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**Relocation and Displacement in the Case of Budapest: The
Social Consequences of Gentrification in Ferencváros**

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Abstract

Since the early 1990s the local version of the globalized urban strategy of gentrification has been present in the Hungarian capital, Budapest as well (see for example Tomay 2007), mainly in the forms of “urban rehabilitation” projects. The former industrial and working class district called Ferencváros has experienced the longest and most pervasive “urban rehabilitation” project in Budapest, resulting in a peculiar state-led gentrification of the area. More than 2000 families have been gradually relocated in the last two decades by the local government. My thesis focuses on Ferencváros, in order to analyze the personal and social consequences of the local governmental orchestrated relocation of the dwellers. I will argue that though their relocation is an essentially different process from the classical cases of displacement described in North-American cities (see Marcuse 1985), in its effects they have considerable similarities. The argument of the paper is based on a qualitative methodological apparatus. Apart from an ethnographic case-study about the “vacating” of a house with fifty families and the following-up of the relocated dwellers, I conducted interviews with the important actors from the local government as well. Besides these qualitative data I analyzed statistics about the history of “urban rehabilitation” in Ferencváros. The results show that though in public discourse urban rehabilitation is depicted as a positive output of the local policies, it is rather a Janus-faced process through which social polarization and spatial segregation are increased.

Introduction¹

“Sometimes I did not even know where I am, I did not find my way home” said a Roma woman in her fifties – living in Middle Ferencváros since 1987 – in 2010. The discussion took place on the refurbished Ferenc Square, the middle of Middle Ferencváros, a piecemeal gentrifying neighborhood of Inner-Budapest (see Appendix 4). The quotation is a nice example of the pace and depth of the process of neighborhood change, which the original dwellers of this area have witnessed in the last two decades since the regime change. Though the case of Ferencváros has a very complex local history with multiple actors ranging from the original dwellers to the local politicians through the “gentrifiers”, the case is deeply embedded in the context of the city, national, regional and global scales. Gentrification is a useful concept to grasp both the locality and the global nature of this transformation.

The methods that I used during my research focusing on gentrification in Ferencváros were interviews and participant observation, and the informants were the employees of the local government of Ferencváros and the dwellers of Balázs Béla Street 14, a house being vacated between August 2010 and May 2011. Juxtaposing the “official” top-down and the personal bottom-up view of the process of vacating will provide the possibility to answer my research questions, which are the following:

- What are the mechanisms through which the relocation process is institutionally managed?
- How are the families affected by being relocated from their homes?
- What are the possible long-term social consequences of relocation?

¹ This paper is the condensed version of my MA thesis submitted to the Central European University in June 2011.

- To what extent can relocation be seen as an instance of displacement described in advanced capitalist cities?

The urban rehabilitation project going on in Ferencváros is the longest, most coherent, most sweeping project in the post-socialist history of Budapest, and is usually considered to be the number one best practice in the Hungarian professional discourse. However, my motivation to carry out this research was based on some press articles and personal discussions conducted with dwellers of the neighborhood, which indicated that gentrification – or as the local politicians and many architects call it, rehabilitation – is not as innocent as it looks.

Chapter 1. Gentrification Theory and Budapest

As Tom Slater emphasized (Slater 2009), if gentrification is defined as “the transformation of a working-class or vacant area of a city into middle-class residential and/or commercial use” (Slater 2009: 294), it enables us to grasp the instance through which low status social groups are replaced by more affluent dwellers. Thus, based on the work of Loretta Less and Mark Davidson, I will use the following definition in my paper in order to be sensitive both to the “globalization” of the process (Smith 2002) and to the inherent social tension – “the competition for space” (Glass 1964: XIX) – that the phenomenon carries in itself: gentrification is the process through which as a result of capital investment and physical upgrade a certain area is socially upgraded, while former less affluent dwellers are displaced (Davidson, Lees 2005: 1170).

The well-known differences between the structural Marxist and the liberal humanist explanations of gentrification have catalyzed many arguments for or against any of the sides, but in recent years it seems that the complex nature of the process is accepted and the importance of both accounts is acknowledged (Hamnett 1991). It is a good starting point to shortly summarize the relevance of these two perspectives in the context of Budapest. In the case of the rent gap theory as early as 1996 Neil Smith argued that Budapest is a nice example from the post-socialist countries to verify this theory (Smith 1996). I think that the 15 years since passed have proved that besides its merits – namely that it problematizes the issue of structural changes, capital inflow and privatization – the theory has its limitations in the case of Hungary’s capital as well.

The reason for this is the mediating role of the state – more precisely the local governmental system – between the capitalist logic of accumulation manifesting in the freshly liberalized housing market of Budapest and the urban texture, including the lived, the perceived and the conceived space of the city (see Lefebvre 1991). In line with the dominant liberal ideology of decentralization – fashionable among the members of the so called “democratic opposition”, which after struggling against the socialist regime in the 1980s was able to gain political power after 1989 –, the local governmental system of Budapest was reshaped in a way to provide the highest possibly autonomy for the district level vis-à-vis the city level in the early 1990s (Ladányi 2008)². This decentralized, two-level local governmental system resulted in a situation where 23 districts were created with extensive responsibilities – including the management of the majority of the housing stock inherited from the state socialist period – but without the necessary financial background to fulfill these duties (Csanádi, Csizmady, Kőszeghy and Tomay 2007). This situation led to increasing

