

The struggle to belong
Dealing with diversity in 21st century urban settings

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Are There Gated Communities in Postsocialist Eastern Europe?

Judit Bodnár
Central European University
jbodnar@ceu.hu

Virág Molnár
New School for Social Research
molnarv@newschool.edu

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Abstract

A residential real estate boom around the turn of the millennium led to the rapid emergence of a new breed of planned housing developments across East European cities. These new developments were routinely labeled American-style gated communities by local media and declared symptomatic of postsocialist urban fragmentation and social polarization. We conducted a field work and interview-based comparative study of post-1989 planned housing developments in Berlin and Budapest to explore if they fit the category of gated communities. Our study follows a relational approach that maps the complex interplay of public and private forces in the construction of this new form of housing around three key questions: 1) how these new housing developments reorganized urban space and public access to various parts of the city, 2) how the state at various levels (local, urban, national) interacted with local and foreign real estate developers in the completion of these projects, 3) how this new housing type has altered the culture of communal urban housing. We draw on the extensive research on gated communities to motivate our study and use our empirical findings to suggest ways in which this literature could be reformulated to better capture international variation in this housing form.

Introduction

“Move into a new apartment to start a new life! (...) On the banks of the River Danube you can jog among shadowy trees along yachts bobbing softly on the water and then have breakfast in your balcony directly overlooking the Danube” reads an ad for a “residential park” which is constructed in a “centrally located yet quiet” neighborhood of Budapest. If you still hesitate, the ad continues: “American-style residential park in the heart of Budapest...Concierge day and night, 24 hour security, indoor parking, fenced park, penthouse, fitness, sauna and other services”. Should you prefer a different genre, you can opt for a Mediterranean lifestyle in “Zaragoza Garden” in Pestszentimre, a hitherto rather nondescript district on the South Eastern fringe of Budapest. The project’s website explains that the name was chosen because Zaragoza is home to one of the masterpieces of Moorish architecture, the Aljaferia Palace. “This building seamlessly blends traits of a noble residence and a fortress.” Hence the name, Zaragoza Garden, “is meant to express not only a Mediterranean lifestyle but a combination of elegance and safety.”

Residential parks are a new genre of housing in Budapest, which spread like wildfire in the late 1990s, significantly transforming the housing landscape of the city. With the heavy emphasis these marketing messages lay on upper-middle class lifestyles, exclusive services, safety, and seclusion, it is all too easy to classify the sprouting residential parks of post-socialist cities as a local variant of enclosed private residential developments, commonly called gated communities (Blinnikov et al 2006; Lentz 2006; Miao 2003; Stoyanov and Frantz 2006; Pow 2007a; Pow and King 2007; Wu 2005). In recent years a rapidly expanding literature on gated communities has become the dominant conceptual framework, along with gentrification, to examine the changing housing patterns of the middle classes and their impact on the city. The national and global spread of private planned housing developments has been uniformly seen as a symbol of metropolitan fragmentation and thus integral to a larger trend: the growing privatization of urban space and private provision of communal infrastructure (McKenzie 1994; Webster, Glasze and Frantz 2002; Low 2003; Le Goix 2005).

We agree that gated communities have provided a crucial site for the analysis of the neoliberal transformation of cities and are indeed constitutive of the fragmentation and privatization of urban space. But the focus of existing research has been confined to only a few

aspects of gated communities, thereby hiding rather than illuminating important implications of this housing form for current urban transformations. Present understanding of this genre

1. suggests an emphasis on gating, which shifts attention unduly from social to physical exclusion and exaggerates the novelty of the type;
2. tends to overstress the private nature of gated communities and see them as automatically contributing to the privatization of urban space.

We argue that the research agenda of gated communities needs to be broadened to highlight the complexity of the reconfiguration of public and private at various scales. Similarly, in response to the global spread of this housing form, research needs to more adequately capture the distinctive regional and local patterns of international variation. It needs to discuss gated communities (i.e., private planned developments) in relation to the larger dynamics of the housing market, pay closer attention to the role of the national and local state in housing provision as well as to the function of housing for urban development in a given historical context. It also needs to address how the interaction between national and local state and real estate developers translates into changing land use patterns and alters the conditions for the everyday use of space.

Gated communities and private planned developments have been around for some time now, so we may have the proper distance for their historicization and politicization. We may see more clearly the novel twists gated communities brought in the debate of public and private, what constitutes the type and its subtypes, and the politics through which they emerged. This is also a call for the theorization of gated communities. As a crucial step, in this article therefore we propose a relational approach to better account for these processes. We adopt and extend David Harvey's (2006) notion of "relational connectivity" to develop a theoretical framework that helps to disentangle the changing interplay of the public and private sector in the latest wave of planned developments. Our analysis is organized around a comparison between new planned housing developments in two European cities, Berlin and Budapest. Both cities had exhibited high levels of state involvement in housing and the regulation and management of city life—the two parts of divided Berlin for different reasons—before they undertook major political and economic restructuring against the backdrop of worldwide global restructuring in the early 1990s. This transformation was framed as post-socialist in the case of Budapest, in Berlin, as the combination of post-socialist and post-unification restructuring. The complexity of the empirical environment makes these cities good sites to demonstrate the pull for sameness in the worldwide proliferation of private planned developments and to account for differences with the help of our relational approach.

Gated Communities versus (Private) Planned Developments: The Outlines of a Relational Approach

Literature on gated communities originated in the North American context of the 1990s. Even though gated communities had existed earlier, they remained rarities until the advent of master-planned retirement developments in the 1960s and 1970s. They became ubiquitous only in the 1980s and 1990s (Blakely and Snyder 1997; McKenzie 1994). Systematic surveys and a comprehensive discussion of enclosed private residential developments and their socio-spatial consequences took place only in the 1990s. Research on gated communities spans several

disciplines – although it has been dominated by urban planners and geographers – and can be summarized around four perspectives.

A dominant understanding of gated communities is as archetypical spaces of neoliberalism as defined by Brenner and Theodore (2002), resulting from the intensification of class warfare on the urban scene, the fear of urban crime and the ensuing anxiety of the middle classes to protect property values by withdrawing from the provision and consumption of urban public goods. These studies have focused on how gated communities have privatized what would have been public space, how their spread has enhanced social segregation, leading to severe urban fragmentation, undermining the concept of social citizenship and belonging, and giving further impetus to urban sprawl (Blakely and Snyder 1997; Caldeira 1996, 2000; Le Goix 2005; Low 2001; Marcuse 1997). In a radical version of this thesis gated communities are an integral part of a comprehensive security effort by citizens, architects, politicians and the police, thus instrumental to the creeping “militarization” of urban life (Davis 1990, 1992).

Countering the idealist undertones of these theories, a further strand builds on realist theories of public space. Public access is never truly public, argues Chris Webster (2001, 2002); few public goods are shared equally by all and thus the urban is better seen as an interlocking and overlapping set of consumption realms, that is, clubs following the conventions of the political economy literature. This approach assumes more porous boundaries between private and public. New private planned developments are consumption clubs of sorts, the public of which is smaller than that of the municipality (Webster 2001, 2002). According to this reading, gated communities fall somewhere between the public and private realm. They strive to eliminate the type of free riding that is rampant with respect to the consumption of subsidized municipal services. While Webster is right in insisting that exclusion cannot be created only by gates but also by governments and communities themselves (Webster 2002), he fails to consider the ramifications of the fact that the exclusion of non-club members from free-riding is much sharper than in the case of the larger urban public.

A third cluster has favored a legal-institutional approach, exploring how gated communities have given rise to new forms of governance (Kennedy 1995; McKenzie 1994, 2005). The privatization that gated communities—or in a legal parlance, common interest developments—represent is mainly the result of unregulated private policy making, and as such is not independent from public actors (McKenzie 1994). This strand examines the emergence and working of homeowners’ associations as a novel form of private governance that substitutes a legal contract (Covenants, Conditions and Restrictions – CC&Rs) for a social contract in regulating the minutest details of life in these residential communities. Here the emphasis is on the internal institutional working of community organizations and the puzzle—why people would relinquish their right to private property and abide by the strict rules of homeowners’ associations—is a question against the backdrop of suburban detached housing, which is a uniquely US-based experience.

