

Urban and housing renewal in Ferencváros, 9th district of Budapest, Hungary

Reasons of success

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FIABCI, an international organization of real estate developers awarded "Oscar prize" to the urban redevelopment program in Ferencváros, 9th district of Budapest. This program started in the early 1980s as an inner city housing development, seemed to be seized after the political changes, but became a successful public-private urban renewal operation since the early 1990s. Among the reasons of success the followings are most commonly cited:

- changing, more market oriented patterns of housing policies since the early 1980s,
- a return to more traditional ways of urban and housing design facilitating the creation of a well inhabitable inner city residential environment;
- abolition of "massive privatization" that maintained public responsibilities and involvement;
- effective handling of social implications of renewal;
- an excellent cooperation among the public - municipal, district - and private actors, and an ambitious behavior on behalf of both public and private actors, and last but not least
- deep direct and "hidden" subsidies from both the City and the District

These elements of success will be outlined in more detail in this paper by the author, who is an architect planner, and who elaborated the first urban development plan for Ferencváros in the early 1980s.

1. The beginnings in the early 1980s, a study plan

According to the 1970 general plan of Budapest majority of the building stock of the old residential areas outside the Grand Boulevard were planned for demolition and to be replaced by modernist systems-building concrete housing estates. The first redevelopment scheme of this kind in the 8th district became a total failure in the late 1970s, whereupon the program was abolished by the City Council of Budapest. Despite this failure people in the town-hall, and also the party leaders, of the neighboring 9th district continued to lobby at the Budapest City Council for their share in state housing funds the decision upon which was the responsibility of the City Council.

In order to assure the district of its "benevolence" the Budapest City Council found a rather simple and cheap solution: it commissioned the Department of Urban Planning of the Technical University to thoroughly survey the area between Grand Boulevard, Úllői Street, Haller Street, and Mester Street (generally referred to as "Middle Ferencváros") and also to work out a "study plan". As it was expressly stated that there won't be any hope of implementing the plan, the room for planners in "experimental planning" became wide, and they were eager to respond to this attractive challenge. In the first phase of planning, started in 1980, their main intention was to well adapt the large prefab concrete blocks to the inner city residential environment through the unification of two or four smaller city blocks into greater ones including large, protected, landscaped courtyards.

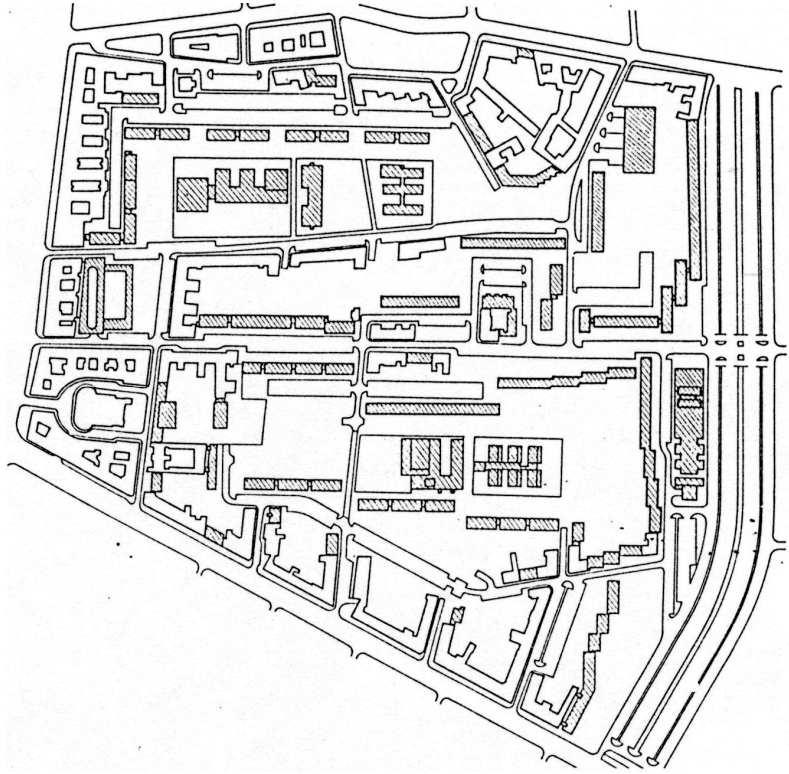


Fig 1.A plan from the late 1970s for the radical redevelopment of a part of Józsefváros. Majority of the old residential buildings were planned to be demolished