² The local governmental system in Budapest has two levels: the city level has a relatively low autonomy, while the local governments of the 23 districts have among others most of the rights for taxation and they manage the social housing stock inherited from the state-socialist period.

competition between local governments for scarce resources; both for private investors and for public resources (see the map of the districts in Budapest in Appendix 1). While seeking the best strategies for this intra-urban competition, the districts adopted various urban policies, which also manifested themselves in the form of various “urban rehabilitation projects”, or in other words different variations of gentrifications. Since the urban rehabilitation projects were managed independently by the districts, the timing of and the strategies deployed by these projects varies from district to district, which results in completely different effects on the physical and social landscape of the areas. Thus accepting the importance of an emerging rent gap as a prerequisite of gentrification to occur, it has to be added that in the case of Budapest the concrete policies of the local governments were decisive in the materialization of the gentrification processes. The result is that at the same time there are parallel examples in the city of slum-clearance type of large-scale rehabilitation projects³, sporadic and pioneer-led “classic” cases in a clearly corrupt institutional environment⁴ and by intention socially more sensitive “social rehabilitation” projects⁵. Because of this diversity, the analysis of a certain case of a gentrifying territory in Budapest requires special attention to the institutions of the local governments orchestrating gentrification besides focusing merely on the structural factors providing the possibility for the process to be realized.

In the theoretical debate about the explanation of gentrification Neil Smith’s rent gap theory was criticized from a liberal humanist perspective. Regarding gentrification, based on the example of Vancouver, he stated that a rent gap is only a necessary, but not sufficient, prerequisite of gentrification (Ley 1986). The real force that determines where gentrification

³ The most paradigmatic and biggest development is the Corvin Promenade project in the 8th District, resulting in the demolition of 1100 flats.

⁴ The most well-known examples are the case of Király Street on the border of the 6th and 7th Districts, and the former Jewish Quarter surrounding Király Street.

⁵ Until 2010 the largest and most famous social rehabilitation project has been started in the Magdolna Quarter, in one of the most stigmatized areas of Budapest, in the heart of the 8th District.

is being realized from the several possible localities depends on the priorities and aspirations of the so called “new middle class”, which is a newly emerging social group mostly consisting of highly educated and young professionals working in the creative service industries of the post-industrial societies (Ley 1980).

In the case of Budapest the middle class is a less significant group in the social hierarchy than in advanced capitalist cities like Vancouver, and these middle class households tend to prefer the suburban lifestyle instead of “inner city living”. Thus, instead of a “new middle class” with the necessary purchasing power and a motivation for “inner city living” gentrifying inner city territories, there are the local governments and the private companies trying to “produce” this potential “new middle class” by reterritorializing the potentially gentrifiable areas⁶.

Similarly to the critique of the rent gap theory in the Budapest context, the critique of the liberal humanist explanation of David Ley highlights the importance of theorizing the local level of the state (the district level local governments). However, accepting the relevance of the (local) state in institutionalizing gentrification in Budapest as an accepted policy response for “problematic” inner city neighborhoods, my paper is not specifically about mapping the state’s role in the “production of gentrification”. Similarly to Tom Slater and the “critical” gentrification researchers (see Slater 2008), I am rather interested in the social consequences of this state-led gentrification. Thus through presenting a case study from Ferencváros, the 9th District of Budapest, I will focus on the social effects of gentrification on those dwellers, who have to leave their former homes.

As well as in the international debate, the replacement of the existing residents of a renewing territory by more affluent dwellers is an issue highly debated both in the Hungarian

⁶ The homepage of the Corvin Promenade project is a good example for how real estate developers try to advertise the “new lifestyle” offered by the new-built residential developments. See <http://www.corvinsetany.hu/>.

academic literature and in the press. While some researchers see gentrification as a process which is beneficial for both the gentrifiers and the old dwellers replaced by them (Aczél 2007), others problematize gentrification labeled with the euphemistic concept of “urban rehabilitation” as a process through which the poor and the Roma dwellers are systematically cleansed and excluded from the potentially valuable and gentrifiable Inner-Pest districts (Csanádi, Csizmady, Kőszeghy and Tomay 2007, Ladányi 2008)⁷. Moreover, there was an ongoing press coverage of the process through which poor Roma families were moved to outer districts of Budapest from Ferencváros (see Népszabadság 2008). These articles generated emotionally heated discussions among academics, politicians and among the dwellers themselves both of the “recipient” districts and of Ferencváros.

A fruitful concept through which the local debate about the social consequences of “urban rehabilitations” in Budapest and the international debate about the social costs of gentrification in general can be connected is displacement. Displacement was defined by Peter Marcuse as “an involuntary move of a household” and it was divided into two main categories. Direct displacement is the process through which the dwellers are literally (physically) forced out from their homes, while through indirect displacement more subtle mechanisms lead to the same result, i.e. the changing commercial facilities in a neighborhood (Marcuse 1985). Through Marcuse’s argument and through its reinterpretation by Tom Slater (Slater 2009), displacement became a core concept through which the inhuman, unjust side of gentrification can be grasped. There are some empirical works on displacement – mainly from North America and Western Europe – that describe the negative effects on the displaced people (for example Clampet-Lundquist 2010, Gutzon Larsen and Lund Hansen 2008,

⁷ However, it is interesting in itself – and I will turn back to this issue later – that the Hungarian debate was not revolved around the concept of gentrification, rather around the “social effects of urban rehabilitation” (see for example Enyedi 2007). This conceptual inconsistency between the international and Hungarian literature does not mean that the neighborhood changes experienced in the inner city of Budapest could not be categorized as gentrification following the definition of Slater (2009) and Davidson and Lees (2005).

