a good quality and larger flat. The family will stay in the current unit as long as possible, and since the dwelling perfectly matches their needs, they do not intend to move in the future.

Owner occupation is perceived as the commensurate tenure type to live in, as this is the tenure that allows for the most freedom of choice and independence, and comprises all benefits of a consumer and an investment good as opposed to the other tenures that are perceived solely as consumer goods.

Especially if compared to private rentals, owning a flat means accumulation of own wealth, and if put side by side with public rental, it becomes obvious that the distance between the meaning of the two tenures has grown to such a significant extent. While before the transition, public rental could be “purchased” on the market, now this option does not exist any more and the residualized and closed character of the public tenure is perceived by most home owners with devaluation.

The prestige of owner occupation has grown rapidly, and owning a flat is both conceived as a result of a successful life career (vs. not successful who does not have it), and also a necessary stable starting point for the youth (the other tenure types require more efforts or are inaccessible). The change in the preferences is also a result of the learning process.

I-1 (private renter, 47) When she saw that after the transition the public rental would be given back to the municipality and the children did not have the chance to “inherit” the renter’s right, she immediately started to look for ways to acquire privately owned dwellings for her children. By today all 3 children have their own flat (either through purchase or life annuity schemes) to start their lives.

3. Housing decisions

3.1 What impacts on the housing decisions of households?

Our hypothesis is that housing decisions, at least at the stage of family formation, are not individual but family decisions, where both material and non-material resources of the greater family are needed to have a “successful” start in the housing career. The family background is important for transferring household management skills as well, which could be important in times of hardship. Of course the family background is most determining in the first stage of the housing career (first-time buyers), but it could be also important in times of inheritance or in times of hardship.

The major role of the family in establishing the current housing conditions has been pointed out in many cases, when the family network provides a profound basis both for financial resources for housing decisions, and patterns of successful housing careers:

I-7 (owner 35 and 28 with mortgage) When it came to the decision to set up their independent household in a larger dwelling that would be sufficient for the longer term, the family network gave a hand and provided for some loans that could supplement their resources for taking a bank loan. On the other hand, the propensity to save is inherited from the parents and thus the children will also stick to own resources as much as possible. Without the financial help of the family network for the first home they could not have moved, but they find the later direct help less important.

I-9 (owner, 36 and 32) The husband’s parents financed two thirds of the price of the unit. When they will consider obtaining another flat, they will most probably follow the risk awareness pattern of the parents and try to manage moving without a bank loan. As children they were always told not to take a loan, based on the argument that you could easily get into trouble if the payments are not fulfilled.

I-12 (private renter, 32) She moved to Budapest to a private rental some 14 years ago. Since then she moved several times, among others, also to her brother and sisters (all of them live either in private or public rental), and they did the same if anyone needed temporary solutions for his or her housing situation. They also provide each other with financial help if needed and cooperate in taking care of each other’s children. This cooperative attitude is considered of primary importance in the way they manage difficulties in their lives.

Housing (and life) career without family support starts with difficulties, especially if the starting position has to deal with additional burdens (“early” child, divorce, unemployment, alcohol problem, etc.). Not only is it the lack of financial support, but also the lack of ability to manage the household economy that can be a major problem, which largely derives from missing patterns.

I-14 (owner, 35 in arrears) She got married when she was 17 and got divorced very soon, leaving two children with her ex-partner. She has to pay 50 % of her salary to her ex-husband for child alimony. Her new family got into arrears when she gave birth to her third child and her mother-in-law died, thus, practically two incomes out of the former three “disappeared”. Since then they have been unable to recover financially and had to turn to the municipality for social aid.

Family cooperation mostly manifests in parental help to independently living children. Sometimes, however, the reverse case can be observed. In these cases it is mostly the poor and insufficient pension system and the parents’ over-consumption of housing which forces the setup of such a network:

I-23 (private renter, 33 and 33) The husband’s parents live in a 100 m² owner occupied flat in central Budapest. The family used to live there as well but due to various conflicts, they decided to live in private rental with their two children (app. 50 m²). Although the rent takes up as much as a quarter of their total monthly income, they also have to support the parents with a considerable amount; otherwise the parents would fall into arrears with the utility costs, and, in the long run, they might lose their flat.

I-25 (owner, 30 and 28, with mortgage) The husband’s mother lives alone in a large flat, and the children and other family members have to support her with the monthly utility payments. When the family was thinking about a solution for the mother to live in a more affordable flat, in the end, they decided to let her stay in her current dwelling since all the children grew up there.

I-7 (owner, 38 and 28, with mortgage) Although all parents are pensioners and have hardly enough to cover their monthly expenses, the parents would not accept the help of their children.

As pointed out, the role of the family cannot be underestimated both in the case of housing decisions and in discussing the affordability of housing. The strong family networks enable the households to use their common portfolio in the most sufficient way. The lack of such a strong network can cause disadvantageous housing careers.

I-20 (public renter, 32, in arrears) At the beginning of her housing career the family networks still worked – all children were cooperating in order to share the resources for setting up best solutions. With the transition, however, some of them were offered to privatize their flats, while others were not. This was the first stage when inequalities started to grow. At the end, one of the sisters did not share her financial gains from selling off the privatized flat, which resulted in a conflict. Since then our interviewee has been moving from one run-down public rental to the other, with a small upgrading factor, whereas the better-off sister would not offer any support to her family.

Besides the family network's strategy, individual factors also play a great role in housing decisions. However, the roles these factors play depend on the financial opportunities of the families, namely the existence of savings, stable and reasonable income, further assets under the control of the family, but also on the demographic pressure, e.g. establishing first home, changing household structure due to a divorce, getting children etc. The interviews have proved that the families or households are only able to weigh different options against each other and optimize the solutions if they are not under demographic pressure or do not have to deal with great financial difficulties.

The interviewees referred very often about the importance of demographic factors (household formation, children, and divorce), and considered them as forcing powers. Struggle for becoming independent is an important element as well:

I-16 (owner, 38, in arrears) She had to move from the husband's parents' home, because the flat became too small due to the birth of her children. In addition, the alcohol problems of the ex-husband's parents were also pushing factors to find another housing which would provide for adequate circumstances to raise the children in.

I-24 (owner, 32, with mortgage) Two years ago she wanted to move from the parents' home, start an independent life, and find out whether her partnership worked well. After making sure that the relationship is stable, she purchased the flat where she lives now with her husband.

I-28 (owner, 36, with mortgage) When her partnership broke up, she had to move out from her partner's flat with her little daughter, and go back to her mother's dwelling. It has taken 6 years for her to be able to move to her own, independent flat.

The financial factors are determining as well: low income and difficulties in paying the utility costs may push households towards downward mobility. In these cases housing means a tool to resolve financial incapacities through accessing wealth stored in housing. Nevertheless, it is obvious that housing decisions of such a kind can generally decrease the stability of the household's status e.g. by misperceived problems or money management.

I-16 (owner, 38 in arrears) The interviewee is currently selling her dwelling and intends to move to a cheaper flat and pay back the debts from the difference. Most probably, her high debts and the mortgage on her flat will only enable her to move to a cheaper outskirts of Budapest or a lower-status agglomeration area, with fewer job opportunities. Having no education, she intends to start up a small business (shop or a pub) in the village where they will most probably live.

I-22 (owner, 54 and 47, in arrears) The wife considers as an option to move to a smaller flat to have less utility costs and pay off the arrears, but the husband would only leave as a very last solution because of the prestige of the area and because of his attachment to the location and building. He actually grew up in this building, and his mother still lives there.

