

JOZSEFVAROS

URBAN RENEWAL PROGRAM

1998

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1. INTRODUCTION

The present study is the summary of the Rehabilitative Program Plan for Józsefváros, containing the most important statements and the related municipal suggestions for decisions. The Rehabilitative Program Plan has been developed on behalf of the Municipality of Józsefváros.

1.1. The aims of renewal in the district

The basic aims of renewal in the Józsefváros are the improvement of living conditions in the district, restoring people`s faith in the future, providing differentiated prospects for the future for different social layers, projecting viable ways of life.

The renewed man-built and natural resources should:

- form a healthy social structure
- vitalize the social, economic and cultural life of the area
- enhance the cohesion and identity in the district
- solve the problems of crime and segregation
- enhance the innovative resources of the area

2. ANTECEDENTS

2.1. CHANGES IN THE GENERAL CONDITIONS OF TOWN REHABILITATION IN THE CAPITAL

For the solution of one of the most urgent problems of inner quarters in Budapest, the General Assembly of the capital accepted (with its decree No. 375/1998. III.26.) the Town Rehabilitative Program made in 1996-1997.

The Program addresses town rehabilitation as a strategic task in town development, emphasises the cooperation between the Municipality of the Capital and that of the districts; and the concentration of spiritual and material resources. In order to change the present rhapsodic, random and poor situation, the decree will supply constant support to widen the the financial conditions of rehabilitation, to further improve the system of subsidies in the capital. To widen resources in the

capital, the General Assembly invited the chief mayor of Budapest to start negotiations with the government in order to ensure the financial conditions of rehabilitation. On the basis of analysis in the capital, the mayor was also invited to give nationwide (city) level suggestions to put an end to the backwardness in the region gradually.

The changes in the city centre of Budapest can be characterized by special duality. On one hand, as a result of city development, on the other, as that of the processes of destruction in the various historical periods, the formation of slums has accelerated. Studying the processes, it can be concluded that in the period after 1990 the physical, technical deterioration of houses in large slum areas coincided with social desorganizational processes. The present condition of Józsefváros reflects this duality directly.

The structural changes with the new regime basically reformed the social-economic-legal medium of town development and rehabilitation. As a result of market conditions and the enhanced role of property-flat owners, the decision making role of the participants of town development has considerably increased. With regard to this fact, participants, besides regulative devices, have to use market conform initiatives as well. A vital basis of the organized rehabilitative process is the effective use of public resources.

2.2. ANTECEDENTS IN THE DISTRICT

Similarly to the processes in the capital, in Józsefváros the preparation of the rehabilitative process started by housing blocks in the 1980s. This process was interrupted in the years of the changes and there were only regionally scattered renewals.

The last step of this process, ie. the first of the new, organized rehabilitation on the area of action could be the renewal of two buildings in inner-Józsefváros in 1996.

On the basis of the decisions of the 'Town Rehabilitative Program of the Capital' the Municipality of the capital identified two areas for rehabilitation in Jozsfsvaros in 1997 (1,2), and in cooperation with the District Municipality it brought about a target organization to organize and run the work. (REV VIII. Inc).

The subsidy gained from the project for the `C` block of the Rehabilitation Fund of the capital (compiled by the REV VIII. Inc. to support the renewal of municipally owned buildings in the town rehabilitative action areas) and the related district municipal funds are the basis of the activity of rehabilitation. The work outlined in the project must be successfully carried out in 1998-2000.

3. SITUATIONAL ANALYSIS

3.1. Network systems in the district

- historically organic inclusion

The structure of Józsefváros is defined by the main roads from the Middle Ages: the Muzeum boulevard running outside the town walls of medieval Pest, Rákóczi road and Üllői út. The two circular roads, Nagykörút and Hungária boulevard further segmented these structural elements.

- advantageous position in the town structure

Regarding the placement of the district in the spatial structure of the capital, the different developmental effects of certain elements come to light. Along dynamic, radial main roads, frequently changing developmental periods resulted in faster renewal, according to this, a stock of better quality buildings has been formed. In the case of Üllői road, Rákóczi road, the period of stagnation was shorter, renewal was more effective.

In the present state of development in the capital, special emphasis must be put on the enforcement and completion of circular traffic networks (Nagykörút, Hungária boulevard). After the reconstruction of public areas in the district part of the Nagykörút, its real estate market position has strengthened, and this tendency can also be expected parallel with the development of Hungaria boulevard.

The inner spatial structure of the district is less proportioned, as the inner parts have no differentiated road networks. Within the spatial structure, it is of vital importance to keep and preserve the `core of the town`, but certain structural changes are necessary.

The transport network system offers several facilities for the renewal of the district. The 9 metro stops in the district provide a good network. With the development of the DBR (South Buda Metro line), the district`s connection with the capital`s fast public transport network has improved, but not significantly. One of

the reasons is that the development of the networks are rather poor. The strongest elements of spatial structure and network are the two railway stations directing towards the city centre. Both improvements would considerably favour the image of the area. To realize the planned rehabilitation, the district should find and implement the most favourable solutions for the railway stations and the relevant metro line.

Institutional network system in the district is of strategic importance. The cooperation of functional systems is a vital element in the connection of the capital and the district. Regarding social issues, the inclusion of the district is very strong. The powerful support of improvements can be a key element in the renewal of the district.

