

<b>Title</b>	<b>Reconfiguring Private and Public: State, Capital and New Planned Communities in Berlin and Budapest</b>
<b>Keywords</b>	State, capital, public space, relational analysis, Budapest, Berlin, globalization
<b>Author (s)</b>	<b>Judit Bodnar and Virag Molnar</b>
<b>Address</b>	Dept. of Sociology/History Central European University Budapest, H-1051 Virag Molnar: Dept. of Sociology George Washington University Washington, D.C. 20052
<b>Telephone</b>	+36-1-327-3000/2380
<b>Fax</b>	+36-1-327-3191
<b>Mobile</b>	
<b>E-mail</b>	<a href="mailto:Bodnari@ceu.hu">Bodnari@ceu.hu</a> and <a href="mailto:vmolnar@gwu.edu">vmolnar@gwu.edu</a>
<b>Paper no.</b>	<b>068</b>

## **RECONFIGURING PRIVATE AND PUBLIC: STATE, CAPITAL AND NEW PLANNED COMMUNITIES IN BERLIN AND BUDAPEST**

### **Abstract:**

*This paper examines private planned residential developments in their 'relational connectivity', that is, how they relate to various understandings of the public and how the public spills over in the shaping of the private. It compares the emergence of 'residential parks' in the broader context of urban restructuring in post-unification Berlin and post-socialist Budapest, where the state and the idea of social integration through housing figured prominently, yet contemporary practices suggest significant differences. The construction of planned communities seems both a more lucrative and more uninhibitedly private enterprise in Budapest. Based on primary and secondary data from Budapest and Berlin, the paper scrutinizes various configurations of public and private actors and involvements in the construction of private and semi-public space and the ways in which they recast the meaning of public and private.*

## RECONFIGURING PRIVATE AND PUBLIC: STATE, CAPITAL AND NEW PLANNED COMMUNITIES IN BERLIN AND BUDAPEST

---

In a new volume on the politics of public space, David Harvey (2006) 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 juxtaposes the relationship between the emergent bourgeois hegemony in economy and politics in Haussmann’s Paris, which spills over to 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 use an inversion of this framework and treat private space as a relational concept. 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 and acts in the construction of private residential space. We focus on new planned developments, commonly referred to as gated communities, and their various vernacularizations. In addition to scrutinizing the physical connection between the private space 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 form of housing is promoted as a dominant model, and in what concrete forms that particular type 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 what particular forms of blurring this line the emergence of new planned developments has brought. 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. The experience of public and quasipublic space and how it shapes citizens' and developers' attitude to openness and segregation.
2. State and private capital in housing construction on multiple levels: transnational, national, local.
3. Overflow of the state into the economy, commonly called regulation.

Following Harvey's connectivity frame, the emergence of gated communities is a clear manifestation of the economic might and political clout of the 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 and gated communities are part of the same scheme (Bodnar, 2006). The upper middle class cannot exert unchallenged power over urban space but has the resources to minimize its dependence on the public. Their withdrawal is partly motivated by their perception of public space which varies from seeing it as outright dangerous to simply annoying and uncontrollable (Bodnar, 2001). A lot has been written about this, so 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 gated communities which emerged as a reaction to the perceived ineffectiveness of public management and ownership of private space.

Instead of an undivided public, Chris Webster (2001, 2002) identifies a multiplicity of publics, membership in which is defined on the bases of accessibility to shared items of consumption. In his reading, new private planned developments are consumption clubs of sorts, the public of which is smaller than that of the municipality. The focus thus should be whether gated communities provide more equitable services to club members (Webster, 2001; 2002). The difference between the public of the consumption club and the larger public is, however, crucial: exclusion is far more effective in gated communities. There is little free riding whereas in the case of subsidized municipal services there is

1. for those who do not buy passes;
2. who do not pay local taxes, while they may or may not do so elsewhere.

In terms of ideological content, gated communities are par excellence neoliberal in their obsession of achieving effectiveness by eliminating free-riding. They do it in two ways: membership is defined clearly in a bounded community that excludes outsiders and has strict rules and enforcement for insiders;

breaks with the logic of tax-paying and benefit-receiving, which is by and large understood as everyone contributing according to his or her means. Class homogeneity levels contributions and the concomitant benefits, the unity of architecture and design make sure that there is not much variation by income, except for what is implied by differing apartment sizes.

