

## **The future of housing estates in the post-socialist cities: the case of Budapest**

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### **Introduction**

Are housing estates, especially large-scale estates built during from late 1960s to early 1970s, destined to be the 'new ghettos' for the 'post-socialist underclass' in eastern European cities as postulated by FAßMANN, H. and LICHTENBERGER, E. (1995). Or will housing estates be seen as an integral part of the housing market where a wide variety of groups, classes, age groups, et cetera will reside? These questions regarding the role of housing estates in the Hungarian housing market are not new, as earlier research regarding equality in allocation has pointed out.

Even though the Hungarian housing system had many advantages as compared to other socialist countries, and perhaps western systems (FRENCH, R. A. and HAMILTON, F. 1979), it still had major inherent inequalities. COMPTON, P. (1979) noted that certain elite groups within society, such as leading civil servants or enterprise managers, were favoured, however, in being accorded special provision and that those in the poorest conditions are not necessarily re-housed in the bright new estates. SZELÉNYI, I. and KONRÁD, GY. (1969) and SZELÉNYI, I. (1983) argued that bureaucrats and intellectuals were over-represented in the higher-quality, state-built housing estates of the 1960s, whilst lower-strata groups were not accorded such privileges. Therefore, SZELÉNYI, I. (1983) contended that the system of housing allocation in Hungary did not go to correct other inequalities, but tended to reinforce and exacerbate existing inequalities.

HEGEDŰS, J. (1987) has argued that whilst this inequality in housing allocation might have been the case in the 1960s, later on all social groups had more or less similar chances in their access to state housing. TOSICS, I. (1987) continues by stating that the strengthening of state intervention during the 1970s (mainly with the construction of large numbers of dwellings in high-rise housing estates) was followed by a reduction in housing inequalities, although this and other arguments regarding the lessening of inequality are disputed by SZELÉNYI, I. (1987). Changes in housing policy after 1971 represented a shift to a system in which more resources were targeted to the lower strata (KOVÁCS, Z. 1990) and more welfare elements appearing in the allocation process (HEGEDŰS, J. 1987),

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such as separate waiting lists for different income groups. In the rapidly constructed, lower-quality high-rise housing estates of this period, poor families and semi-skilled workers were over-represented (ENYEDI, GY. and SZIRMAI, V. 1992; see also *Social Problems...*1985) as they had a better access to housing in the altered allocation system. The percentage of Gypsies living in these estates also started to increase dramatically due to the allocation preferences given to poorer and larger families (LADÁNYI, J. 1993).

During the 1980s researchers begun to further explore the relationship between state and market (HEGEDŰS, J. and TOSICS, I. 1983; HEGEDŰS, J. 1987) and the impact of privatisation (TOSICS, I. 1987). It is important to note that during this period, barring a few internal reports (*Social Problems...*1985) there was no substantial research conducted specifically on housing estates (the exception being SZELÉNYI, I. whose research was conducted in Pécs and Szeged in the late 1960s). By the mid-1980s, with the development of new housing policy that reduced the role of the state in direct housing provision, smaller housing estates were developed, often in more desirable locations. Most dwellings were now for sale rather than for public allocation. Large-scale housing estates for the public sector were now passé. Also, these dwellings in better estates were now considered only as a first step in the housing chain, as many aspired to eventually obtain a single-family house.

Although there is a growing body of research that has detailed the transformation of the Hungarian housing system since 1989, it should be noted that there are still few if any academic works that deal with the situation of housing estates, especially high-rise, exclusively (see, however, KOVÁCS, Z. and DOUGLAS, M. 1996, 1997-forthcoming). The majority of recent research has focused on general housing privatisation and rehabilitation issues (see, for example, HEGEDŰS, J. and TOSICS, I. 1992, 1994; KOVÁCS, Z. 1992; DOUGLAS, M. 1996a) or inner city commercialisation (KOVÁCS, Z. 1994). One could postulate, however, that if problems become worse in certain housing estates, they will increasingly become a topic of research. We see this already happening in other European countries where housing estates are being seen as a problem (TURKINGTON, R. et al. 1997-forthcoming).

In our current contribution to this area of research, this paper will look specifically at the growing divergence between different types of housing estates within Budapest. For examining this divergence, we look not only at the process of privatisation and renovation, but also differences in housing value between estates. In addition, mobility rates are looked at to see if this is affected by (or effects) other changes. With this data, we can determine the 'route' that these different estate types are taking and how they differ from housing in Budapest as a whole. Are some housing estates becoming integral parts of the overall housing market, whilst others develop into cul-de-sacs in the market?

### **Methodological aspects of this research**

The majority of data for this research comes from surveys conducted in the Summer of 1995 as part of a long term project that looks at changes in the housing market, amongst other things, in Budapest, Prague, Warsaw and Krakow. The Budapest questionnaire was oriented more specifically towards housing-related questions such as renovation, mobility

and neighbourhood satisfaction. The data obtained from these housing questions, in combination with the demographic data from the survey and other information obtained from government and private sources, will be used in the following analyses.