A fourth stream of research has probed life behind the gates, detailing residents’ motivations, social profiles, cultural and lifestyle preferences. These works offer thick descriptions of everyday life in gated communities (Low 2003; Romig 2005) and classify them with respect to the divergent functions of gating (e.g., lifestyle, prestige and security zone communities as defined by Blakely and Snyder (1997) and the type of resident they attract. Ethnographic accounts with a focus on everyday life have allowed a deeper understanding of safety, security and stability, one that is captured in the notion of ‘home’ and ‘community.’ Their analysis of individual experience and motivations logically points at the outside world, against

which the home is defined, but understandably does not provide a structured account of the links between the home and the public realm.

The gated community literature has also taken an international turn in recent years. Gated communities have been identified all over the world from Sao Paulo and Johannesburg to London and Shanghai (for collections see Glasze et al. 2006 and the thematic issue of *Environment and Planning B* 2002: 29 (3)). Although the geographical scope of international research is impressive and has been continually expanding, it mostly comprises of case studies of individual countries and cities, lacking systematic comparisons of this housing form across countries.¹ The non-American case studies also operate with an implicit assumption that we are witnessing the global diffusion of a fairly unified (and reified) U.S. model. It similarly remains undertheorized whether this international isomorphism is the product of similar urban conditions, the local emulation of design and marketing fads, or the work of international actors who are pushing forward the de facto globalization of the residential real estate market.

In designing our comparative study of Berlin and Budapest, we drew closely on the gated community literature. In the course of the empirical research, however, we had to shift the emphases. We define gated communities in a very broad sense, including all predominantly privately planned, developed, owned and managed housing developments that consist of several detached, semidetached or multi-family units and emphasize separation from the environment through fences, a gate or more subtle forms of exclusion such as landscaping, waterways or other natural boundaries. Gated communities in our analysis overlap considerably with common-interest developments, or in simple planning terms, planned developments. Private developments are not always truly private but a result of the interaction of private and public actors as in the process of planning and permission granting. Grasping the intricate blurring between the public and private realm that characterize these new developments is crucial in explaining both the success of the form and its variations.

We set out to formulate a relational approach inspired by David Harvey's notion of "relational connectivity" (2006). In a recent volume on the politics of public space, Harvey makes the point that public space is not a separate urban project, and therefore examines the "relational connectivity" among public, quasipublic and private spaces. He focuses on the connectivity of urban spaces that are crucial for Paris of the Third Empire. The quasipublic space of the café spills outward onto the public space of the boulevard, the meaning and viability of which depends on the private interests it supports. Harvey juxtaposes the relationship between the emergent bourgeois hegemony in economy and politics in Haussmann's Paris, which reaches into an increasing control of public space, with how workers' private deprivation connects to their consequent reliance on commercial quasipublic and public spaces. He is interested in how these connections radicalized politics as the nineteenth century matured.

We propose to apply this framework to new planned developments and their various vernacularizations. We suggest an inversion of this construct and look at private space in its relational connectivity. Harvey's point of departure and arrival is the politics of public space; ours is the construction of private space. We therefore examine new residential developments as they *relate* to public and quasipublic space. In fact, we propose to do so through a multi-dimensional definition of public and private, and examine public and private actors, acts, and

¹ Low (2006b) and Blandy et al (2006) are rare exceptions; the former compares US and Mexican developments, the latter England and New Zealand. Although they offer excellent comparative insights, these studies are not a product of a systematic comparative design.

interests in the construction of private residential space. In addition to scrutinizing the physical connection between the private space of housing, the semipublic common areas of gated communities, and their environment, we also examine the interplay between public and private resources and powers, planning and aesthetic imagination.

Various levels of the state, regulations and subsidies can effectively shape what type of housing is promoted as a dominant model, and in what concrete forms it spreads, even if some of the main dimensions of gated communities, such as governance, maintenance, use and accountability, are defined as private.

The need we feel to emphasize connectivity in the analysis of new planned developments goes back to what we see as an understating of these issues in the gated community literature and a tendency not to see this form of housing in relation to the rest of the housing sector. The emphasis on relational thinking is also geared towards joining forces with the strengthening voices in the gated community literature critical of the majority of writings assuming too sharp boundaries between public and private (Low 2006; Webster 2002). We believe the key to this lies in mapping the particular forms of spillovers between public and private the emergence of new planned developments has generated. Following Don Mitchell's and Lynn Staeheli's extension and politicization of the definition of property in order to provide a less restrictive understanding of both private and state ownership, we see public and private "in a regime of practices, laws, and meanings that formally and informally determine" what is public and private (Mitchell and Staeheli 2006: 149).

We organized the analysis of our cases around the following aspects of connectivity and the political economy of new planned communities:

1. State and private capital in housing construction on multiple levels: transnational, national, and local.
2. Overflow of the state into the economy, commonly called regulation.
3. The experience of public and quasipublic space and how it shapes citizens' and developers' attitude to openness and segregation as well as the power of social groups to shape urban space

Following Harvey's connectivity frame, the emergence of gated communities/new planned developments is a clear manifestation of the economic might and political clout of the middle class (i.e., bourgeoisie) as well as of the realization that its hegemony is not uncontested in the construction of public and quasipublic spaces. Mean streets, neat malls, revanchist urban policies (Smith 1996) and gated communities are part of the same scheme (Bodnar 2006). The upper middle class of the revanchist city uninhibitedly tries but cannot exert unchallenged power over urban space, nonetheless, has the resources to minimize its dependence on the public. Their withdrawal is partly motivated by their perception of public space, which ranges from seeing it as outright dangerous to simply annoying and uncontrollable (Rybczynski 1995). The classics of the gated community literature as well as more recent research all note a desire for control in explaining the appeal of this form of housing to the middle classes (Blakely and Snyder 1997; Low 2001; Ronig, 2005). We believe it is crucial to see how this frustration is tied to their experience of public space. Yet, instead of its perceived dangers, we would rather emphasize a related perception of public space as expensive and ineffective. Indeed, this is one of the key factors that explain the popularity of private planned developments, which emerged as a reaction to the perceived ineffectiveness of the public management and ownership of urban space.

Data, Methods, and Hypotheses

Berlin and Budapest were selected for this comparative study because the general history of the two cities and the underlying structure of the housing market exhibit many similarities, thereby allowing for a controlled comparison. Both cities expanded rapidly into large modern metropolises during the second half of the 19th century and continued on broadly analogous paths in the post-WWII period, with socialist urban planning leaving a distinct mark on East Berlin as well as on Budapest. As a result, the distribution of the housing stock by age and building type, for instance, shows great resemblance. Courtyard apartment buildings from the turn of the 19th and 20th century and large prefabricated public housing estates scattered along the urban fringes are not only essential part of the housing landscape but have a strong imprint on the general architectural and cultural character of the two cities. Today both cities try to cope simultaneously with the legacies of state socialist development and the challenges of globalization. They are similarly engulfed in a series of profound urban transformations: sudden, massive suburbanization and privatization in a wide range of areas including public space, public municipal services, home ownership, and housing construction.

Therefore, in our original research design we hypothesized that the two cities were likely to follow parallel trajectories during the urban restructuring of the 1990s. Consequently, we started out with the assumption that “residential parks”—that is how private planned housing developments were vernacularized in both countries—, which became an important fixture of the residential real estate market in Budapest by the mid-1990s, would represent a comparably significant segment of the housing scene in Berlin as well.

In the first phase of the project we compiled a database of planned housing developments that were built after 1989 in the two cities². For our database we collected information about the main features of each development: location, size of development, number and size of dwellings within the development, architectural character, presence of gates and/or guarded entrance, sale price, availability of amenities such as swimming pool, fitness center, concierge service, 24-hour surveillance etc. We also traced the developer and the architects behind the projects. The market for planned developments took off in the second half of the 1990s and many were still marketed to potential buyers when we started our research. Thus we relied on the largest online real estate databases (e.g., <http://lakopark.lap.hu>, <http://ingatlan.com>, <http://www.ingatlanok.hu> for Budapest and <http://www.immobilienscout24.de> for Berlin) and real estate listings from the printed media as our main source of information. We then complemented this data from local newspapers (e.g., Népszabadság, Magyar Hírlap, Magyar Nemzet, Berliner Zeitung), and for Berlin, with information from a comprehensive architectural guide to housing developments (Braun and Bodenschatz, 2003).