Financial factors can also derive from the institutional circumstances, namely an advantageous mortgage subsidy system, like the one currently present in Hungary, pushed some of the households to an advance entering of the housing market. The fear of missing a profitable option was clearly the motive for some of the interviewees to purchase the dwelling (see more details on this in a later section of this paper).

In summary, if there are no prevailing demographic or financial pushing factors, the issues of individual decisions come into play. These latter can be grouped according to the basic choices households have to make. As pointed out above, the less the households are under demographic or under financial pressure, the larger the weight such factors carry.

1. Housing estates versus non housing estates

Housing estates represent a lower value and high utility costs type of housing, whereas the infrastructure offered on housing estates is most convenient. The fact the dwellings demand a particular lifestyle and represent a lower prestige pushes some households towards choosing not to live there or feel uncomfortable; or vice versa, since acquiring a dwelling on housing estates costs typically less, this is one of the options to enter the housing market for average to worse-off families.

I-8 (private renter, 42): He has already contemplated purchasing a dwelling. He would rather buy a flat in a housing estate, because they are cheaper and he can therefore buy a larger flat which would be sufficient if he wants to establish a family.

I-17 (public renter, 39): She was born in a single-family house and grew up there. When she got married, and got three children, they applied for a public rental. The dwelling offered to them was on a housing estate, and she has been living there since then. She got depressed when they moved in, since despite the perfect location and good facilities on the housing estate, she felt herself hemmed in a little box. The status of the housing estate has lowered since then; there are also security problems now.

2. Multi-unit building versus family unit (suburban)

The question of different lifestyles and housing quality is also the basis for the choice between living in condos and single family housing. Having also family histories and patterns in mind, considering lifestyle differences can be greatly influential on housing decisions.

I-9 (owner, 36 and 32): The husband comes from the country side and settled down in Budapest after he finished his studies. His wife has a similar housing history. They would love to live in a one-family house, where they have their own garden, do not have to listen to the barking dog of the neighbour and can park their car for free. Since both of them are tied to jobs in Budapest and they are expecting their first child, they would prefer to stay close to the city.

3. Location choices: close to relatives

A further choice element pointed out by the interviewees and also visible from their housing histories was the preference of physical closeness to other relatives. We found that households tend to make localized housing decisions, i.e. not moving far from relatives is a key element. The desire to stay close to family members is true even if all family members live in Budapest, where public transportation makes all parts of the city easily accessible. It seems that in the case of family formation, this is one of the core aspects when it comes to choosing the location for the new housing.

I-12 (private renter, 32): All her family members, except for the mother who lives in the agglomeration area, live very close, some of them within walking distance. She would definitely like to stay in this neighbourhood so as to stay close to sisters and brothers.

I-7 (owner 35 and 32 with mortgage): His wife's family lives very close and it was one of the important aspects when they were looking for their current dwelling to have at least one of the parents within 15 minutes. They even took the burden of buying a more expensive flat and obtained a higher loan.

I-24 (owner 32): All their parents and most close relatives (cousins and sister-in-law) live within 15 minutes' walk. They wanted to stay close to them because of the life-style of the wife's parents, who tend to go to bed rather early and hence there is only limited time left on the week-days to go and visit them.

4. Health issues

Health problem is one among the issues that might force families to make a housing decision, moving house or staying in their dwellings so that they have easy access to medical assistance.

I-18 (owner, 51 in arrears) She used to be a competitive athlete, and suffered serious injuries so she had to give up sports. She moved back to Budapest and started another job but her illness could not be healed, hence she had to take various therapies. She has fallen into arrears but she cannot move to a smaller and cheaper flat which would be only available on the outskirts or in the agglomeration area in order to repay her debts unless the access to an appropriate medical service is provided in the adjacent neighbourhood.

I-20 (public rental, 32 in arrears) The family was forced to move out of the previous flat, because the flat was rather wet, and it caused health problems for one of the children, who still suffers from asthma. When they applied for a new public rental, they also had to present the diagnosis provided by the children's doctor in order to support their motivation of changing housing.

5. Trade-offs

One of the key points made by the interviewees is that housing decisions are predominantly characterized by trade-offs of parameters. Preferences in housing quality vs. cost of housing, prestige of location vs. quality of the dwelling, cheap housing and low-cost maintenance vs. few job opportunities are typical considerations connected to housing decisions. Referring back to the pushing factors such as demographic pressure and financial difficulties, the trade-offs can be specified as interplay of these two reasons and the above mentioned individual factors.

I-16 (owner, 38, in arrears) She has started advertising her flat and will move out from the city and buy a low-cost house although she has always lived in central locations. From the difference she gains from the transaction, she will be able to pay back the debts, and find some job there. If she does not succeed finding appropriate work, she will most probably try to start a business (a small shop or a pub). She will definitely not find other schools for the children, since she has heard that schools in villages are much worse. Therefore, although it might not be the optimal solution, the children will continue to attend their previous schools, and will have to commute to the city on a daily basis.

I-21 (owner, 47, in arrears) She moved to this dwelling after her divorce. The unit is centrally located in a prestigious area, and the building is being upgraded year by year. She has no stable employment and has fallen into arrears. Nevertheless, she is not thinking of selling off the flat and access the money stored in it, because she wants her child to grow up in a safe and middle-class area. If she did move from here, she would only be able to purchase a unit in a lower value area. She tries to reduce their everyday consumption, saves money on food, and entertainment to catch up again with the bill payments.

I-23 (private rental, 33 and 33) The husband was offered to move to a village with the opportunity to construct a house and work at a local bakery but considered this option as too much tied to one job opportunity and hence rather stayed as a private renter in Budapest. This places a larger financial burden on him every month, and the family cannot save money to later afford a loan, but since more jobs are accessible in the city, the family decided to stay in Budapest.

To conclude, there is a variety of impacts on housing decisions made by households. The factors can be grouped in three major sets: influence of the family network both on access to housing and finding optimal solutions, demographic and financial factors, and also individual factors which are in close interplay with the above mentioned aspects.

3.2 Conversely, how does housing impact other areas of households' lives?

In the interviews it was rather difficult to find any decision-making situations that would have showed the impact of housing on other decisions.

In most cases, income problems were relevant for a high share of housing expenditure vs. other expenditure in the households' budgets. Thus, cutting back in spending for holidays, food, clothes, or staying longer on the job market etc. in order to finance housing (mortgage payment or utility costs etc.) largely seems to derive from low or instable income, and the direct link between homeownership or renting and other areas of households' lives can be largely interpreted this way.

Nevertheless, some interviewees have explicitly reported cases of impacts of housing on other areas of life, which are only partially related to the above mentioned:

I-10 (private renter, 27), I-12 (private renter, 32) and I-19 (owner, 32, in arrears) The interviewees pointed out while discussing vignette 1 that the decision to take a loan would also launch a learning process in the case of the young man. They stressed that it would put pressure on him, and would motivate him to find a more secure job, so that it is not only the woman who has the responsibility and burden of the mortgage payments.

I-7 (owner 35 and 28, with mortgage) and I-24 (owner, 32 with mortgage) In the case of both interviewees, one of the main motivations to find an adequate sized dwelling was the basis for family formation. Subsequent to a financial stabilization period after the huge expenditure connected to the purchase, both families are considering having children.

Conversely, the positive impact of housing or housing resources on other areas of life can be observed in some cases. Despite the fact that housing is rarely or not used as a resource for other expenditure, if there is a windfall gain (e.g. inheritance), the received dwelling (or equity) may partially be converted into other spending, usually travelling or refurbishing, etc.