Newman and Wyly 2006, Van Criekingen 2008). These either try to estimate the quantity of gentrification induced displacement or try to explore with qualitative tools the psychological and social effects of the phenomenon. They bring up the issue of destroying a community, of individual psychological harms, of increasing segregation and the polarization of the society. Rowland Atkinson's systematic review is a nice summary of these claims and of the positive effects as well (Atkinson 2004).

Marcuse's analysis of displacement was based on empirical work in New York, where displacement and abandonment were described as spatial phenomena resulting from the housing market processes, affecting mostly the tenants and not the homeowners (Marcuse 1985). In Hungary the homeownership structure is very different: the proportion of the social housing units and the proportion of the privately rented flats are 4-4%, while the proportion of the privately owned flats is well above 90% (Habitat for Humanity Magyarország, 2010). It follows then that the market induced displacement of tenants is a marginal phenomenon compared to the American example. However, through the so called "urban rehabilitation" projects many dwellers from bad quality social housing units have been relocated by the local governments. Especially in Ferencváros, where rehabilitation and the concomitant relocation of the dwellers was the most sweeping among all the inner districts, the question whether local governmental-led relocation could be criticized along similar lines to the critiques responding to the social effects of market induced displacement is still a crucial question.

Chapter 2. Rehabilitating Ferencváros: Institutionalizing a Remedy

During the socialist period the main focus point of the national housing policy was to increase the quantity of the available residential units in order to handle the shortage of flats, mainly in the forms of constructing new, modernist housing estates in the outskirts of Budapest. This housing policy, based on a modernist socialist ideology, contributed to severe disinvestment in the historical parts of the city (Kocsis 2009). While an enormous amount of money was spent on the construction of socialist housing estates, only the most necessary maintenance works were done in Inner Pest, including Inner and Middle Ferencváros. Thus, in these areas the quality of the buildings gradually decreased, which was coupled with the aging of the population, the decrease of its social status and the increase of the proportion of the Roma population (Ladányi 2008).

This “downgrading” of the Inner Pest⁸ districts caused by the national housing policy and disinvestment continued until the transition started in 1989. At that time 90% of the flats in Ferencváros were state-owned; and in Middle Ferencváros 61% of them were categorized as “low comfort” (meaning there was no bathroom in them), which was the second worst data in this dimension among the districts of Budapest (Götz and Orbán 2010:75). As a response to the downgrading, a “detailed urban plan” for the rehabilitation of the whole district was implemented in 1986 in Ferencváros. However, due to the lack of financial resources and the changes – among others the narrowing financial resources – brought by the transition in 1989, the rehabilitation was slower than expected. Another effect of the regime change was the shift from a socially more conscious plan towards a plan focusing primarily on physical renewal (Locsmándi 2008).

⁸ Referring to the Inner pest districts I mean the 5th, 6th, 7th, 8th and 9th districts. See Appendix 1.

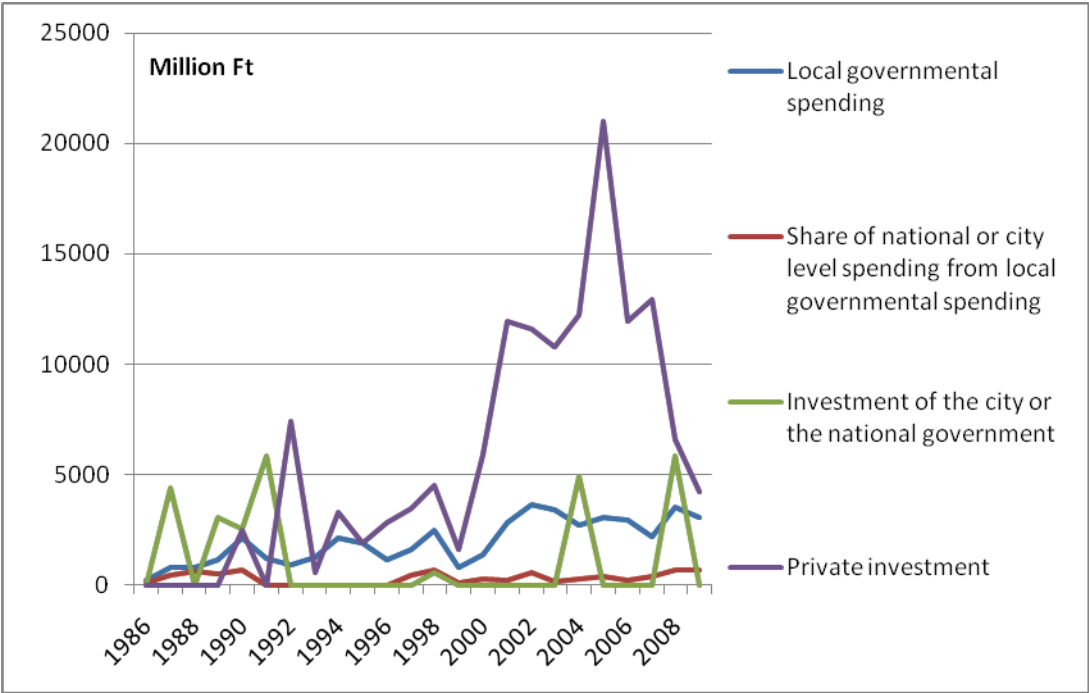
After the regime change the first democratic local governmental elections were won by Ferenc Gegesy in Ferencváros, who was able to win the following four elections as well, so from 1990 until 2010 he was the mayor of the district. This peculiar situation enabled him to carry out coherent, long-term plans in Ferencváros. As early as 1993 Gegesy and the local politicians – firstly among all the other districts in Budapest - announced that they were committed to continue and realize the “urban rehabilitation” designed by their socialist ancestors. Being so quick with this announcement, the local government had the possibility to call for a moratorium on privatization in 1994 – which otherwise would have been possible for each sitting tenant of any social housing units based on the Act on Housing introduced in 1993 – in the areas potentially affected by the rehabilitation in order to prevent the fragmentation of the ownership structure. Through this moratorium 7300 bad quality social housing units remained in the hands of the local government, through which it was ensured that Ferencváros was later able to carry out a step-by-step, long term, state-led urban rehabilitation project involving market actors.