Connection with industrial areas, similarly to institutional networks, is of key importance. A gradual renewal process starting from the outskirts of the area, directed and subsidized according to the district's needs, will favourably affect the district's economic and social changes.

3.2. FUNCTIONAL RESOURCES

Flat

- the structure and technical condition of the housing stock is rather poor
- 58% of the houses in the district were built in the last century, 82% before 1920, and only 8% after 1945. Owing to the lack of renewal and maintenance, the condition of the housing stock further deteriorated, without new constructions the old structure prevailed.

The structure of housing stock according to the number of rooms in the district

Number of rooms							
1	1.5	2	2.5	3	3.5	4	total
18.257	6.113	9.221	2.607	2.323	952	501	39.974
Their percentage in % in the housing stock							
45,7%	15,3%	23,1%	6,5%	5,8%	2,4%	1,2%	100,0%

In Józsefváros there are 39 thousand flats, 44% of them is one-roomed, in certain areas their percentage exceeds 80%. According to statistical data, the number of flats without modern conveniences is high, 21%. The number of subsequent development of amenities is also considerable. In certain areas (the neighbourhood

of Teleki square, the area behind Orczy garden, the southern part of Prater street) the rate of substandard flats is 55-70%.

The density of population in the district is 3.4 times higher than that of the capital`s average, the density of flats is 3.6 times more (135 person/ha, ie. 59 flat/ha). The privatization of rented flats started rather late compared to other inner districts, but the reason for the fact that in Budapest the greatest number of rented flats (14 thousand) can be found here, might be attributed to the poor condition of the housing stock and the rehabilitation ban list. Most of the rented flats left can be found in the lowest layer of the housing stock, belonging primarily to the `social` category of flats (rented usually by the poor).

Institutions

The concentrated presence of educational, health and cultural institutions is determinant. Institutions and organizations are projected to expect higher and higher standards in their environment. Most of them takes smaller or bigger initiatives and participates in their development as well.

Besides the renewal of environment, the general tendency that the majority of local institutions develop continuously, offers favourable perspectives and means that area demand will partially increase. So the selling of municipal building sites and properties neighbouring the institutions allows cooperation, directly for institutional developments, indirectly for their service.

Industrial enterprises

The number of industrial enterprises in the district is well above the capital`s average, and the same refers to those employed in industry. Regarding organizational networks in industrial enterprises it can be stated that industrial enterprises in the VIII. district, in contrast with enterprises in the outskirts, have their area of attraction in other districts in Budapest and affect agglomeration in the capital as well.

Last year there was still a great number of craftsmen, pursuing mainly delivery activities, producing special products with their target tools. After the changes of local great companies these relationships were cut, and most of the enterprises dealing with only one activity lost their markets. With the transformation of industrial enterprises, supplementary services and home working activities are mostly performed by smaller companies, in special cases they make contracts with

outer entrepreneurs. The amount of incomes from taxes after buildings well proves the presence of enterprises and companies.

3.3. Environmental resources

Built environment

Regarding its resources, Józsefváros can be divided into several different parts, including 17 area units. These units carrying 17 different identities, can be separated into 3 main parts.

Inner-Józsefváros is one of the most densely built- in part of the district. Housing blocks are the results of integral town development, they were formed mainly by building- in gardens around the medieval town core, by way of several rebuildings: shorter blocks from the XIX. century mix with higher, secessional housing blocks from the turn of the century, emanating city atmosphere. The fact, that public institutions (National Museum, Lorand Eötvös University of Sciences, the Clinics) were built on large, spacious sites spared in the XIX. century, gives a special character to the area.

The development of Mid-Józsefváros came to a halt with the completion of the Nagykörút, or it slowed down, and no considerable initiatives of the capital took place here. In 1970 the town centre was destroyed by certain interventions, on the technical level characteristic of the period.

Outer-Józsefváros is the area from Fiumei-Orczy roads to Hungária boulevard with mixed functions (Ügető / racecourse/, Railway station of Józsefváros; railway areas; industrial areas; Tisztviselő unit / place for officials). The housing and art estate in Százados road gives a colourful picture to the district.

Natural environment

The green areas of the district are more or less divided into circles defined by boulevards. As a result of great institutional green areas and the character of development (Tisztviselő-telep, Cemetery in Kerepesi road, Ügető etc.) the outer zone is basically covered by green. The two green wedges of the outer ring become gradually subtler in Mid-Józsefváros, forming a system of independent units. The middle ring is characterized by squares and public parks, the inner one (Inner-Józsefváros) mainly by city squares.

Transport

The radial roads crossing or passing the district and the elements of the ringroads in the capital are essential parts of city transport. Their passing traffic load, heavily affecting the inhabitants of the district, is considerable, while the same load induced by the inhabitants of the district is of little importance.

The rate of private transport loading the network of roads is the second lowest out of 23 districts (18%, while the average rate for the capital is 25%). The motorization (car/1000 people) of the district is much lower than the Budapest average, and is likely to decrease proportionately. The degree of supply for trucks (truck/1000 inhabitants) can be considered high, the reason is that the job density of the district (job/km²) is twice as much as the Budapest average.

