

DILEMMAS OF INTEGRATED AREA-BASED URBAN RENEWAL*

I. THEORETICAL CONSIDERATIONS OF AREA-BASED URBAN RENEWAL PROGRAMMES¹

1. Changing public perceptions of tackling spatially concentrated social problems

The public interventions to deal with spatially concentrated social problems show remarkable changes in the last half century or so. In the first after-war decades deteriorated neighbourhoods were not at all in the focus of public interventions as these concentrated on the development of new areas, in the spirit of solving the problem of quantitative shortage of housing. It was only in the 1970s that in some European countries the qualitative aspects of urban development gained ground. At the beginning, however, this did not mean more than the physical renewal of the housing stock to improve the most deteriorating areas. The extensive physical interventions of the 1970s can be called 'rough urban renewal'.

By early 1980s, as increasing amounts of financial means were spent on physical renewal, it became clear that the results of such interventions were limited: the renovated neighbourhoods started soon to deteriorate again, or, if this did not happen and the area improved, the original poor residents had to leave, not being able to pay the increasing prices/rents. On the basis of this experience the 1980s brought changes in urban renewal efforts, aiming to keep the original population in place with 'gentle urban renewal', i.e. adopting renewal aims to the requests and financial potentials of residents.

By the 1990s it became clear that area based interventions have to become more integrated to achieve lasting success. The new approach aimed at coordinating physical with economic and social interventions, leading to integrated area-based urban renewal. In this sense integration means coordination between functions (housing, employment, social welfare, etc.) and also between sectors (public, private, voluntary). The 1990s and the 2000s can be considered as the heydays of this spatially concentrated, functionally integrated approach, which was also included into the philosophy of the EU Structural Funds, in the form of the very successful – though financially very limited – URBAN Community Initiative.

Public interventions have many types, ranging from general (e.g. income support, pension schemes) through functional (e.g. housing allowances, health care subsidies) until area-based interventions. The strive for functional integration increased the belief in the

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¹ This article summarizes some results achieved in the last decade, predominantly in the framework of the URBACT programme (with special regard to the URBACT II. NODUS Working Group, Lopez-Tosics, 2010) and the European Community 5th Framework Programme REGENERA (Urban Regeneration In Europe).

area-based programmes, as the different types of public interventions seem to be integrated the easiest on the basis of a limited area.

2. The theory and practice of integrated area-based urban regeneration

The figure below (developed by Claude Jacquier in the course of the Regenera Urbact 1 project, see Jacquier-Bienvenue-Schlappa, 2007) helps to understand the basic options for area based interventions.

Without any intervention the area depicted in the $t(0)$ time period deteriorates and therefore declines regarding its relative position in the local housing market. Dependent on the strengths and content of public and private interventions, in the $t(n)$ time period there are four options regarding the further changes in the relative position of the area:

- A1: Without any intervention deterioration will continue and the area will further decline towards the bottom of the local housing market. This leads to the disintegration of the area both in physical and social terms, as only the most disadvantaged people will remain in the area which will also attract other disadvantaged people.
- A2: A limited scale public intervention into the physical structure can stop the decline of the area. This is, however, most likely only a temporary solution as after a while, in the absence of further public interventions, the deterioration will continue.
- A3: With a strong, market based private intervention the area can be improved substantially. Investments come from outside-the-area investors who recognize the potential high value of the area, which, however, can only be achieved with total change of the local population. The name of this process, gentrification, refers to the necessarily higher status of the new residents, replacing the original residents who have to leave the area.
- A4: This is the option of publicly financed integrated urban regeneration, 'for' and 'with' the local population. This is the most difficult option, as the level of public intervention must be high enough and must achieve the needed complexity (integration of different sectoral policies), while large-scale investments by private actors have to be kept away, not allowing the gentrification of the area.

From the difficulties to achieve the 'optimal' A4 option it can easily be understood why this option is relatively rarely occurring in real practice. Another difficulty with A4 is its instability. Even if the A4 option proves to be the best regarding the chosen neighbourhood, it is not at all sure that the successful regeneration of the area with preserving the original residents will last for long. In fact, the opposite is more likely (as the critical analysts of area based programmes claim): either the original residents have to leave due to the increasing prices sooner or later the area which becomes gentrified, or the level of the needed continuous improvements can not be kept and deterioration starts.