Gated communities build on the beneficial effect of the concentration of capital and the guarding of the boundaries of this concentration closely, which is the key to better services in general and the effectiveness of this genre in particular.

## **1 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 19<sup>th</sup> 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 19<sup>th</sup> and 20<sup>th</sup> 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 pressures 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 in the post-socialist era as well. 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<sup>1</sup> that were built after 1989 in the two cities<sup>2</sup>. We collected information about the main features of each development: location, size of development, number and size of dwellings within the development, architectural character, 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 online real estate databases (e.g., <http://lakopark.lap.hu> for Budapest and <http://www.immobilienscout24.de> for Berlin) and real estate ads from the printed

---

<sup>1</sup> We defined planned housing developments as a cluster of multi-family buildings that enclosed a sizeable urban are and employed some form of physical exclusion, either through explicit gating or more subtle measures (e.g., landscaping, waterways, surveillance technology).

<sup>2</sup> Our final database included 66 cases for Budapest and 62 cases for Berlin.

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 (Appendix 1). 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 Budapest, 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, respectively). The size of the developments varied from fairly small developments with 30 dwellings to large developments including over 1000 dwellings. The selected developments were developed and constructed using either exclusively private funds, or 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 41 interviews, 16 in Budapest and 25 in Berlin. We also visited and photographed each of the sites. Additional interviews were conducted for some of the projects with real estate agents, public relations firms, landscape architects, project managers, tenant representatives, and 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.

## 2.1 Budapest: the retreat of the state

The general backdrop of an allegedly in disorderly, expensive and ineffective public to private planned developments intensifies in the post-socialist context with the stubborn memory of the state as huge, ubiquitous, rigid and ineffective. 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 spread like wildfire and in the 1990s, as a housing market analyst recalls, “the whole world was in residential park construction.”<sup>3</sup> In light of the numbers, such descriptions of the situation may seem exaggerated. The majority of new construction has been steadily in multi-story apartment building construction, residential parks stabilizing around 20% in the middle of the current decade (Tables 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 been quite controversial. Residential parks indeed “mark the dominant form of dwelling at the dawn of the new millennium,” as summed up in the editorial to the ArchitectForum’s internet debate on residential parks.”<sup>4</sup>

	Single family home	Multi-storey apartment building	Residential park	Total
2003	833	4,380	270	5,913
2004	1,088	6,369	1,787	9,444
2005	820	7,839	2,820	11,663
2006	783	5,209	1,584	7,723

**Table 1: Housing construction in Budapest by type of building, 2004-05 (number of newly constructed dwellings)**

Source: Központi Statisztikai Hivatal. 2005-6-7. “Lakásépítések, építési engedélyek, 2005” *Gyorstájékoztató* 38, March 2

<sup>3</sup> *Népszabadság* October 29, 2004.