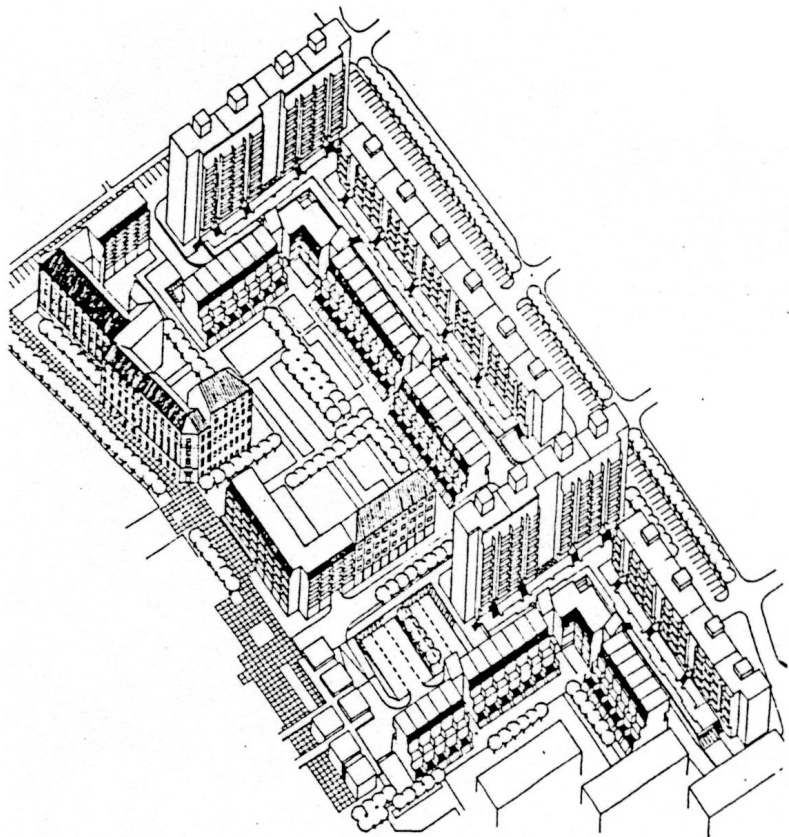


Fig. 2. The author's first scheme for the redevelopment of Middle Ferencváros by using large prefab residential blocks along the existing streets, late 1970s

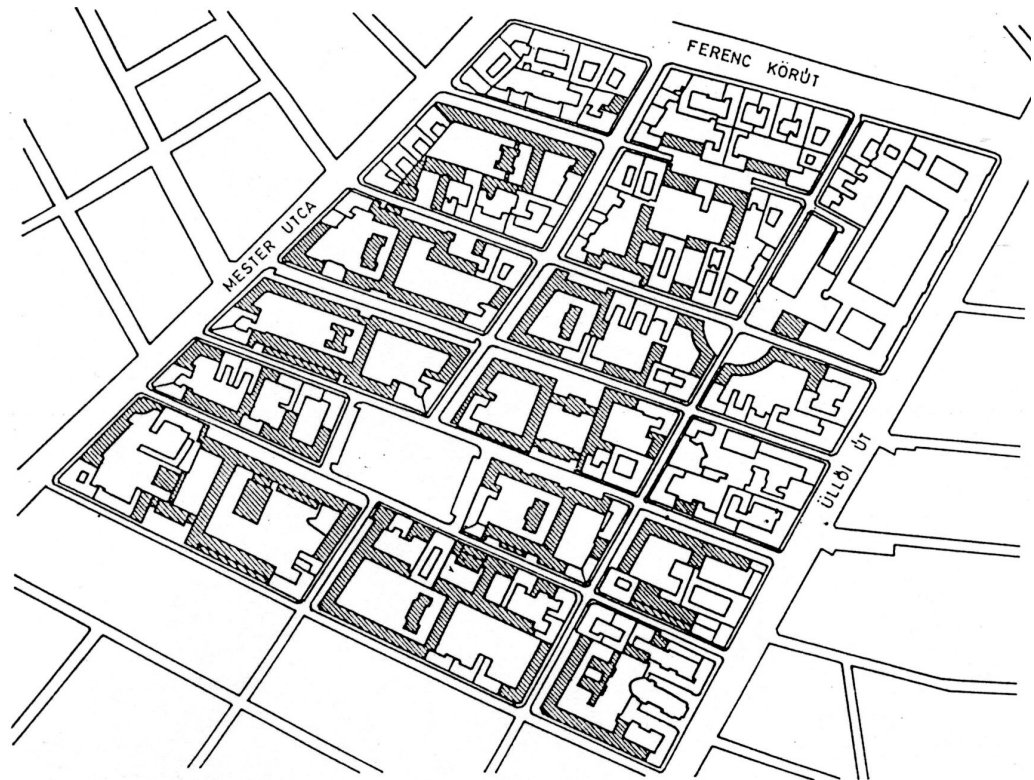


Fig. 3. The revised scheme by the author from 1982-1983 - the old pattern of streets and blocks are "enriched" by wider streets, lines of streets, small squares and larger courtyards