Despite the major difficulties, A4 is considered as the best option, for the promotion of which strong public policies have been set up in many countries. According to the philosophy of the European Union promoted URBAN programme the high concentration of social, environmental and economic problems of urban conglomerations can be tackled with complex operations combining the rehabilitation of obsolete infrastructure with economic and

labour market actions (job creation), complemented by measures to combat social exclusion (education and training) and upgrade the quality of the environment.

Drift through urban space and time

Position of communities in fragmented urban space.

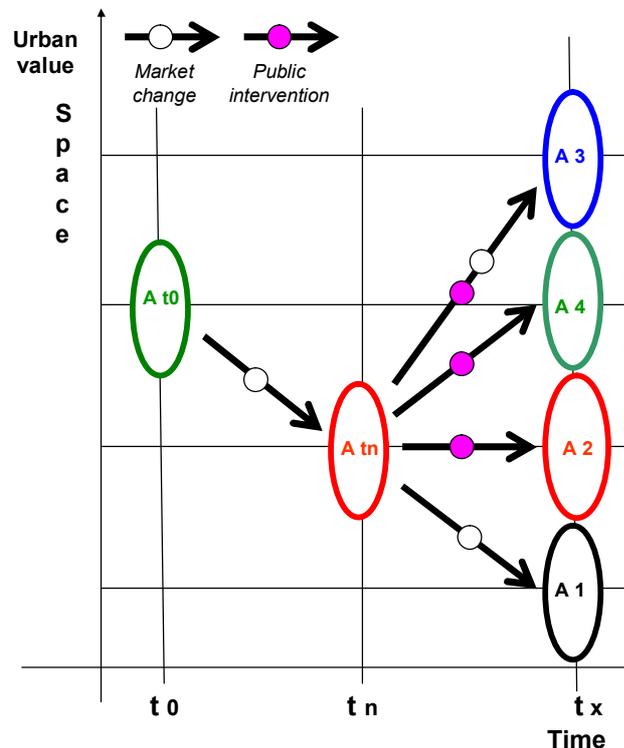
Which strategies?

A1 decline

A2 steady state

A3 gentrification

**A4 coherence
best practice**



Source: Jacquier-Bienvenue-Schlappa, 2007:27

The URBAN programme laid down strict criteria for the selection of target areas. These must have been deteriorated (proven by indicators) from physical, social and economic point of view, as well. For the eligible areas, which had in the URBAN 1 programme the average size of 6 square kilometer and a minimum population of 20 thousand, integrated development concept had to be prepared for 5-7 years period, in a broad partnership involving all the parties concerned.

The majority of the URBAN programmes has been implemented in cities over 100 thousand population. The EU financial means were not at all very big (with an average of 10 million euro for an area), however the required 50% co-financing and the inclusion of the population, the civil sector and the market actors made substantial improvements possible. With the integrated schemes of URBAN the quality of life in the targeted areas could considerably be improved.

3. Debates about the understanding of the problems of deteriorated neighbourhoods and about the potential methods to handle these problems

The last decade brought heated debates about the understanding of the problems of deteriorated neighbourhoods and about the potential methods to handle these problems. Earlier it was a common understanding that the problems of deteriorated neighbourhoods are caused by the bad physical characteristics of the places and the disadvantageous composition of the residents. Claude Jacquier (see e.g. Jacquier, 2008) was one of the first

to call attention to the role of the crisis of local institutions and their incapacity to regulate the interactions between place (environment), people (social) and institutions (economic and political). According to Jacquier an integrated programme for sustainable urban development has to manage and improve the interactions between all the three components, in order to give a chance for the deprived areas to become 'normal' part of the settlement pattern. From this statement it follows that deteriorated neighbourhoods need complex interventions which have to cover not only physical and social issues but the whole range of government and governance issues.

Thus the 'new generation' of integrated area-based urban renewal programs aim at improving deprived areas through complex and interlinked multi-sectoral interventions. Behind this common understanding, however, there are two sensitive dilemmas, which are heavily debated.

3.1. Should interventions be targeted to deprived areas or not?

One of the dilemmas of integrated urban renewal is about the rationale and value of area-based interventions at all. The supporters of area-based interventions argue (Vranken-De Decker-Van Nieuwenhuyze, 2003:61) that although general anti-poverty programmes are essential, direct interventions into the most deprived neighbourhoods are of basic importance. Such interventions are needed to correct market failures (the capital avoids problematic neighbourhoods) and to empower the residents, improving their access to mainstream job opportunities and other institutions of the society.

There are many different versions of area-based policies. The most usual is determined by a top-down mixture of different types of (physical, economic, social) interventions. Another type, gaining ground in the 2000s, is marked by attempts to increase the participation of local residents. One of the best known example of this second type is the Neighbourhood Fund in Berlin.