Parking conditions in Inner-Józsefváros and in the majority of Mid-Józsefváros are unfavourable, the highway in front of the frontage of houses is not enough to store the cars belonging to the present, usually low value flats. The number of cars parked on public areas reached the physical maximum a few years ago already. The most important reason of the present situation is that there are not enough parking surfaces and that parking management does not effectively further the logical utilization of the few existing places. The situation is partially relieved by parking cars on empty building sites.

In inner parts of the district, besides the parking demands of the population, needs for shopping, transaction of affairs, job availability and tourism must be satisfied as well. The parking demand of the inhabitants offer free capacities shifted in time, thus providing room for others. Cars, whose owners live in living streets, use 15-60% of parking places all day. The daily patterns of parking are different in the certain sectors of the district.

3.4. Social situation

According to the census data of 1990, the permanent population of Józsefváros is 89 thousand, the inhabitant population is 92 thousand. The rate of active population is 41%. The structure of the population according to age is partly similar to that of other inner districts, the rate of the elderly is high, but regarding average age it is younger than in other districts. The rate of the young is higher than in the neighbouring city districts.

Between 1960-90 in Budapest, the number of inhabitants decreased in the greatest degree in the VIII. District. This decrease (5%) considerably slowed down between 1990-96, even compared to other inner districts. From the lower rate population decrease we can conclude that the trend of emigration has turned, and recently more and more people come to live in the district, presumably from areas fallen behind the times.

The study of the social status of those, who move into the district shows that more with the lowest school qualifications move in the area outside the Nagykörút than to Budapest in general, Inner Józsefváros stagnates: there is no significant difference between the status of movers in and movers out.

Regarding the status ie. school qualifications, the district is in a worse situation than other Budapest districts.

The low amount of personal income tax (one of the lowest amounts in Budapest can be found in the VIII. District) is due, among others, to the presence of black economy (in black economy there are no visible incomes). Besides all these, the income situation of the population can be considered homogenous, its income position poor.

The problem that the population is unable to pay for housing is considerable, families cannot afford to pay the maintenance costs for their flats.

According to the data of a social map outlined in 1998, 18% of those who were questioned had public utility debt lasting for more than a month in 1997.

The most outstanding and locally perceptible result of industrial restructuring was the drastic decrease of working force demand, having a great impact on the working force market in the district. Out of the districts of the capital, the rate of unemployment is uniquely high, (the number of registered unemployed exceeds the Budapest average by 53%). The number of employees in the district continuously decreases, but in a lesser degree than in the past years.

Summing up, the conclusion can be drawn, that the whole district can be characterised by the high rate of inactive age group, the continuous decrease of the population. The social structure of inhabitants changes by belts, differentiation gets stronger and stronger as a result of increased mobility. Both the inner and mid-areas get into a worse situation, although the speed of the social process is different.

3.5. Economic resources

Most of the district is situated in the city centre, which is an important educational, cultural and economic core of the capital and the country. Companies and institutions with a scope of attraction outside the district as well provide certain dynamism for the district.

Economic restructuring after the political changes launched an intensive increase in the number of enterprises in the district. Although, regarding the number of enterprises, the district is below the Budapest average, a smaller part of enterprises, medium and great enterprises are present here, as well as their total capital, above the Budapest average.

In spite of the relatively advantageous resources of the district, the numerical increase of economic enterprises stagnated in the past years. This tendency mainly affects private enterprises. There appeared the so-called `qualitative selection` among private entrepreneurs, and this tendency is expected to continue in the future as well.

The great number of small-scale industrial and service organizations is typical of the district. The role of small-scale industry is strong although there were two important tendencies in the capital in the past decades: on one hand, the traditional small-commodity productive, domestic industrial character was replaced by a service profile (repair, maintenance); on the other hand, private small-scale industry moved more and more into the outskirts. The `citizen of the city` was replaced by `service tradesmen in the outskirts`.

Considerable part of the entrepreneurial circle is `emergency entrepreneur`, or tradesmen performing activities not needing considerable investment. Most of the enterprises in the district are not real enterprises, but people, without having any alternatives, tried to save their families. These entrepreneurs live in the district and very often they meet local demands.

3.6. The position of the district in the real estate market

The situation of the VIII. district is mainly defined by positive effects coming from easy accessibility as a result of the above mentioned inclusion; and negative effects from the district`s image. At the same time, the market positions of area structural units in the district are considerably different.

Building sites

In relations of the capital, the VIII. district disposes of considerable site supply. The supply in Inner-Józsefváros and along the main road is deficient, and the offering price is similarly high as in other, more attractive parts of the town. The price of a site in Mid-and Outer-Józsefváros is 12-20 thousand Ft/m², in Inner Józsefváros this price can be about 150 thousand Ft/m².

Flats

In comparison with the capital, the flat prices in the VIII. district are among the lowest ones in every respect. The exceptions are Inner-Józsefváros, where the offering prices of flats are between 54 and 140 thousand Ft/m², and Outer Józsefváros/Tisztviselő-telep, where the prices of houses with gardens are about 120 thousand Ft/m², in the case of smaller community houses it is 90 thousand Ft/m².

Supply in Inner Józsefváros mainly consists of great flats, in Mid-Józsefváros of housing estate flats, where selling prospectives are rather poor.

According to real estate agents, the unfavourable image of the district further worsenes the already poor real estate market conditions.