After 1989, in a gradually expanding market environment, rehabilitation in the case of Ferencváros meant basically three things. In the case of the deteriorated, non-privatized housing stock two options seemed to be viable. A bad quality residential building could be demolished, after which the land was sold to a private investor, who built a new building on the emptied plot. The other option was to renovate these buildings and keep them as social housing units⁹. In the first case capital and private actors were needed, in the second case renovation was financed mostly by the Urban Rehabilitation Fund (founded by the local government of Budapest). The complex process of rehabilitation – including privatization, tendering, relocation of the dwellers, the construction of plans, etc. – was managed by various departments and bureaus of the local government, but it was held together by the SEM IX

⁹ The renovated flats has to remain social housing units until five years after the renovation was carried out, but after that period they can be privatized by the sitting tenants under very generous conditions.

Ltd., a special non-profit organization based on a French model, where the main shareholder of the organization is the local government, but private actors have ownership as well.

Though the two options (demolition or renovation) coupled with the refurbishment of public spaces such as parks and playgrounds remained the backbone of “urban rehabilitation” in Ferencváros throughout the 25 years passed from 1986, the priorities between these options have shifted in this period depending mainly on macroeconomic trends and the alterations of the national housing policy. Table 1 shows the dynamic of these shifts through the changes in the sources of money spent on rehabilitation.

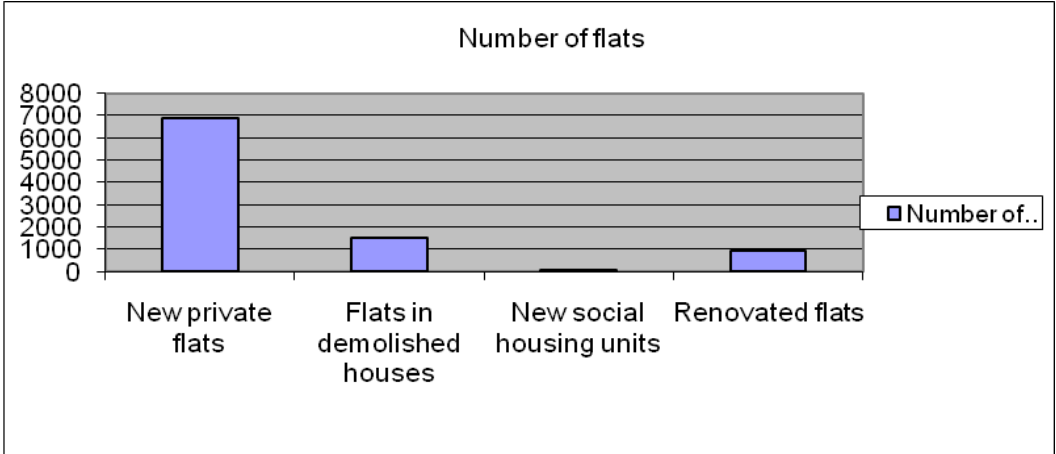


1. Table. Source of money spent on rehabilitation in Ferencváros between 1986 and 2010. Data gained from the Local Government of Ferencváros (Gegesy 2010).

Based on Table 1 we can differentiate four phases of rehabilitation. The first took place between 1986 and 1992, and was characterized by the dominance of either the government or the city of Budapest in financing the projects. After accepting the Act on Local Governments in 1990 and after announcing the continuation of the urban rehabilitation in Ferencváros in 1993, the second phase was dominated by the local government, as the leader of the process. The market actors had already been present, but their role increased only after 2000 in the third phase of rehabilitation. This increase can be explained with three factors. First, the property market of Budapest has experienced a rapid boom resonating with the economic boom in the world economy. Second, the housing policy of the Orbán government between 1998 and 2002 supported the purchase of owner-occupied residential units through supporting housing mortgages, which benefited mainly the middle-class young couples with little children (Hegedüs 2006). And third, the local government gave up the linear direction of rehabilitation leading from the inner to the outer part of Middle Ferencváros and marked out three other “focal points” in order to multiply the investment possibilities. Thus real estate development became an outstandingly good financial strategy, leading to the mushrooming of the newly built condos, especially in Ferencváros, where the first two phases of rehabilitation and the commitment of the local government to “renew” Middle Ferencváros considerably decreased the risks of being involved in the property business. The end of this phase came with the global economic crisis of 2008, and now with the burst of the real estate bubble it seems that the leading role of the local government is needed once more to secure the continuation of neighborhood renewal¹⁰ and to counteract the lack of private capital on the housing market.