Since 1999 Berlin introduced the system of Neighbourhood Funds. On the basis of objective indicators the worst neighbourhoods of the city are selected. Each of these get access to a given amount of money. The decision, what to do with this money, has to be taken by the residents. In practice a jury is established in each of these neighbourhoods, with at least 51% of the members selected randomly from the local residents. Ideas, collected from the residents, are then judged by the jury which takes the final decision.

There are, however, strong views which doubt the potentials of area based policies from wider societal perspectives. Such territorially targeted approaches simply displace problems between different neighbourhoods and do not add to the overall economic and social well-being of the city as a whole – "they are the equivalent of rearranging the deck chairs of the Titanic...". This is the more true as – the causes of the problems and the potential solutions -lie outside the excluded areas" (Vranken-De Decker-Van Nieuwenhuyze, 2003:62). According to this view the problems of the most deprived areas can not be solved within these areas. Instead, horizontal interventions are needed (reduce poverty, increase

the level of education, etc.) and also the physical interventions should address larger territorial areas.

Vranken (2008) raises further problems with area-based interventions.

“Selecting only areas with the most severe problems might imply that areas that are only slightly better off do not receive any attention at all. Second, area-based policies may move problems from one area to another. Third, by focusing only on a few neighbourhoods or districts, the potential of other parts of the city or the metropolitan area may be ignored. Finally, area-based policies may just be chosen because of their better visibility – which is a strong argument for politicians – and not because they are more appropriate.”

As alternative to area-based interventions, horizontal policies are mentioned. These should take the form of public interventions for the whole urban area, either universally accessible or targeted on the basis of individual characteristics (not through selection of areas).

Some selective examples on such horizontal policies are the following.

- a) to give equal opportunities to everyone in education through schools which are of equal quality everywhere (example: Finnish educational system)
- b) to enhance the skills of residents in order to improve their chances of finding a job (example: Birmingham city council organized training for poor residents to maximise their chances of being employed in a new shopping centre)
- c) to improve the access to information (example: East Manchester, where the municipality ensured the access to internet for everyone)
- d) to improve transport to enable residents of poorer areas to reach opportunities existing in other areas (example: Docklands light rail system).

In the debate about area-based initiatives one of the views is that area-based initiatives are only good when the major problem of an area is the physical structure – if employment or the people are the cause of problems, interventions should not be based on the area. This statement, however, can be weakened by examples on horizontal policies which quite often do not ‘reach’ the most marginalized groups of the society – those living in the most deprived areas.

Needless to say, the dilemma about the rationale of area-based interventions is not conclusive, neither of the opposing views is universally accepted and all the opposing arguments raised in the debate are true to a given extent (for each of the arguments it is possible to find concrete cases which ‘prove’ the validity of the argument).

3.2. How to deal with the one-sided social structure of deprived areas?

The other dilemma relates to the social composition of the residents in deprived areas. According to the recently very fashionable ‘social mix’ approach the most deprived areas can not be improved with long-lasting results unless a change in the local social structure can be realised, i.e. making them more mixed by replacing a part of the low status residents with new, higher status ones.

The original version of this idea aimed to achieve a better mix of different housing categories in poor neighbourhoods, with the hope that a supply of new good quality housing will attract new affluent households, leading to better social mix of local residents. In a later version of this policy the aim has been modified „...social mix can at least offer the opportunity to successful households to stay in the neighbourhood. This means that they will not have to run up the downward escalator and leave the neighbourhood.” (Vranken-De Decker-Van Nieuwenhuyze, 2003:61) The continuing presence of successful households in deprived neighbourhoods is important to show positive career-routes to the future generation.

The growing popularity of social mix policies can also be interpreted as reaching the limits of integrated interventions in particularly deprived neighbourhoods: according to Kahrik (2006) „The lack of social capital in existing populations was a constraint on empowerment strategies which could be addressed by social diversity strategies ...”



Picture 1. The Hague, inner city. In a neighbourhood dominated by social housing a building (similar to that in top left of the picture) has been demolished to give place for the construction of new, high quality owner occupation housing

The practice of the social mix strategy can be shown in the example of the Dutch urban renewal programmes. In the selected deprived neighbourhoods some of the cheap dwellings are demolished, and replaced by more comfortable dwellings offered to successful local households, i.e. not only for families from outside the neighbourhood.