In the second phase of the project, we selected seven planned developments in both cities from the database for a detailed case study. The sites were chosen based on geographical location, size, type of financing and type of developer. As the East-West divide is sociologically and politically important in Berlin as well as Budapest³, we aimed to assemble a balanced mix of developments from the Eastern and Western parts of the cities. We also added a development located in the metropolitan region just outside Budapest and Berlin (in Telki and in Potsdam,

² Our final database included 82 cases for Budapest and 62 cases for Berlin.

³ In both cities, the Eastern part has been generally poorer, home to working class populations and high-density residential neighborhoods. This East-West sociological divide dates back to the 19th century.

respectively).⁴ The size of the developments varied from fairly small developments with 30 dwellings to large developments including over 1000 dwellings. The selected projects were developed and constructed using either exclusively private funds, or less frequently in the form of public-private partnerships. Most importantly, our selection intended to reflect and include projects by the dominant developers in both cities.

The primary objective of the case study phase was to interview the developer, the architect(s), and key decision makers at local planning authorities for each selected housing development. We decided to focus on the supply side of the residential park phenomenon because we hypothesized that the spread of this housing model is driven largely by real estate developers and building professionals (e.g., architects, urban planners). Developers also seemed to be chiefly responsible for suggesting a close “intellectual” kinship between “residential parks” and American-style gated communities. This idea was then quickly diffused through their aggressive marketing campaigns. Between 2003 and 2005 we conducted a total of 45 interviews, 20 in Budapest and 25 in Berlin. We also visited and photographed each site. Additional interviews were conducted for some of the projects with real estate agents, public relations firms, landscape architects, project managers, tenant representatives, and the city architect for Budapest as well as the director of urban planning for the Berlin Senate. Maps, design blueprints, advertising brochures, local building codes were also consulted and assembled for each individual site as well as building and real estate statistics for both cities. In the following analysis we draw both on the databases and the case studies to highlight the general trends in the two cities.

Budapest: The Retreat of the State and Housing as a Global Commodity

New planned developments arrived in Budapest as an American type of housing but adopted a name, residential park, which is a direct translation from the German *Wohnpark*. The genre proved to be an instant hit and at the turn of the millenium, as a housing market analyst recalls, “the whole world was in residential park construction.”⁵ In light of the numbers, such descriptions of the situation may seem exaggerated. The majority of newly built dwellings can be found consistently in multi-story apartment buildings, residential parks stabilizing around 20% of total construction in the middle of the current decade (Figures 1 and 2). Yet they are bigger than their numerical representation. In the impoverished landscape of residential construction residential parks have been the most dynamically developing sector, they have received the most media attention and provoked the most controversy. Residential parks indeed “mark the dominant form of dwelling at the dawn of the new millennium,” as summed up in the editorial to the debate on residential parks that was hosted by the popular and authoritative architectural web site, ArchitectForum.”⁶

FIGURES 1-2 ABOUT HERE

The Budapest housing sector has seen dramatic changes since the end of the 1980s. Before housing privatization took off, 52% of all Budapest units were owned by the state and maintained by municipal governments (Bodnar 2001), in 2001 less than 10 % (KSH 2002: 172). Long before the drastic rearrangement of residential ownership and the shrinking role of the state

⁴ In the course of our research we found that most residential parks have been built within city boundaries despite initial expectations that residential parks would become a suburban housing type. This is why we limited our focus to residential park construction in urban areas.

⁵ *Népszabadság* October 29, 2004.

⁶ <http://epiteszforum.hu/phpBB2/viewtopic.php?t=36>

as a landlord, the state had practically withdrawn as a builder; the construction of large-scale housing estates, which marked the skyline of the state socialist cityscape, practically stopped at the beginning of the 1980s and steady decline of overall housing construction set in (Szemző and Tosics 2004).

An unintended side effect of large-scale housing privatization in combination with the vagaries of the market is the unusual tenure structure of the Hungarian housing sphere. Owner-occupation is the rule in Hungary and the rental sector has been quite insignificant. Compared to Switzerland, where rental housing comprises almost two thirds of all housing, or even the Czech Republic with its 50%, or Poland with one third, in Hungary rental housing constitutes a mere 9% of the housing stock. The majority of these rental units are social housing owned by the municipal government.⁷ Budapest is no exception to this national pattern: the rental sector is slightly larger than the national average, accounting for 11.8%, but even here 87.1% of the dwellings are owner-occupied units.⁸ Indeed, it is in part this peculiar tenure structure, undergirded by a rock solid cultural preference for home ownership, that made Budapest's residential market attractive to private developers in the 1990s.

That housing is a private business and a commodity is an axiom by now. At a recent housing conference in Budapest the conveners kept emphasizing that the state should withdraw even from subsidizing this area since “access to housing belongs in the private sphere.”⁹ The long-term *Urban Development Concept* of the Budapest municipal government also assigns primary role to private capital in the residential sector although it demands at least “indirect intervention” by the state, which translates into setting up the framework for sustainable urban development; density, rational transportation, etc. (Budapest Municipal Government 2003: 24).

FIGURE 3 ABOUT HERE

Indeed, the state has withdrawn from direct involvement in residential construction (Figure 3) while increasing indirect financing; public housing subsidies amounted to 100 billion HUF in 2001 and 250 in 2005.¹⁰ It is through subsidizing mortgage interest rates that the national state facilitated housing ownership, and since construction was overwhelmingly private, the state effectively lubricated the private real estate market—a global strategy of urban restructuring (Smith 2002). The introduction of subsidized interest rates in 2000, which happened against the backdrop of the stabilization of macro-economic indicators, was a drastic change compared to the 1990s when a mere 10-15% of housing investment was financed from loans in sharp contrast to the 60-80% in developed economies (Hegedűs 2003; Szemző and Tosics 2004). Even though the new government placed restrictions on interest subsidies in 2003, almost doubling the subsidized interest rate but still keeping it well below market levels, it was only in 2005 that the amount of state subsidized mortgage loans went below that of non-subsidized ones (Figure 4). Subsidized loans did not oil only new housing construction; with quite significant variation almost half of all loans have been taken for the purchase of old units rather than new ones or family construction nationwide (KSH 2006: 7).

As state subsidies for mortgages were reduced due to a changing political climate, new regulations enabled commercial banks to offer cheaper mortgages to home buyers in foreign

⁷ “A berlakasszeker docogve sem halad” lakas.hu 2006/8 retrieved at www.lakaspont.hu

⁸ Budapest Mozaik 5 – Statisztikai tükör, 1/16. May 29, 2007

⁹ <http://index.hu/gazdasag/magyar/lakonf070514/> retrieved May 2007

¹⁰ *ibid.*

currency, primarily in Euros and Swiss francs, beginning in 2004.¹¹ The sudden growth of foreign currency mortgages compensated for the drop in state subsidized loans and allowed the housing market to expand steadily. Today Hungarian homebuyers increasingly tend to be indebted in Swiss francs, Euro, and lately, even in Japanese yen. In 2006 34% of all mortgages were foreign currency based and the volume of foreign currency mortgages nearly doubled within a year between 2005 and 2006. As a result, mortgages today make up about 12% of Hungary's GDP (KSH, 2007).

FIGURE 4 ABOUT HERE

A particular feature of the political economy of Hungarian developments is that foreign real estate developers have been much more present and visible than either in Berlin, or in many west European countries, and North America in general. The retreat of the state from the housing sphere provided the general condition for opening it up to private investment. It is, of course, not uncommon to find transnational capital in real estate development, in fact it is one of the most lucrative businesses in well-picked places of the world, but tends to be concentrated in commercial rather than in residential projects.