¹⁰ At the moment the most likely future horizon is that rehabilitation will speed up again, because the local government won circa 10 million Euros from the EU with the “József Attila social rehabilitation project”, which will be carried out between 2011 and 2013 in the outer part of Middle Ferencváros.

Experiencing piecemeal all the four phases of urban rehabilitation between 1986 and 2010, the urban landscape of Middle Ferencváros – both in physical and in social terms – went through radical changes. Table 2 presents the magnitude of the physical changes in some aspects. We can see that in terms of the affected residential units rehabilitation resulted in the construction of almost 7,000 owner-occupied flats, which were built in 4-5 storey high condominiums on the remains of the demolished old buildings.

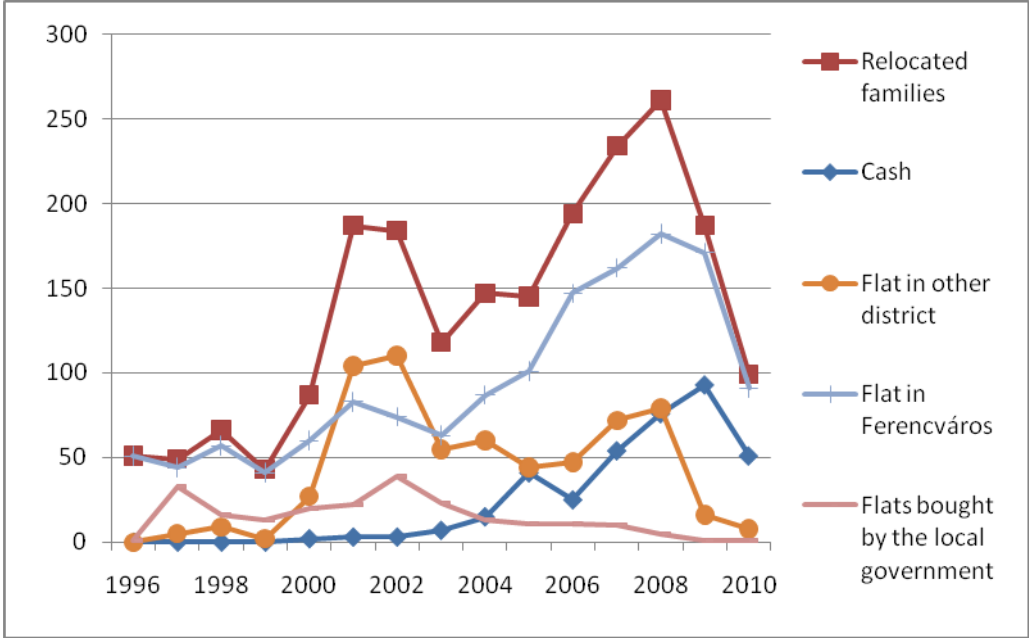


2. Table. Number of flats built, demolished and renovated between 1986 and 2010 in Middle Ferencváros.

In order to cleanse the lands for new residential buildings 1,490 social housing units were demolished. At the same time 936 flats were renovated¹¹. This means that more than 2500 families were relocated between 1986 and 2010. However, in the same period, during the last two decades, only two buildings with 52 social housing units were built. The consequence is that the number of social housing units in the district has decreased radically from 1989. In that year it was 29,000, in 1994 it more than halved to 12,000; in 2005 it was only 6,033, while in 2010 there were only 4,700 in the whole district.

¹¹ For the 936 freshly renovated flats 1107 flats were vacated, since during renovation some flats are enlarged and merged with other flats.

It did not matter whether a house affected by rehabilitation was demolished or renovated, the tenants had to be relocated in order to carry out the works. The process of relocation has been regulated both by the national housing law and the local regulations specifying the national law. In Ferencváros the process has always been carried out by a special bureau of the local government: the Bureau of Property Management (BPM). The main rule is that the families living in houses “being vacated” are eligible for compensation because of their forced move. They are either compensated with a social housing unit at least in a similar condition with their present one, or they are compensated with cash. According to the present local regulations, the flats in exchange cannot be bigger in their size with more than 10m² than the former one, while the cash option depends on the size and the location of the flat. Table 3 shows some data about activities connected to the compensations.



2. Table. Number of families taking part in various forms of compensation and number of different flats used as replacement flats in Ferencváros.

We can see that 2000 was a turning point in the dynamics of relocations as well: at the same time when the market actors increased the pace of rehabilitation, the number of relocated families quadrupled between 1999 and 2001. In the first years of this market boom the strategy of the local government was to buy flats in other districts and relocate the dwellers there, since there were not enough vacant social housing units in the district that they could have offer as compensation (638 families out of the 2052 relocations were moved into other districts between 1996 and 2010). However, it became clear that moving the dwellers into other districts is problematic in two ways: first, the maintenance of the housing stock of the district spreading all around Budapest is a difficult task, and second, that the press problematized this form of relocation by framing it as the “displacement of the poorest gipsy families and the relocation of the problems caused by them” (Népszabadság 2008). Thus, as the local government has started to minimize the purchase of properties outside Ferencváros, the proportion of those who “chose” the cash option has increased.