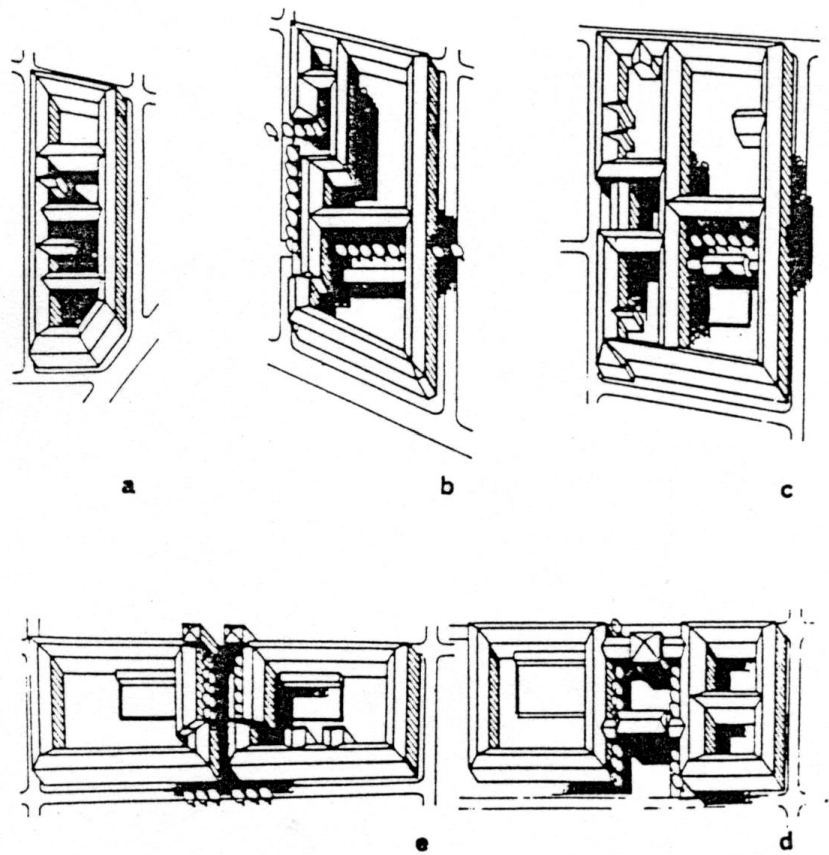


Fig. 4. Some variations for the rebuilding of the city blocks - from 1983

Later, influenced by the then world-wide prevailing "contextualist" urban design theories (and also as a respond to the strong criticism made by a conservationist city-architect), the planners radically changed their approach. The new leading idea became the "enrichment" of the traditional urban grid through wider streets, lined with trees, small squares, pedestrian passages, and also by smaller and bigger, landscaped courtyards, as if the fabric were designed by a 19th century "city beautiful" architect. A new focus was the improvement of the environmental conditions of the remaining better quality old courtyard buildings through integrating them into the system of new "green" courtyards (for example by opening windows on their "back" walls).

Another important change was, that the new plan gave less opportunity for the usage of large prefab concrete blocks: new buildings at the corner sites were envisaged to be built with more traditional construction methods. The decision-makers of the 9th district became disappointed with these modifications, in their view the rejection of the "up-to-date" construction methods simply meant a loss of any hope of the realization of the plan. It was just in 1981 when a new module-system for the Budapest "housing factories" was introduced, large scale residential building continued on green-field areas of the city in massive numbers. Fortunately the 9th district people were nor right. As will be seen later, the reinvented old design pattern became an important element of success.

2. Physical and social conditions of the site before the renewal

The site of the project is situated between Ferenc Boulevard, Üllői Street, Haller Street, and Mester Street, part of Ferencváros (Francis town), an 18th century suburb of the city of Pest. Along the Danube Ferencváros houses one of the most important industrial areas of the city, this fact strongly influenced the district's social composition and, consequently, also the quality of residential building.

In the 18th century, beyond the line of the present Grand Boulevard, poor sandy land was parcelled out for plough-land at right angles to Üllői Street. These lands started to be further subdivided into housing lots already in the last decades of the 18th century. In the first phase of building law-rise, single-story workers tenements were erected, later, in the end of the 1800s, they started to give way for multistory blocks. Nevertheless, the building boom of the end of the of the 19th century soon left the relatively law status area, the rebuilding process couldn't be completed: many of the bad quality mid-19th century small tenements survived even the second World War and were inhabited even in the 1970s. The Grand Boulevard, opened in the 1880s, cut "Middle-Ferencváros" from the inner part of the district. The latter has had a significant development in the 1910s-1930s, while the character of the outer part is still determined by mixed industrial-residential use. After the Second World War the building stock became state property, it was totally neglected, only minor reparations were made "in the hope of demolition". Total size of the area is 66,5 hectares (about 15 hectares have already been under operation).

When planning work started in the early 1980s Middle Ferencváros represented a typical inner city workers class, lower middle class residential area mixed with small-scale industry. According to the survey of 44 high-density inner city blocks of Budapest¹ majority of the blocks of the site can be classified as "medium-density heterogeneous". where heterogeneity refers to both physical and social conditions. Some 1980 data of one of the already renewed blocks overlooking Ferenc Square:

¹ Department of Urban Planning, TU Budapest, 1986, based on 1980 census data

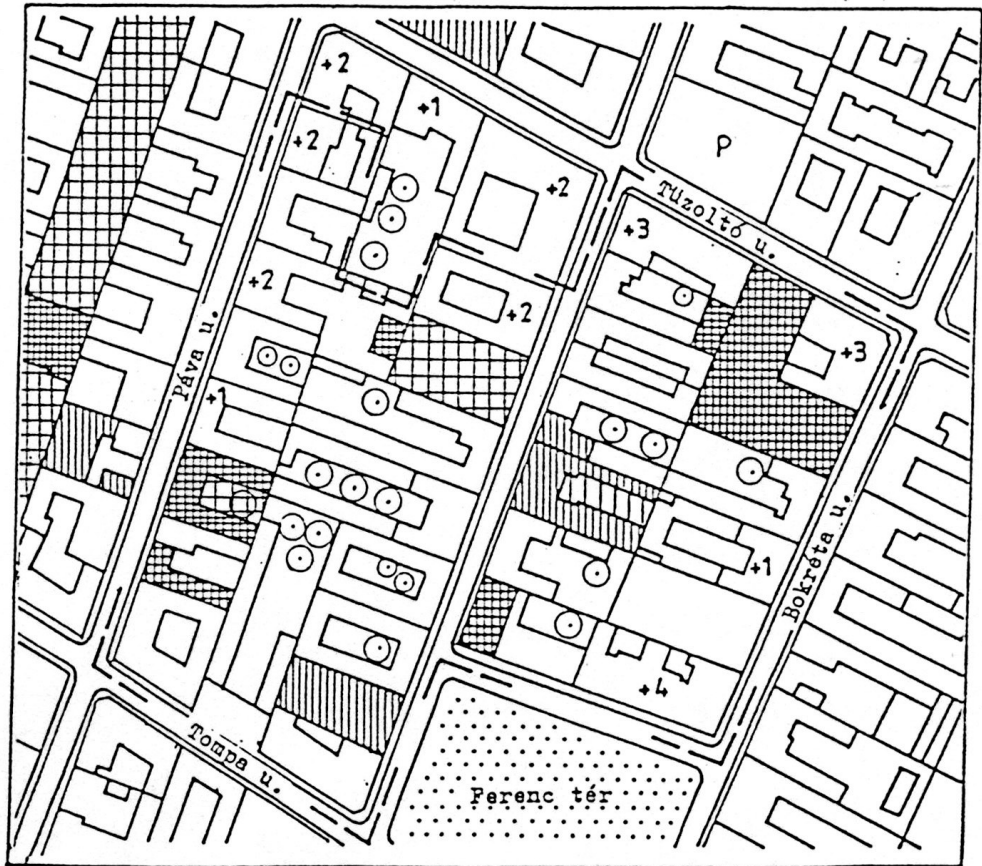


Fig. 5. Two old blocks in Middle Ferencváros as they stood before the redevelopment - the shaded areas were occupied by small-scale industries, services (the figures refer to these blocks)

area occupied by non-residential uses	21 %
building density (gross floors-space/site)	0,95 m ² /m ²
residential density (average net m ² /inhabitant)	20,8 m ²
flats with bathroom	43,0 %
average size of flats	44,5 m ²
active population with academic degrees	8,5 %
untrained blue-collar workers	about 25 %

The data hide the heterogeneity. The low floor-space index is the result of the fine mixture of the oldest, low density residential buildings and the multi-story ones. (The highest density figures in residential areas in the central city of Budapest are as high as 4,5 m²/m².) The residential density was relatively favorable. It is due to the sharp decline of population numbers in the area and the high share of single households and single parents in the small flats. (In 1980 the Budapest average was about 23 m²/person. In the worst parts of the inner city residential areas this figure was as low as 10 m²/person, while in the most prestigious parts of the downtown and in inner Buda the block-averages tended to reach 30 m²/person.) The low status of the block is shown by the lack of amenities in almost half of the dwellings and also by the small share of intellectuals. (Then in Budapest total the rate of active population with academic degrees was about 20%.) Despite all of these no vacancies were actually detected in the area.

3. Decision to start building, a surprise for the planners

In 1983 the City of Budapest ran out of well prepared sites for housing development. In order to keep pace with the predetermined target numbers of the five years housing plan, the chief architect (planner) was asked to look for new sites: Ferencváros was found. In three weeks the study plan was reformatted as an official local development plan (detailed urban plan), it was surveyed in a hurry by the Urban Development Committee and in the end it was adopted by the Executive Committee of the Budapest City Council. Ironically, the Committee meeting was closed by a strict warning made by one of the vice presidents of the Council (vice-mayor): "The press may not be informed about the decision". The explanation said that the final decision about the financial resources was yet missing and the Council didn't want to "delude the people of the district with uncertain hopes".

It had also to be decided on which part of the 65 hectares site the building was to start. The development plan had to undergo another procedure, it was to be surveyed by the so called "Demolition Committee" that had been created in the 1970s for the purpose to minimize the number of demolished dwellings in housing development projects. According to the urban



Fig. 6. The first six blocks where implementation was to start according to the decision of the "Demolition Committee" of the City Council (new buildings are shaded)

plan all of the bad quality low rise rental stock was planned to be demolished while the overwhelming majority of the multi-story buildings was envisaged to be renewed, refurbished. The committee chose the area between Ferenc square and the Grand Boulevard as here the calculated "demolition index" (demolished/newly built dwellings) was the lowest (about 30%), and because there were no privately owned dwellings in this area, consequently no eminent domain procedures were required. The relative closeness of the area to the Grand Boulevard was also mentioned as a positive factor.

4. Selection of the architect

In the same year seven large, state architectural studios were invited for an architectural design competition by the development company of the City of Budapest, FŐBER. The official development plan formed the initial information basis for the competitors, including its density figures, demolition targets, numbers of flats to be built etc. The competition was won by TIPUSTERV (Systems Building Design Studio, arch. Zs. Gyüre) presenting a draft design in harmony with the urban plan, and also accepting its proposal to use prefabricated concrete blocks only along the longer and straight-lined sides of the city blocks. A precondition for participation of the architects was to present their entry in partnership with a construction company that was required to tender and offer its construction price.