In addition to other neighbourhood types, three housing estates were selected using a hierarchical cluster analysis (DOUGLAS, M. 1996b) (*Fig. 1.*). These estates represent three groups: estates from the late 1950s to early 1960s (Thälmann utca in the 13th District), late 1960s to early 1970s (Füredi utca in the 14th District), and the mid-1980s (Pók utca in the 3rd District). Although we talk about particular estates, the data is meant more to represent estate types throughout Budapest. The estates selected were 'normal' for the clusters. One can surely find a particular estate in Budapest that is worse (or better), based on certain characteristics, than the selected examples. Lastly, the data from these three estate types, as well as other neighbourhood types, were weighted by the number of households as to be able to create a '1995 Budapest' that would be suitable for comparative analysis.



*Fig. 1.* The three research estates in Budapest

Interestingly enough, the exact definition of a housing estate, especially a high-rise estate, is still unclear in Hungarian statistics (KOVÁCS, Z. and DOUGLAS, M. 1996).

One could use building height, all buildings 5 storey and higher as given by statistics, although this excludes the vast number of 4 storey panel buildings<sup>2</sup> that were constructed on estates. Also, not all high-rise buildings are located in large-scale housing estates. Type of construction (e.g. panel, cement block, traditional) could also be used to try to determine the number of housing estate dwellings, although this also has drawbacks. Many smaller buildings were built using panel construction methods. Using data from the 1990 Hungarian Census, our estimations are that there were approximately 600–650 thousand dwellings located in housing estates in Hungary in 1990. This equals around 16–17 per cent of the total dwelling stock in a housing market of 3.8 million dwellings. In Budapest, 32.2 per cent of dwellings are estimated to be in housing estates in 1990, although this has declined in the last five years due to the fact that the vast majority of new housing built during this period has not been in estate form.

### **The development of housing estates in Budapest**

This section gives a short introduction to housing estates in Budapest by looking at four stages of growth, according to the size of the estate, the building materials and technology incorporated, design considerations, along with other various differentiating aspects. In addition, we give some preliminary details of their status in 1996. This time analogy is similar to the Eastern European Housing Model espoused by HEGEDŰS, J. and TOSICS, I. (1992) (CLAPHAM, D. 1995). This description is meant to refer to Budapest, although many of the processes were similar in other large Hungarian towns (Pécs, Szeged, Miskolc, Debrecen, et cetera). For a more complete review of the historical development and position of housing estates in all of Hungary, see KOVÁCS, Z. and DOUGLAS, M. (1996); see also KOVÁCS, Z. (1994) regarding general urban development policies in Budapest.

The 'Stalin baroque' housing estates of the 1950s usually contained small dwellings for a total of between one and two thousand residents. These estates were built close to the centre of towns and fit into the urban landscape. Built to a relatively high quality, such estates were often considered a step forward in terms of the level of comfort (e.g., bathrooms, number of persons per room) available for the average household. By the end of the 1950s, however, this socialist-realist architecture lost in importance, whilst uniformity in design began to dominate. Most of these estates, despite the small size of the dwellings, are not currently considered very negative due to their location and design.

By the beginning of the 1960s, the first large high-rise housing estates were developed, the prototype being the József Attila-estate (communist poet of the inter-war period) in Budapest. This estate consisted of 8,200 dwellings, housing more than 20,000 residents. Although estates of this period were further away from the city-centre, they were still organically linked to the city by existing infrastructure. These estates, being early examples of 'mass' construction, were built with traditional materials and methods (often

2 According to building codes, buildings of 4 storeys or less were not required to have an elevator, thus both construction and maintenance costs could be substantially reduced through the construction of large numbers of 4 storey buildings.

bricks rather than concrete) and had variation in the height of the buildings (4 or 9 storey) and the physical layout. Most estates of this time currently still have a mixed social status and, although not considered prestigious, they have not become ghettos.

From the late 1960s, housing was increasingly based on prefabricated technology and the establishment of gigantic 'housing factories'. These factories were able to build extremely dense high-rise estates of 12–15,000 dwellings, housing often 40–50,000 people. Quantitative factors were considered more important than qualitative ones. Most of these estates were built on undeveloped peripheral locations and were most often poorly served by transport and other facilities. (The late 1960s-early 1970s estate selected for this survey, however, is not in an extreme peripheral location.) This resulted in an often inhumane environment, which along with the decreasing quality, meant that these estates were unpopular from their opening (Social Problems...1985). The buildings, most of them built by panel construction methods, were uniform and massive, most often 10 storeys. In 1979, nearly forty per cent (39,1 per cent) of the dwellings in Hungary were built using panel technology; the figure in Budapest was even higher. Such estates are currently of primary concern in Budapest, with many having the potential to become real ghettos.