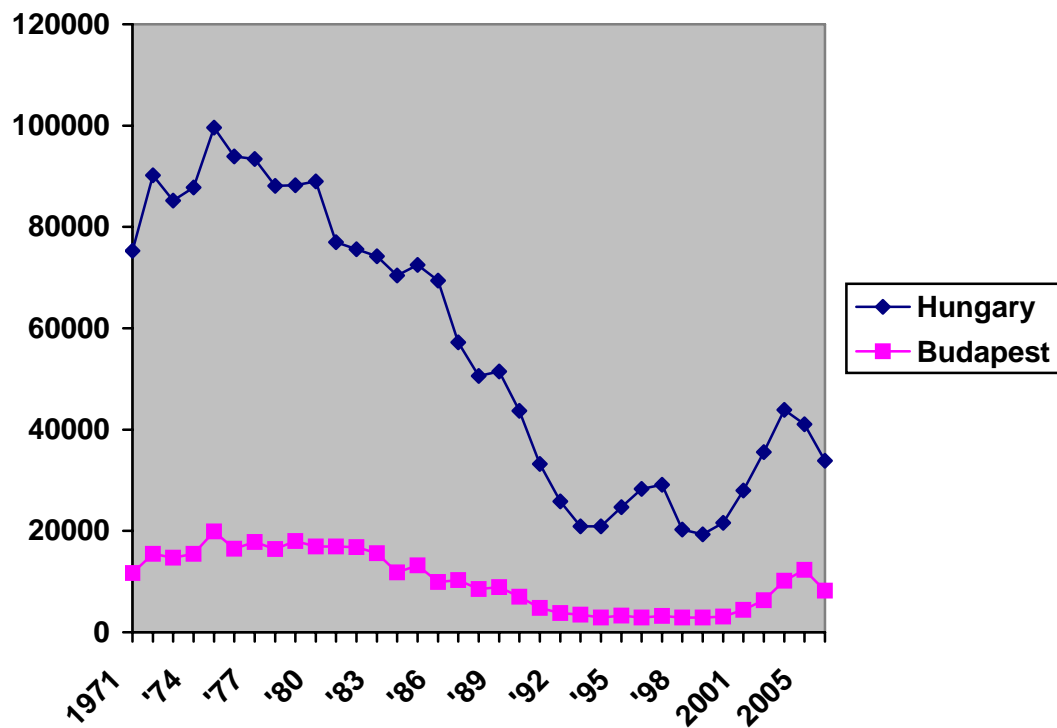


Figure 1: Number of residential units constructed, 1971-2006

Source: KSH, 2002-5-6-7

	Single family home	Multi-storey apartment building	Residential park
2003	14.1	74.1	4.6
2004	11.5	67.4	18.9
2005	7	67.2	24.2
2006	10	67.4	20.5

\* Percentages do not add up to exactly 100%; there were a minimal number of units which did not fall in any of the above categories

Table 2: Housing construction in Budapest by type of building, 2004-05 (% of total construction)\*

Source: Központi Statisztikai Hivatal. 2005-6-7. "Lakásépítések, építési engedélyek, 2005" *Gyorstájékoztató* 38, March 2

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 state-owned (Bodnar, 2001), in 2001 less than 10 % (KSH, 2002, 172).<sup>5</sup> Long before the drastic

<sup>4</sup> <http://www.epiteszforum.hu>

<sup>5</sup> The meager leftover is due to restrictions on selling apartments in buildings that are designated as architectural heritage sites, such as the Buda Castle, but overwhelmingly to the inability of sitting tenants to purchase their place.

rearrangement of residential ownership and the shrinking role of the state 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, stopped at the beginning of the 1980s (Szemző and Tosics, 2004).

An unintended side effect of large-scale housing privatization in combination with the vagaries of the market is the unusual structure of the Hungarian housing sphere. The rental sector in Hungary 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.<sup>6</sup>

That housing is a private business is an axiom by now. It was the motto of a recent conference on access to housing organized in Budapest.<sup>7</sup> The conveners kept emphasizing that the state should withdraw even from subsidizing this area since “access to housing belongs in the private sphere.” If one cannot buy, he or she should proceed through charity organizations such as Habitat for Humanity, which as a result of its recent realignment with a bank that agreed to favorable loan conditions, is speeding up its construction activity, having produced 130 units during its eleven-year presence in Hungary.<sup>8</sup> It should not be surprising that private actors endorse such allocation of responsibility, but the long-term *Urban Development Concept* of the Budapest municipal government also assigns primary role to private capital in the residential sector. At the same time they insist on “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).

**Table 3: Housing construction in Budapest by type of builder, 1991-2004 (% of all dwellings)**

	Local government	State	Private company	Building society (cooperative)	Private person
--	------------------	-------	-----------------	--------------------------------	----------------

<sup>6</sup> lakas.hu 2006/8

<sup>7</sup> <http://index.hu/gazdasag/magyar/lakonf070514/>

<sup>8</sup> *ibid.*

1991-1994	9.4	2.3	30.5	4.7	52.8
1995-1999	0.8	0.9	24.8	3.4	69.4
2000-2004	2.0	1.3	65.6	0.9	28.4

Source: Központi Statisztikai Hivatal. 2005. Lakásépítések, 1990-2004. Budapest: Központi Statisztikai Hivatal, Területi tájékoztatói osztály

Indeed, the state has withdrawn from direct involvement in residential construction (Table 3) and also from indirectly financing it; its subsidies amounted to 100 billion HUF in 2001 and 250 in 2005.<sup>9</sup> Through subsidizing interest rates, however, 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% of 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 (Table 3). In the first half of 2006, the ratio dropped to 24% (KSH, 2006: 3). 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).