The evaluation of such policies (e.g. the Dutch Big City Policy), however, showed ambiguous results. According to Musterd-Ostendorf (2008:83) „...the idea of attracting the

better-off to settle in disadvantaged neighbourhoods appeared not to work”, partly because a long period of time is needed until real communication develops between the different social strata living in the same neighbourhood.

Social mix ideas, if not applied carefully and in combination with other public interventions, might develop in sharp contradiction with the social goals of housing policy. A recent case for this can be traced in the four largest Dutch cities.

These cities apply urban regeneration through the demolition of some of the worst housing stock with cheap public units and the creation of high-value new owner occupied housing. The aim is to increase social mix through the creation of housing mix which might attract middle and higher income people back to the city, into the new high quality housing built in the previously poor neighbourhoods. For this policy there is an investment budget of 1.4 billion euros given by the national government with additional resources from urban authorities and housing corporations for the period 2005-2009. However, these cities are criticized by analysts: by attracting higher-income residents through positioning their urban areas in the competition of the VINEX locations (large scale new developments outside their territory) their real aim is to increase their tax base, which leads at the same time to unacceptable social consequences.

Similar arguments are raised by Glynn (2008), who calls the social-mix oriented city-centre regeneration as ‘sugar-coat’ language for gentrification.

The outcomes of social mix strategies are rarely surveyed with empirical analysis. Such an analysis – still unpublished – was mentioned in a presentation given by Galster (2009). The empirical analysis of the outcomes of social mix policies faces a lot of problems. The first is the definition of ‘disadvantaged’ – this has clearly to be operationalized in different forms in different countries (income, race, tenure...). Also the concept of ‘social mix’ has to be defined carefully, referring to composition (on what basis), concentration (what is the amount of mixing needed), scale (building ... metropolitan level).

According to Galster there are grounds for social mix both on equity and on efficiency criteria. These can be surveyed through analysing the outcomes of policies, regarding the question, who is going to win: 1) the disadvantaged, 2) the advantaged, 3) the society (which means both but not necessarily equally). The evaluation criteria of the effects of social mix policies can be the following:

- Equity criteria: to what extent is the first group the winner (improving in absolute sense the well being of the disadvantaged).
- Efficiency criteria: to what extent is the third group the winner, i.e. positive sum outcomes for the society (aggregation of disadvantaged + advantaged), taking both intra and extra neighbourhood effects into account.

Galster emphasized that social mix policies might only be efficient within given circumstances: if the share of disadvantaged in a neighbourhood is below 20%, there is no effect to handle, but if this share is above 40%, it is too late, the explosion of the problems is very likely to occur. (These figures refer to ‘disadvantaged’ as defined by the US poverty standard, i.e. these percentages are not general to other definitions of disadvantaged.)

On this basis one of the methods to increase social mix might be reducing the share of poor to 20% in all neighbourhoods where the existing proportion is above this threshold. This could mean that poor families from these areas are 'parachuted' to non-poor neighbourhoods, however, only up to an extent that they increase by no more than 5% the proportion of the poor households there. Of course, there are also other methods possible, e.g. through initiatives encouraging non-poor families to move into new housing in poor areas.

Social mix policies raise many interesting questions. One is the evaluation of the effect of the population change. The effect of the parachuted poor households on richer neighbourhoods can be measured e.g. through the changes of the real estate values in these areas. On the other hand the effect of the parachuted richer families on poor neighbourhoods can be shown with the resulting positive communication-based effects. Andersson and Musterd (2005), however, argue that there are usually no such effects, and if this is true, the real aim of mixing is only to increase property values in the area, or in other words offering nice real estate to middle class families...

Another question is the justification of the application of social mix policies. This might be different according to the type of neighbourhood: in "ghetto" areas this may be more justified than in low-rent or immigrant-receiver areas (in other phrasing it may be more justified in deprived areas where the reason for the concentration of disadvantaged people is the lack of choice or racial discrimination). In low-rent areas mixing can easily lead to destroying existing social links without offering anything better. Even political counter-arguments can be raised: social mix can be considered by the poor as a new form of institutional intervention into their case. This can especially be true for ethnic/migrant groups². For example poor black households do not want to move into high class white neighbourhoods where they are immediately attacked and considered as problem families. On the other hand they do not want to stay in neighbourhoods with bad schools, no hopes for social development. They are looking for something else, which is not on the list of the planners' ideas offered...