By the 1980s, with the severe economic crisis in Hungary, state construction rapidly declined and private forms of housing provision became dominant. During this time, primarily small-scale estates in higher-quality locations closer to the city centre with private housing were built. Such estates incorporated new architectural and design aspects (for example, attics, painted facades) as well as having purposely built private commercial facilities located on the ground floor or basement. Besides the improvement in internal facilities available, environmental aspects also improved, with more parks and recreational facilities. These are the 'star' housing estates that have been more able to successfully retain their value and popularity in the chaotic real estate market that has developed after 1989.

### *The current situation*

Before looking at current processes in the housing system, one should remember that, in contrast to other eastern European socialist countries, Hungary continually developed a very mixed economy, especially after the New Economic Mechanism of 1968. This was an attempt to develop a so-called 'third way', often referred to light-heartedly as 'Goulash Communism'. Within these developments, Hungary deviated from the extreme Stalinist methods of housing and urban development policy (e.g. 'bulldozer urban renewal') at an early stage. The private or co-operative housing sector was allowed (and later encouraged) to participate in housing provision, whilst the state allowed for the development of quasi-market mechanisms such as exchanges and 'sales' of public rental dwellings. Therefore, although there are a fair number of housing estates, they do not dominate the housing stock in most cities. The exception to this would be in socialist new towns, for example Dunaújváros south of Budapest, where the vast majority of dwellings are in high-density, high-rise housing estates and over one-half are public rentals.

With this in mind, it is important to emphasise from the very beginning that the situation with housing estates in Budapest is in many respects not as serious as in other eastern European countries. There are, however, various social and physical problems associated with housing estates. These have effects on aspects such as privatisation, renovation, and mobility, which are discussed below.

## Privatisation

The issue of housing privatisation focuses not only on who owns the land and dwellings, but also who is responsible for maintenance and renovation (HEGEDŰS, J. et al. 1993 regarding new private maintenance companies). Rates of privatisation are determined by a variety of factors, such as the location of the estates, their age, their construction, i.e. high-rise or not, and the social composition of the residents. It should be noted that for estates built during the mid-1980s, privatisation is not a direct issue, as such estates were built primarily as private housing.

The mechanisms of housing privatisation in Budapest have already been discussed in detail (HEGEDŰS, J. and TOSICS, I. 1994; PICKVANCE, C. G. 1994; see also DANIELL, J. and STRUYK, R. 1994 regarding Moscow and CLAPHAM, D. 1995 regarding eastern Europe as a whole) so we only need reiterate the process in sketch form. Although housing privatisation had been theoretically possible since 1969, by 1982 only three per cent of the public stock in Budapest had been privatised, due to strict eligibility restrictions, low rents for public dwellings and uncertainty about future maintenance costs (LOWE and TOSICS, I. 1988; PICKVANCE, C. G. 1994). It was only with the 1991 Property Transfer Act that privatisation started to take off, with the 22 individual districts of Budapest becoming the owners of public housing (HEGEDŰS, J. and TOSICS, I. 1992). Most state dwellings were sold for between 15 and 40 per cent of 'market value' depending on the physical condition of the dwelling – the price increased depending on the level of renovation. Discounts of 60 per cent of this determined price were offered to those paying in cash, i.e. the price paid was equal to 9 per cent of market value in the extreme. There have been no restrictions on the resale of the dwelling.

The 1993 Housing Law, which went into effect on 30 June 1994, introduced new policies on privatisation, and gave residents the 'right-to-buy' their property from the local government for a period of five years. Aspects of this Law were later changed by the constitutional court, with residential tenants retaining this right only up to until 30 November 1995. Local governments now had to offer the dwelling at a maximum of 50 per cent of the market value of the unit minus any investments or renovations made by the resident. Currently, the local government can also sell the dwelling to a third party, although it must provide the household with a similar dwelling (i.e. in level of amenities, size, et cetera).

Many have argued that the system of privatisation in Budapest is inequitable as it allows those who benefited the most from the previous housing policies to gain the most, in terms of the housing gained, when privatising (HEGEDŰS, J. et al. 1993a; DANIELL, J. and STRUYK, R. 1994; PICKVANCE, C. G. 1994 regarding Moscow for comparison). Households allocated better housing under the previous system were often the first to privatise. Therefore, the current system of housing privatisation might actually serve to reinforce many of the inequalities created under the socialist regimes, rather than alleviate them (DOUGLAS, M. 1996a).

## Privatisation in housing estates

Privatisation rates in many housing estates are still higher than rates found in the older inner-city, especially areas with a preponderance of tenement buildings from the turn of the century. Many of these differences are due to both socio-economic and dwelling characteristics. This also holds for differences in rates amongst housing estates.