	2001	2002	2003	2004	2005
Subsidized	82 699	367 111	713 685	314 640	192 245
As % of total	53	75	85	61	36
Non-subsidized	72 562	120 791	122 080	197 118	345 637
Total	155 269	487 902	835 765	511 758	537 882

**Table 3: Approved mortgages of all financial institutions with and without state subsidies, 2001-5 (mill HUF)**

Source: KSH, 2006, p.5

<sup>9</sup> *ibid.*

A particular feature of the political economy of Hungarian developments is that foreign actors 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. 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. It is 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 it tends to be in commercial rather than residential projects. Housing construction is perceived to be risky because the environment is less predictable; one has to be more familiar with local ways, 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 P.B).

Yet, the single largest residential park developer in Hungary is a medium-sized Israeli company—a significant contributor to the 60% which is in the real estate business of all Israeli capital in the country.<sup>10</sup> Although a few German construction companies are present, German contribution to real estate development is negligible. The German influence is more indirect; it shows primarily in the general outlook, the 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.

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

---

<sup>10</sup> [www.erec.hu/belso/content/szam01nov/4.htm](http://www.erec.hu/belso/content/szam01nov/4.htm)

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, in the promotion of which Hungarian émigrés and their descendents play a crucial role.

As the Israeli company gradually came to operate on a greater and greater scale and they finance one of the largest brownstone developments in the city now, major multinational capital has also moved into residential development. The appearance of Heitman in 2004—a multinational real estate management firm with Chicago headquarters—was an important step. Heitman teamed up on an equal basis with the Israeli Engel Group that had been a joint partner in an earlier residential park project in Budapest, and proposed a quarter-of-a-billion-euro development in Budapest, Prague and Warsaw. The company moved in with a novel product: they converted parts of an old textile works into upscale lofts. Even though the project is not outstanding in size, the qualitative difference this project made on the market can be easily grasped in the wider visibility of their marketing strategy that was plugged into well-tested transnational channels from its very conception. Their property was listed in major economic publications next to prime real estate investment possibilities in Dubai and Spain.

The unusually transnational character of new planned developments may also explain why the image of the projects is more ‘western,’ conscious mimicry plays a more significant role, and why the reception of this genre of housing has been surprisingly politicized in Hungarian society and the media.<sup>11</sup> The simplified political connotations of residential park controversies tie into environmental protests and various critiques of globalization—left and right. Critics in expert and public discourse with a minimal urban memory play pseudo-naive and fail to see the difference between residential parks and housing estates, which had been irrevocably tied to socialism and the state. If they do, they treat residential parks as upscale housing estates, where all the difference is made by the enclosure, the social composition of these projects and the concomitant level of services.

---

<sup>11</sup> 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.

## **2.2 Negotiating the public and private by public and private actors: a case study**

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 make 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.<sup>12</sup> 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 L.H.). 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 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. The journalist-critic of the Architectural Forum sees a problem in the separation of high-rises from the promenade and the accessibility of the river bank, and quickly points out several features of an unscrupulous “profit-maximizing” development strategy.<sup>13</sup> He simply qualifies it as a pre-fabricated housing estate. The difference between a housing estate and a residential park, which Marina is seen to be, is that “one can actually walk on an estate which cannot be done in an undisturbed manner here; this is not public space,” concluded another 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.<sup>14</sup>

---

<sup>12</sup> József Tóth, September 11, 2007

<sup>13</sup> eLKá, “Marina meztelen” *Index*, Sept 12, 2005

<sup>14</sup> Tamás, B.G. “Csókolom, le lehet a Duna-partra menni?” *Index*, 2006.July 29