Offices

The office building fever avoided Józsefváros, newly built office buildings can hardly be found in the district. Office building supply consists of mainly old offices. Rents range between 18-36000 Ft/m²/year, operational costs included. These rents, together with the rents in Budapest, are still well below market prices in Prague, Warsaw and other improving markets.

Business

With the opening of shopping centers in Budapest, the supply of business premises has increased considerably. Several shops closed down in unfavourable places or along sideways. As a result of the privatization of premises, demand turned towards private properties and interest in rental rights has markedly dropped. In highly favoured places, the supply market of premises of about 300-500m² is low, although demand targets this category. For foreign investors, premises of 200-500m² are essential.

In the case of premises along highways the value of rental rights decreased continuously, compared to last year's prices, with 30-40%, although ownership rights and rental fees are still the same high.

The VIII. district provides ample supply of premises, but there is only demand along highways, where rents are about 60 thousand Ft/m²/year. The most wanted right is ownership right, the price of 1 m² is about 93-190 thousand Ft/m², for the transmission of rental right 7-60 thousand Ft/m² is charged.

3.7. Rehabilitative units in the district

According to resources and development potentials, the district can be divided into several independent, coherent units.

Constant areas

Constant areas are those which, besides their present structure and utilization, have their potentials for renewal and to preserve this minimum condition. The most important qualities are: given spatial structural localization and town structural network, orderly inner structure, harmonious social and technical environment. On these areas, emphasis must be put on the program of sustainable development and effective operation.

Areas in structural changes

Areas in structural changes are those which can project typical models of intervention in relation to the conflicts emerging from the above mentioned changes. Demands and potentials divide them into three categories.

Developing areas, heading towards positive directions by way of their resources and connections, without considerable authoritative intervention. Most important qualities are: improving spatial structural network, proportionate, balanced development of inner networks and area utilization; positive changes in social-economic changes.

Stagnating areas, which, as a result of inner structural and social conflicts, come down, and can only develop in the case of favourable circumstances. Most important qualities are: stiff spatial structural, area utilizational conflicts, deadlock in development, population with consolidated low status.

Crisis areas, where the deterioration of town environment and the serious social conflicts caused a deep crisis. Most important qualities: spatial structural

difficulties, conflicts in area utilization and functions, deteriorated environmental conditions, comedown in social-economic conditions.

The adjustment of different techniques to solve the problems of certain areas and ranking can be found out on the basis of prospects for the future. In areas in structural changes the types of intervention, their means and necessities must be developed according to the special feature, character.

4. STRATEGY

4.1. Aims of strategy

One of the most important strategical tasks in the renewal of Józsefváros is rehabilitation. Its general aims should be differentiatedly outlined for area units with different resources and development potentials. Rehabilitation serves several parallel aims, so the definition of the strategy forms the various approaches of rehabilitation into a united system of aims, which should be operated within the framework defined by the Municipality. The following strategical aims can be outlined:

- Stabilization of the district`s market position

A basic aim is to stop the further deterioration of poor areas, to improve the market positions of these areas, or to try to preserve the original level. Experience in the development of the district in the near past showed that renewal could not be reached purely by market development. Significant utilization of resources for public purposes is needed even in most of the areas with favourable conditions. For the successful launch of rehabilitation, it is essential to use private resources as well.

- The renewal of the district`s social structure

The basic aim is to stop the formation of the negative developmental spiral coming from the lack of town renewal. Nevertheless, in the process of slowing down or stopping the social tendencies heading downwards, not a single member of the socially disadvantaged population, as a result of rehabilitation, can get into a worse situation either mentally or in life circumstances.

- Changing the negative image of the district

As a result of long term processes aiming to renew the the district, with the improvement of environmental conditions and various social programs, the image of the district must be improved.

4.2. System of aims in the strategy

Knowing the district`s resources, in order to realize the main aims, the following systems can be outlined:

- public network development based on the values of the district

By the renewal of public area networks (town structure, system of roads and squares, public utilities, green areas) the district should preserve or restore the balance of town structure, to avoid the problems of town planning and social problems in the areas losing their functions, getting out of control. With the decrease of large, adjacent, deteriorated areas, rehabilitation allows the return of renewing capacities. In public area programs, public green areas should be extended, parking and traffic should be successfully arranged. The unique character of the district can be emphasised with the development of green public utility network, the reinforcement of the existing structural elements and with new target elements.

- Restructuring the housing stock in the district

The aim of rehabilitation is the gradual improvement of the structure and quality of municipal housing stock, the development of a housing stock of the same structure and quality as that of the capital, to reach marketability for the flats in the areas of rehabilitation, regular maintainance, the realization of the conditions of development.

In order to this, the lowest level flats (without conveniences, emergency) should be drawn out of the housing stock. The process does not mean the extinction of flats with low costs, but the gradual extinction of the most disadvantageous flats. With the process of rehabilitation, a special housing stock is to be developed, which has so far been missing from the flat structure of the district, and which is adjustable for the needs of life in a city and special attention can be paid to the solvency of the moving-in population, thus furthering the inner mobility of the district.

- Subsidies for the developments based on the excellent structural networks (of town structure and institutional)

The basic aim is to join the excellent structural-network system of the district in the process of rehabilitation. The stretching sectors of the rehabilitation in Józsefváros are the development of real estate stock for the high level institutional network and the utilization of multiplicative effects related to improvements.

