

Planned urban development in the light of integrated agglomeration development strategies in Hungary

László Bajnai¹

¹ Nemzeti Közszolgálati Egyetem (National University of Public Service), Államtudományi és Közigazgatási Kar (Faculty of Public Administration), 1083 Budapest, Ludovika tér 2. (bajnai.laszlo@uni-nke.hu)

Abstract: The challenges of sustainable development arising from increasing urbanization cannot be addressed without planned urban development. However, city regulations alone are not enough. Actual works that are based on a comprehensive strategy have to be carried out in the urban fabric. This operative urban development is also indispensable for achieving the goals of the classic urban development of the public sector. The strategic-level tool of operative urban development is the realization-oriented integrated urban development strategy. Before the accession to the European Union the public sector in the Eastern/Central European region generally did not consider planned urban development as its own responsibility. What makes Hungary exceptional in this field is that here the first generation of operative urban development strategies have been already carried out before joining the EU in 2004. The development of these initial strategies has been started a decade before the Leipzig Charter as a French–Hungarian collaboration. The EU declared the necessity of realization-oriented integrated urban development strategies in 2007. By this time best practice was already established in Hungary. Experience helped shaping policy guidelines and served as a foundation for the legal framework. Later, the 4th generation of the strategies included aspects of sustainable urban development. Today, the established best practice and experience can advance solutions for the already present challenges of socially, economically and environmentally sustainable urban development. During the 2021–2028 EU budgetary period we can expect a dramatic increase in challenges related to sustainability while the return on financial investments will also become more crucial. This article aims to contribute to the facts and evidence-based dialogue and collaboration across borders.

Összefoglalás: A fenntartható fejlődés urbanizációs kihívásai megválaszolhatatlanok tervszerű városfejlesztés nélkül. Ehhez azonban nem elég a városrendezési szabályozás. A város fizikai valóságába történő tervszerű beavatkozás is szükséges. Ez az operatív városfejlesztés, ami nélkülözhetetlen a közsféra klasszikus városfejlesztési céljainak valóra váltásához is. Stratégiai szintű tervezési eszköze a megvalósítás orientált integrált városfejlesztési stratégia. Régióink új piacgazdaságaiban a tervszerű városfejlesztést a közsféra általában nem mindig tekintette feladatának az EU csatlakozás előtt. Ezért érdekes a magyar példa, hiszen 2004-re itt már meg is valósult az első generációs stratégiák egy része. Tervezésük a Lipcsei Charta előtt egy évtizeddel elindult magyar-francia együttműködéssel. Az EU 2007-ben deklarálta a megvalósítás orientált integrált városfejlesztési stratégiák szükségességét. Magyarországon ekkor már kialakult a bevált gyakorlat. Eredményei beépültek a szakpolitikai iránymutatásokba, megalapozták jogi szabályozást. Ezután készült a stratégiák negyedik generációja, és megjelentek a fenntartható urbanizáció szempontjai. A bevált eszköztárral elő lehet mozdítani a környezeti, társadalmi és gazdasági szempontból fenntartható urbanizáció kihívásainak megválaszolását. A 2021-2028 időszakban a környezeti, gazdasági és társadalmi szempontból fenntartható fejlődés erőteljesebb kihívásaira számíthatunk. Várható a megtérülési szempontok jelentőségének növekedése. Az eredmények és tapasztalatok segíthetnek az új feladatok megoldásában. Nagyobb szerephez juthat a tudományos alapokon nyugvó nemzetközi szakmai diskurzus és együttműködés kibontakozása is, amihez a jelen cikk is szeretne hozzájárulni.