For the two relevant housing estates, in this survey, Thälmann utca and Füredi utca, there are differences in privatisation (Pók utca is not included here as it was always private housing). It is important to remember that these individual estates were selected as they best represent estate types. Therefore, although we discuss the situation with the actual estates, we are also discussing the situation with these estate types. For Thälmann utca, data in *Table 1* show that over 80 per cent of the households have privatised, with over 6 per cent having bought their dwelling before 1990. The remaining nearly 13 per cent consists of two groups: Potential privatisers, 8.8 per cent, are those households who have not yet privatised, but stated that they intended to before the end of 1996. Non-privatisers, which total 4 per cent of residents, are households that stated that they have no intention of privatising their dwelling. Therefore, in Thälmann utca, the change is from 93.6 per cent public in 1990 to between 4 and 12.8 per cent public in 1996 (depending on the actual number of potential privatisers that actually privatised<sup>3</sup>). Regarding Füredi utca, important to consider is that nearly one-half of the dwellings were privately owned before 1990 (*Table 1.*), this being an example of a mixed-tenure development where both public and private allocation existed. Since 1990, however, most households that were in the public tenure have privatised.

*Table 1. Privatisation groups in housing estates*

Groups	Thälmann	Füredi	Pók	Budapest
Privatisers	80.8	50.4	0.0	38.7
Potential privatisers	8.8	0.8	0.0	6.6
Non-privatisers	4.0	1.6	0.0	4.4
Constant owners	6.4	47.2	100.0	50.4
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>

Note: \*In Constant owners category are also private renters, 3,6% of the total.

Besides these overall rates, differences can be observed amongst households groups (these being households that have privatised, potential privatisers, non-privatisers and households that owned their housing before 1990). Many of these differences are due simply to the age of the housing estate and when households first moved in. For example, the average age of households in Thälmann utca is greater than in Füredi utca or Pók utca, or all of Budapest for that matter (*Table 2.*). The average age for non-privatisers in Thälmann utca, however, is higher than average, although the elderly population actually have a higher than average rate of privatisation throughout Budapest (DOUGLAS, M. 1996b). Differences in average household education and income are more telling (these

3 The 1993 Housing Act, which ended the current system of privatisation as of 30 November 1995, probably reduced the number of potential privatisers that actually privatised.

two variables have a correlation of 0.4034). Privatisers in general have higher incomes and education than potential or non-privatisers. This is even though the cost of privatisation usually was not that much.

Table 2. Socio-economic aspects of privatisation

Indicator	Thälmann	Füredi	Pók	Budapest
<i>Average age</i>	56.0	48.5	39.4	49.3
Privatisers	57.4	46.2	–	49.6
Potential privatisers	44.9	57.0	–	42.3
Non-privatisers	62.9	38.6	–	46.2
Constant owners	49.2	51.1	–	50.2
<i>Education</i>	3.9	4.2	5.2	4.2
Privatisers	4.0	4.3	–	4.3
Potential privatisers	3.7	2.5	–	4.0
Non-privatisers	3.6	5.0	–	3.4
Constant owners	3.2	4.1	–	4.2
<i>Income</i>	2.3	2.4	3.3	2.4
Privatisers	2.3	2.5	–	2.5
Potential privatisers	2.3	2.0	–	2.1
Non-privatisers	1.4	3.5	–	2.0
Constant owners	2.5	2.3	–	2.5

Note: Age is for all members 19 and older. Education is a 1 to 6 scale. Income is a to 5 scale.

Regarding characteristics of the dwelling, there are also difference that can be observed. As a whole, dwellings that have been privatised are more valuable than those occupied by potential or non-privatising households, although not more valuable than dwelling that have always been private property (Table 3.). It is more difficult to determine if space (in m<sup>2</sup> terms) is a determining factor in privatisation due to the fact that there is usually little variation in space between dwellings in housing estates. For all of Budapest, however, there are clear differences between these groups. Interestingly, the correlation between space and housing value is weak, only 0.1409.

Table 3. Dwelling characteristics

Indicator	Thälmann	Füredi	Pók	Budapest
<i>Space (m<sup>2</sup>)</i>	51.0	50.2	63.4	64.3
Privatisers	50.8	51.0	–	60.8
Potential privatisers	49.2	54.0	–	49.8
Non-privatisers	59.2	63.0	–	54.3
Constant owners	55.3	48.9	–	69.7
<i>Value</i>	48.346	48.206	71.662	55.359
Privatisers	47.782	47.045	–	50.201
Potential privatisers	36.337	37.037	–	38.333
Non-privatisers	47.619	44.472	–	38.156
Constant owners	75.029	49.762	–	62.679

Note: Value is in Hungarian Forints per m<sup>2</sup> 50,000 Ft = 667 NLG, 417 USD.



It seems, as others have stated, that higher status households (here based on education and income) have been more active in privatisation. In addition, as stated above, such households were often the first to privatise their better dwellings (based primarily on value). The development of a residual public tenure looks to be possible, although we cannot say that it will effect every housing estate in a similar way. This will be of more serious concern in older, inner-city areas. It might be that certain estates in peripheral areas of Budapest will have lower levels of privatisation and it is here that we will see the development of so-called 'problem estates' with out migration of higher status households. This will be more severe in new socialist towns with high unemployment and a preponderance of housing estate dwellings in the local stock. In addition, as discussed next, housing privatisation still does not provide an effective means of solving the problem of renovation. In fact, privatisation could in many ways lead to a deterioration of housing conditions as households are not able to meet maintenance and renovation costs (HEGEDŰS, J. and TOSICS, I. 1994, 51).