- Preservation of environmental heritage defining identity

The basic aim is to preserve the architectural heritage and town character defining the identity of the district and its special area units, and to maintain the attractive great green areas. With the preservation of the special architectural character of certain areas, the area`s charm can be intensified. Value protection and environmental protection should become of public aims in the regulative and financing system of town rehabilitation; in the preservation of the area`s identity and its environmental resources. The survey of values should be based on broad social consensus, together with the mental resources of the local population and public opinion.

- Institutionalization for the rehabilitation in the district

In the past few decades, the participation and decision-making role of the municipality, population, non-profit and private investors in town rehabilitation changed considerably. The aim is to develop an integrated organizational system, a rehabilitative target organization, the operation of the REV Inc., by means of joining the responsibility and decision making spheres. A clear and explicit decision making mechanism is to be brought about, to win the population`s and investors` trust, to decrease the risks of investments. During rehabilitation, an organization should be set up for people who are to leave their living areas, to care about their interests, to support them. Communicational forms should be developed between participants.

- Increase the economic profile of the district

As a result of constant renewal, the district should successfully participate in Budapest`s role as a capital and metropolis. The district can achieve this aim with the initiatives of the municipality, with harmonized social-technical-

economic programs, with the close cooperation of social and economic participants and neighbouring districts of the capital.

- Development of areas for investment, real estate improvement

In the most important areas of rehabilitation the worst part of the deteriorated housing stock should be pulled down, thus enabling the formation of an adjacent, empty, regulated area suitable for development and improvement.

- Rehabilitation in the district

Starting from action areas, the rehabilitation of the district should be realized supported by the strategy of differentiated area management. Various participants (Capital, institutions, public utility suppliers, investors etc.) and various rehabilitative and developmental projects should develop `islands and stripes` of renewal. Within this, starting from the construction of brand new buildings through the moderate, qualitative improvement of the existing buildings, comprehensive social and environmental improvement is to be realized.

5. PROGRAMS

Area units with their different characteristics and easily identifiable borderlines have different prospectives for the future. According to this, they have different system of aims and means as well. As a result of the shortage of resources, the same level development cannot be started in every area, but with certain town authoritative methods the complete backwardness of disadvantageous areas should be prevented.

5.1. Active, `classical` rehabilitative programs

Rehabilitative programs brought about mainly in crisis areas, where the municipality undertakes the part of an active initiator, and counts on private initiatives as partners in the process, like the local population and prospective investors. During the realization of the program, after the definition of the different rehabilitative levels, interventions can be decided (to build in vacant sites, change of buildings per site, rehabilitation by site groups) and supplementary programs for application (support programs, public area programs, programs for cooperation).

5.2. Rehabilitative real estate development programs

A real estate development program, outlined for the realization of developmental aims, where developers take the initiative. With interventions, the deteriorated environment is effectively rebuilt, renewed, and its status rises.

The aim is, with the connection of the developmental potential existing in the private sector, the diversion of investments to the district, supplemented by the potential institutional intentions.

The task for the municipality is to outline clear system of conditions in the fields of town planning, value preservation, social and housing policy.

5.3. Indirect support programs

Basically a program for the multi-sided support of the renewal activities of community house tenants, with the aim of urging the renewal of community houses. The form of support is defferentiated system of applications with own risks.

5.4. Programs for cooperation

In order to concentrate and extend resources, the district municiplity should realize multi-directional cooperation. The most essential elements of the realization of the program are the following: harmonization of state and capital developments, acquisition of subsidies, cooperation with other districts.

Program for cooperation with institutions

Various forms of cooperation with capital, state and district developments. Aim: joining institutional developments to rehabilitation, using their improving power, exploitation of multiplicative effects.

Programs for cooperation with organizations and institutions in the district

Cooperating organizations in rehabilitation (municiplity, REV Inc., civil organizations etc.) will face basic interest and value conflicts during the process of rehabilitation, so conceptual agreement is needed relating the aims and means of rehabilitation. The municipality should take the initiative in rehabilitative areas to advance the self organization of the population.

Program for cooperation with neighbouring districts

Harmonization of support and developmental programs with the neighbouring districts.

Program for cooperation with the participants of economy

The municipality should rely on enterprises in the district on a greater extent: local participants of economy should get more information and opportunity to have a say in matters, in the fields of harmonization and direct economic cooperation as well. The municipality of the district can only advance the development of big companies and organizations with a scope of operation outside the district as well, exclusively together with other municipal, state and market participants.

6. ELEMENTS OF THE PROGRAM

6.1. Program for the construction of flats

The development of the program for the construction of flats related to rehabilitation is of key importance from the point of view of rehabilitation. Out of the districts in the capital, Józsefváros disposes of one of the largest and of the worst quality housing stock. The aim of the program is the extinction of deteriorated flats of poor quality and position, the improvement of the construction of the flat sector in the district.

To draw up the framework of municipal management for the middle and the long run, the scope of those flats must be defined, which the municipality would like to keep in its ownership, and let them, utilize them in a system based on social viewpoints, regulated in the municipality's detailed decree.

Restructuring in the housing stock, qualitative improvements

After registering the detailed condition of the buildings, the municipal housing stock can be categorized. Categorization regarding the whole municipal housing stock of the district, defines the participation prospectives of given houses in various programs.