5. Main actors in Ferencváros in the late Socialism

The list of the main actors involved in the Ferencváros project in the 1980s was similar to those working under market conditions, but all of them were public, state or municipal, agencies, companies:

- **Department of Urban Development** - a branch of the City administration responsible for the preparation of development projects for decision by the City Council;
- **Housing Department** - department of the City administration responsible, in the case of the Ferencváros project, for the provision of provisional flats for the temporarily evicted and "final" flats for the permanently evicted and, partly, for the allocation of flats;
- **Metropolitan Development Company (FŐBER)** - municipally owned development company responsible for the organization of municipal projects;
- **District Property Management Company (IKV)** - a municipal company under the district administration, whose main task was the management of the state owned housing stock, that founded a
- **Rehabilitation Company** - as being a branch company of IKV it was responsible for the organization of the renewal of the remaining state owned rental housing stock;
- **National Saving Bank (OTP)** - a state bank responsible for housing finance that was also active, at its risk, as a housing developer;
- **construction companies** - that built the new structures - see about them later;
- **architectural design companies** - among them the role of TIPUSTERV and its architects remained dominant until now.

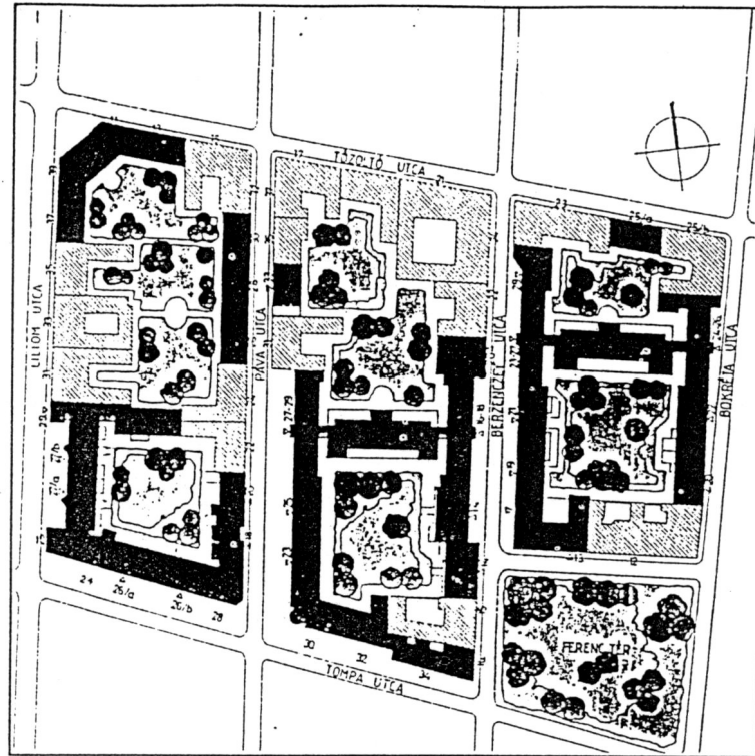


Fig. 7. The architect's scheme with some variances - no passages, no small squares, bigger courtyards

6. From public housing to housing for sale

At the outset the City wanted to build state rental flats on the cleared plots of Ferencváros, but the project was soon converted into a National Saving Bank (OTP) financed housing for sale in condominium form. It became clear that the costs of modernization of the existing old public infrastructure together with that of the provision of flats for the permanently removed and compensation costs for the resettled small industries, altogether, fell beyond the limits of the budget of an "ordinary" public housing project. (In 1991, one year after the political changes, the average cost of renovation works was about 25 000 HUF/m², while construction cost was about 30-32 000 HUF/m². Renovation cost amounted to about 80 per cent of new construction costs.)

OTP, in monopoly situation, was hesitating to undertake the role of the financier and developer, but it later was forced to do so. As a socialist state bank it had to fulfill social tasks as well. It was obliged to sell a large part of its flats on a fixed price to young families with children, participating in the subsidized housing-savings programs, and was allowed to sell only a part of its dwellings on the "free market". Nevertheless, its main anxiety was about the site itself. Formerly OTP had built only on sites of the large housing developments and on prestigious individual sites in the Buda Hills. In order to secure its profits on an "unexplored urban territory" the bank demanded basic modifications in the design:

- to subdivide the area of the blocks into individual parcels for each condominium;
- to abolish pedestrian passages;
- to provide entrances to each staircase (elevator) directly from the street.

Fortunately, only the latter two demands of OTP were accepted. The district council that started to take over leadership in the mid 1980s insisted on the creation of the designed large

landscaped courtyards. A extremely unusual solution was found. The passages were replaced by inner wings of the residential structures with parking garages in their basements ("car passages"), no direct accesses to the larger courtyards were designed and, finally the courtyards remained public property - closed before the general public but accessible from both the renewed state owned buildings and the privately owned condominiums. Upkeep and maintenance of the landscaped courtyards is sponsored by the inhabitants. Through this strange ownership pattern the basic environmental value of the original design has been preserved, that constitutes the most important factor of attraction of the project even now.