Housing construction is perceived to be risky because the environment is less predictable, an apartment is not a highly standardized product; it is tied too closely to local traditions and culturally specific lifestyles, and returns on investment are lower and take longer to realize in comparison with commercial real estate (Interviews with Korean and Hungarian developers). One also has to be more familiar with local ways of conducting business – especially when it comes to dealing with local government administrators and planning authorities – and to have ample social capital. This is hard even for the locals. As a consultant recounts, “in District II no one could build for a while; everyone knew that a certain developer had exclusive ties to the district government, so applying for construction permits would have been in vain” (Interview with a developer).

In late 1990s Hungary, however, strong preference for home ownership, increase in the scale of construction, improved mortgage conditions, and the overall standardization and stabilization of the market created the particular conjunction which brought foreign capital into this sector. Stable and expanding demand for new apartments made the construction of planned developments relatively predictable and profitable for private developers in general and foreign developers in particular. This claim is also supported by data showing that between 2000 and 2004 about two-thirds of all new housing units were built by private construction companies (Figure 3) and 67.7% of all newly built dwellings were intended for sale, whereas only 27.7% for personal use and a miniscule 2% for rent (KSH 2005).¹²

One of the largest residential park developers in Budapest is a medium-sized Israeli company—a significant contributor to the 60% which is the share of the real estate business within all Israeli investment in Hungary.¹³ In fact, half of the top developers in housing were Israeli companies in 2006, the other half being Hungarian.¹⁴ Although a few German construction companies are present, German investment in real estate development has been more erratic and, on the whole, quite negligible. German influence is more indirect; it shows

¹¹ While the typical interest rate of a housing loan in HUF is around 14%, the interest rate of a loan in Swiss francs is around 6%.

¹² This is a significant shift compared to the early 1990s when most residential construction was carried out by private persons for personal use (Figure 3).

¹³ www.erec.hu/belso/content/szam01nov/4.htm

¹⁴ Source: Ecorys Hungary.

primarily in the general outlook, building types, construction materials and engineering. Interestingly, all foreign companies without exception work with local architects and employ primarily local personnel, including professionals who had established good working relationship with the local government through their career.

Curiously, one of the pioneers of planned developments in the Greater Budapest Metropolitan Area was a fully Korean-owned company, which following numerous commercial and fewer residential projects in South East Asia, bravely moved into the Budapest market with the primary purpose of establishing a foothold in Europe. They were rare birds on the market, which they left not long after finishing the residential park—according to their own recollection, a not too successful project, which reached the Hungarian market “ahead of time, and paid for the school fees of learning” (interview with CEO). The presence of foreign developers is marked by a peculiar regional movement of non-core venture capital.

The unusually transnational and commercial character of new planned developments also explains why the image of the projects is more ‘western’ and why conscious mimicry plays a more significant role. As an important part of the marketing effort, and an indicator of the fierce competition, all planned developments are advertised with catchy names. The names of new Budapest developments make up a curious medley, conjuring up images of rose gardens, groves filled with bird song, Mediterranean villas, resort-like compounds tucked among neat green hills, and sunny views of the Danube. Most names, however, have little connection to the history or cultural character of the neighborhood in which they are located. Instead, they seem to embrace a nondescript international marketing lingo that is replete with English terms (e.g., Dreamland, Prestige Towers, Riverside, RiverLoft, Sun Palace) and strange Hunglish designations/hybrids (e.g., Eurodomb, Sasad Resort).

That the reception of this genre of housing has been surprisingly politicized in Hungarian society and the media can also be traced to the greater role global capital plays in the process.¹⁵ The simplified political connotations of residential park controversies tie into environmental protests and various critiques of globalization—left and right but figure truly prominently as carriers of global influence and Americanization only in the right-wing media.

Although when the first residential parks were built it looked that they would become a suburban housing form, the tide soon turned and the majority of residential parks have been erected within city boundaries. This trend has been confirmed by our interviews with district architects and developers as well as real estate listings and housing statistics.¹⁶ Four city districts, the III, XI, XIII, and XIV, have borne the brunt of the building activity. A significant share of new developments is located in brownfield areas, which were previously home to industrial or military use. In fact, the encouragement of residential park construction has become a popular strategy of brownfield regeneration for local districts.¹⁷

Building types and layout of housing developments show great internal variation. They reflect in part differences in the regulatory attitude of the district-level planning authority and the decentralized nature of local planning in Budapest. Residential parks in the XIII district tend to be massive, eight- and nine-story apartment blocks, often enclosing a courtyard and bearing more than superficial kinship with neighboring prefabricated high-rises. In contrast, across the Danube in District III., there are more villa-style and lower-rise developments. The XI and XIV

¹⁵ Our conclusion is based on the analysis of every article dealing with residential parks which appeared in the major dailies during the last 10 years, the detailed discussion of which we cannot provide here.

¹⁶ This is the reason why we did not extend further our research into the suburbs.

¹⁷ “Beépülnek a Budapesti rozsdáövezetek?” *HVG* 2005, July 26

districts, exploiting the advantage of latecomers, have tried to learn from the clumsy improvisation that characterized local planning authorities in the first phase of the residential park craze and exert greater control over architectural quality and urban design, insisting on more green space and lower densities. Overall, along with the differences in their target group, considerable disparities in district level building regulations and the laxity of the 1997 National Building Code are responsible for the huge variation in the design quality of planned developments, ranging from lavish apartments in loosely grouped 2-3 story villas to crowded apartment blocks that house tiny flats and encircle a courtyard with only a touch of greenery.

The relationship of the housing development to its surroundings and the structuring of public and private spaces are also indicative of the local game between the private developer and the district planning authority. Resource strapped local governments have pressed developers to finance urban development projects (cleaning of contaminated land, construction of public road, public playground, extension of tram line) in exchange for cheap land and concessions in building densities. As a result, parts of the development are to be turned over for public or semi-public use (Körner and Nagy 2006). The Marina part project, which is one of the largest planned developments constructed in post-1989 Budapest, shows the tenuous negotiation of the borderline between public and private.

Marina Part is “a new world” as the sales pitch goes. It offers a “new life” and it is a new world: separate and newly built on new land. Marina covers 20 acres with a proposed 3500 units on a former industrial site—a refill itself—enclosing a small bay in the Danube. The new endeavor offers greenery, unspoiled view of the river, a marina and luxury services including a sports center with an Olympic-size swimming pool. The scale of the project and the fact that it is on the river bank made it the center of public scrutiny. The negotiation of the border of private and public has been very intense and cut deep into material interests and power aspirations. The developer wanted the state, either at the district or municipal level, to share their costs of cleaning the area and laying down basic infrastructure. The local government understandably wished to relegate the entire cost to the developer. In exchange they offered real co-operation. And that is what happened. The district government has had a very constructive relationship with the same Israeli company for years, which they claim allowed for the application of a longer-term perspective in their respective strategies. This is untypical of district governments in the city and a constant source of pride for the leadership in district XIII.¹⁸ They are happy to host an upscale neighborhood, the importance of which goes beyond the boundaries of the district, and have someone do the groundwork for what they see as a public project of making an embankment. The developer knows that even though the Buda side may be more lucrative, he does not stand a chance there with more “local-friendly” and conservatively inclined district administrations, and appreciates the problem-solving predisposition of the local government. The district changed the rules regulating the area after construction had started, which the developer did not welcome but decided to be a good sport in extending public areas as long as “they would not tell us that density should be lower on the land we purchased some time ago,” and concluded that “if the area becomes more attractive this way, it is also good for us” (interview with developer). The district government and the city stipulated that a large public park should run along the embankment in front of the nine-story towers of Marina, a promenade, bicycle lane, playground and a few commercial establishments on the ground floor. “We do not want a simple park on the Danube, rather, a promenade and a marina to become the *agora* of this neighborhood,” sums up the chief architect of the district. They persuaded the developer to give

¹⁸ Forum with district mayor, September 11, 2007

up construction on a certain area and leave it open in order for people driving or walking on a main road that runs parallel to the river to have a glimpse of the bay and the marina. The development enjoys the district's non-withering support, "after all, the public space that is a precondition of the embankment project will get constructed, whereas if it were up to us or the state, it would not happen," puts it pragmatically the chief architect.