The group of flats, which, as a result of their favourable situation, are suitable for the aims, and do not belong to the group of flats with subsidized rents to let ('social tenement flats'), should be utilized by the municipality under market conditions (tenement, selling).

Program for destruction: pulling down outdated, not renewable, uneconomical flats not even suitable for technical renewal

Most of the flats in the ownership of the municipality are functionally outdated and technically amortized can be found in the lowest segment of the housing market in Budapest. The renewal and updating of the flats are uneconomical, their presence preserves the deteriorating social and real estate market conditions. The key issue of rising in the district is the disappearance of the poorest flats and houses, as it puts an end to the cheap flat supply attractive for the poorest.

Program for the replacement of flats

The rehabilitative program makes it necessary to place the tenants of the extincted flats once and for all. This is a complex task, where there are several potential solutions (paying in cash, buying second hand flats, placement in empty municipal tenement flats, construction of new tenement flats etc.).

Access to flats, construction of flats

For tenants to be socially subsidized, new buildings should be constructed, which are cheap, for average demands, which can be maintained and operated economically. Or, such flats should be purchased, concentratedly, endeavouring for united ownership relations.

In access to flats, the municipality should support the young to get flats, especially those from the district's educational institutions, advance the satisfying arrangement of housing problems for the elderly population layer with opportunities to move from uneconomical large flats to smaller homes, should endeavour to solve the housing problems of population layers with different cultural background, using the Capital's support as well.

6.2. Program for financing

Cost of rehabilitation

The rehabilitative cost demand of Józsefváros, regarding technical tasks and the urgency of different rehabilitative interventions, significantly differs by divisions, by residential quarters.

In the area of action, the cost structure for the rehabilitation of each residential unit, supposing the present level of costs and market conditions, is the following:

The cost of rehabilitative real estate development for one unit is an average of 3,5-4,5 billion Ft. For the realization of the project on entrepreneurial basis, about 30% subsidy is needed. In the case of an active rehabilitative model, the total cost of the rehabilitation of a unit is 1,8-2.5 billion Ft, which needs 18-25% municipal subsidy.

Element of the program for financing

Rehabilitation `A` has large equity requirements, several participants, counting on the public and private sectors as well. Municipal resources are insufficient, so it is necessary to concentrate resources, to use outer capital, to offer attractive opportunities for market investors. With the targeted use and concentration of available resources, the municipality should develop an environment which is attractive for private initiatives, legally, economically and physically, and which can ensure the resource demand of rehabilitation in the long run.

For the performance of tasks of public obligations and to get the necessary resources, the municipality should ask for the support of the government and the Capital in the following: changes in the town structure, greater demolitions, missing renewals, establishment of a tenement flat stock subsidized according to social considerations from legal obligations, for new constructions, purchases, updating, renewal. Within its own budget, using operating outer support systems, the municipality should create the cover for the renewal costs of buildings in its ownership, striving for the regular re-draw of releasable resources in the process of rehabilitation.

6.3. Municipal real estate property-policy

- The municipality should pursue active real estate policy for the assessment of the real estate property of the district, and the excess value should be spent on town development, rehabilitation and re-draw.

The municipality`s task is the development of subsidy and guarantee systems in real estate development, for advancing the participation of private capital . With active organization and market policy it should favour the participation of various participants (population, entrepreneurs, institutions, investors) in rehabilitation and for this, should initiate the use of domestic and international economic development, subsidy systems in the area.

6.5. Social program

Comprehensive spatial conception is needed to stop the concentration of social problems into the district within the Budapest area.

Rehabilitation cannot mean the systematic pushing out of `problematic` families from the district.

The alternative of moving out of the district can emerge in the case of families, for whom it would not be a loss by any means, or other significant advantages would compensate the losses. This condition can only be fulfilled if decision is made only with letting the concerned in on their future, on the basis of weighing personal issues, opportunities, the related advantages and disadvantages.

Segregation must not increase with rehabilitation

Socially, it is expedient to develop a mixed housing stock in the process of rehabilitation, containing (preserving) smaller and easily maintainable flats. All kinds of segregation intensifies social problems and worsens their solution.

Fairness with the poor and with those living in the outskirts

Not a single member of the disadvantageous population can get into worse circumstances coming from rehabilitation than before.

Managing social problems, relationship with the population

With the establishment of an informative support network in rehabilitative action areas, basic information should be available for all population groups. The organizational aims of the concerned civilian social layers must be backed up morally.

The population should be regularly informed about the actual state of rehabilitation, the emerging problems, the activities of investors etc. Maximal use should be made of the spatial knowledge and network system of institutions and organizations operating on the target area and those with other headquarters but operating here as well.

With the social structure of the district, the municipality cannot afford to leave the social consequences of rehabilitation and the launched processes without control. For this, an information system should be developed, allowing the regular follow up of the social effects (temporary movings, changes in real estate prices) of interventions; and at the same time, the correction of rehabilitation policy as well.