I-5 (public renter, 33) She became heir to a smaller sum from her grandparent's legacy. She used the larger part of the money to refurbish her current flat, and from the rest she bought clothes and mobile phones for her children.

Besides describing the experienced short-term effects of housing decisions on the households' lives, most interviewees delivered a long-term evaluation of their housing career. All of them were aware of the fact that in the housing career there are opportunities for good and bad decisions, which are not easy to evaluate objectively. Moreover, it is almost impossible to predict the decision's "effectiveness" at the time of the decision. It must be stressed that the respondents tended to legitimize their decisions at the time of the interview irrespectively of the objective effects. While discussing the impact of financial aspects on their housing decisions, a common attribute was that most respondents highlighted the importance of knowing how to use the opportunity housing regimes offer, including housing privatization and mortgage subsidy programs.

I-7 (owner 35 and 28, with mortgage) and I-9 (owner, 36 and 32) Both interviewees were involved in housing transactions at those times when housing prices were low (1996-1999) and mortgage subsidies high. They were aware of this at that time and tried to maximize the subsidy, thus they could accumulate wealth, and were able to move up in the market with its help later. Both of them found it very important to be aware of the housing prices so that they could timely sell off their dwellings and minimize possible losses.

I-16 (owner, 32) She had let pass the privatization opportunity which led to a huge financial loss if she compared the price of the privatization offer three years ago to the one which she finally accepted. The reason behind it was that when the first offer was made, she did not have enough money to purchase it and there was no family network to help her.

Financial possibilities offered through current mortgage subsidy programs are mostly known to the respondents, also because of the prevalence of heavy advertising. Due to recent changes at the end of 2003 in the state subsidies, the unstable nature of such subsidies has become a common experience. Letting pass such options or not having the possibility to use such options is a key element of making timely and optimal decisions.

I-24 (owner, 32 with mortgage) She had been considering to purchase a dwelling for a long time but first she wanted to find a stable relationship. She was following the changes of the subsidy program very thoroughly; nevertheless, by the time she was ready to take a loan, she could only get to the bank after the severe cutbacks, i.e. she could only take a lower loan with worse conditions than what she could have received a year earlier.

I-3 (public renter, 42) I- 20 (public renter, 32) Both interviewees pointed out that the current housing regimes puts those in disadvantageous position who have no equity. Since they are both public renters, the mortgage subsidies cannot be obtained by them even if they just needed lower sums for refurbishment and the like, so they have been forced to take other, much costlier loan products for the renovation of the dwellings they live in.

There were some further decisions evaluated as “bad” or “risky”, which actually have a long-lasting effect on the housing career and indirectly on life chances of the respondents:

I-2 (owner, 47 and 45) The interviewee presented a very complicated housing career, in which, according to his judgement, several mistakes were made. His parents divorced, and they lived in cohabitation for a long time, from where they moved to a much less valuable flat than they should have had, if the administrators had not cheated them. This way they made a great loss during the privatization, and due to the lack of cooperation in the family, he ended up having a life annuity contract for more than 15 years now, and shares the house with an old lady. Moreover, the contract was not carefully drawn up, and he has practically no legal security either against his son (they have serious conflicts) or the old lady (she sued him already several times). He works as a second-hand bookshop keeper, which does not provide him with security, and his pension will be most probably low. Until the legal situation has not been cleared up he has no aspects in his life to refer to as a possible resort.

I-11 (owner, 53, with mortgage) She already had one life annuity contract before the current one, in which she had invested a lot of time, energy and money. But due to the bad relationship with the old lady, whom she had to take care of, they annulled the contract and she launched the current one. Nevertheless, she had to pay off the former contractor, which altogether meant 1,5 million HUF loss in the two transactions. Although she is tired of taking care of the current contractor, she decided not to cancel the contract because she has already learnt from her previous “mistake”.

I-23 (private rental, 33 and 33) They were invited to a “pilot game”, meaning that they were offered a chance to “win” a flat in a few months if they paid some hundred thousands HUF to an investment company. They gave all their savings to the agent who later disappeared with the money.

Housing and housing decisions have some ways of impacting households' lives. Mostly, it is the financial burden caused by low or instable income which results in impacting other consumption items such as holidays, but in marginalized positions also food. The relationship between housing and other areas becomes obvious when the households have to share their scarce resources between housing consumption and other consumer goods. On the other hand, “bad” housing decisions may have a major long lasting effect on households' life career.

3.3 In particular, what is the relationship between employment and housing?

Housing and employment are theoretically multiply interrelated. Nevertheless, the features of some further sectors (e.g. social net and pension system) also have to be included when explaining the relation of employment and housing decisions. Due to our urban sample, however, there were just a few examples that have explicitly covered this issue, except for two major circumstances: when it comes to the risk elements that might have an impact on housing and in some cases when the first moving to Budapest is explained.

Budapest has an efficient network of public transportation, nevertheless, the extension of the city and the suburbanization of some job opportunities, growth of the agglomeration area and hence boosting of incoming traffic have increased travelling times. Nevertheless, except for those who willingly moved to Budapest to have better access to jobs, we found only loose connection between job location and housing decision; rather access to public transport was important.

I-7 (owner, 35 and 28, with mortgage) The husband is blind, hence besides other aspects, a secure and calculable route to the workplace had to be assured.

I-8 (private renter, 42) He lost his job five years ago, and after two years of unemployment he got the possibility to find a job in a Budapest factory. Then he moved to the capital to a workers' hostel, and when he could change employer, and went to his first private rental. With his profession he can hardly find a job close to his hometown, therefore he will definitely stay in Budapest and sooner or later purchase a flat here.

I-9 (owner, 36 and 32) The husband's work place moved to a remote location a couple of years ago, at that time he upgraded his car. Since then he has got used to travelling a lot, and once they would move, he would be ready to travel even longer between his workplace and his home.

Staying longer on the job market as opposed to becoming a pensioner in a rather disadvantageous pension system, has to do with income problems. Those families who are in private rentals seem to be more pushed to stay longer on the job market and have a more flexible approach to job offers than those in the public sector or without mortgages, since the burden caused by the constant large housing expenditure and the threat of losing the home due to income difficulties force them to stay active as long as possible.

I-11 (owner, 53, with mortgage) She has made a calculation that she has to stay on the job market for at least 3 more years or until the life annuity contract is completed and she can access the money in that unit, otherwise she cannot cover the interest rates of her current flat. This means that her current housing consumption and investment force her to stay active also beyond the pension age threshold.

4. Financial security

4.1 How financially secure do households feel? Does this differ by tenure?

With the transition, overall security weakened in Hungary, which had several types of impact on people's lives. Growing unemployment, consumer price rises and the lowering of the real value of wages have resulted in the emergence of new strategies and a keen perception of risk elements.

In the households' strategy housing security and job security are closely related. Financial security in the first place is ensured by a reasonable and stable job market position. On the other hand, households who are insecure on the job market are also insecure on the housing market. Homeownership contributes to the financial security of the households proportionally to the value of homes, but only as a second option.

I-4 (owner 35 and 30, with mortgage) The husband works as a real estate evaluator. There is great competition in this branch nowadays and he feels that there is a high pressure on him not to lose the good contractors. If he does, they might have financial difficulties for a shorter period until he can find another lucrative job opportunity.

I-22 (owner, 54 and 47, in arrears) The wife works as a post officer, the man is ill, and has taken the role of a "homemaker". In order to receive a slightly larger salary, the wife has switched to the night shift. Although they live in a high value but deteriorated dwelling, they do not feel financially secure. Only if it came to real hardship would they use up their housing wealth.