Keywords: operative urban development, regional development, city planning

1. Means and methods of strategic planning of urban development in Hungary

In Hungary, realization-oriented urban development strategies look back at a more than two decades long history. Medium-term (7-10 years) urban development plans are being made from the second part of the 1990s. The first strategic nature urban development documents are related to the successful rehabilitation of the IX. district of Budapest (Középső-Ferencváros) [1]. These plans foretold urban development operations in rural Hungary, which were realized in the following years. To create complex urban development operations, the Municipality of Zalaegerszeg and the Municipality of Mosonmagyaróvár created their own urban development companies, the Zalaegerszeg Urban Development Plc. and the MOVINNOV Ltd., respectively [2]. These urban development companies executed the development operations as project management organizations of the respective municipalities [1]. Depending on the content of the projects, financing was either market-based or funded by the government. In Zalaegerszeg, the Széchenyi Plan (economy development program of the Hungarian government) funded the first stage of the construction of the thermal spa, while the launch of the urban rehabilitation in the northern part of the city center was market-based. The MOVINNOV Ltd. of Mosonmagyaróvár established a new residential area (Lajta kert) close to the city center. This operation was market-based and earned a profit of more than 200 million HUF (ca. 640.000 EUR). The mentioned projects signified important milestones in the evolution of the means and methods of urban development in Hungary [2]. These milestones have proved that in the case of a well-functioning local economy, the toolbox that was already successful in the rehabilitation of Budapest IX. district (Középső-Ferencváros), have paramount importance [1]. The rehabilitation of Középső-Ferencváros was managed by the urban development company called SEM IX Ltd. The SEM IX Ltd. was created in 1992 by the Municipality of the IX. district of Budapest and the French finance institution for development (Caisse des Dépôts et Consignations) as a French-Hungarian joint venture. The results of Zalaegerszeg and Mosonmagyaróvár were not only interesting because of the different physical and socioeconomic features of the IX. district and the rural cities. More importantly, the municipalities used methods that were originated and took over from a well-tried western European practice, from France in particular, as a French-Hungarian collaboration. The biggest novelty was that we could successfully prove that planned urban development made under the direction and control of the public sector in cooperation with market players and property development operators is possible. Despite the fact that the dominant view of Hungarian politics and the profession in those years was that urban development is an issue of the market thus the intervention of the public sector is unnecessary .

Like Slovakia and other Central European countries, Hungary accessed the European Union in 2004. The preparation for using the EU structural funds started in 2002. The last PHARE (Poland and Hungary: Assistance for Restructuring their Economies) program between 2003–2004 functioned as a pre-accession fund, with an aim that by using it the infrastructural community investments promote development of the economy. By this time as a result of the aforementioned projects of Középső-Ferencváros, Zalaegerszeg and Mosonmagyaróvár an established routine of urban development was already existing in Hungary. Its toolbox originated from one of the dominant founding member states of the EU, France. This was the main reason for choosing agglomeration development when the EU had to define the fields of use of the pre-accession funds. Between 2003–2004 the well-functioning means and methods were incorporated into the stimulus of the local agglomeration development actions, which were financed by the EU pre-accession fund. During the 2004-2006 EU budgetary period the professional requirements of the Regional Operative Program's

urban development measure were based on the use of these means and methods and with a much bigger financial frame compared to the 2003–2004 budgetary period.

This process met the European approaches that urged the integrated outlook in strategic planning. These approaches became guidelines of the European Union for the first time in 2007 when the Leipzig Charter was issued [3]. Based on the Leipzig Charter, the Ministry of Local Government and Regional Development of Hungary elaborated the policy guidelines for the methodology of integrated urban development strategies [4]. This policy guideline added three major methodological advances to the national public policy repertoire of urban development based on the presented antecedents:

- The methodology of making, planning and realizing complex urban development actions.
- The methodology of making integrated agglomeration development strategies based on the interventions, which develop action areas and line networks.
- The creation and operation of an urban development society as an organizational instrument for implement strategies and action plans.

The second generation of integrated realization-oriented urban development strategies made for the 2007-2013 development period for the twenty-three towns with county rights, the districts of the capital and smaller cities are based on this standard. The 2nd revised edition of the “Handbook” was published in 2009 after considering the feedbacks of the previous version and including a more detailed specification of the content issues [2]. Based on this the cities worked out the final action area plans for the developments and the 3rd generation of strategies. The legal foundations for the realization-oriented integrated agglomeration development strategies were established after two decades of policies and experience with the publication of the Government Decree 314/2012 (XI.8.) [5]. This steered the 4th generation of the realization-oriented integrated urban/agglomeration development strategies. The 4th generation of strategies was developed first for 23 cities with county rights and some smaller towns between 2013–2014, and later in 2015 for the 142 district center cities and 13 districts of Budapest. The first integrated agglomeration development strategy (ITS – Intergrált Településfejlesztési Stratégia) was made in Szombathely, a 2000-year-old city with county rights. From the smaller cities that are not district center cities, Üllő made and approved firstly its integrated agglomeration development strategy. The integrated agglomeration development strategy was made on the basis of legal regulation. Its emphasized aim was to substantiate the developments between 2014–2020.