## Renovation

In previous work, we discuss some of the technical problems of housing estates (KOVÁCS, Z. and DOUGLAS, M. 1996; DOUGLAS, M. 1996b; HEGEDŰS, J. and TOSICS, I. 1994) and how these might impede renovation from occurring. The major problem might be the functional inflexibility of the dwelling design, since most were built alike using country-wide standards. They are hard to re-organise with changing family situations, have a lack of privacy, and are most often too small, averaging around 53 m<sup>2</sup>. Besides problems with the dwellings, there are problems with the building as a whole. Most are not energy efficient, have major technical defects (for example, leaking roofs, unreliable lifts), and are expensive to modernise given the rigidity of their construction.

In addition, housing estates, especially the large-scale high-rise estates from the late 1960s to early 1970s, suffer from design shortcomings. Open space has often turned into 'waste territory' and planned social and commercial facilities were never fully built in many estates, due to cost considerations. Transport is also often lacking to the peripheral high-rise estates. With these technical and design flaws come declining satisfaction that results in outward migration from such estates, especially those of lower prestige (Social Problems...1985). The lower social classes, without much opportunity, are left behind.

The two major problems hindering renovation in housing estates are lack of funding and legal complications. HEGEDŰS, J. et al. (1992) argue that although operating costs for buildings could feasibly be handled by residents, the costs of maintenance could be a problem for many households. More importantly, the costs of more substantial rehabilitation and modernisation would in many cases be more than the annual income of the household. Important to note is the near absence of government renovation programmes for housing estates (or any housing for that matter!). This is usually due to lack of funding, but the general legal irregularities can also cause problems. Besides the lack of clarification of whom is responsible for renovation, especially in privatised buildings, laws regarding housing associations (co-operatives, condominiums, etc.), can also create bottlenecks. All

renovation projects must be approved by a majority of members. What to do with households that do not want the renovation is legally unclear, as is the situation of households which are still residents of public dwellings in mixed-tenure buildings.

*Renovation in housing estates*

Here we examine both renovation carried out from 1989 to summer 1995 and renovation planned from 1995 to the end of 1996. We measure the intensity of this renovation on a scale from 1 to 5. The scale is: 1) minor renovation – painting, wallpaper, etc.; 2) smaller renovation – boiler, tiles, windows, floor; 3) partial renovation – modernisation of heating, water or electrical system, new kitchen; 4) full renovation – rebuilding of dwelling, complete modernisation; and 5) renovation of the building, stairs, facade, enlargement of dwelling, attic. This scale is based both on the costs of such work as well as the physical effort and skill required – since much of the work is done by the household. Since the scale can be subjective, small differences are probably not significant.

For all of Budapest, over 53 per cent of households performed some type of renovation to their dwelling between 1989 and summer 1995, with an average intensity of 2.52 based on the scale above (*Table 4.*). Amongst the three housing estates, the differences are large, with Thälmann utca having the lowest rate of renovation; only 29 per cent of households have renovated their dwelling. Rates in Füredi utca or Pók utca are higher than the Budapest average. The intensity of the performed renovation is also important, with Thälmann utca having a higher intensity than the other estates and the Budapest average. This is also shown in *Fig. 2.*, which shows the percentage of renovation that is in each of the 5 renovation categories. For example, although 70 per cent of households in Füredi utca have renovated their dwellings, one-half of the work performed has been minor aspects such as painting and wallpaper. In Thälmann utca, confirming the high intensity rating mentioned above, more work has been performed in the higher renovation categories. Note that little work has been performed in the 5th category, involving major renovation to the building. This is due not only to financial aspects, but also to the legal aspects discussed above, i.e. who is responsible for building-wide renovation.

*Table 4. Renovation 1989 to 1995*

Indicator	Thälmann	Füredi	Pók	Budapest
% renovated	28.8	70.4	64.0	53.6
Intensity	2.7	1.9	2.2	2.5

Note: Intensity based on 1 to 5 scale.

If looking at renovation that the household intends to perform in the period summer 1995 to the end of 1996, the differences amongst the estates. Although 28 per cent of Budapest households plan renovation during this time, this drops to only 15 per cent of households in Thälmann utca (*Table 5.*). The corresponding figures for Füredi utca and Pók utca are 46 per cent and 42 per cent, respectively. However, similar to the situation with renovation 1989 to 1995, the planned renovation in Thälmann utca is more likely to be in the higher renovation categories remain (small differences in the scale might not be significant).