Resulting from the transformation of the meaning of tenure, interviewees highlighted that since the private rentals are hardly affordable, those living in that kind of tenure have less financial security since they cannot save any money. Besides the lack of ability to put aside some financial resources for harder times, a further element lessens the financial security of renters, namely the possible arbitrary raise of the rent. A similar risk element exists in the public rental sector as well, but since most public landlords operate a social housing portfolio, the raises will most probably be moderate. Subsequently, households in the rental sector generally feel much less secure than households in the owner occupied sector.

4.2 Do some homeowners feel more secure than others? Why?

Apparently, financial security comes from a stable job position and firm income. When exploring financial security in the owner occupied sector, some additional elements gain importance, which have a direct impact on the asset or equity stored in housing. Of course, the larger and more predictably growing the value of the given housing is, the more secure the households feel.

Then again, reinforcing financial security in the owner occupied sector which derives from the value of the given dwelling depends also on the strategy of assuring share in the ownership, or, on the contrary, excluding partners from ownership in the given flat. The perception of financial security is also connected to previous experiences when housing was affected by losing of one's job, or partnership break up and the associated change in household income.

I-4 (owner, 35 and 30, with mortgage): The husband and his family were able to contribute less to the purchasing price of the flat in terms of cash, hence the wife's father, who supplied a considerable amount of money, has one third ownership in the flat. Thus, he has a say in the young couple's decisions that would concern any housing decisions.

I-5 (public renter, 33) The interviewee solely owns the renter's right, which means that her partner does not have any influence on the housing decisions. If once the interviewee may privatize the dwelling, she will buy it without offering any co-ownership to her partner. She has suffered several times from oppression and she was several times elbowed out of dwellings by her partners, so she would not want to take the risk once again.

I-24 (owner, 32 with mortgage) The interviewee purchased her flat intentionally before the marriage, and has 100% ownership in it. Her husband does not have any share in it. In case it comes to a relationship break-up (divorce), the wife has the security of not losing the property.

As a special feature of increasing financial security, we observed that life annuity schemes are typical examples for accumulating wealth and gaining additional financial resources for housing (or inheritance), while on the other hand, launching of a life annuity scheme means using the dwelling as a financial security (in our sample we only had the "paying", inheriting party). While some thought this is a good or successful way of accumulating wealth and increasing financial security, others pointed out the controversial character of such a solution.

I-1 (private rental, 47) She had access to their own flat (before the divorce), and one child's flat through the life annuity scheme. Although she thinks that their financial security which derives from home-ownership has increased, she would never do it again, because it ruined some years of her life.

4.3 What is the level and nature of resources held by households? Do perceptions relate to more objective measures of security?

There is a variety of levels of resources held by households. The marginal interviewees who have constant financial difficulties would rarely have any other resources than the property they live in. According to our observations, those who are most vulnerable to health problems or unemployment possess the fewest tools, e.g. insurances or savings, since any form of putting money aside would cause even more hardship on a monthly basis. If there is the possibility to save some money, or a windfall gain is saved, the households would put it in Bausparkasse savings or very secure financial investment tools. Additional housing wealth is held only by a few respondents, mainly by representatives of the older generation, which has to do with the former housing regime, when accumulating wealth in cottage houses was allowed. Second residential homes or share in a second home are possessed only by some respondents.

Securing some financial resources in all but one case had to do with assuring a better starting position for the children and increasing the value of the intergenerational transfer, hence, it had only little relation with raising own security.

We had only one interviewee who had already accumulated wealth as a private, well-earning doctor to an extent that she can be secure to ensure nearly the same quality of life for herself once she retires as she has now.

According to our interpretation, the households' perception of their financial security is related to the efforts they make to save some money. The ability to set some money aside each month provides most of them with the feeling of security, although it is obvious that in case of unexpected health problems or unemployment, these scarce resources could not cover longer periods. On the other hand, the dwellings play a role in the households' financial security to the extent that the households consider the dwelling as part of their wealth portfolio. This is, however, seldom the practical approach and is mentioned as a theoretical option, since in times of hardship and

accessing the wealth stored in housing, downward mobility has disadvantages and the families would most probably live up the “gained” financial resource very quickly. As referred to in the Institutional Study (Hegedüs-Teller, 2005), the cash poor – asset rich households, who cannot adjust their housing consumption to their financial status, typically face hardship in paying the utility costs and can rarely have access to any additional financial resources but their dwellings in case serious difficulties emerge. A special case, which was often discussed during our interviews, is the case of the life annuity schemes. Those entering as contractors use their housing as a life-long financial resource, and the other party, which (by accident) was also represented in our sample, has the motivation of launching such a relation to accumulate wealth. This means conversely that during the scheme, which might last even for decades, the later beneficiary provides for the financial security of the testator. Nevertheless, until the scheme is over, this form of increasing housing wealth as a later resource of financial security discloses the perspective beneficiary from any possibilities to access his or her “investment”.

I-2 (owner, 47) He has a reverse mortgage scheme, and shares the house with the old lady. He has to pay more and more year to year, currently app. one third of his salary, and had several cases in court with the old lady, who wanted to annul the contract after already years of investment. In the meanwhile the house is getting more and more rundown, because there are no resources left to maintain it. Since the relationship has worsened to the extreme, he feels insecure because of the unpredictable behaviour of the old lady.

5. Use of housing resources

5.1 To what extent is housing viewed as a financial resource or investment? In what ways has housing been used as a financial resource by present (or past) owners? Why has it been used in this way?

When discussing the meaning of housing, we pointed out that housing is viewed both as an investment and as a consumer good. It was easy to observe that households typically have an ambivalent attitude towards the use of housing resources, which derives from the nature of housing as an investment. The interviewees are aware of the value of their home in the case of owner occupied units; nevertheless, sometimes they “overvalue” their homes. But, on the other hand, they tend to be very reluctant to mobilise their homes for consumption purposes, which is also related to the current institutional setup, as, for the moment, there are high transaction costs involved in accessing the money stored in housing (see Hegedüs-Teller, 2005).

The housing histories shed light on the way how households would use the financial resources from housing: mostly there is housing resource used in housing transactions, meaning that money from former housing is put in the purchase and refurbishment of the next housing. This strategy originates from both institutional elements (e.g. taxing of real estate transactions), but also from the fact that housing investments are considered to be safer and less risky investments.

I-7 (owner 35 and 28, with mortgage) When they wanted to buy this flat, they sold the previous one and put all the money from that transaction into this one. They had to add some more resources which were provided by the parents and through a bank loan.

I-28 (owner, 36, with mortgage) She wanted to establish an independent household with her daughter. For this, the family sold the mother’s dwelling and purchased three dwellings for all three family members. Additional resource was provided with the help of a mortgage loan. All resources from housing were used for the current dwellings, involving also some refurbishment.

There were also some examples of using housing resource for business formation, which is overall considered as a risky form of using up housing resources. The reason behind this argument is largely connected to the structural setup of the current economic structure: if there is no other way to draw on equity, housing might provide a basis for starting up private economic activities. The processes of the transition had taught a costly lesson: the risk of disinvestment in converting housing resource into business capital seems to be still high. An interviewee, whose father has experienced such a “lesson”, pointed out, that in that case the parent did not consider business and housing as separate forms, he referred to both of them as investment (I-25, owner 30 and 28 with mortgage).

The nature of housing as investment manifests more obviously in those cases when households possess second homes. The attitude towards holding additional properties is clearly an investment approach.