6.7. Organizational strategy

Institutionalization of rehabilitation

Integrated institutional types need not be realized in one organizational framework by all means, but the institutional and normative guarantees of integration and cooperation must be developed. In order to realize strategic aims and plans, it is necessary to identify the common system of tasks for the Municipality, the Offices of the Mayor's Office (Offices of Chief Architect, Construction, Town Management, Housing, Social, Tax, Education), for the concerned economic enterprises established by the municipality (Property Managing Ltd. Józsefváros, Kisfalu Inc., REV VIII.Inc.). The tasks should also be harmonized with outer processes, so with the Capital, with districts V., IX., VII., X. and the responsables of the above mentioned projects.

Related to the organized process of rehabilitation, the Municipality's scopes of decision, responsibility and realization should be harmonized, a simple and clear decisive mechanism should be developed to gain the trust of the population and investors, to exploit institutional developments in rehabilitation.

7. REHABILITATIVE PROCESSES RELATED TO CONCRETE DEVELOPMENTS

MEANS OF TOWN PLANNING (REGULATION)			
Aim:	Regulative measures of town planning should be developed to realize the decisions of development plan in the rehabilitative areas of action, according to the regulations of current legal conditions, new constructional plan., OTEK and BVKSZ (regulations for construction).		
Tasks	Municipality	REV VIII. Inc.	Other participants
1. Definition of the steps of rehabilitative town planning regulative process in the area of action			
Acception of the regulative project of the developmental plan for the area of action, as the program of local architectural regulation.			

Identifying the special legal institutions ensuring the realization of town planning tasks defined for the real estate in the regulative project (ban for change, right of preemption).			
Development of local decree for value protection, covering protected architectural elements, the definition of their technical parameters and the control of protection.			
With the acceptance of the present action area development plan, order for the local constructional regulation and regulative plan.			

FINANCING			
Aim:	The municipality, with the targeted exploitation and concentration of the available resources, starts the legal, economic, physical development of an attractive environment for private initiatives, which are suitable to meet the resource demands of rehabilitation in the long run.		
Tasks	Municipality	REV VIII. Inc.	Other participants
Resource Increase			
a. Endorsing resources from the municipal real estate sector to the program of town renewal			
b. Inclusion of available			

government and Capital resources in the area of action			
c. Cooperations for the smooth utilization of advantageous bank loan constructions			
Resource utilization			
a. Financing programs for creating the conditions for the launch of rehabilitation			
area preparation			
public area program			
public utility program			
b. Financing the cooperational processes of rehabilitation			
support for community houses			
programs of communication			
financing organizations taking part in the placement of tenants			

PROGRAM FOR FLATS			
Aim:	Extinction of deteriorated flats of disadvantageous position. The improvement of the structure of flat sector in the district (new products, comfort level increase, size of flats, technical condition), assuring the constant values of new flats.		
Tasks	Municipality	REV VIII. Inc.	Other participants
After the detailed survey of			

<p>conditions, the categorization of the housing stock: a) remaining b) for alienation (sale) c) for demolition</p>			
<p>For tenants to be socially supported, the financial, legal and technical program for the construction of cheap, of average demand, economically maintainable and operationable new buildings.</p>			
<p>Set up a dwelling fund for the placement of tenants from demolished buildings (the municipality should construct or purchase proper flats concentratedly, striving for united ownership conditions.</p>			
<p>The Municipality should support the young in accession to flats, especially those from the educational institutions of the district.</p>			
<p>The Municipality should advance the settling of housing problems for the elderly, by creating the prospectives of moving from large uneconomical flats into smaller ones with insurance.</p>			
<p>Subsidies for the renewal of community houses by the actualization of the present system, by technical help to the renewal of community houses (preparation, planning, technical control)</p>			

SOCIAL PROGRAM			
Aim:	In the course of rehabilitation, creation of better conditions than previously for people living in the area. For those, who are forced to move to new homes, development of a process taking care of their interests.		
Tasks	Municipality	REV VIII. Inc.	Others
In the course of area preparation, a comprehensive survey on the population of the area must be made, clearly defining the ownership relations of the given flat, the position of tenants living there, the composition of the family, its social role, financial situation, the relationship and future ideas of those who fictively live in the flat.			
Development of organizational background for the placement of tenants, in cooperation with civil organisations in the area			

PROGRAM FOR ORGANIZATION			
Aim:	Related to the rehabilitativr process of several participants, harmonization of the municipal spheres of decision, responsibility and execution; development of a clear, visible decisive mechanism to gain the trust of the population and investors, inclusion of institutional developments into rehabilitation.		
Tasks	Municipality	REV VIII.Inc.	Other participants
Identification of competencies in the Rehabilitative Program Plan of REV VIII. Inc., the rehabilitative target			

organization in the district.			
Revision and if needed, modification of all the municipal regulations for rehabilitation			
Establishment of a District Committee For Coordination to create the effective organizational framework of rehabilitation, to institutionalize the relationship of the Municipality, the Mayor`s Office, the municipal organizations taking part in rehabilitation, to simplify the system of execution.			
In the areas of rehabilitation, to advance social cohesion, support for self-organizations of the population and entrepreneurs.			
To realize concrete organizational suggestions, cooperation with the related institutional developments in the area is essential.			
1. REV VIII.Inc. as a mediator, mediates between investors and the district.			