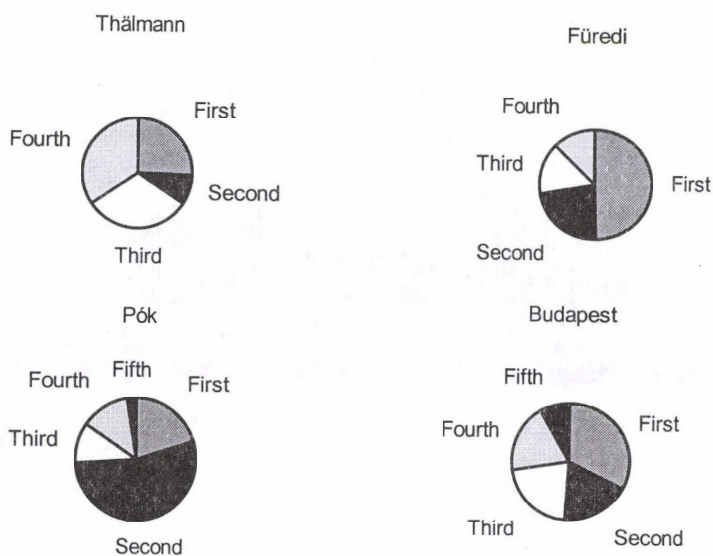


Fig. 2. Renovation in Budapest housing estates, 1989–1995 (Scale is 1 to 5, minor to major renovations)

Table 5. Renovation 1995 to the end of 1996

Indicator	Thälmann	Füredi	Pók	Budapest
% intending	15.4	45.6	41.8	28.1
Intensity	2.7	1.9	2.1	2.4

Note: Intensity based on 1 to 5 scale.

It can be shown that a fair amount of renovation has been performed in housing estates and that more renovation will be performed before 1996, although there is still little emphasis on major building-wide aspects. One major problem is that the majority of required renovations have not yet come due. High-rise, prefabricated buildings have a generally long life, although internal aspects such as the elevators, pipes, insulation, et cetera are outdated after around 30 years (Vienna Paper...1994). Considering this, Fig. 3. shows the approximate number of housing estate dwellings in Budapest that will require substantial renovation each year between 1995 and 2023. It can clearly be seen that we are now just at the base of the upswing, and that the real problems with renovation will soon be evident. In addition, Fig. 3. does not include housing estates dwellings built before 1965 that have not been renovated, as well as dwellings in other building forms, i.e. tenement buildings, requiring renovation. Therefore, the real number of dwellings that require renovation is much higher. This 'delayed maintenance' effect is a legacy of the socialist emphasis on new build over regular upkeep.

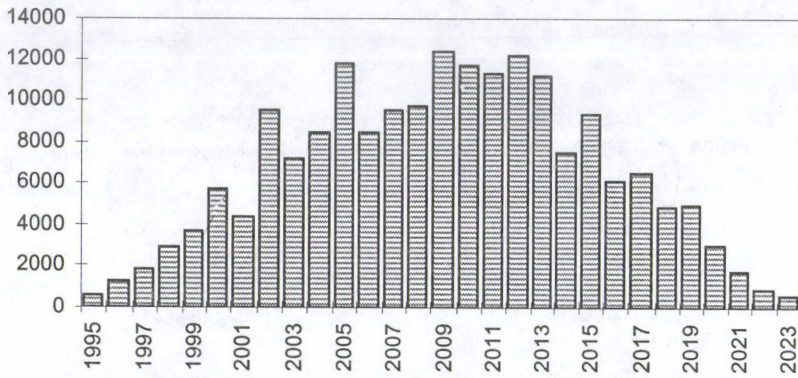


Fig. 3. Minimum required rehabilitation in Budapest housing estates 1995–2023

## Housing value and mobility

### *Housing value*

Different types of housing estates are assessed differently by the market, with the factors of *location*, *physical structure* (e.g. building material) and *social image* influencing demand and determining the price. Location can be within an urban area, such as good or bad parts of Budapest or other large cities, or the whole urban area, such as socialist new towns. This also holds true for the social image. Of course, these factors are often interrelated. High-rise estates built in extreme peripheral or environmentally negative locations, occupied by lower status households have a lesser market potential or value, whilst non high-rise estates, built in better locations such as green areas or nearer transport and occupied by upper status households have a higher value.

In the last six years, the prices<sup>4</sup> of estate dwellings in Budapest have deviated greatly from their earlier more congruence nature (*Fig. 4.*); this also holds for estates in other areas in Hungary (see Ingtatlan Piac 1996). These prices are nominal prices; the price situation changes drastically if analysing real prices due to the high rate of inflation evident in the last few years (KOVÁCS, Z. and DOUGLAS, M. 1996 for greater elaboration). The best housing estates, mostly from the 1980s (such as Pók utca), have been able to gain value in real terms. Due to the high rate of inflation, all estate dwellings have shown increases in nominal terms, although these disguise the decreasing real values. The smaller estates of both the 1950s and early 1960s (such as Thälmann utca) have also been able to preserve some real value or not decrease that much. With this market differentiation based on the three factors mentioned above, the high-rise estates of the late 1960s and 1970s (e.g. Fűredi

4 The data presented here are not from our survey conducted in Budapest, but were collected from the Budapest Duties office by Ingtatlan Piac, a private real estate research company.