Not everyone shares this faith in a successful privately orchestrated public project. "This is not public space," concluded an enterprising and fundamentally incredulous journalist, who having decided that the test of public space is its consumption, rode his bike to the Marina promenade. Upon arrival, he found it quite difficult to negotiate access to the river and the reactions of the security guards at the only entrance to the project clearly suggested that they were instructed to limit access to the area.¹⁹ After he placed a few well-directed calls and complained, public accessibility between 9 am and 7 pm was restored. According to city regulations, which apply to Marina because it falls within a special regulation zone, along with additional rules set by the district, a 30 meter wide stretch along the Danube embankment should be publicly accessible.

The project can be seen as an instance of very carefully located and designed public space that is developed privately—somewhat in the manner of Battery Park City in New York—with all the tensions and contradictions this entails.

Berlin: A City of Renters and the Long Shadow of the State

Contrary to our initial expectations, the differences we found between planned housing developments in Berlin and Budapest were as crucial as the similarities, exposing the presence of considerable variation in European urban experience. In Berlin, private planned housing developments occupy a much less prominent segment of the housing market than in Budapest. Planned housing developments tend to be either large and constructed with significant public funds, or relatively small financed by local developers or small building societies. The mid-size private planned developments launched by local and international private developers that have proliferated in Budapest throughout the 1990s are largely absent from Berlin.

One of the key reasons for the different shape of the housing landscape in Berlin lies in the prolonged involvement of the state in residential construction. As Figure 5 shows, housing construction in Berlin continued to be dominated by the public sector until the late 1990s while in Budapest the state (local and national) withdrew abruptly and almost completely from housing construction immediately after 1989.

FIGURE 5 ABOUT HERE

Planning for housing developments in Berlin during the early 1990s proceeded in the pre-1989 tradition of large, multi-story estates, a policy that was largely driven by grossly erroneous projections of significant population growth in the city. According to these demographic predictions Berlin expected an influx of 1.4 million new inhabitants, mainly due to immigration from Eastern Europe. Although the surge in population did not happen and the city actually lost about 45,000 inhabitants between 1990 and 2003, plans for housing construction were developed based on the initial growth expectations (Statistisches Landesamt Berlin 2004). Thus the early 1990s saw the construction of massive greenfield housing estates like Karow-Nord (5100 dwellings) in the Eastern outskirts and large brownfield developments in former West Berlin such as Wasserstadt Oberhavel, which was one of our case studies. That these 'mega' projects made up a significant share of total housing construction in this period is also clearly illustrated

¹⁹ Tamás, B.G. "Csókolom, le lehet a Duna-partra menni?" *Index*, 2006.July 29

by the distribution of newly built dwellings by building type. Figure 6 shows that in 1995 72.64% of them were multi-family homes, which usually denote high density apartment buildings. In contrast, in Budapest this figure oscillated around 40% for the same period and housing construction was dominated by single-family homes.

FIGURE 6 ABOUT HERE

In 1998, however, direct state subsidies for multi-dwelling residential developments were eliminated in Berlin, bringing about a seismic shift in the residential real estate market (see Figure 6). Remaining public subsidies dwindled quickly over the next few years and dried out completely by 2004. The withdrawal of state subsidies from this market has completely altered the scale and morphology of multi-dwelling housing developments in Berlin. Recent planned developments, which have sprung up since 1998, are privately financed and have shrunk radically in size, introducing also a new paradigm with respect to prevailing building types and urban design solutions. These structural changes are again well captured by the distribution of housing construction by type of building for 2004, as shown in Figure 6. The share of multi-family homes has declined sharply, by more than 50%, and single-family homes have assumed the lead in housing construction.

Another important reason for the limited appeal of private planned developments in post-socialist and post-unification Berlin can be traced to Berlin's unique tenure structure. Berlin is truly a city of renters. Although most dwellings are privately owned (72%), mainly by large building societies (*Wohnungsbaugesellschaften*), owner-occupation is minuscule (and culturally despised by many) and 87% of the cities inhabitants are renters.²⁰ This structure has changed surprisingly little since 1989 despite the large-scale privatization of the communal housing stock and numerous political campaigns that aimed at promoting home ownership (Krätke and Borst 2000). In 1997, for instance, Berlin embarked on the "Property Initiative Berlin 2000" program to increase the share of owner occupied housing from 8% to 16% by 2000. The lack of interest among Berliners to become home owners and the lukewarm achievement of the campaign can be measured by the fact that six years later, in 2006, owner occupation in Berlin is still only at 13% (Senatsverwaltung 2002: 48; IBB 2006: 31)²¹. Therefore, Berlin's tenure structure is the polar opposite of Budapest's where owner-occupation dominates and the combined social and private rented sector is negligible.

The firm grip of the public sector on the housing market combined with the dominance of renting partly explains the lower levels of globalization of the residential real estate market in post-1989 Berlin. Unlike in Budapest where powerful foreign developers appeared on the scene in the late 1990s, in Berlin international developers are rare to find in housing construction.²² German firms continue to dominate this market segment, although large developers that lived off public subsidies and were closely linked to state actors are being replaced by smaller firms since the collapse of publicly funded building schemes. Foreign presence was manifested only in the form of international architects (e.g., the Californian architectural studio of Moore, Rubel, and Yuddle) who were involved in several of the large, signature housing projects of the early 1990s (e.g., Karow-Nord). The sudden building boom after the fall of the Wall in 1989 attracted many a

²⁰ <http://www.stadtentwicklung.berlin.de/wohnen/mieterfibel/index.shtml>, retrieved May 14, 2007

²¹ Owner occupation in other German cities is significantly higher, 22% in Hamburg and 23% in Munich (IBB, 2006: 31)

²² International actors have only appeared in recent years in the Berlin residential real estate market in a very different capacity, as wholesale buyers of the existing housing stock. International investment funds are acquiring significant shares of the housing stock that used to be owned by municipal building societies and are now undergoing sweeping privatization.

foreign architect to Berlin but their presence waned by the end of the decade. In the case of several upscale developments (Arcadia, Tiergarten Dreieck) foreign architects were commissioned in the hope of lending a cosmopolitan cachet to the developments, thereby increasing the marketability of the apartments.

Interestingly, the names of planned housing developments, which serve as an important marketing tool to developers, similarly mirror the different degrees of internationalization in the two cities. As mentioned earlier, in Budapest “residential parks” are often decorated with English names to appeal to a broad range of buyers that include foreigners. In Berlin, however, the names tend to have a strong connection to the geographical locale and are meaningful only to local residents. The tongue twister Rummelsburger Bucht is a case in point. The sole exception to this is the Arcadia project in Potsdam, which is widely advertised (and lambasted in the press) as “Germany’s first gated community”. But even here, the actual location of the development in the immediate proximity of Potsdam’s magnificently landscaped royal parks and palaces establish a less clichéd and convoluted connection between place and housing development “identity” than is the case in Budapest’s many residential parks.

Building types and urban design solutions show interesting variation in contemporary planning approaches to housing developments. The large-scale, high-density developments of the mid-1990s are often reminiscent of socialist housing estates. Yet, they were constructed with very different urban design principles in mind. Their planning was oriented on a more emphatically “urban” layout: the block structure of the traditional “European city”. Despite high densities, new apartment blocks tend to be low-rise (4-5 stories at a maximum) in comparison with prefabricated estates where buildings typically sported at least 10 stories. The careful attention to street layout, landscaping and building typology can also be attributed to the underlying intention to endow new developments with an expressly urban character. Building ensembles also exhibit greater variability in flat size, form and architectural style, the use of high quality materials, enforcement of high technical and construction standards, and the design flair derived from the collaboration of high-profile architects, i.e. characteristics that socialist housing estates were widely agreed to have lacked.