PROGRAM FOR COMMUNICATION

Aim:	The communication program related to rehabilitation has double functions. One one hand, it is to gain people`s trust living in the area, to
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	give the proper amount and quality of information, support for participation in the processes, consultation and help in decision making. On the other hand, positive impact on the decisions of target communities in market processes concerning the area and rehabilitation.		
Tasks	Municipality	REV.III.Inc.	Other participants
In the course of area preparation, while preparing plans for the area, and during rehabilitation, full information for the population and its inclusion into decisions on community-municipal scope of authority.			
With the deliberate selection of promotional media, giving the necessary information to each typical social group in the area in time, even to groups poor at gaining information and enforcing its interests.			
With the selection of continuous and deliberate promotional methods already in the area preparation process, gain the trust of potential investors and raise their interest in the target area.			

Appendix: data sheet for the district

Number of population 1996	86782	Budapest average	81132
Area (ha)	685	Budapest average	2387
Density of population (person/ha)	126,6	Budapest	49,9

1966		average	
Rate of those employed in industry out of active population (in the case of companies with more than 20 workers, counting only those working in the area) (%)	12,5	Budapest average	11,1
Number of registrated unemployed, March, 1997	2883	Budapest average	1885
Rate of registered unemployed out of the active age group (%)	5,6	Budapest average	3,9
Value of personal income tax for one person, 1995 (Ft)	45503	Budapest average	63009
Index PIT for one person 1995/94 (%)	122,9	Budapest average	124,4
Distribution of OTP (National Savings Bank) the population`s savings book stock, 1991 (%).	4,8	Number of population in the district/ number of population in Budapest	4,6
Distribution of entrepreneurial and municipal OTP savings book, 1991(%)	4,2	x	x
Increase of housing stock 1996/90	99,6	Budapest average	102,1
Lenght of water pipes, drinking + industrial water, 1996 (km)	120,1	Budapest average	193,3
Lenght of drainpipe network, 1996 (km)	111,7	Budapest average	186,2
Lenght of main gaspipe network, 1996(km)	80,5	Budapest average	154,6
Lenght of district heating pipes, 1996 (km)	2,9	Budapest average	20,6
Gap between public utility and industrial products, 1996 (lenght of pipe network for 1 km drinking water pipe network; m)	948	Budapest average	963
Number of secondary school students, 1996	7605	Budapest average	3959
Disrtibution of excellent secondary schools in the district	4	x	x
Rate of graduates from the population of 25-x years (%)	15,5	Budapest average	19,1
Number of health care institutions, 1996	28	Budapest average	4
Number of institutions in higher education, 1996	7	Budapest average	1
Number of research institutions and information centres, 1996	18	Budapest average	11

Number of museums, 1996	3	Budapest average	2
Number of industrial plants, 1994	6406	Budapest average	4744
Number of partnerships, 1991	887	Budapest average	915
Number of partnerships, 1994	2144	Budapest average	2412
Increase, 1991/94 (%)	242	Budapest average	263
Number of middle and great companies	191	Budapest average	163
Total capital of middle and great companies (Ft million)	97057	Budapest average	71623
Average capital of middle and big companies (Ft million)	588	Budapest average	521
Change in average capital, 1991/94	1,64	Budapest average	1,32
Total income of middle and big companies, 1995 (Ft million)	1608,08	Budapest average	9659,1
Number of middle and big companies with greater income than the Budapest average, 1995	7	Budapest average	9
Number of operating companies, 1996	8985	Budapest average	8853
Number of registered enterprises, 1996	15491	Budapest average	14855
Number of registered enterprises for 1000 active people, 1996	304	Budapest average	307
Number of operating enterprises for 1000 active people, 1996	177	Budapest average	183
Extincted enterprises, 1997	1105	Budapest average	1073
New entrepreneurial certificates, 1997	510	Budapest average	547
Number of hotels, 1995	5	Budapest average	4
Number of commercial units, 1996	3148	Budapest average	1547
General stores, 1996	2	Budapest average	3
Iron-technical-glass stores, 1996	162	Budapest average	90
Shops of vehicles and machines, 1996	71	Budapest average	62
Shops of electronical goods, 1996	152	Budapest average	56
Filling stations, 1996	21	Budapest	10

		average	
Local taxes: building tax and site tax	300-800 200	x	x

Rehabilitative and Town Development Incorporation (REV VIII.Inc.)

1. Establishers of the association:

- Budapest Capital, Municipality of Józsefváros -51 %
- Budapest Capital, Municipality 39,1 %
- OTP - 9 %

Capital of the Association: 60 MFt

The managing organization of the Incorporation is the Directorate of 5 people, its control organization is the Supervisory Board of three members. The members of the Supervisory Board are representatives from the Capital and the district.

2. The task of REV VIII. Inc.- on the basis of the agreement among shareholders

- `The proposed task of the company is to prepare the Town developmental and Town rehabilitative action areas for Józsefváros, the operation of rehabilitative conditions and means system to be applied there, the coordination of the preparation of realization.`
- `Planning the financial background of rehabilitative activities, acquisition of the necessary financial resources, managing financial means.`
- `Preparation of contracts of commission, entrepreneur`s (developmental), signing and checking.`
- `Realization of operations of town development, studies of town development and technical plans of town planning for the municipality, providing services.`
- `Environmental development, establishments, their realization,utilization and operation.`
- `Coordination in the target area in the circle of population, tenants, private owners and companies concerned in town development.`

3. The present company structure