I-27 (owner, 48, with mortgage) When she got to know about the advantageous mortgage terms, she took a loan and bought a second dwelling. She rents it out now, and the rent covers 80% of her monthly repayment. She does not know whether this was a good or a bad investment, but she takes it for granted that she will be able to get out her investment from that dwelling.

5.2 In what ways would owners consider using any housing equity in the future? What influences these considerations?

Interviewees mostly considered it optimal to use housing equity for housing purposes in the future. Other forms of consuming equity are only possible if it comes to downward mobility or windfall gains from housing (e.g. heritage) make it possible.

The reasons listed for downward mobility were unemployment or overall hardship of paying the monthly utility bills or cover basic consumption. Nevertheless, the option of “moving down” is a realistic scenario to pay the debt off (and even to cash some for increasing consumption). Nevertheless, households in arrears usually underestimate the dangers of moving into a less expensive home. Typically, they are not aware of the fact that their lacking access to the job market and proper safety net service might hit them even more.

I-16 (owner, 38, in arrears) From the resources she hopes to gain from selling her flat and buy a cheaper one. She thinks she will also be able to pay back the arrears. Another part of the difference is planned to be spent on starting a business (a small shop or a pub).

I-1 (private renter, 47) She has always wanted to start a business. If the possibility were given to her to release some money from her equity, she would happily use this opportunity. She also pointed out that she would do that only because she has already provided for a good start for all her children.

One of the findings of the institutional analysis was that the reverse mortgage schemes applied in Hungary would solve problems of typically cash poor – asset rich households. Theoretically, interviewees stressed, using housing equity as pension supplement (see vignette 2) was a good idea. When referring back to their own lives, they mostly emphasised that bequeathing property to their children would be the first to do, and only if the successors were fine and well off enough, would they ever consider lessening the inheritance by accessing the money stored in their housing.

I-10 (private renter, 27) She found the pension supplement scheme a good idea, but if it was up to her, she would not use her dwelling as a financial resource for herself, unless her children have secure housing and jobs, and would not need this given flat as heritage based on which they could start their lives.

Another typical case is when elderly people move into smaller, less expensive units for their retired age, which they can finance from low pensions. Since we did not have interviewees who had exercised this solution, only their relatives, we had the possibility to explore the perception of such strategies from the next generation's point of view.

I-7 (owner 35 and 28, with mortgage) and I-28 (owner, 36 with mortgage) Both interviewees' parents moved down in order to release some money for the sake of the children's upward moving.

5.3 How important are intergenerational transfers of housing to households?

The above findings strongly support the assumption that one of the crucial elements of the current housing regime is the importance of intergenerational transfers in the housing career and its role in the housing decisions. Potential financial resources deriving from housing are always weighted against prospective bequeathing of the asset to children or grandchildren.

A further wide-spread element connected to intergenerational transfers is that if the parents provide for a substantial contribution to the children's housing wealth, they partially also control the housing decision, be it the choice of the location, choice of dwelling, or having an ownership share in the dwelling.

This means that both the "giving" party (parents) feels obliged to pass on the wealth accumulated and the "receiving" party (children) counts on receiving the inheritance, which would enable them to use this tool for vertical housing mobility. Most respondents did try to avoid stating the latter explicitly, particularly if their parents were still alive, nevertheless, it was obvious that previous inheritance enabled them to move up in the housing market, or make any costly housing investments. This means that the moral component has a double influence: on the one hand, the attitude to bestow housing wealth is seen as morally necessary, and on the other hand, it is binding to use the inherited wealth well, i.e. for upward mobility.

The lack of intergenerational transfers, then again, weakens the households' position on the housing market. It seems that if the family network is too weak in terms of capacity to provide for intergenerational transfer to start a housing career, the households will have to struggle to exit the private (or public) rental sector and develop sufficient own resources for taking an affordable loan.

I-20 (public renter, 32, with arrears) When discussing what had led to the family's current conditions, she said that there were no rich relatives except for her sister who could help them. They do not have the chance to inherit anything, which means that they will never get out of the troublesome situation they are in now.

6. Risk and insecurity

6.1 To what extent do households perceive risks to housing? Does this differ by tenure?

As pointed out while discussing the changes in the meaning of tenures, the risk awareness of the households is very high as a result of the learning process that is connected to the main features of the transition. The nature of risk perception is strongly related to the lack of sufficient safety net arrangements. Generally, there are four types of risks families have to be faced with:

1. job insecurity
2. family risks (divorce, etc.)
3. health risks (accident, etc.)
4. housing cost risks (rent increase, housing cost increase, etc.)

Typically these risks are connected and can reinforce each other leading to an unmanageable situation.

Job insecurity is largely perceived even in those cases where well-educated people “predict” their position in the future. There is a contradictory phenomenon of overvaluing the risk by higher status households, whereas rather marginal status households tend to underestimate their risk and would rather count on “positive scripts” for their future.

I-23 (private renter, 33 and 33) Both parents think that they do not have to face the possibility of losing their jobs. Although the husband had to quit his last secure job in a hospital due to serious health problems, and works now as baker, they are very optimistic: *“I can find another job in a couple of days if I lose this one”*.

I-7 (owner, 35 and 28, with mortgage) The wife stated that it was impossible to predict the future, nevertheless she added, that her husband *“works for a capitalist, and he can lose his job anytime, but I am working in the public sector with high job security”*

Family risk was conceived as an unpopular topic: it was rather those respondents who have already experienced troubles in their relationship who talked about the relevance of such risks, and all of them pointed out that it was very difficult to predict family risks. Very few respondents have ever made any arrangements (preparation) for a

possible future “family risk”. Divorces or relationship breakdowns can directly influence one’s housing position, either by having to move, or by the loss of an earning in the household’s budget falling into arrears or having to move down as a further stage.

I-4 (owner, 35 and 30, with mortgage) The wife’s father helped the family to purchase their home, but he stuck to the principle that he had to keep 1/3 of the ownership as his own. As referred to by the interviewees, his motivation was, among others, to assure a majority in case of divorce for his daughter through his additional share.

According to the interviewees, the Hungarian social security system is obviously not prepared to combat the health risk of the households. In the case of a serious health problem, the security system cannot help, and practically, if there is no strong family network, the households can easily be threatened even by losing their homes. Interestingly, the loan market has developed a particular response to this risk, namely that new loans are issued with a special life insurance to manage this issue.

I-18 (owner, 51, in arrears): First she got divorced, and her son was taken away from her. She had to give up her sports career due to injuries, and moved back to Budapest. She has no education so she could only find some insecure jobs in tourism (the employers did not pay any social security for her). When she got seriously ill, she lost her job. Due to a long period without paying social security contributions and not having a registered job, she does not receive unemployment benefit. At the same time she cannot get back to work due to illness and age. She has a heavy arrears problem due to low income from solely social benefits and high utility costs.

I-20 (public renter, 32): The interviewee’s husband has serious diabetes, although he is very young. They have to raise three children (two from the wife’s previous marriage), therefore he works very hard to get enough money, and often he takes extra shifts. According to their calculations, at least half a year is needed until the wife can get back to work, when the smallest child will go to kindergarten. They hope that the husband’s health situation will not deteriorate by then, otherwise the sick leave payment will be so little that their debts will increase even more.

The fourth type of risk households perceive is the housing cost risk. Utility costs have been rising throughout the last fifteen years, and especially affect those who cannot control their housing consumption (e.g. living in houses with district heating).

In this respect, some types of tenure are more exposed to this risk than others, since both the public and private landlords can increase the rents, which is a further housing expenditure item without any control of the renter. Mortgage payment raises can also influence the households' burdens.