Sharply declining state subsidies and the subsequent shift towards private housing construction ushered in a new architectural paradigm for planned developments after 1998. The more recent, privately financed, residential developments are dramatically reduced in scale and altered in architectural character. The upscale segment of the market draws on the architectural vocabulary of Italian-style city villas such as the Arcadia development in Potsdam. Larger developments that target a middle-class audience turn to English terrace and townhouses for design templates exemplified by clusters of row houses in the Rummelsburger Bucht and the townhouse project, Prenzlauer Gärten in the fashionable Prenzlauer Berg district of East Berlin. In the Rummelsburger Bucht, a massive brownfield site in former East Berlin, one can in fact see these two generations of post-1989 housing developments right side by side. The sharp contrast between pre- and post-1998 housing developments clearly reflects the changing balance between state and market in housing construction, but it also signals the increasing differentiation of a housing landscape that was relatively unsegmented before the late 1990s.

Brownfield areas in the Western and Eastern transition zones of the city have offered a favorable location for new planned developments in Berlin as well. Yet, local planning authorities played a very different role in the completion of these projects from what we saw in the case of Budapest. Key areas of multi-dwelling housing construction fell into two of the five regions that the city designated in the 1990s as special urban development areas

(Entwicklungsgebiete). These development areas did not coincide with individual city districts but stretched across the boundaries of at least two neighboring districts. The city then set up urban development corporations to formulate an integrated planning concept, based on which, they were supposed to promote and oversee investment for these areas. They have literally prepared the ground for private developers and PPP projects by establishing basic infrastructure--an especially costly exercise for brownfield areas--and a legal regulatory framework,. One of these urban development corporations, the Wasserstadt GmbH, has managed two urban development areas, the Wasserstadt Spandau and the Rummelsburger Bucht that have become the most important sites of new housing developments.

Even as the sudden stoppage of public funds put an end to large-scale housing projects, the Wasserstadt GmbH tried to foster housing construction in these areas, at the same time steering it away from the family house form. It sponsored architectural competitions to develop a new housing concept, the English-inspired “terrace house,” that can appeal to a broad middle class audience (interview with marketing and project coordinator). It engaged in the heavy marketing of the idea which has been eagerly picked up by the professional and public media. Developers and architects agree that the “terrace house”, i.e., townhouse/row house, model can be cast as a viable “product” which has a clear potential to compete with single-family homes, halting – or at least slowing – the flight of the middle classes from the city (interviews with various Berlin-based architects).

Although the Wasserstadt GmbH has had its fair share of corruption-related controversy (Rose 2004), the more centralized, integrated and long-haul planning it represented has contributed to the enforcement of higher architectural and urban design standards in the case of planned developments. Overall, this resulted in a more even post-1989 housing quality than the eclectic and polarized picture we find in this respect in Budapest.

US-style gated communities were evoked by developers on several occasions, particularly in the case of upscale developments (Arcadia, Tiergarten Dreieck) in the completion of which American architects were also involved. However, urban fear and security concerns were professedly never a driving force behind these developments. Security was simply viewed as integral to the “product concept” of gated communities. With respect to high-end developments, security and doorman services were also framed as needs stemming from the lifestyle and profession of the residents (e.g., diplomats and elite professionals who owned several residences and were away from their homes for extended periods), not as a pressing public safety issue.

Similarly to Budapest, most post-1989 planned housing developments in Berlin are not gated.²³ Nevertheless, they almost all employ subtle, but consequential, forms of physical segregation. In several cases Berlin developments use natural barriers and landscaping to create spatial and social boundaries. A number of projects are situated on a peninsula along the Spree River and have a single-road access ending in a cul-de-sac or are separated from other residential areas by large public parks (Tiergarten Dreieck). These ‘natural’ barriers are carefully incorporated into the design of housing developments and can function as physical instruments of exclusion just as effectively as highly visible gates.

In a related vein, the impact of planned housing developments on the structuring of and connectivity between public and private spaces cannot be captured by a linear process of

²³ All the case studies confirm that in European cities gating can be considered neither a distinguishing nor a recent feature of housing developments because gating and fencing have historically been integral part of the urban residential landscape.

privatization. Public use of private space is also a common occurrence in Berlin. The construction of private housing developments has often gone hand in hand with the creation of new public and semi-public spaces. For instance, the upscale Tiergarten Dreieck project has a landscaped pocket park with a small playground in the middle of the block which is open to the public during the day. The Prenzlauer Gärten project will also include an internal park that will be accessible to the public and will thereby open up an area of Prenzlauer Berg that, until now, has been closed to residents of the district. Similarly, brownfield housing projects including the Rummelsburger Bucht and Wohnpark Strahlau in former East Berlin as well as the Wasserstadt Oberhavel in former West Berlin have opened up large urban areas that were previously cut off from everyday city life. Preserving and securing public access to waterfronts has been an objective that local governments have aggressively and successfully pursued in the case of all planned developments that are located near water.

Discussion: Variations on a Form

The comparison of new planned housing developments in Berlin and Budapest has yielded twofold results. The similarities between the two cities imply the presence of larger Central European and European trends with respect to urban land use and the place of housing in urban development. Planned housing developments are not a predominantly suburban housing type. Rather, they aim to keep middle-class residents in the city and are presented as an alternative to suburban living, one that combines greenery with proximity to the urban center. They are an urban alternative to suburban living, as opposed to the North American experience, where they mostly figure as suburban alternatives to older and typical forms--i.e. individually built and owned homes lining public streets--of suburban living. In Berlin as well as in Budapest new planned developments have typically carved out sizeable urban space in brownfield areas in transition zones. The structuring of public and private spaces also remains highly differentiated in both cities and cannot be described as progressive privatization. At the same time, the differences clearly demonstrate that urban trajectories vary significantly across the region. Most importantly, they indicate much higher levels of commodification and globalization in the Hungarian housing market in general and the planned development segment in particular. Table 1 summarizes the differences and the similarities between Berlin and Budapest.

TABLE 1 ABOUT HERE

Both the similarities and differences pinpoint the importance of the state in the construction of planned developments. The divergent role of the state in the two cities is partly responsible for the varying degrees to which housing became a market commodity in Berlin and Budapest. The early and nearly complete withdrawal of the Hungarian state from residential construction accelerated the commodification of housing in Budapest whereas the maintenance of high levels of state subsidized construction slowed down this process in Berlin. Similarly, although large-scale privatization of the housing stock took place in both cities, it produced remarkably different tenure structures, which in turn greatly influenced the political economy of new housing construction.

In Budapest, extremely high levels of owner-occupation, strong cultural preference for home ownership, widening availability of relatively cheap mortgages created significant demand for new housing as well as the conditions for private developers to move into housing construction. Moreover, the lack of public subsidies for multi-dwelling construction meant that there were no developers who dominated the market as a result of currying favors from the state. This “equal opportunity” to enter the market combined with widespread interest in home

ownership made the construction of planned housing developments attractive and potentially profitable for foreign developers as well. Local states, however, were less non-discriminatory and tended to favor old partners thus they were instrumental in deciding in which districts foreign developers, who were newcomers, would make their move. In sharp contrast, in Berlin very low levels of home ownership and the continuing dominance of developers and construction companies that have for long been preferred recipients of public funds essentially sealed off the Berlin housing market from foreign developers.

The higher global connectedness of the Budapest housing market can be detected on several fronts: the presence of foreign developers as well as foreign buyers, the international marketing language of housing projects, and the exposure of Hungarian home buyers to the vagaries of international financial markets through foreign currency mortgages.

The local state played a decisive role in shaping the impact of new planned developments primarily through the work of local planning authorities. Local planning is highly decentralized in Budapest, district level planning authorities have a lot of discretion and there is little city level coordination in channeling city-wide trends, like the rapid spread of planned housing developments. As a result, city level variation in building types, project and building quality is largely due to the different planning policies of district level authorities and customized bargaining between the district and individual developers. District level fragmentation is also demonstrated by the disproportionate emphasis on the private/club services (fitness, sauna, surveillance facilities) planned developments have to offer. Local governments have no grip on planning the provision of public services (schools, kindergartens etc.) in response to the overall population growth in the district caused by the residents of new planned developments. In Berlin, a more centralized city level planning perspective is discernible. The integration of housing into long-term planning for large development areas has resulted in greater consistency in architectural and project quality and closer attention to the provision of public services. Variation in building types in Berlin can be attributed to a single event, the abrupt end to public construction subsidies in 1998, which triggered a paradigmatic shift from large, multi-story developments to small-scale townhouse/terrace house projects.