An additional question could be the selection of the poor families which should be moved out – should these be the poor or the 'harmful' families (the latter are handled in the UK by the law on anti-social behaviour). Similarly the question can be raised as to where they should be parachuted to, under which circumstances – to what extent should the residents of these areas be included in the decision-making concerning the rehousing initiative. In order to solve this problem, Lyon has developed a legal charter "Greater Lyon Charter for Rehousing" as a means of trying to resolve this problem of inclusion in the decision-making where both residents and municipality are bound by agreed conventions and obligations in the initial phases of the process.

The social mix strategy can easily become too 'fashionable', applied without careful analysis of local circumstances and/or leaving important aspects out of consideration. Recently many large-scale demolition programmes have been launched in lower status

² The following example has been raised by Phillip Thompson at the International workshop "Planning with/for people. Looking back for the future". 14-17 June 2009 Technion – Israel Institute of technology Haifa.

neighbourhoods in European cities with a reference to social mix policies but with little or no regard on the external effects and on social consequences. In the case of Paris, for example, large scale demolition in the banlieus (large prefabricated housing estates in the outer parts of the city) are heavily criticized by social analysts referring to the fact that in the same areas there is a huge shortage of social housing. There are similar large scale demolitions in Glasgow, Lyon and German cities (just to mention a few), together with large scale investments in the magnitude of many hundred millions of euros in transport, in upgrading public areas, erecting new public buildings.

In most cases it is not the physical problems which justify the large urban regeneration programmes linked to extensive demolitions, but economic and social problems. In some areas segregation became unbearably high (the La Duchère housing estate in Lyon is just an example with 80% social housing), the prestige of these estates has decreased, as a result of which they have sunk to the bottom of the housing market.... In most cases demolitions of technically sound buildings are clear consequences of earlier mistakes in public policies, regarding economic development, employment, urban, housing and migration policies. This means that social mix interventions have to be applied in time, before segregation is reaching a level which can no longer be "repaired" through application of such cautious interventions.

The dilemmas of the social mix approach are highlighted from a different angle by Vranken (2008).

What makes world cities like New York, Paris, or London so attractive is the existence of a kaleidoscope of ethnic villages. This means that social heterogeneity should not be a target at the lowest spatial level. Within apartment blocks, streets and even small neighbourhoods, social heterogeneity is not only hard to realise; it often creates more problems than it solves and will be self-destructive in the end. Do not try to create 'communities' through physical constructions."

All these mean that a carefully planned social mix strategy can not exclusively concentrate on a selected area: besides interventions within the deprived area (demolition of bad and construction of higher quality housing) interventions in other areas are also needed, i.e. to where the poor residents of the deprived area are to be moved to. It also means that to achieve social mix in deprived areas this requires a well planned housing policy, covering the whole urban area, ensuring the production of sufficient social housing in less segregated areas.

As an example the case of Lyon can be mentioned, where according to a programme starting in 2001, thousands of housing units have been demolished in Venissieux (a high-rise housing estate with a very bad reputation), while a similar number of new social housing units have been built in other areas, to create new balance across the entire Lyon area. This was a quite costly strategy for the local government who had to buy plots in higher income areas in order to be able to provide social housing in non-segregated neighbourhoods.

In some countries (e.g. France, Germany) there are national laws existing either to prescribe a minimal share of social housing for each settlement or to ensure that a given

percentage of new housing in each new housing project above a minimal size should be affordable for lower income households.

While there are debates about social mix in all western countries, this topic is hardly mentioned in the post-socialist countries. One of the reasons for this difference is the fact that in these countries the large housing estates and inner city areas are not yet as segregated as in many of the western cities. There is also another reason, however: the re-housing of the poor and disadvantaged families who have to leave the low status neighbourhood. In the post-socialist countries no or only very little new social housing is built, thus to find replacement flats for the most excluded is almost impossible (to put them into existing neighbourhoods is also difficult, due to the strong exclusion tendencies in the majority society).

3.3. The link between the territorial scale and the social character of renewal interventions

From this short overview it turns out that there are no clear answers on the dilemmas of urban renewal regarding 'area-based or horizontal interventions' and 'how much social mix is needed at all'. Of course, the level and type of deterioration of an area might give some ideas: urban ghettos should be handled differently from the case of simply marginal – low rent – areas. However, the final answers on these questions should depend on the strategy of the given city and the metropolitan region: discussions with the affected residents and with all other actors in the broader area should decide the fate of people, places and institutions.

The joint analysis of the topics of social mix and of the area-based character of urban renewal interventions leads us to some important conclusions.