7. Renewal of the state owned rental apartments, who had to move, who not

As described in the foregoing sections of the paper, the Ferencváros operations started not as an urban renewal project but as a housing project - mixed with renewal. The Rehabilitation Company of the district IKV, responsible for the renewal of the old state-owned rental structures, spent public money. A Renewal Fund was created in the late 1970s, managed by an umbrella agency of the district IKVs (Directorate of Property Management and Building - IKÉV), that redistributed money among the districts for renewal operations. Because in other inner city districts urban and housing renewal was lagging behind a great part of this fund flew into Ferencváros. This renewal fund was calculated on a normative basis, and was complemented by a "rehabilitation money" to cover the excess costs of comprehensive renewal and upgrading. In some years this latter almost equaled the amount calculated on normative grounds. Improvements in land and infrastructure (public utilities, clearing of building sites etc.) was sponsored by the City Council, after 1986 the public money for this purpose went directly to the district.

Upgrading of the state rental buildings went on together with the temporary or final removal of the tenants. A general goal was to install modern sanitary equipment in all dwellings, joining together two small ("one room - one kitchen") flats into bigger ones, and to improve environmental conditions through evading "back-to back" situations. A regulation prevailed that a tenant was allowed to move back if the size of her/his dwelling had been modified, enlarged or reduced, by less than 30 % of its original area. A kind of "social plan" to involve local people and to treat problems of the affected was not part of the predominantly technical plans. There was an effort to minimize temporary removals, and to provide equal quality homes for the removed households in the close vicinity of the site, rather than in the newly built housing estates. Until 1993, when the program re-started after the political changes, some 330 families had to move. They became real losers, while those who were able to come back became the winners. Rents of the renewed dwellings situated in the new, upgraded, landscaped environment didn't increase substantially: despite the high costs of renewal rent control was not suspended.

When the renewal works started in Middle-Ferencváros a concentration of gypsy population was not characteristic in the area. As described by a person whose responsibility was to manage removals on behalf of the Housing Department the area could be distinguished by a rather poor population. The relatively few gypsy families "differed very little from them". (On the other hand a higher concentration of gypsies was developing in the outer parts of the area close to Haller street.)

8. OTP leaving the site, Quadrat remains

The National Saving Bank (OTP), financier and developer of the newly built dwellings, was authorized to select the construction company. The offer made by the winner of the 1993 tender, a big North-Hungarian company, was abolished, and another company from Komárom county was chosen by the bank. It had a branch-company in Budapest that was operating relatively successfully despite the worsening economic conditions of the late 1980s. This branch company started to gradually lose its ties to its mother-company, finally the management, and also the workers "bought themselves out", and the private company, Quadrat Ltd. was founded in 1989. At the next tender Quadrat's offer was more favorable than that of the former mother-company, thus the new private company was chosen by OTP. As a consequence of all of these also systems-building (the "panel") vanished from the site.

Quadrat started to build under the contract bound with OTP. Gradually, OTP's privileged position in residential building has been weakened, ie. interest payment obligation were introduced on short-term loans raised by its development section. Poor quality marketing activities of the bank continued to reflect its monopoly situation, demand for the new apartments in the deteriorating area was relatively low, landscaping of the courtyards was yet missing, thus the selling of apartments went on desperately slowly. After the political changes OTP realized the expanding market in office development, decided to focus on commercial building and withdraw from financing and building dwellings in Ferencváros.

For Quadrat, as a construction company, this meant losing the secure customer. In order to survive, the company decided to widen its scope of activities by undertaking tasks ordinarily performed by separate actors in market economies: investment, real estate development, building, marketing and selling at its own risk. Through good organization of all of these activities, ie. marketing was carried out on the site in nicely furnished newly completed flats of different sizes, plans of the buildings and dwellings were continuously redesigned according to the customers' will, "customer pre-financing" was introduced (dwellings sold to final users before completion), the company was able to tide over hard times. Even more important was that through keeping "everything in one hand" outflow of profits could be evaded, and used for investments including the improvement of the company's technical infrastructure. (No interest payments have been done to the shareholders, ie. the management and employees of the company.) In this line also selling prices were kept on an affordable level under the circumstances of a narrowing housing market of the mid 1990s.

Quadrat's success was also backed by its fair business relations to the newly elected local, district, government that became the owner of land after the political changes. It was also an important factor that architectural and landscape design continued to be done by the same architects and landscape architects who, working already in private businesses, have gained experiences in the difficult business of designing in a built up environment. Also these helped Quadrat to fill in the "development gap" in the early 1990s, when the old socialist structures collapsed.

9. Privatization abolished, SEMIX emerging on the scene

According to the 1993 Housing Law local governments were obliged to sell their, formerly state owned, rental apartments to the sitting tenants if they wanted to buy them. There were only few exceptions of this rule, one of them was that the obligation to sell didn't prevail if an area was officially designated as a "urban rehabilitation site", and if this decision was backed by an adopted official urban plan. Contrary to most districts of Budapest the local government

of the 9th district took the position of not selling the stock and to continue renewal and building. Looking back now this seems to be the wisest of decisions, for all the other districts, having sold most of their stock, are unable to start a municipally engineered rehabilitation, since they have to deal with the owners of every single apartment, whose unanimous consent would be required for every single decision.