To understand what it means to choose between the compensatory options I briefly summarize the institutional forms in which compensation takes place. If the dwellers choose the replacement flat option then in the first round they are offered a flat. After seeing the flat they can either accept or decline it. In case of declining they are offered a second flat. If they still do not like the second one, than they have to accept the third one. However, at any point, even after seeing the third flat, they are able to switch to the cash option, when depending on the size and the location of their original home they get a certain, fixed amount of money. In this regulatory framework there can be two types of dwellers who have been compensated with cash: those who explicitly chose it from the very beginning or those who wanted to get a replacement flat but for some reason were not satisfied with those which were offered to them. Based on the interviews I conducted, the increasing proportion of those compensated with cash visible on Table 3 can be the sign of the changing strategies of the dwellers. Given

the decreasing number of the potentially acceptable flats in the district they try to rely on the housing market and buy their own flats, which can be problematic in the case of the poorer families.

The decision about the allocation of the available vacant flats among those dwellers who choose the “flat in exchange” option is a crucial question. The framework of the allocation is regulated by the national law and the local regulation: the flat has to be at least the same in its size and similar in its condition, and it cannot be bigger with more than 10m². However, there is a considerably big room for the workers of the BPM to decide who “deserves” which vacant flat. This non-regulated, non-transparent part of the compensation is of crucial interest, since this is the moment which determines the future of the relocated families. In the next chapter I will show in detail a concrete example how this allocation procedure is carried out and how it contributes to the social consequences of gentrification.

Chapter 3. Vacating a House: The Case of Balázs Béla 14

The “vacating” of Balázs Béla 14 affected 50 families living in the three-storey house. Though after its construction in 1896 some flats were divided into smaller flats as a result of the Great Depression in the 1930s, from that time the physical character of the building has not been significantly altered. The majority of the flats were the typical working class “one-room-one-kitchen” units, while there were around 15 flats with more than one room. Initially the flats were comfortless (without shower and toilet), but gradually many dwellers built in bathrooms and/or toilets with their own resources, so by the time the vacating process started there were only around 12-15 families, who still lived in comfortless flats.

In the socialist period, when the oldest dwellers of the house moved in, the most important phenomenon connected to the house was disinvestment. As the socialist housing policy did not invest into the maintenance of the old tenement houses of the Inner Pest districts, these houses slowly became physically deteriorated. In the case of Balázs Béla 14, this physical downgrade was coupled with a social downgrade, which can be described with the concepts of “place” and “space” used in the analysis of Loic Wacquant (2007). While before the late 1980s and 1990s most of the memories connected to the house were nostalgic, describing a more or less well-functioning community with a home-like feeling in the whole house, from the late 1980s and especially in the 1990s the original residents started to feel alienated from their living environment. Apart from the physical decay the main reason for this slope from a “place”-like perception to an alienated, fearful, “space”-like perception of the house was the arrival of a new wave of incomers. These new dwellers arrived from rural villages or from other deteriorating Inner Pest neighborhoods – sometimes as a result former rehabilitation projects – and they were significantly less well-off than the former tenants. Many of them were ethnically Roma, and some of them had significantly bigger families. The main tension between the “old” and the “new” dwellers was rooted in a difference of lifestyle and more specifically in a difference of spatial strategies. While the “old” families in the former community were able to maintain the semi-public spaces (the corridors and the courtyards) and keep “order” in the house, the “spatial strategy of the new” families was similar to what David Harvey described in the case of poor, marginalized families (Harvey 1990). Since most of them were excluded from the formal labor market, and most of them had very small flats compared to the size of their families, they tended to appropriate space in a form that was disturbing for the others. This appropriation took several forms: young Roma men stood all-day-long at the entrance, children destroyed flowers in the courtyard, late night parties with loud music became regular.

As an element of the rehabilitation aiming to solve the problems present in the non-rehabilitated parts of Middle Ferencváros, the relocation of the tenants in the case of Balázs Béla 14 was carried out between 2010 August and 2011 May in order to renovate the flat with the support of the City of Budapest. As a result of the piecemeal alienation process and the “downgrade” of the house, many dwellers had high hopes about the outcome of the process. However, even during the negotiation process orchestrated by the BPM three crucial problems arose: a logistical problem, a double transparency problem, and an overarching tension between the strategic top-down view of the bureaucrats and the bottom-up view of the dwellers.

The logistical problem was simple: the BPM had only a limited number of flats that they could allocate among those who asked for a flat in exchange. This situation had a consequence in which the employees of the BPM had to decide who “deserves” which social housing unit in exchange. Thus some dwellers, who initially wanted to move into a flat in exchange, ended up with the feeling that they need to choose the cash option, since no acceptable flat was offered for them. The double transparency problem is connected to the way, in which the BPM communicated both with the dwellers and with other departments of the local government. In the direction of the dwellers they tried to exploit their monopoly of information in order to counteract the potential tension induced by the scarcity of available and acceptable flats. This asymmetric situation was further increased with the fact that the bureaucratic-legal language used by the BPM was sometimes hardly understandable for some of the (most vulnerable) dwellers. In the direction of other local governmental departments there is no protocol how to communicate during relocations: this lack of information-flow resulted that in many cases the personal traumas could not be made easier by such institutions like the Family Services, which is designed precisely to provide support for the families

during various hardships. A tragic outcome of this missing protocol was a suicide committed by a desperate tenant in October 2010.

Both the logistical and the double transparency problem was backed with an overarching tension in the background. The top-down, “conceptual” view of the bureaucrats was in essential conflict with the bottom-up, “tactical” view of the tenants (see De Certeau 1988). While the employees of the BPM were focusing on the efficiency of relocation and on the exchange value of the flats, the dwellers highlighted the use value of their homes and their desires and needs about their future homes. These crucial conflicts were different in each case, moreover, there are groups that had very different experience about the whole relocation process.