2. The content of the strategies

Until the release of the Government Decree, the development of the realization-oriented strategies focused on the means and methods [5]. The content of the development goals and operational plans of the interventions fixed in the medium-term strategies obviously founded properly the visions of the local governments. From 2004 this content was formed continuously, with an increasing degree, by the conditions of the non-repayable grants. On the other hand, till the appearance of the effects of the economic crisis on real estate market, there was a considerable will that the urban development activities of the public sector create a multiplier effect and help the development of construction and real estate companies. This striving for multiplier effect was put across by the state aid policy too [4]. In some cases, it happened, that the strategy and the action area plan served the source getting. Before the crisis, by and large, it seemed that the answering (as a result of one and a half decade of methodological process) for the difficult questions of the regime change was successful. These questions were: **who** and **how** will realize the development visions of the public sector. In the first decade after the system change, the dominant opinion was that „market is omnipotent”. In contrast with this opinion, one and a half decades after the regime change in parallel with the European integration, it became generally accepted that the urban development is the task and the responsibility of the public sector. Market-conform methods and instruments were successfully initiated.

In the two decades following the change of regime (1990), it seemed that the question of **what** wants to reach the public sector as a result of the developments will develop responses to local

conditions. The questions for the content didn't transgress the habitual frames, or the aims of urban development that was evolved over the course of history. After two decades the methods and tools have developed that could be used to answer the basic questions of **who** and **how**, even if not completely and not with the scale and richness of the toolbox of the most advanced European countries. The question of **what** became again in the center of interest.

3. What happened?

After the Millennium, by the use of the results of the UN and different European research centers, a turn happened in the public opinion concerning the urban questions of the sustainable development [6]. The view that the sustainable economic, social, and environmental developments require a harmonized action became widely accepted. It became clear, that 70% of the global greenhouse gas emission and 60% of global energy consumption is linked to urbanization. The greenhouse gas emission and the biggest part of energy waste comes from the spatial sprawl of cities and from their inner functional structure, which last is rooted in a vehicle transport, that satisfies the mobility needs [7]. Thanks to the urban tissue's historical features the microclimate is deteriorating in the most developed cities also, because of the global warming; notably there are urban heat islands, and more frequent and longer dog-days. These phenomenon menace more and more people's life, there are sudden floods and splurges and because of the overload of the rainwater drainage all these will bring higher and higher risk. It became clear that the different structural problems of urbanization are the causes and the consequences of global warming. The world crisis started by the fiasco of Lehman Brothers made manifest the risks of the economic aspect of sustainable development. And it triggered a viewpoint change in the European economic politics. These sequels provoked changes in the attitude of EU Commission towards sustainable development. However, the thought of sustainable development had already appeared several times in the EU public policies before, it manifests more emphatically than all before in the strategic objectives of the period 2014-2020 and in the toolbox of the EU regional politics. The EU 2020 goals word essentially the coherent system of development objectives of sustainable development in a social, economic and environmental perspective between frames of the EU public policy [8]. The turn, which means a of paradigm shift, has become known, from the public documents that prepared the decisions above, since 2011. That manifested in the implementation of a separate financial framework for cities and in the new instruments of regional investments (ITI - Integrated Territorial Investments) [9].

4. The necessity of planned urban development

The mentioned changes resulted in a completely, new approach; for the definition of the objectives of urban development, concretely for answering the question of **what**. It became obvious, that the general objectives of urban development (inherited from the past: formation of a beautiful, healthy, comfortable, well-functioning urban tissue) could be completed with some new ones [6]. The environmental, economic and social development implies these interrelated, new objectives [10]. The paste of newer, global objectives into the local, strategic goals reacted to the answering the question of **how**. In this new perspective, the necessity of a well-planned, purposeful urban development became clearly visible [11]. Not only on the level of the ascertainment of adequate town planning rules, but also by the planning of physical interventions of the public sector into the urban tissue (by construction activity). The necessity of a planned, purposeful urban development has always been obvious for the professional society dealing with urban planning and development. Content of the debates was at most about how, by which purposeful means, and to what extent it could be realized in a democratic in the current context of the social, economic conditions of a democratic state. However, in political life, this was not always the case. The changes pointed to the fact that if it was possible to create a beautiful, healthy, comfortable urban environment, under certain very favorable circumstances, well-established urban planning rules alone would be apparently not enough sufficient to achieve the goals of sustainable development.

This can be seen if it is only the objective of environmentally sustainable development in itself, abandoning the economic and social contexts. If we want to stop and reverse the spatial sprawl of cities, we need to make attractive our cities for the public and businesses. We must make attractive all of our cities, and especially the intensified internal parts of the city, to have an experience of a good living and to urge economic activity there. To have a fair enough life there in the next decades, despite the effects of climate change that make the urban environment a lot less favorable than life in the village. If we want to have the missing functions of our mono-functional homes and suburbs within the administrative boundaries of our cities require less mobility in the city, we need to develop services, establish real urban sub-centers and also bring jobs closer [7]. All of this requires the transformation of the physical structure and urban tissue of the city and its region. This transformation implies a complicated, long-lasting, large-scale construction work and funding. The definite prerequisite for its successful implementation is the design [11]. For this purpose, the integrated agglomeration development strategy and the related planning and implementation toolkit that can be used as a useful tool for planned urban development activities. The importance of this tool is also underlined by the mentioned strategy [8] and regulation [9] for the 2014-2020 EU development period. The European Union legal framework for integrated territorial investment (ITI) for territorial, sectoral and functional coordinated developments [9] cannot be interpreted differently than to raising to a higher level and clarify the content of the European Union's public policy guidelines for integrated urban development strategies, in the sense of strengthening the need for planned urban development.