Land use patterns show the greatest similarity between the two cities. In Berlin as well as in Budapest new planned developments are predominantly located in brownfield areas. They provide easy access to urban public transportation networks and seek the proximity of attractive waterfronts and green reserves. As waterfronts and green areas tend to fall under special rules regulating public access, they entail a differentiated restructuring of urban space, and lay the grounds for a complicated interplay between public and private use. Although gating new planned developments is uncommon in Berlin and less so in Budapest, other less conspicuous and intrusive design solutions have been used to mark their boundaries whose impact needs to be scrutinized more closely. At the same time, many developments – more in Berlin than Budapest – have recovered urban zones that were previously downgraded by industrial and military use, and were not accessible to residents of the city. Negotiations between local governments and developers have also led to developers' conceding bits of private space for public use.

Everyday use of space cannot be fully predetermined. It is clear, however, that one needs to go beyond the legal definition of public ownership and the design. Practices which evolve with time are crucial in swinging the pendulum either in the direction of more restricted or more public use. Even though erecting a fence makes the enclosed area less accessible than it was before, thus it means exclusion; fences tend to have a gate which controls formal admission. The gate can be left open or be opened as described by Simmel in the subtle dialectics of the door and

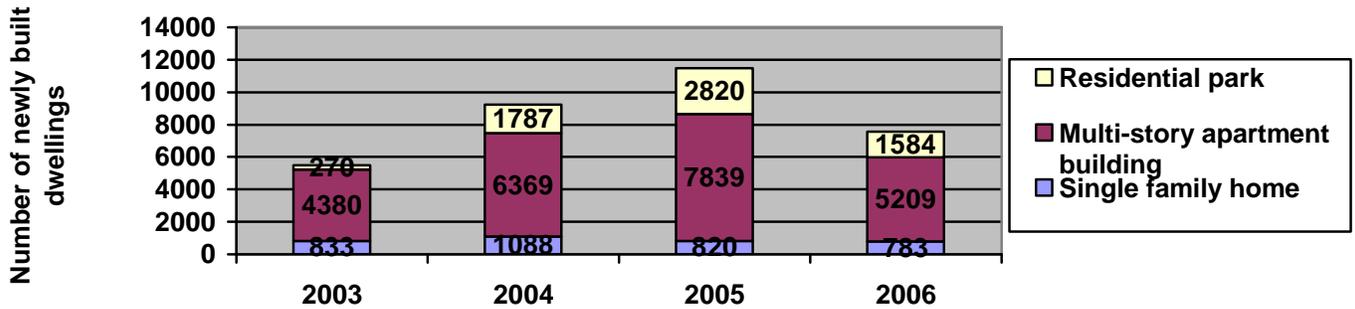
the bridge (Simmel 1994) A playground enclosed by a gated development, the gates of which are open during the day, is not necessarily much more private than a municipally-owned playground, the access to which is also regulated by a gate, open during the same hours. Both point in the direction of a tendency to create more controlled and segmented public space. Our analysis shows that the possibility of public use can be coded into the system but it is also clear that it is not automatic, comes in heavy political battles, and everyday practices when such developments are in full operation will be crucial in deciding how public 'public' access will be.

This is not a call to call for the celebration of the mushrooming of private planned developments or a rehabilitation of sorts of this type of housing. This is a plea for their simultaneous theorization, contextualization, and grounding in empirical research. Only this way can one see that the same form can have somewhat different uses and meanings. There is an increasing recognition of this in the literature (Glasze et al. 2006; Miao 2003; Pow 2007a, 2007b; Wu 2005)--mostly limited to the Chinese and Singaporean context--but very little comparative speculation concerning the causes for the emergence of similar forms all over the world and even less for the variations in the form. A relational understanding of private planned developments is crucial in this regard. Our analysis demonstrates that two cases discussed are different from the cases that have influenced the literature and also from each other, and that has to do with how new private planned developments connect to the public, and what kind of public it is against which they define themselves. The role adopted by various levels of the state in shaping not only gated communities but the housing sector and communal infrastructure in general, seems to be more important than mere differences in development, wealth, or the culture of housing. The point is not the specificity of Berlin or Budapest but the need for a more sophisticated analysis of the state in shaping private housing. Conversely, housing can be an important site to catch the reconfiguration of the state, the complexity of public and private interest, and the variations in the entrepreneurial pursuits of municipal governments, which can range from actively constructing gated communities (Pow 2007b) to merely regulating them, or demolishing social housing then rebuilding them partly in private-public partnerships. Such recalibration of gated community research could nuance our understanding of the neoliberal city (Brenner and Theodore 2002; Hackworth 2007). It can also have practical consequences. It is important to know that although new private planned developments tend to reinforce tendencies for the separation of the upper middle classes as well as the privatization of urban space, urban policies and politics can produce very different results and gradations within these larger schemes. This may help us in getting the best of what this way of organizing and constructing private space can offer and in proposing alternatives.

Table 1: Summary of differences and similarities between new planned developments in Berlin and Budapest

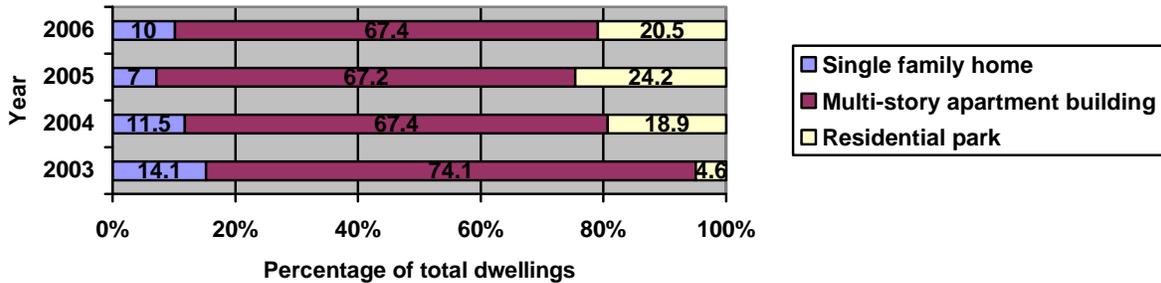
	Budapest	Berlin
National state	<ul style="list-style-type: none"> - Direct state involvement in residential construction stopped in the early 1990s - Indirectly through financial regulations: <ul style="list-style-type: none"> - state subsidized mortgages from 2000 - availability of cheaper mortgages in foreign currency (EUR, CHF, JPY) from 2004 	<ul style="list-style-type: none"> - significant state subsidies for construction until 1998
Tenure structure in the city	<ul style="list-style-type: none"> - 87.1% owner occupied (2005) 	<ul style="list-style-type: none"> - 87% rentals (2005)
Local state	<ul style="list-style-type: none"> - decentralized local planning - individual and largely ad hoc negotiations 	<ul style="list-style-type: none"> - centralized planning in PPP for large development areas (Entwicklungsgebiet)
Developers	<ul style="list-style-type: none"> - foreign (esp., Israeli) and Hungarian - small and mid-size companies 	<ul style="list-style-type: none"> - No foreign developers - German and Berlin-based developers - Shift from large to small companies after 1998
Land use	<ul style="list-style-type: none"> - Located predominantly in brownfield areas in transition zones - easy access to public transportation - cases of private space turned over for public use - public access to waterfront - gating is less common 	<ul style="list-style-type: none"> - located in brownfield areas in transition zones - easy access to public transportation - private space turned over for public use frequently - public access to waterfront - gating is uncommon
Building types	<ul style="list-style-type: none"> - internal variation - multi-story and high-density blocks dominate - fewer low-rise and villa-style developments, mostly on the Buda side - balcony is a must 	<ul style="list-style-type: none"> - internal variation - shift from high density and multi-story blocks to row/terrace houses after 1998 - urban villas - balcony is a must
Project names	<ul style="list-style-type: none"> - lot of foreign (English) names, not specific to locale 	<ul style="list-style-type: none"> - names more often rooted in locale
Amenities	<ul style="list-style-type: none"> - private services (fitness, sauna, surveillance technology) are emphasized 	<ul style="list-style-type: none"> - public services (school, kindergarten, grocery store) are emphasized
Target group/residents	<ul style="list-style-type: none"> - new upwardly mobile/post-socialist middle class - foreigners 	<ul style="list-style-type: none"> - new upwardly mobile/post-socialist middle class and former West Berlin lower middle-class -
Image of good life	<ul style="list-style-type: none"> - Suburban living in the city 	<ul style="list-style-type: none"> - Suburban living in the city