But an important actor was missing. The development company of the City of Budapest (FŐBER) had already been privatized, the district IKVs dissolved, the local government needed an agency that would manage its property by keeping the goals of renewal in view. In 1991 some people of a French bank (CDC - Caisse des Depots et Consignations), the main activity of which has been the financing municipal developments, approached the 9th district government with an offer to found a joint venture company. In the next year SEMIX (SEM9!) was created as a public-private company with shareholders: the municipality (51 %), OTP (24,5 %), and CDC (24,5 %) that became responsible for the infrastructure upgrading of the redevelopment area, the installation of public utilities and also for the sale of municipal land. SEMIX acts as the consignee of the local government, and - as a non-profit enterprise - has to reinvest its profit into the rehabilitation area. Its ties to the local government, the majority owner, are close, the salaries of the management and staff (5-6 persons) of SEMIX are paid by the district. A famous town planner (G. Aczél) was chosen as the director of the company who, according to him, after winning numerous urban design competitions and producing "plans remaining in the office-drawers of city bureaucrats", wanted to really implement an urban plan.

Visiting advisors of the French bank started to copy former ambitions of OTP: to give an impetus to the redevelopment by some large "flagship" projects, i.e. office buildings, a convention center, hotels, but they remained unsuccessful. One year later the original scheme was reinvented, and residential building continued. Quadrat, the developer and builder was happy to find a new partner, the city to have an ambitious agent. The biggest advantage of having a separate company managing public property is that it has to act according to the rules of the market, decisions are kept aloof from the unavoidable fights of the parties in the local government. A strong partnership emerged among the main actors. Planners of the district together with SEMIX shared the same goal as Quadrat: to progress with building at a well balanced pace.

At the time of founding of SEMIX there was a hope that the company would be able to produce extra profits that could be reinvested in the renewal of the old rental blocks. This hope couldn't be realized due to the limited demand for new inner city residents in the mid 1990s. In order to keep the steady flow of development SEMIX started to calculate the selling price of a building lot at a level of about 10-15 % of the presumed selling prices of the dwellings planned to be completed on the lot in accordance with the regulations of the urban plan. In this way a "hidden" subsidy was provided to the builders, because the continuous flow of building and renewal remained more important than the flow of profits. This situation has been changed in the last two-three years. Being the only successful inner city residential project land prices started to increase radically in middle Ferencváros, also signs of a strengthened land speculation are already visible. Demand for building lots increased also in areas relatively far away from the already completed parts of the project; this raises the question whether the renewal of the old stock would be able to keep pace with new building.

11. Costs and prices of new building

The fact that the relatively low land prices have largely contributed to the success of the Ferencváros project is seen from the following list (Liliom street, Quadrant, source: a lecture given by the manager /Varjasné É. Székely/ of the company, 1999. - average dwelling)

net cost of construction	123 000 HUF/m ²	62,0 %
architectural design	6 000 HUF/m ²	
interest payment	2 500 HUF/m ²	
improvement of public utilities	4 000 HUF/m ²	
use of public road	1 000 HUF/m ²	
marketing costs	2 000 HUF/m ²	2,9 %
profit	3 500 HUF/m ²	2,2 %
net cost with profit	144 000 HUF/m ²	
turnover tax (25 %)	36 000 HUF/m ²	19,0 %
<u>cost of land</u>	<u>15 000 HUF/m²</u>	<u>8,0 %</u>
gross selling price	195 000 HUF/m²	100,0 %

11. Somebody has to finance and do renewal and restoration as well

As said earlier, up to the early 1990s renewal and restoration works in the old stock was financed from state resources redistributed among the districts by the City. After the political changes, as a consequence of the transfer of real estate property to the districts, this municipal fund was suspended. As up to this time the majority of the new residential buildings in the first three blocks were completed, the district government was obliged to accomplish the renewal of the remaining stock in these blocks from its own budget.

Major changes occurred also concerning the institutional management of renewal. In 1992 the district property management company (IKV) got rid of the blue collar staff of its maintenance division, while some people from the management of its renewal division and from the dissolved Rehabilitation Company were organized into a new department of the district government, i.e. the Bureau of Renewal. Since then this department has been responsible for the management of renewal works on the redevelopment site. It advises to the council (board of representatives) about the list of buildings to be renewed, selects the architects and construction companies through tenders. Since 1995 a major activity of the department has been the filing of applications to the Rehabilitation Fund.

This municipal fund was created by the City of Budapest in order to subsidize rehabilitation and renewal of the old residential stock in the inner districts of the city. According to the 1993 Housing Act the districts were obliged to pay into the municipal budget half of their "privatization money", i.e. their earnings from the selling of their apartments to the sitting tenants. This money, complemented by the city's own resources, is redistributed among the applicant districts and the privately owned condominiums for the purposes of renewal. Once more Ferencváros was able to take advantage of its special position. The new local urban plan for the rehabilitation area was adopted in 1995, many plans for the renewal of the old buildings have already been completed by the architects. Especially in the first year the district was very successful in the competition for municipal resources; between 1996 and

Share of Middle Ferencváros in the Municipal Rehabilitation Fund - in million HUFs

year	total transferred	share of Ferencváros		%
		for renewal	replacement, infra.	
1996	1.210,1	678,7	-	56,0
1997	1.155,2	203,7	58,2	22,7
1998	557,6	50,9	-	9,1
1999	1.740,7	247,8	232,0	27,6
2000	861,4	219,9	323,4	63,1
1996-2000	5.525,0	1.401,0	613,6	36,5

2000 more than one third of the money disposable for the renewal of local government owned residential buildings, and for replacement and public infrastructure improvements flew into an area not bigger than 15 hectares. (See the table -subsidies to condominium buildings that were converted from the old rental buildings through privatization are not included.)