Urban renewal interventions should never be exclusively area-based – even in cases when most types of interventions concentrate on a selected deprived area, it has to be acknowledged that some types of problems (e.g. employment, education, health care) can not be handled exclusively on the basis of the small area and need therefore interventions beyond the area, on a much broader territorial scale. According to Vranken-De Decker-Van Nieuwenhuyze (2003:61) „...area-based policies have to go hand in hand with a radical and large-scale redistribution of work, schooling opportunities and purchasing power.” Further to this statement, which argues for functional integration, we can add the requirement of spatial integration, as the regeneration of small, isolated areas has very rarely lead to improvements in broader territorial sense.

Thus, besides the interventions in the concrete, precisely delimited small areas also wider frameworks and visions are needed. We could call this as the requirement for the 'second integration' of area-based programmes in spatial and functional sense for the whole urban territory – following the first integration which aimed at the integration between functions and between sectors focusing on the selected action area only.

It is also possible to conclude that the stronger the socio-spatial segregation of an area is, the more 'social mix' type of interventions are needed. However, in order to minimize negative externalities, such interventions should be planned on a broader territorial base (e.g. city-region, see Tosics, 2007). This also means that the interventions should not only be

carried out within the deprived area and the monitoring of the effects should take place for the whole of the broader territory.

In an optimal scenario both area-based and horizontal (people based) interventions should be decided within the framework of a wider urban renewal strategy, covering the whole urban area. Such a strategy should include a longer term perspective about the economic, environmental and social aspects of development of the whole urban area and should create the area-based and the horizontal policies for interventions on that basis.

The introduction of area-based urban renewal policies was a very important step 10-15 years ago, enabling the integration of physical, economic and social interventions within the selected neighbourhood. The growing externalities of such policies, however, make it necessary to recognize that to overcome the “area effect”, the integrated approach should be extended to the city-region level, where the areas for interventions should be selected, NGOs and population groups should be involved in the area programmes and the outcomes should be monitored. This means a ‘second integration’: local area based actions must be integral parts of larger scale, regional development strategies. These ‘next generation’ integrated policies will also enable the more sophisticated and controlled use of social mix ideas in urban renewal.

Thus the city-region level has a key role to play: instead of simply applying global ideas and/or pre-defined indicators, the governance system of the functional urban area has to identify and understand the local problems and set up the strategy to handle the problems, with the help of locally developed solutions, ensuring the integrated approach and involving the local stakeholders. At the same time the city-region level is also important to minimize the area (spillover, external) effects.

All these tasks would need a strong government on the functional urban area level. The reality is far from that, the development of integrated policies in the city-regions is quite difficult all over Europe. Both top-down efforts and bottom-up initiatives are needed to ‘build up’ the much needed financial and regulatory functions of the city-regions.

National urban policy should also play an important role in making the step forward from limited examples of good integrated area based programmes towards more systematic practices. In this process also the field professionals have their tasks to act as conspirators (Jacquier) to build in a bottom-up way municipal, regional and national competencies in offices and departments and in the political sense develop both levels of integrated urban development.

II. AREA-BASED URBAN RENEWAL PROGRAMMES IN PRACTICE: THE CASE OF MAGDOLNA QUARTER, BUDAPEST³

1. Appraisal of the existing equilibrium between people, place and institutions

District VIII, Józsefváros is one of the 23 districts of Budapest. Magdolna quarter is one of the 11 neighborhood-quarters of the district, with 12 thousand people. This was always the poorest part of the city, due to the railway station to which poor people, coming for work to

³ This description of the Magdolna Quarter urban renewal programme describes the situation and plans of the year 2006. It gives a full overview about the programme at that stage, however, it does not cover the changes of the programme since then, i.e. in the last five years.

Budapest, arrived from the Great Plain. There was also a Jewish character. Roma musician families lived here since WWI. Today the Roma population is multi-layered, with middle class musicians. Share of people with university degree only 6%, unemployed 12%, public rental flat 42%, roma population 30%. Chinese population was also increasing due to the Chinese market nearby. Rundown physical structure: 55% of flats has only one room. Most of the buildings (built 100-120 years ago) did never get comprehensive renovation – neither as private rental housing, nor after nationalization. Some half of the buildings have been turned into condominiums after 1990 but the majority of the owners is poor and has no chances for renovation. The public spaces are in bad shape: many empty infills are abandoned, the streets would need repair and are dirty.