Figure 1: Housing construction by type of building 2003-06



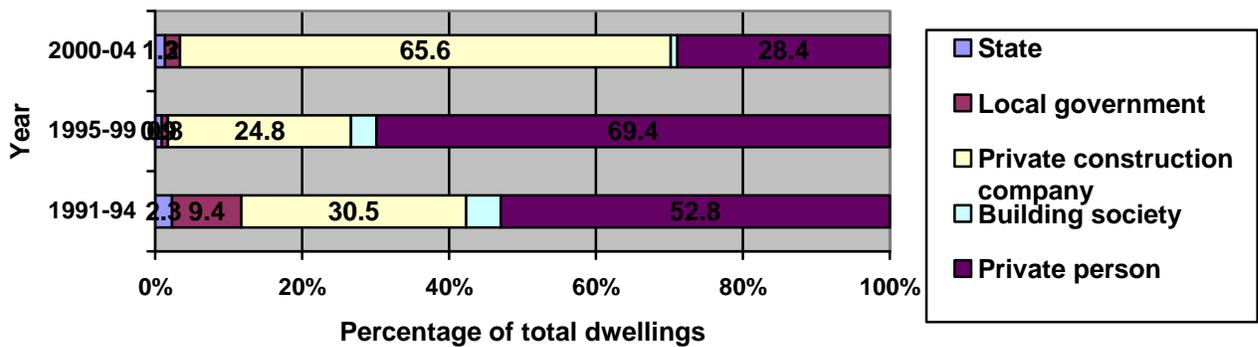
Compiled from KSH. 2005, 2007. "Lakásépítések, építési engedélyek, 2004, 2006" *Gyorstájékoztató*, March.

Figure 2: Housing construction in Budapest by type of building, 2003-06



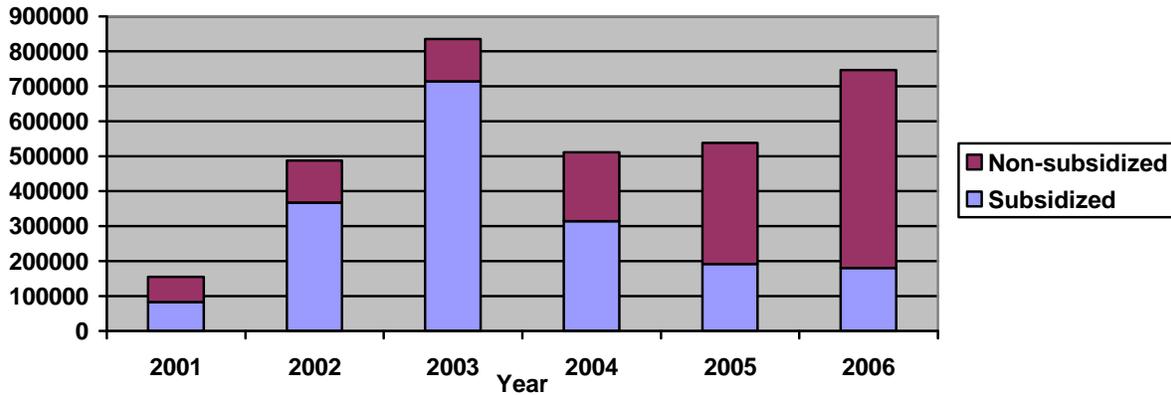
Compiled from KSH. 2005 2007. "Lakásépítések, építési engedélyek, 2004, 2006" *Gyorstájékoztató* March

Figure 3: Housing construction by type of builder, 1991-2004



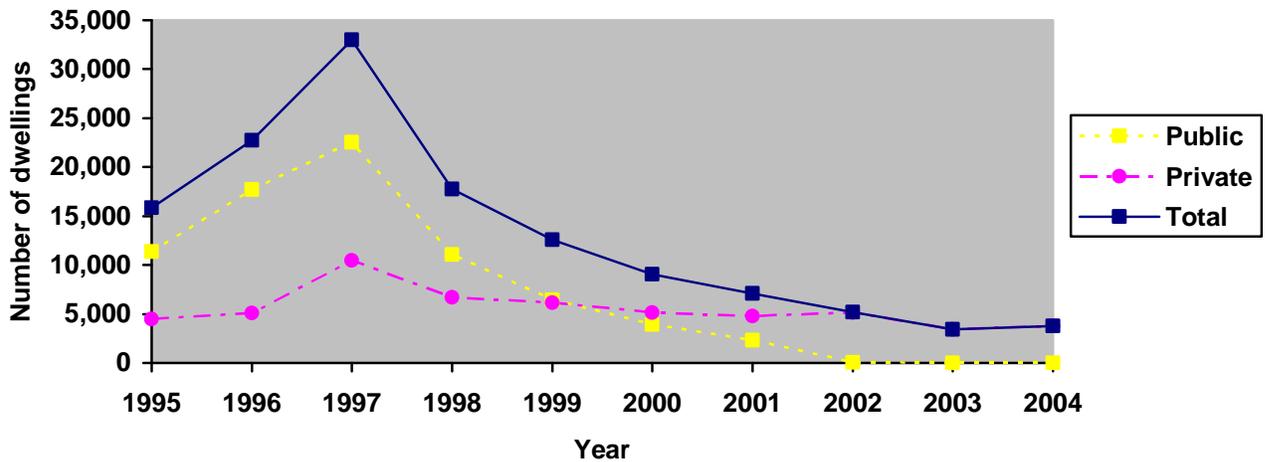
Source: KSH. 2005. Lakásépítések, 1990-2004. Budapest: K SH, Területi tájékoztatási osztály

Figure 4: Approved mortgages of all financial institutions with and without state subsidies, 2001-05 (Million HUF)



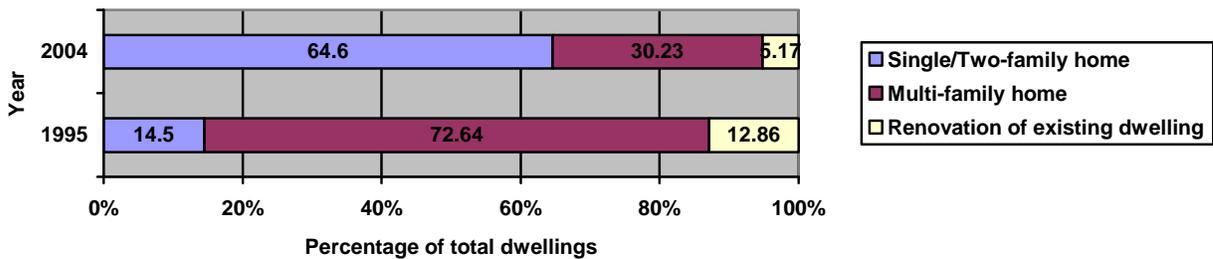
Source: KSH. "Lakossági lakáshitelezés, 2006. I. félév" Budapest, 2006, p.5

Figure 5: Housing construction in Berlin by public/private sector, 1995-2004



Source: Der Berliner Wohnungsmarkt, Bericht 2005. Berlin: Senatsverwaltung für Stadtentwicklung, 2006

Figure 6: Housing construction in Berlin by type of building, 1995 and 2004



Source: Der Berliner Wohnungsmarkt, Bericht 2005. Berlin: Senatsverwaltung für Stadtentwicklung, 2006

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