I-13 (public rental, 58) He has general trust in the public rental sector, because the municipality has a transparent public rental policy. He is sure that he will not have any difficulties until he pays the rent properly, but he also stated that once the municipality decides to raise the rents, he will be completely at their mercy. If at that time he cannot take the burden of a higher rent payment, although the public rents are much lower than the market rents, he will have to move down.

I-20 (public rental, 32, with arrears) The interviewee has recently moved into her current home, which is a larger and healthier dwelling than the previous one. She was not aware of the fact that due to old fashioned and insufficient electric heating the utility costs of this dwelling were so high, and she thinks she was not properly informed by the municipality. She has fallen into arrears and now the municipality gives her twofold assistance: managing her utility cost debts and designing an alternative heating solution.

6.2 Do some homeowners feel more at risk than others? Why?

Risks to housing generally affect all types of tenure. As pointed out above, the perceptions of households can be grouped into four types of risks, which quite equally impact all household's strategies, and expose those living in the rental sector to even higher risks. Nevertheless, those homeowners who live on the margin of the society, and are practically "abandoned" in terms of missing or weak family network and very low support level by the social security system, feel considerably more at risk (e.g. divorced, ill and unemployed persons or mothers with children – or similar combinations).

Those households who have already experienced job insecurity, family, health or housing costs risks, have higher risk awareness. As a result of the learning process, some strategies are developed which try to function as supplements to the poor safety net or lack of family cooperation, etc.

6.3 What is the level and nature of risks faced by households? Do perceptions of risk relate to more objective measures of insecurity?

The interviewed households have very different levels of risk perception. This seems to be very loosely related to the objective probability of the actual risks.

The level of risk awareness depends very much on the value system (e.g. norms learnt from the parents), and whether there have been any personal experiences with risks. Here again, family background has a major impact: coming from an unstable family might increase the chance that the respondent does not have the capacity and the tools to manage the hardship.

Objective measures of insecurity can be defined by several aspects: no knowledge about possible transaction costs related to housing, low job security, bad health conditions, instable relationship, high housing cost/income ratio, and the lack of savings or security tools. Most interviewed households face one or the other insecurity feature; nevertheless, crisis scenarios are seldom the case to be at hand. The level of perceived risks is mostly lower than it would objectively be appropriate.

I-7 (owner 35 and 28, with mortgage) The wife pointed out when asking them about how they would judge their security position that they know that there might be some problems which will not be easily solved, but they hate drafting “catastrophe scenarios”. Once it comes to difficulties, they will consider all possible solutions and choose the best one.

7. Safety nets

7.1 How do households seek to counteract any housing risk perceived?

Perceived housing risks are connected with other types of risks, such as job market risks, family risks, health risks etc. It is very rare that households encounter housing risks separately. Thus, households' strategies to manage these risks are combined.

Counteraction to risks has some basic patterns. Relying on the family network in the first instance is one of the major tools, as pointed out by the interviewees. If the family and close relatives do not possess sufficient tools to assist each other, or the family network has only limited role in the households' lives (because it is absent), the second option is to rely on individual strategies. A third level of counteraction is using the tools offered by the safety net.

In most of the cases, the "family safety net" is the most important element. The family network plays a special role both in the stage of the family formation and in times of hardship. The advantages of the collective strategy are that it maximizes the potential use of the subsidies and optimizes the gains and losses of housing transactions and consumption.

I-26 (homeowner, 52, with mortgage) The interviewee pointed out that *"unless we are really impoverished, we do not touch the wealth accumulated in housing. It is obvious that first I will ask my children to help me out, this way they will be better off as well. There are also other possibilities: for the whole family it would be the best if our kids would take a student loan so that we can pay the costs of one of the mortgages and we would not have to sell the dwelling"*.

Nevertheless, the power of the family safety net might be limited, partly because the family's capacity in terms of financial means and housing assets is not enough to help families in big trouble, and partly because social values constrain financially viable solutions. The family safety net serves as a last resort, and seemingly there are families which are more open for such solutions and also some that are reluctant to make use of this option.

I-23 (private renter, 33 and 33) The parents of the interviewees, who are relatively young, do not want to move down, hence the family will have to stay in the costly private rental sector for some more years. This is definitely

financially disadvantageous for them. They cannot force the parents to look for a solution which would be feasible for all of them. The family network does not function for them.

I-24 (owner, 32, with mortgage) The parents of the respondent live in a large house, which comprises three flats. Although one flat is vacant because all children have moved out by now, they would not consider selling their house. Due to the lack of financial means, the interviewee had to purchase a considerably lower value flat than it would have been possible if the parents had sold their house and had moved down. On the other hand, the parents would offer their house to their children in case of emergency, as a last resort. She says it is a good feeling of security but she would rather avoid such a situation.

Beside the family network solutions in counteracting risks, individual solutions seem to be the second level of tools the respondents would use. Individual solutions mainly comprise savings, insurance schemes, and some respondents pointed out this side-effect of wealth accumulation in housing as well. We observed that the significance of the individual safety net solutions is increasing, which has also to do with the transition's learning processes, but typically families with lower income neglect this option, since this would cause an additional burden in their monthly survival strategy.

I-11 (owner, 53, with mortgage) She works as an insurance agent, and knows a lot about insurance products. She tries to apply the most suitable ones also in her life. She can draw considerably good money from her private pension scheme's yields. At the time she launched the schemes she had a far better income, and now it is difficult to pay all the expenses, but sooner or later she will profit from these financial tools. In addition, she has a life annuity scheme running, which will once provide her with a dwelling she can sell and make use of this resource e.g. as pension supplement.

I-13 (public renter, 58) The interviewee has a life insurance. At the time he made the contract for the insurance he had enough income to cover the monthly payments of it and considers the scheme as a savings scheme. The contract will expire in four years. The amount he will get will be sufficient to pay back his car loan. As his doctor told him, he has to take care that he works less, and the timing of the life insurance's expiry will adequately support this

advice. One “monthly burden” will be solved with the help of the insurance and he can do fewer extra hours at his workplace.

I-20 (public renter, 32, with arrears) The interviewee has to struggle to break down their monthly income to cover all expenses. She would love to save some money, but if she wanted to put some money aside, she would only be able to save money on food or on her daughter’s napkins. She cannot make use of any of the offered insurance or savings schemes.

The third level of counteracting housing risks is to count on the safety net services. The interviewees, although some of them have considerable difficulties in their everyday lives, did try to avoid this solution, and in some cases were unable to get the necessary information they would have needed to maximize the obtainable social assistance. Applying for social assistance is considered by most of them as wearing a stigma, and they think that relying on social assistance should only be used in situations that could only happen to very helpless people.

I-16 (owner, 38, with arrears) The interviewee has always had difficulties to cover her monthly bills, and when it came to accumulating a more than 500 thousand HUF arrears, her friend convinced her to go to the arrears management department of the municipality. For the first time they went there, they did not dare to enter the office, because there were so many poor and unfriendly people waiting outside. They simply passed by the doorway. It took her a week to revise her opinion, and they went back. After several discussions with her administrator, she does not feel as stigmatized as before.

I-22 (owner, 54 and 47, with arrears) The interviewee had to turn to the municipality to help them with their unpaid bills. When the husband went there, he told to the administrators of the arrears management scheme that he had always been a useful citizen, worked hard as long as he could, and he went to them to show that “good people” (i.e. not Roma) might also need help and they must not reject him.