Picture 2. Budapest, District VIII, Magdolna quarter before the start of the socially sensitive urban renewal programme

The social structure is one-sided: many families are living below the poverty line. Not only the majority of tenants belong to this category but also a significant part of the owners (forced ownership). There is apathy in this neighborhood, people are tired from the constant struggle for life. 18% of tenants are in arrears, 24% are afraid of eviction (4% and 7% among owners). 42% of tenants, 69% of owners is satisfied with their situation. The Magdolna quarter, being isolated within the city, is a ghetto to where people from other parts of the city never want to go.

The system of institutions has also huge problems. The most striking example for that is the Erdélyi street school. A change in the law in 1985 made it possible the free choice of school for the parents. The demographic decline gave opportunities to put kids in other

schools where there were empty spaces. Soon only gipsy kids remained in this school. The other schools of the wider area have 35-40 % gipsy share.

2. The project: specific nature of people, place and institutions

In Budapest there is a two-tier local government system, with a municipal and 23 district local governments. The latter have also strong powers (elected mayors and assemblies, own revenues), including ownership of public housing (if not privatized).

Hungary decided to introduce the Right to Buy policy in 1993, as a result of which the share of owner occupied housing in Budapest increased from 50% to 95%. Virtually all buildings are condominiums (except for some buildings in the most deteriorated neighbourhoods and buildings in neighborhoods nominated as urban renewal areas before 1993).

Under these special circumstances the Municipality of Budapest had to develop a unique policy for area based urban renewal. The new policy and financing system has been in place since 1998. Within the framework policy of Budapest municipality, the districts could apply with designated areas for the "action area" status which ensured extra financial means for urban renewal. The decisive power on the concrete renovation actions is on the district level, which is responsible how to initiate the redevelopment of problematic areas. Most of the inner districts of Budapest assigned their action areas for urban renewal. The approaches and methods used were different, however, all districts gave priority to physical interventions. As a consequence, the local population has changed in the course of the rebuilding of the areas, as the original low status families were unable to bear the increased costs of living in the improved areas.

After several years and as a result of growing concerns with the tendency of pushing out the poor from the inner areas of Budapest, the Municipality started a pilot project for social renewal, which means to improve the area for and with the original residents. Budapest Municipality, in accordance with District VIII. Józsefváros, assigned Magdolna quarter as one of the three pilot areas selected for the new intervention. A long term agreement between the two local governments has been signed, and financial means were decided for three years in advance. This is the first case in Budapest where the aim of the urban renewal efforts is not exclusively to improve the physical fabric but social, health-care, educational aspects get equal weight. The final aim is to improve the living conditions in the area, mostly together with those families who live there now (although a better social mix is also something to be achieved through new construction).

The establishment of the programme and its execution is the task of REV8 development company (www.rev8.hu). REV8 is publicly owned, jointly by the district (60%) and by the municipality (40%). The company has a multidisciplinary team working on urban, social, economic aspects. The company works on the basis of contracts with the district local government.

3. Strategy/goals

District VIII has approved in 2005 a new district development concept, worked out by RÉV8. As part of this concept the district has been partitioned into 11 quarters, where people can better identify themselves and can influence development. The Magdolna quarter is one of the 11 quarters. The programme for the Magdolna quarter has four main 'pillars':

- Special programme for the tenants, handling them as quasi-condominiums.
- Programme for creating communities.
- Public space program.
- Safety program, educational program.

The first of the listed programmes addresses both people and places, as it aims to create a methodology in the framework of which public tenants might contribute to the renovation of their buildings. The second programme is oriented towards the people, the third towards the place while the fourth aims the creation or improvement of the most important, missing or recently badly functioning institutions.

According to the strategy Magdolna will never become a rich area. However the colourfulness of Jozsefvaros should be brought back, the deep poverty should disappear. To achieve that this area has to be „opened” towards the other parts of the city. In order to change the prejudices against such areas, it is important that people from other parts of the city visit this area and acknowledge that this part of the city is as normal as other parts. This needs complex interventions, it is not enough to renovate or change the buildings, the space.

4. Partnerships at different scales

The development company, responsible for the programme, aims to build up good relationships to several key partners. One of those is the Erdélyi street school: it is in the joint interest of the school, the local government and REV8 to improve the neighborhood, together with the residents. Another important partner is the Municipal Non-profit Employment Service, which has a meeting place in the Magdolna quarter. Some links have been established to the Social Policy High School, also in the quarter, the students of which will help in the public space sub-program. Links are built up to several minority-group organizations. Also links to private entrepreneurs are looked for, one example of which is the Irish owner of Csiga Cafe, an important pub in the neighborhood.