In order to analyze the various consequences of being relocated it is useful to introduce three categories I had used for describing the residents of the house. The members of the first and smallest group, which means approximately 10 families, were able to move out from their flats in the recent years. Though their permanent residence is elsewhere than Balázs Béla 14, they kept their lease in order to be eligible for the compensation when rehabilitation reaches their house. The fact that they could either buy a house or double up with someone having a flat in a better neighborhood, while continuing to pay the rent and the utilities of their Balázs Béla 14 homes, is the sign that they were socially upward mobile, they were able to command space through their spatial mobility, and hence they can be counted as more affluent than the other residents of the house. Their flats either remained vacant, or have been used very rarely, or in some cases they were illegally sublet to poor people for a price below the market rate. During the negotiation process they were in the most convenient situation: the moving out procedure did not affect their real homes. As a result, usually the families from this first group were the quickest in finishing negotiation and signing the contracts in which they accepted the compensation.

The second group is the group of those who lived in the bigger flats of the house, and covers approximately 15 families. Getting a big social housing unit in the state socialist housing allocation system could be the consequence of two factors: either the family had more than two children, or they had informal connections with state bureaucrats responsible for the allocation. It has also been documented during socialism that the system of flat allocation has systematically benefited the more affluent dwellers (Kocsis 2009). Thus in Balázs Béla 14 living in a bigger flat usually – but not always - meant that the family belonged to a higher social status group than the average of the house.

The people from the third group, consisting of approximately half of the families from the house (approximately 25 flats), were living in a typical working class one-room-one-kitchen flat with less than 35m². The social heterogeneity of this group is much bigger than in the former two, therefore I divided this largest group into three subgroups based on some relevant socio-demographic characteristics of the families. In the first sub-group there are the older, retired people, many of them living alone or in a couple. They typically lived most of their lives in Balázs Béla 14 and now as a pensioner they have a fixed, but usually low monthly income in the form of a pension. The families from the second subgroup have family members present in the labor market, but they are usually on its “fringe”, which means that they have either underpaid part-time jobs, or full-time, undervalued jobs where they work for not much more than the minimum wage. Many families from this subgroup are single mothers with one or two children. In the third subgroup the families do not even have the opportunity for moderate legal income: these families are excluded from the formal labor market and thus they are forced to secure their income through informal activities and from welfare benefits.

For the first group, whose permanent residence was elsewhere than Balázs Béla 14, relocation was hardly a traumatic or completely involuntary move. They were expecting it; moreover, some of them were even waiting for it, in order to be able to realize a profit from

their position of being a tenant of a social housing unit in a potentially rehabilitated house. Their daily lives were not affected; rather, they were able to get a nice amount of cash or to move into a renovated flat that they will be able to privatize under very beneficial conditions in a few years. In their case Aczél (2007) is right: rehabilitation is clearly beneficial for them. However, it is important to mention the backside of this “gift”: those illegal subtenants, who sublet the vacant flats from the official tenants in the informal housing market, immediately had to leave their homes, and they were the ones who got no compensation at all. In the case of Balázs Béla 14, according to my informants, there were two such families, both of them belonging to the vulnerable social groups struggling for daily survival. The fate of these people is unseen in the official statistics, though their movement can clearly be counted as instances of displacement.

In the second group the consequences were not as clear. Although living in a flat that was larger than the average was an explicit advantage during relocation – they were eligible for a greater amount of cash and they had a higher chance to get a freshly renovated replacement flat in Middle Ferencváros – the perception of the process was much more diverse in this group than in the first group. While many felt the outcome similarly positive like those in the first group, some sound and paradigmatic critiques were formulated by these dwellers, mainly connected to the way in which they were treated by the bureaucrats in such an important moment of their lives.

Though it is an important critique against the local government, more crucial personal problems arose among the third group. Psychological distress, rising rents and housing related costs, a sense of “being forced out from Ferencváros” and the in-move into similarly alienated spaces were the most important disadvantages the people had to suffer. Even from this group, many dwellers felt at the beginning that their relocation was legitimate and that its outcome would be positive for them, but they were the ones who realized very quickly that this hope

would not necessarily be realized. They were the ones who were worst affected by the logistical problems of the BPM – because they had the smallest flats – and they were the ones who were often labeled as “problematic” by the bureaucrats because of their worse social and financial conditions.

Basically, three kinds of results were possible for them, but each of them had considerable threat for their future lives. Those who were lucky enough to get a replacement flat that was acceptable for them had to face with their rents and public utility costs rising, sometimes doubling. Being on the margins of the formal labor market (or being excluded from it), this was clearly a circumstance that could lead to their eviction in the future. An old lady moving to a renovated replacement flat one block away from Balázs Béla 14 said that she now has half as much money for food than she used to have. After being kept waiting for her move for months because of bureaucratic reasons and after feeling that “*maybe I will not be alive until this whole fuss ends*”, the radical decline of her living standards was a traumatic experience, not to mention the emotional turbulence that she had to live through because of leaving the flat which was her home for more than forty years.