To sum up, there are three layers of strategies to counteract risks. Besides the family network, which seems to be the most reliable basis for providing for security, individual solutions are applied in numerous cases. Nevertheless, these solutions are costly, and may put a large financial burden on the households. The groups most exposed to risks therefore cannot take advantage of the numerous insurance and

savings programs that would in the long run provide them with more security. The third level of counteracting risks is open to the poorest: social service networks focus on the most vulnerable households. The attitude towards social service provisions, especially which are tied to debts or extremely low income level (and not to normative thresholds, s/a number of children, illness, etc.) are then again perceived as highly stigmatizing.

7.2 What influences these planning strategies?

The abovementioned three planning strategies seem to interrelate to the extent that those who cannot count on family network assistance are more likely to set up individual strategies or turn to the safety net services in case they are in trouble. Then again, those, who do not have the tools to use individual solutions, are forced to turn to the safety net service for assistance.

I-16 (owner, 51, with arrears) The interviewee stressed that she was left to herself by her family, and she could not stand watching how much his son was working to earn enough money to pay the bills. They have a lot of friends whom she was able to help when she was better off, and they helped them a lot in return as well. But after a while she felt uncomfortable asking. Since she had no individual securities, no savings, no insurance, at last she had to turn to the family care centre to get assistance.

The choice among the tools for counteracting risk comes from a variety of sources. It is notable to stress that the pattern households tend to follow derive from previous experiences, structural factors, but also from models they observed throughout socialization.

I-7 (owner, 35 and 28, with mortgage) The interviewees pointed out that they are sure that the family network would help them in case of emergency, but they will strongly try to avoid asking for help if possible. All family members are very proud to cope with difficulties on their own, and they are accustomed to such a strategy and find it appropriate.

7.3 In particular, what are the views of households on welfare provision in this area? Overall, how important is the role of state welfare in safety net provision?

The welfare system has been hastily changed after the transition. In contrast to the pre-transition times, families cannot count on secure jobs, nor is the continuity of the subsidy system ensured. The public safety net seems to be very weak; nonetheless families in trouble without any background try to use this network.

The main findings we can draw from the interviews are biased in this respect, since marginal households were recruited through social care centres, hence we have some families who are already in the focus of the social safety net. Nevertheless, as pointed out above, once the two first levels of safety net are not existent in a household's strategy, it is the public social service that would lend them a hand to maintain at least a low level of living conditions. Some of the interviewees have strongly criticized the social net, and from others' statements we also gained the impression that relying solely on state welfare is a very insufficient strategy.

I-18 (owner, 51, in arrears) The interviewee pointed out that the problems she has to face comes from the state welfare system: she is reluctant to accept that the state lets people lose their dwellings if they become unemployed or ill.

I-22 (owner, 54 and 47, in arrears) The interviewee pointed out that becoming a beneficiary of the arrears management program has badly affected their lives. Now they have to pay all bills timely, and cannot postpone paying any of them even with a month, otherwise they would have to pay back 100 % of the aid they have received so far. They feel that this is a very strict control and an intervention into their privacy.

In the framework of the institutional analysis (see Hegedüs-Teller, 2005) we pointed out that the Hungarian welfare system has been positively developed throughout the past years; by broadening the targets and measures it has moved towards a more generous system. On the other hand, it is evident that the social benefits are very low, and dysfunctional in a lot of cases. The amounts received as sick leave, unemployment benefit, fully-employed motherhood salary can only provide for basic consumption goods and the housing allowance scheme can only cover up to 20 % of the total housing costs on average. For families in need, these services are important but at the same time they give no opportunity to stabilize one's circumstances, and impoverishment is very likely to happen.

8. Conclusion

The qualitative research has delivered findings that support conclusions of both the quantitative study and the institutional analysis. Moreover, some aspects that were less manifested in our previous research phases came to light: the importance of family networks, the households' strategies to optimize wealth, the counteraction of risks and provision for more security based on previous experiences of bad choices, and the effects of the transition. In addition, with the help of the interviews analyzed some structural factors came to light that could show the relations among different layers of strategies.

To sum up, some key points can be identified in terms of elements impacting security and insecurity of homeownership and renting, the nature of the differences between the impacts of the same elements on the different tenure sectors. The key findings related to the effects of the transition, the role of the family background, and consequences of bad decisions are explained in detail below.

8.1 Effects of the transition

Transition in Hungary has affected the housing system and the welfare system to a large extent. In addition, economic instability, restructuring of the job market, and the emerging of new housing institutions have had an influence on today's household strategies. With the shift to market economy and the change of the tenure structure, risk elements so far unknown have emerged, and only a fragile institutional setup of security elements was elaborated by the state and households.

The risk elements emerging in the housing sector from the transition years resulted in a variety of responses from the side of social, institutional actors and on the household level. It seems that the housing and welfare systems in which the state (public housing) plays less and less role, the safety net puts more and more burden on the families, and it provides help only to the neediest families (very low income households and in crisis situation).

Reshaping the tenancy structure in Hungary has been marked by the manifestation of latent differences among tenure types, which went along with adaptation forms on all the actors' levels. The households recognized insecurity elements and tried to avoid them by strengthening their position in more secure tenure, the market economy's new actors put the cost burdens, until then hidden, on the consumers increasing the risk factors of housing, which has been inducing responses from the social and political actors. As shown, the most important new elements of the forming housing

regimes in the transition countries can be interpreted as an outcome of the adjustment strategies of the different actors in which “risks” played an important role. Housing privatization and affordability problems (arrears and access to housing) can be reinterpreted in this analytical framework.

8.2 Role of the family background on risk and security elements

The qualitative research delivered evidence that the family background has a key role in the individual housing career both from the security and risk aspects. This finding is especially precious, since the quantitative research typically does not provide a deep insight into the nature of this problem, nor is an institutional overview capable of highlighting the importance of the family network for housing.

At the time of family formation, namely in the period of first time access to home ownership or a rental home, the support from the family is a crucial one. Almost everybody who has a stable housing situation (“not marginal”) had a substantial family support at least in the early stage, and almost everybody who is in a marginal housing situation failed to receive family support. In the later stage, the family support becomes less important, but the housing position is very much influenced by the starting position. This fact has an important consequence on policy conclusions: the safety net and housing programs should primarily focus on households without family background.

It is not only the potential resources of a family (that is, the amount of assets they have) that are important, but the norms, behavioural rules, and the capacity to cooperate as well. The efficient use of the family resources depends, for example, on the cooperation of the family members, i.e. how efficiently they can use the assets they control and how efficiently they can coordinate their job market strategy. The capacity of the families (especially after relationship break ups) to handle different types of hardship depends to a large extent on this factor.

8.3 Consequences of “bad decisions” on the life chances and housing career

Housing career and life chances have numerous background conditions. Marginalized households are typically set out to all risk elements, but furthermore, bad decisions in terms of housing transactions can be dominantly influential. Bad decisions as such are defined by the structural and institutional circumstances of a housing system, and in Hungary, these structural factors are related to the features of the transition and the forming housing finance system and welfare state.

As pointed out while discussing factors that influence housing decisions, the awareness of housing as investment especially during the housing privatization period, provided for the possibility to increase wealth and financial security. Households that let pass the privatization option (not those who were incapable to purchase their dwellings at those times) are in a considerably worse situation today. Ignorance about growing transaction costs in a turbulent housing market results in similar consequences.