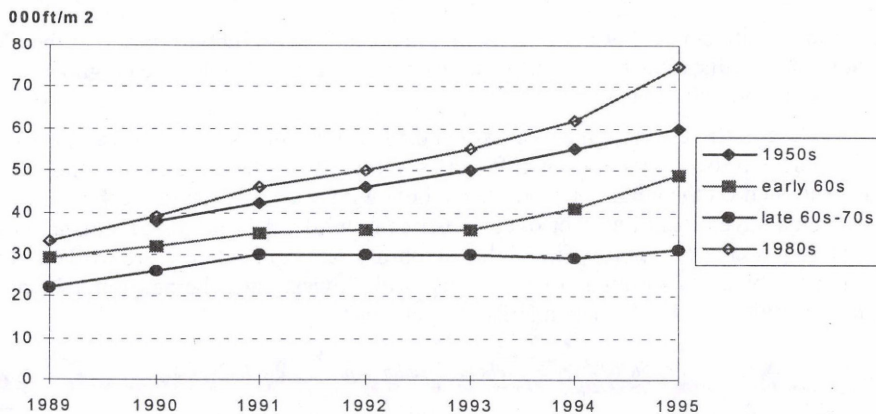


Fig. 4. Prices in Budapest housing estates according to age of construction, 1989 to 1995 (Source: Ingatlan Piac, 1996)

utca) are in the worst situation in terms of price development. Again, it should be stressed that Füredi utca is not that bad as compared to some high-rise estates of this era, for example, the Havanna housing estate in the 18th District of Budapest.

The fear is that with no real demand for dwellings in some high-rise estates of the 1960s–1970s due to their peripheral or environmentally negative location, massive panel construction, and negative social image (lower social status households, Gypsies), these dwellings have become a 'cul-de-sac' on the market. With the declining market prices for these estates, and the subsequent low mobility of the lower class, these high-rise estates could quite easily become segregated islands based on age, class, and the culture of the population. This creates a vicious circle that is hard to break, as this continuing 'social decline' might also contribute to the lower prices for certain estate housing (KOVÁCS, Z. 1990; VAJDA-BABARCZY, A. 1994).

### Mobility

Related to the changes in housing value in Budapest and housing estates is the aspect of mobility. Rising prices can be an indicator of great demand, that households desire to relocate to a particular neighbourhood. The reverse can be true of neighbourhoods in decline; a large number of households desiring to move out could be related to, or be the cause of, declining prices. Previous housing policies in Hungary, and specifically in Budapest, impeded mobility, making it traditionally low. In this new social and economic context that is developing, mobility rates are expected to be higher as most of the structural barriers have been removed. Therefore, households have more opportunity to actualise relocation desires, of course, financial circumstances, et cetera, permitting.

One potential problem with this analysis is that we know when a household moved into their present dwelling, but we cannot determine where the household moved from or what type of dwelling the households previously occupied. This could be not moving into

the housing estate per se, but mobility within the estate or neighbourhood. It is therefore difficult to determine if the move was positive or negative, as related to the neighbourhood, dwelling characteristics, et cetera.

Although there is a high percentage (20.5) of households in Budapest that moved into their present dwelling between 1990 and summer 1995, there are clear differences if this is examined on the neighbourhood level, here with housing estates. Both Füredi utca and Pók utca have rates of near or over 25 per cent, whilst the rate for Thälmann utca is lower at 15 per cent (*Table 6.*). The highest mobility rates in Budapest are evident in the older inner-city areas (around 30 per cent), with lowest rates being found in older, upper-status villa areas in the Buda Hills (13 per cent).

*Table 6. When household moved into present dwelling*

Period	Thälmann	Füredi	Pók	Budapest
Before 1990	84.8	75.2	73.4	79.5
1990 to 1995	15.2	24.8	26.6	20.5
<i>Total</i>	100.0	100.0	100.0	100.0

In all of the housing estate cases, households that have moved into their dwelling in the period 1990–1995 are, on average, more educated, have a higher income and are, of course, younger than households that moved into their dwelling before 1990. Much of this is simply related to ageing and that younger households throughout Budapest have a higher average social status than older households. If looking at the occupation of the head of the household<sup>5</sup>, differences arise amongst the estates. For example, 26 per cent of the households that moved into Thälmann utca between 1990–1995 had a physical worker as head of the household. The comparable figures for Füredi utca and Pók utca are 10 and 0 per cent, respectively. If looking at the percentage of household heads that are upper white collar workers (managers, professionals), the figures for Thälmann utca and Füredi utca are both 16 per cent, whilst, in Pók utca, this figure jumps to 58 per cent. Clearly, different estates attract different types of workers, although much of this can be tied to income levels.