During the 2021-2028 EU development period we can expect a dramatic increase in challenges related to economic and environmental sustainability. Parallel with the Brexit and the process of European integration the EU development policy instruments and financing facility may change. Economic and financial efficiency as well as the return on financial investments will become more crucial in the use of funding. In the light of these changes the, the fact that a fully operational and efficiently working toolbox of planned urban development exists in Hungary may increase in significance.

5. Conclusions

- The EU 2020 strategy and the EU policy guidelines for the 2014-2020 budgetary period emphasizes the significance of (1) the integrated realization-oriented (2) planned urban development.
- The urbanization-related challenges of environmentally, economically and socially sustainable development make planned urban development essential.
- Beside city regulations, operative urban development is also an integral part of planned urban development. While formulating the toolbox of planned urban development the **who**, **what** and **how** have to be answered.
- Strategic planning is a necessary but not sufficient tool of the regulation-based and operative urban development.
- Urban development actions and the operative urban development plans of the infrastructure networks are indispensable for planned urban development.
- It will take a long time to address all aspects of the challenges arising sustainable development. The design, implementation, promotion and successful use of a planning toolbox that may answers the challenges will be tedious work.
- European collaboration advances the formulation of a nation level planning toolbox for urban development that can be used to address the arising challenges.

6. Suggestions

- The already existing well-functioning toolbox and best practices of planned urban development have to be propagated. These can be adjusted to address local challenges arising from the

increased importance of economic and financial efficiency as well as the return on financial investments.

- To formulate a toolbox for urban development that can be used to address the arising challenges, international scientific and professional dialogue and collaboration have to be improved.

References

1. Bajnai, L. *Városfejlesztés*; Scolar Kiadó: Budapest, Hungary, 2007; p. 191, ISBN: 978-963-244-011-8.
2. Nemzeti Fejlesztési és Gazdasági Minisztérium (Ministry of National Development and Economy). *Városfejlesztési kézikönyv*, 2nd eds.; Budapest, Hungary, 2009; p. 148
3. EU Member States *Leipzig Charter on Sustainable European Cities*; Leipzig, Germany, 2007; p. 7
4. Önkormányzati és Területfejlesztési Minisztérium (Ministry of Local Government and Regional Development). *Városrehabilitáció 2007-2013-ban: Kézikönyv a városok számára*; Budapest, Hungary, 2007; p. 137
5. Government Decree 314/2012. (XI.8.) *Kormány Rendelet a településfejlesztési koncepcióról, az integrált településfejlesztési stratégiáról és a településrendezési eszközökről, valamint egyes településrendezési sajátos jogintézményekről*; Budapest, Hungary, 2010
6. Bajnai, L. *Bevezetés az urbanisztikába: A fenntartható urbanizáció tervezése és megvalósítása*; Scolar Kiadó: Budapest, Hungary, 2016, p. 116, ISBN: 978-963-244-640-0.
7. Clerc, D.; Chalon, C.; Magnin, G.; Vouillot, H. *Pour un nouvel urbanisme*; Editions Yves Michel, France, 2008; p. 157, ISBN: 978-2-913492-54-7.
8. European Commission. *EU 2020 - A European Strategy for Smart, Sustainable and Inclusive Growth*; European Commission, Brussels, Belgium, 2010; p. 32
9. Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013. *Official Journal of the European Union*, 2013, L 347, pp. 320-469
10. Hamman, P. *Penser le développement durable urbain: regards croisés*; L'Harmattan, Paris, France, 2008; p. 324, ISBN: 978-2-296-06361-7
11. Bajnai, L. 2018. A fenntartható urbanizáció kihívásai. In: *Köszervezési és Közigazgatástani Műhely 2016 tanulmánykötet*, E-Government Tanulmányok XLII., Tózsá, I., Ed.; E-Government Alapítvány a Közigazgatás Modernizációjáért, Budapest, Hungary, 2018; pp. 67-81, ISBN: 978-963-9753-21-1.