Besides, not making use of the feature of housing privatization, also disinvestment in housing can be regarded as a bad decision. Such phenomena include wrong positioning of housing on the market and not reacting in a timely fashion to structural changes. For example, moving to dwellings which were less affected by the considerable price increase at the end of the nineties has prevented households from accumulating gains from housing wealth. Moreover, postponing housing decisions in recent years produces a similar outcome: since the advantageous housing system was restricted at the end of 2003, households who postponed the housing transactions after this deadline have missed a profitable opportunity to maximize the available housing subsidy.

Nevertheless, we must point out that bad decisions and life chances are also related reciprocally: households lacking adequate information (on housing market, financial products, subsidy schemes etc.) due to their marginal position, are more likely to reach decisions that would further worsen their life chances.

Appendix

Appendix 1: Table of households and households per quota categories

	Status	Location (district)	Floor space (m2)	Room nr.	Constr. material	Job	Marital status	Children living together with them	Value of the home	Household income (EURO)	Housing costs/income ratio
I-1	(private renter, 47)	X	67	3	panel	social security administrator	divorced	1 child (above 18)	Not relevant	1000	50%
I-2	(owner, 47 and 45)	II	50	2	bricks	second-hand bookshop seller	divorced, new partner	1 child (above 18)	320 000	1920	23%
I-3	(public renter, 42)	XVIII	42	1,5	bricks	technical leader, wife: waiter	married	1 child (above 18)	Not relevant	600	25%
I-4	(owner, 35 and 30, with mortgage)	XIII	75	3	bricks	bank officer, husband real estate agent	married	expecting	80 000	960	50%
I-5	(public renter, 33)	III	30	1	bricks	shop keeper, currently on maternal leave, partner unemployed	partnership	4 children	Not relevant	400	36%
I-6	(public renter, 49)	IX	120	4	bricks	cleaning lady, husband unemployed	married	8 children, two of them with own family	Not relevant	1200	13%
I-7	(owner, 28 and 35, with mortgage)	II	65	3	bricks	informatics, wife doctor	engaged		64 000	1200	23%
I-8	(private renter, 42)	XIII	20	1	panel	chemist	single		Not relevant	800	30%
I-9	(owner, 32 and 36)	XI	50	2	bricks	engineer, wife accountant	married	expecting	64 000	1040	12%
I-10	(private renter, 27 and 27)	XVIII	45	1,5	panel	agent, school secretary, partner construction worker	partnership		Not relevant	480	50%
I-11	(owner, 53, with mortgage)	XI	50	2	panel	insurance agent	divorced	1 (above 18)	72 000	480	67%
I-12	(private renter, 32)	IX	40	1,5	bricks	Roma rights representative	single		Not relevant	800	30%
I-13	(public renter, 58)	XIII	50	3	bricks	artist, wife artist	married (second marriage)	1 (above 18)	Not relevant	1200	17%
I-14	(owner, 35, with arrears)	X	40	2	panel	cleaning lady, husband driver	married (second marriage)	1	36 000	328	43%
I-15	(public renter, 40, with arrears)	X	39	1,5	bricks	at home, husband cook	divorced, new partner	2 children	Not relevant	640	26%
I-16	(owner, 38, with arrears)	IX	40	2,5	bricks	at home	divorced	4 children	56 000	320	38%
I-17	(public renter, 39, with arrears)	X	55	2	panel	cook	divorced	3 children	Not relevant	360	33%
I-18	(owner, 51, with arrears)	X	54	2	bricks	unemployed	divorced	1 child (above 18)	52 000	280	43%
I-19	(owner, 32, with arrears)	III	29	1	bricks	at home, husband construction worker	married	3 children	40 000	360	22%
I-20	(public renter, 32, with arrears)	III	60	2	bricks	at home, husband butcher	married (second marriage)	3 children	Not relevant	480	50%
I-21	(owner, 47, with arrears)	XII	50	2	bricks	at home, occasional jobs	divorced	1 child	60 000	280	36

(cont.)	Status	Location (district)	Floor space (m2)	Room nr.	Constr. material	Job	Marital status	Children living together with them	Value of the home	Household income (EURO)	Housing costs/income ratio
I-22	(owner, 47 and 54, with arrears)	XII	50	2	bricks	post officer, husband is at home (ill)	married	1 child	60 000	240	67%
I-23	(private renter, 33 and 33)	XII	50	2	bricks	baker, wife nanny	married	2 children	Not relevant	840	36%
I-24	(owner, 32, with mortgage)	XXI	50	2	panel	economist	married		34 000	1080	28%
I-25	(owner, 30 and 28, with mortgage)	VIII.	88	2,5	bricks	economist, lawyer	married	expecting	84 000	1240	29%
I-26	(owner, 52 and 51, with mortgage)	Buda-keszi	75	2,5	bricks	doctor, professor	married	2 children (above 18)	92 000	2000	5%
I-27	(owner, 48, with mortgage)	II.	70	2	bricks	private doctor	single		93 000	2000	10%
I-28	(owner, 36, with mortgage)	VII.	84	3	bricks	economist	divorced	1 child	72 000	800	20%
I-29	(owner, 53, with mortgage)	XII.	140	5	bricks	economist	married	2 children	240 000	1600	15%
I-30	(owner, 30, with mortgage)	XIV.	50	2	panel	economist	single		36 000	640	28%

	Renters (10) (12)	Owners (20) (18)	Total
Couples (with and without children)	7 (8)	13 (10)	18
Single (with and without children)	3 (4)	7 (8)	12
Employed households (all adults either employed and/or looking after family)	7 (7)	13 (13)	20
Unemployed households (one or more adults unemployed and/or unable to work due to accident, sickness or disability)	3 (5)	7 (5)	10
Aged up to 45 (up to 40)	5 (10)	10 (10)	20
Aged 45 or over (up to 40)	5 (2)	10 (8)	10

Appendix 2: Pictures of some interview locations

	
<p>Large housing estate, outskirts</p>	<p>Large housing estate, transition zone</p>
	
<p>Inner city, old multi-unit building. Due to low floor space, so-called galleries are constructed to provide for enough space in the dwelling</p>	<p>Inner, city, prestigious area, run down unit in a renovated multi-unit building</p>
	
<p>Run down dwelling in one the most prestigious areas</p>	<p>Run-down building with a lot of public housing in the transition zone</p>



Room without window in a central district. The room was separated to provide for an “independent” room for one of the children



Newly built house in a prestigious area



Run down dwelling in the transition zone on a large housing estate



Rehabilitation area, renovated multi-unit building. The division of the floor space made it possible to have a “separate” bedroom.



Self-constructed bathroom in a public rental (app. 2 m2)



Private rental, the renter considers living here as a temporary solution.



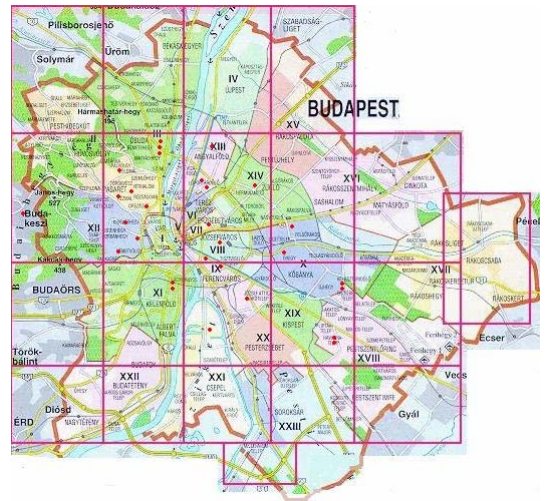
Run-down kitchen on a big housing estate.



Highly prestigious area in Budapest



Run down building under renovation in the transition zone. The pipeline indicates that a bathroom has been added to the dwelling.



The locations of the interviews