Besides aspects of inwards mobility, there is also the situation of households that intend on selling their dwelling in the period summer 1995 to the end of 1996 (we use the term *potential out migrants* as this intention might not come to pass). On a total Budapest level, 19 per cent of households stated that they intend to sell their dwelling. For the housing estates, the comparable figures are: Thälmann utca, 7.2 per cent; Füredi utca, 16.8 per cent; and Pók utca, 25.6 per cent. It seems that the desire to sell is not directly related to the (negative) status of the estate.

With the data from these first two descriptions, three household groups can be developed as related to both in and desired out mobility. These groups are (*Table 7.*):

5 Whether it is appropriate to use data on the head of the household as an indicator of household class in Hungary is noted by SWAIN, N. (1992). He argues that households where the husband and wife belong to different classes (based on education, employment, et cetera) are relatively rare, thus using data on the head of the household (usually the husband) is not entirely misguided. FERGE, ZS. (1979) reaffirms this, although adding that the occupational level of the wife is usually lower than that of the husband.

*Immobile*- household moved into present dwelling (neighbourhood) before 1990 and does not intend on selling dwelling before the end of 1996;

*Mobile*- household moved into present dwelling (neighbourhood) after 1990 and intends on selling dwelling before the end of 1996;

*Mixed*- households either moved into present dwelling (neighbourhood) after 1990 and does not intend on selling dwelling or moved in before 1990 and intends on selling.

Table 7. Household mobility groups in Budapest

Mobility	Thälmann	Füredi	Pók	Budapest
Immobile	80.0	68.0	58.4	68.2
Mobile	2.4	9.6	10.4	7.7
Mixed	17.6	22.4	31.2	24.1
<i>Total</i>	100.0	100.0	100.0	100.0

This is, of course, not saying that a neighbourhood with a high level of mobile households is particularly bad, as is evident in the case of Pók utca. This would show that Pók utca has a healthy flow of households and is a desirable link in the overall housing ladder. Most households here stated that their desired place of relocation is the prestigious Buda Hills. For Füredi utca, there is also a similar level of mobility, although a higher level of immobile households. Over one half of households that desire to sell their dwelling want to remain in the same area. Perhaps the problems are not with the area, but more related to the estate buildings (remember that this is not such a peripheral estate). Thälmann utca has the highest level of immobile households and this is related primarily to the higher level of elderly and retired households residing here. Also, the low figure for mobile might lead one to believe that this estate is not developing into an integral link of the housing ladder, i.e. this is not a place where people move in, save their money, and then try to move to bigger or better accommodation. One could postulate, however, that as these dwellings are passed on to heirs in the coming years, major changes could be evident in such elderly-dominated estates.

## Conclusion

Although certain housing estates can be considered (potentially) problematic, one must realise that living conditions in many housing estates, even the worst high-rise estates, are still better than the conditions prevalent in many inner-city tenement buildings. This, coupled with the still existing housing shortage, precludes at this time any radical suggestions such as demolition. Also, as compared to many Western countries where many estates are still in the public sector, most estates in Budapest are a mix of public and private ownership, therefore such suggestions are somewhat unrealistic. Housing and neighbour-

hood satisfaction are still higher in housing estates than in the older inner-city neighbourhoods. For Budapest, 80–82 per cent of those living in housing estates are generally satisfied; in inner-city neighbourhoods, this declines to 30–35 per cent.

With the relative differences between the different types of housing estates as shown in this paper, there is not so much a problem in housing estates, but problems in certain types of estates, especially large-scale, high-rise estates. This is also true on a regional scale. Budapest and other larger towns have some problem estates, most of which are high-rise. The socialist new towns, for examples, are in a dilemma in that the vast majority of their dwelling stock consists primarily of high-rise estates that are potentially problematic.

It is still a disadvantage, economically and perhaps socially, to live in a housing estate, especially a large-scale, high-rise estate. Certain types of estates, however, have been able to develop into functioning parts of the housing chain as they are smoothly incorporated into the greater housing market, as has been shown in this paper. Although prices have increased in some of the 1980s estates, this rise, however, is still less than in other parts of the housing stock. Households in such estates, due to their higher social status and ability to realise the increases in housing value, are able to move on to better accommodation. This was shown for the high mobility in Pók utca.

In the 1960s–1970s estates that have had little price increase (and drastically decreasing prices if calculated in real terms), and are occupied by households of a lower social and economic status, the possibility of moving to a better situation is not as feasible. The real worry is that many such estates will become isolated from the greater housing market. With growing social and income differentiation, and concomitant increasing degrees of segregation, there is the real potential for such estates to become ghettos in the western sense of the word. The representative estate used for this paper (Füredi utca) has some characteristics of this, but is not at all considered a 'worst case scenario'. Many such estates, poorly constructed in peripheral locations and allocated to lower status households, could easily become dominated by a so-called underclass or become hotbeds of ethnic (Gypsy) strife. This is where the real problems lie and where future research should concentrate.

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