5. Residents/participation

REV8 wants to build up a strong civic control. In October 2005 there was the first public meeting on Matyas square. The third meeting took place in February 2006, only 10-15 people came. The low attendance is not very promising, although understandable as it was very cold. There is a new plan to include sociology students to reach the poor families and explain them the essence of the planned programme. Landscape designers are also going around to talk to people.



Picture 3. Budapest, District VIII, Magdolna quarter. The central place of the quarter, Mátyás square has been fully renovated. In the middle of the picture the low rise white building is the community house (refurbished from an old factory building). Behind this is the building of the earlier totally segregated school

According to the idea of REV8 the Erdélyi street school will be opened for the residents. As a first step the cellar is already under reconstruction. From September the school will change into 8+4 school, including a secondary school. There is a hope that this will increase the status of this school. This makes also easier for kids to enter secondary education. Public security is a unique area of teaching here.

6. Political steering

There are strong political aims both on the municipal and on the district level with the Magdolna project. Represented by leading municipal and district politicians, the main aim is to decrease the segregation, to end the ghetto character of the neighborhood. All the interventions must serve this main aim. In this regard not only the refurbishment of public spaces and buildings are important but the badly needed changes in the local school. With the introduction of special educational programmes, such as the computer based art education (available only in elite schools) the aim is to achieve all kids to come to this school. Segregation would decrease substantially if also Hungarian parents would let their kids to this school. The soon to be built community house also gives chances towards the creation of a more balanced local community.

As the aim of the project is very difficult to achieve (in one of the most segregated neighborhoods of Budapest), strong political control is necessary. Even so, there are signs that this control is to some extent too direct and causes inefficiencies in the project.

The development company, RÉV8 depends too much from politics, it does not get the necessary level of independence. This clearly shows that local governments do not want to give up their day-to-day control over the development processes. In this regard the case of RÉV8 is between two extremes. There are districts in Budapest where the local development company has much more independence (in district 9 the SEM-IX company has substantial independence to carry out the strategy decided by the district local government at the beginning of each year). On the other hand, in some other districts no public development companies exist at all, and in such cases in area-based programmes the local assembly has to decide about the fate of each individual building. RÉV8 has a limited independence: each action above 20 mill HUF (appr. 77 th EUR) has to get permission from the assembly of the district and also the assembly of the municipality of Budapest.

Up till the beginning of the pilot programme it was clear that all programmes depend largely on political support, without the key politicians, the main political supporters on municipal and district level the Magdolna programme would stop immediately. This dependence is becoming a bit less direct with the recent start of the programme and the decisions taken for the three years pilot phase. The further development of the programme depends largely on financing: either the role of the municipality should be increased, or EU funding has to be redirected into the area to achieve a better balance between the place, people and institutions.

In Autumn 2006, in the course of the local elections, the composition of the district assembly has changed substantially and the previous councillor, who was the “hearth” of the Magdolna programme, has been voted out. It remains to be seen, how the programme will develop after losing one of the key local political supporter.

7. Field – administration link

RÉV8 has its headquarter office some streets away from the Magdolna quarter. In order to strengthen the links to the local population a field office will be established, lead by one of the deputy directors of REV8, a person, who played key role in the development of the programme.

8. Human and financial resources, leverage

Currently financing of the pilot programme is only available for three years. EU funding, including the possibility to refurbish residential housing would be very important to get. The aim of the district and of REV8 is to get the Magdolna programme accepted as one of the “direct programmes” within the Regional Operational Programme of the Central Hungarian Region. This would mean direct EU support to integrated area based urban renewal, according to the logic of the URBAN programmes, extended by the new opportunity of refurbishment of multi-family residential buildings, offered exclusively to the new Member States.

Before major interventions, property prices are very cheap. Some years ago in the deteriorated parts of Józsefváros it was enough to have 15 th USD to start a business (such as a corner bar). This could attract private investors („pioneers”), provided that they believe

in the success of the urban regeneration efforts. In other parts of Józsefváros such changes already happened: the value of plots went up ten times, the value of flats three-four times since first steps have been taken.

One of the key challenges is the radical change needed in the totally segregated school. The local government could have terminate this school and allocate the gipsy kids to other schools. The local government chose another way, asking the teachers to work out a special method, based on the idea of full day school: teaching in the morning, special activities in the afternoon (excursions to different parts of the city). The aim is to prepare these kids for the secondary school. For the new educational programme the school needs above average teachers. To achieve that the local government puts more money to here than to other, less problematic schools.

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Iván Tosics
Metropolitan Research Institute
Budapest