The hardships that this old lady had to suffer as a result of her relocation is nothing compared to the tribulations of those, who initially wanted to receive a replacement flat and then it turned out that the BPM could not offer anything acceptable, even after months of waiting for it. One such family realized only in October 2010, that it was impossible for them to get a replacement flat that they initially wanted to have in order to stay close to the workplace of the son. After realizing that for them only the cash option remained, they started to look for a flat nearby. However, until May 2011 the only solution they could find was to move into the 8th district – one of the most stigmatized parts of Budapest – into an illegally sublet flat. Similar things happened to approximately five families: they had to enter the housing market and they ended up in little stigmatized pockets of outer districts such as the

4th, the 8th and the 10th. Their movement to a similarly stigmatized neighborhood and their necessary entering into the housing market makes their situation very similar to those who are displaced by the market forces in Northern America and Western Europe (see Atkinson 2004).

The third possible result was the situation when the members of the third group wanted cash as compensation from the beginning. In these cases the dwellers had to supplement the amount of compensation with additional loans in order to buy a slightly better flat (obviously they wanted to make their housing conditions better). It is important that being indebted for these people with insecure and undervalued positions in the labor market is a dangerous situation; some of them mentioned their fears about the high monthly payments. However, all of them agreed that they had to make this decision in order to participate in the housing market and “escape” into a better living environment.

All in all, what we can see is that in spite of the initial high hopes attached to the relocation imagined as a good way to escape from the alienated Balázs Béla 14 into a better living environment had mixed results. For the first group it was clearly a “generous gift from the nation”, and mostly for the second group as well. But for some families in the second group and almost for the entire third group relocation was a traumatic experience and had consequences that have long-lasting effects both on the micro and on the macro level. On the micro level, the families experienced considerable psychological distress and many of them had to handle their rising housing related costs. On the macro level it can be said that many families ended up in outer districts in areas where very similar physical and social processes are happening to the physical and social deterioration of Balázs Béla 14 experienced after 1989. Such newly emerging “problematic” areas can be found in the 4th, 8th and 10th districts,

and in some cases in Northern Hungarian villages¹². This “out of the frying pan into the fire” situation is a worrying sign of the emergence of new spatial segregation patterns and the relocation of the social problems into unseen territories instead of their alleviation.

Conclusion

Facing a situation where the mainly state-owned housing stock of the inner city was significantly deteriorated and where these bad quality buildings were inhabited with more and more impoverished tenants, the newly formed local governments and the municipality of Budapest tried to intervene into the urban processes with the institutionalization of “urban rehabilitations” after 1989. With a semi-peripheral position in the neoliberal world economy and with the introduction of the two-level local governmental system in 1990, the district level local governments found themselves in a path dependent situation, where their strive for attracting private capital contributed to the emergence of various forms of state-led gentrification. During my research I focused on the “rehabilitation” of Ferencváros, which is the most sweeping example of state-led gentrification in Budapest. The core phenomenon on which I centered my analysis was the relocation of the original dwellers by the local government.

Juxtaposing the existing literature on gentrification and displacement with my qualitative study on urban rehabilitation and relocation in Ferencváros provided the main line of my argument. After showing the history of rehabilitation and its institutional background, I focused on how Balázs Béla 14 was vacated between August 2010 and May 2011. Borrowing the concept of “place” and “space” from Loic Wacquant (2007), I argued that from the 1980s there was a “slope” towards increasing spatial alienation in the house. Considering the

¹² The connection between the rehabilitation projects and the rural “ghettoization” specific to Hungary and to other Eastern European countries is a very important and complex issue. For further readings in the topic see Virág 2010 and Ladányi and Virág 2009.

changing social composition of the residents and their dissatisfaction with their living environment, relocation seemed to be a legitimate and desirable intervention. However, by the time the process got to the phase of negotiation between the representatives of the local government and the dwellers, it became clear that the results of forced movement would be mixed.

Dividing the residents into three groups made it possible to show that relocation is a Janus-faced process, through which the initially more affluent tenants were able to benefit from their move, while their less well-off neighbors could easily find themselves in a similarly, or even more vulnerable situation. Approximately half of the fifty families suffered from the process in some way: either because of its negative personal or negative social consequences. The reason for this is twofold. First, there were three problematic elements in the negotiation process, through which the residents and the bureaucrats agreed on the way of compensation. Apart from a logistical problem (due to the scarcity of available replacement flats) and a double transparency problem (the BPM did not communicate properly either with the dwellers or with other bureaus of the local government), there was an overarching tension throughout the negotiations between the conceptual, top-down view of the bureaucrats focusing on the exchange value of the territory and the personal, bottom-up view of the residents focusing rather on the use value of their homes.

But the problems arising during the negotiation were only the first step through which the “losers” of the relocation process could be dispossessed. Those who got an acceptable replacement flat can easily “fall out” of the social housing system due to their rising housing related costs in a second step. And finally, those who chose cash as the form of compensation – either voluntarily or forcedly – and those who fall out of the social housing system are exposed to the mechanisms of the housing market, which tend to contribute to the spatial segregation of the most impoverished households. The potential results of these three steps

are very similar to the negative effects of displacement. Hence I argue that although there are important differences in the form market induced displacement and local government-orchestrated relocation, in their effects a significant proportion of the realized relocations are very similar to the consequences of displacement: psychological distress and rising housing related costs on the personal level, the loss of affordable housing, spatial segregation and the polarization of the society on the social level.

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Appendices

Appendix 1: The districts in Budapest (only those districts are numbered which are mentioned in the text)



Appendix 2: The Map of Ferencváros from 2001 divided into Inner, Middle and Outer Ferencváros. The dot marks Balázs Béla 14.



Appendix 3: The photo of Balázs Béla 14



Appendix 4: A photo of the refurbished Ferenc Square