The high share of Ferencváros in municipal transfers doesn't mean that the renewal has exclusively been sponsored by the Municipal Fund. The district is obliged to add its own part: 50 % of the costs of the renewal of the district owned rental buildings, 50 % of the costs of public infrastructure improvements, 40 % of the costs of replacement, demolition, creation of parks, landscaping etc.

12. Some old mechanisms and behaviors survive

Despite political changes the way of handling tenants' removal from the public rental buildings designated for renewal remained very similar to the methods used before 1990. The preliminary decisions on the question who is to move are made by the officials of the Bureau of Renewal. The procedure starts with a "site inspection" of the selected architect and an official of the Bureau. They visit every tenant, gauge the situation in the dwelling, both from "physical" and social point of view. The next step is the work of the architect whose design, naturally in agreement with the Bureau, is decisive: the old rule that the tenant has to move if the size of the dwelling has been modified with more than 30 % of the original size remained unchanged. Based on the preparatory work of Bureau of Renewal the official decision is made by the Housing Department of the district.

The tenants that have to move are unofficially classified according to their "status": "normal", rent arrears, and illegal. Three apartments are to be offered to them as exchange the "comfort level" of which is generally higher than that of the abandoned one. (The classification of the tenants' status is "naturally" taken into consideration.) If the offered dwelling is situated in an area not designated for rehabilitation, as is the usual case, the tenant may buy it. Those who can remain may not buy the renewed dwelling for 5 years and have to pay higher rents. Nevertheless, this new rent doesn't cover the costs of renewal, as used to be the case before 1990. But the handling of the evicted became a bit more fair. A kind of Pareto optimum prevails: everybody who have to move is to be put into a better situation, at least in the case of those who are classified as "normal".

By the use of these methods gentrification is going on in Ferencváros in two ongoing steps. The social status of the population that remains, together with that of the purchasers of the

newly built dwellings, is much higher than that of the original one. Gentrification would go on further when those who could remain decide to buy their flats after five years on a relatively low price, fixed in the 1993 Housing Act, and sell them on a much higher price to more well-to-do families. After all, city officials of the district are convinced about the fairness of their practices and think that this has basically contributed to the success of the project.

13. The ambitious public official acts also as a developer

As said, renewal works in the old, district-owned, rental buildings are managed by the Bureau of Renewal. It hires the architects and the construction companies. Before a contract is bound with a construction company an official public purchase procedure is to be carried out according to the Public Purchase Act adopted in 1995.

After 1996, when a large amount of subsidy was provided to the district by the City of Budapest the head of the Bureau of Renewal decided to make his own contribution to the success of Middle-Ferencváros through the complex renewal of a total city block. For this purpose, a block close to the Grand Boulevard was selected in which the renewable structures represented the majority of the building stock, but some new residential buildings for sale were also planned to be built according to the revised urban plan. Based on this plan the Bureau organized building and renewal according to a well-conceived time-scale, and used the official public purchase procedure in every single case of building and renewal.

The accomplished block became a real success, the only problem that emerged was once more about the ownership of land. Here the courtyard was subdivided into large parcels that belong to a group of condominiums and public rental buildings, i.e. the land is commonly owned by the local government (the owner of the renewed rental buildings) and the private owners of the condominiums. In order to keep the land of the courtyard in one, well usable piece no fence were built between the parcels.

14. Some basic data

A. Investment into Middle Ferencváros - in billion HUFs, present value

City of Budapest	3,68
9 th District	10,05
<u>private investment</u>	<u>31,40</u>
total investment	45,23

The multiplier effect:

1,00 HUF public investment generated 2,21 HUF private investment

1,00 HUF public investment generated 3,22 HUF total investment

About 300 000 HUF was invested on one square meter of land

B. Number of newly built flats until 2000

by Quadrat	908	(68 %)
<u>by others</u>	<u>733</u>	
total	1341	

C. Selling prices of newly built flats -

1993	50 000 HUF/m ²
1994	90 000 HUF/m ²
2000	195 000 HUF/m ²

Inflation considered: no price increase!

D. Sold new flats according to the buyers - between 1992 and 2000 (Quadrat)

owner occupation	304	(53,5 %)
foreign citizens	70	(12,5 %)
for investment (to let out)	192	(33,9 %)

It is remarkable that more than one third was bought for investment. At the same time Quadrat doesn't build rental flats. It acts as a developer not as an investor: simply reinvests the income from the sold dwellings into new building.

15. Another, concluding, list

After having finished this paper the author realized that his list of reasons of success concerning the Ferencváros project has proved to be correct. But, another list is to be added:

- an ambitious city-architect who wanted to introduce changes in "mass-building";
- an ambitious - then much younger - architect planner, and his colleagues;
- an ambitious architect who fought successfully with OTP;
- an ambitious woman who managed the IKV Rehabilitation Company in the late 1980s;
- an ambitious woman-manager of Quadrat who, although for survival, took over tasks;
- an ambitious city planner, who wanted to implement at least one urban plan;
- an ambitious city official of the Renewal Bureau who wanted to build;
- and many others: also the mayor of the district before 1990, the new mayor who has been in office since 1990, his chief planners (once more two ladies), a sociologist who manages the Rehabilitation Fund as a member of the Municipal Government etc. Without their contribution