**Photo 1: Marina part as imagined after completion**

Source: [www.marinapart.hu](http://www.marinapart.hu)



**Photo 2 & 3: Marina part as of August, 2006 (by authors)**

After he placed a few well-directed calls and complained, public accessibility between 9 am and 7 pm was restored, as one of the authors of this paper can testify based on a visit to the site the following week-end. The district mayor in a Q&A session admitted that “the road leading to the embankment is indeed in private property during the time of the construction but will be released to the local government after completion.”<sup>15</sup> According to city regulations, which apply to Marina along with rules set by the district, a 30 meter wide stretch along the embankment should be publicly accessible. The municipal government in general tends to be against the separation and enclosing entailed in the genre of residential parks and holds resource-hungry districts governments responsible for being more lenient when issuing construction permits.

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. Going beyond the legally defined public ownership of the area and its actual design, it is clear that practices during the first years of the fully developed area will be crucial in swinging the pendulum either in the direction of more restricted or more public uses.

### **3 Berlin: A city of renters and the long shadow of the state**

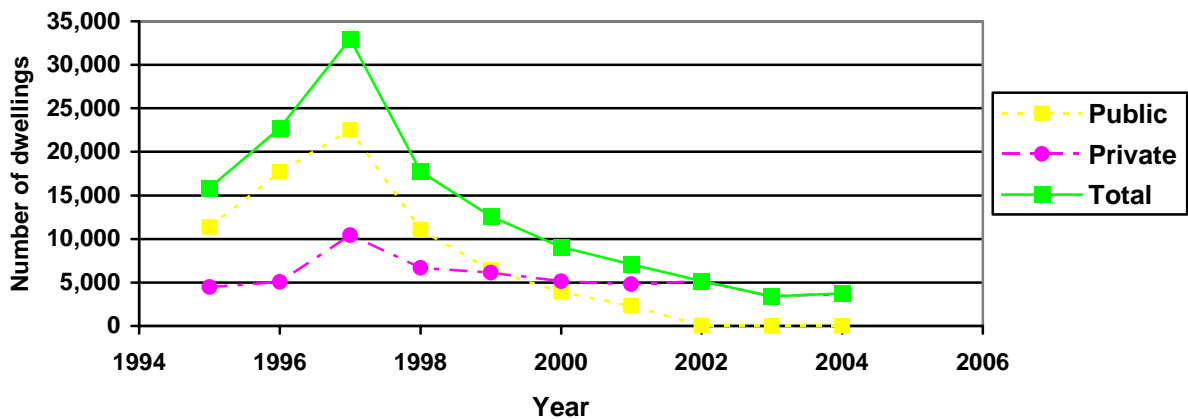
Contrary to our initial expectations, the differences we found between planned housing developments in Berlin and Budapest tended to overwhelm the similarities, exposing the presence of considerable variation on the post-socialist urban experience. In Berlin, private planned housing developments occupy 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.

---

<sup>15</sup> József Tóth, September 11, 2007.

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 2 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.

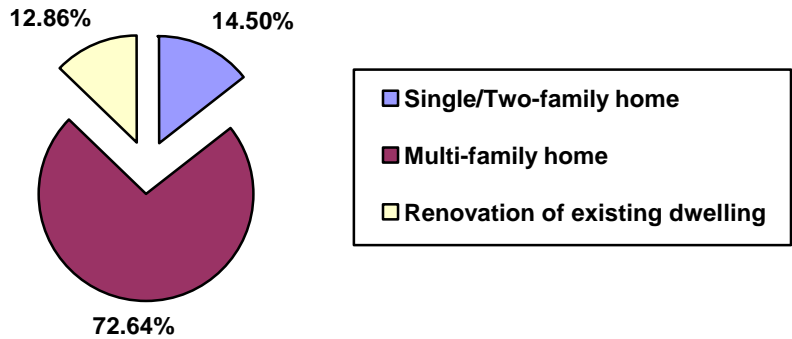
**Figure 2: Housing construction in Berlin by public/private sector, 1995-2004**



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

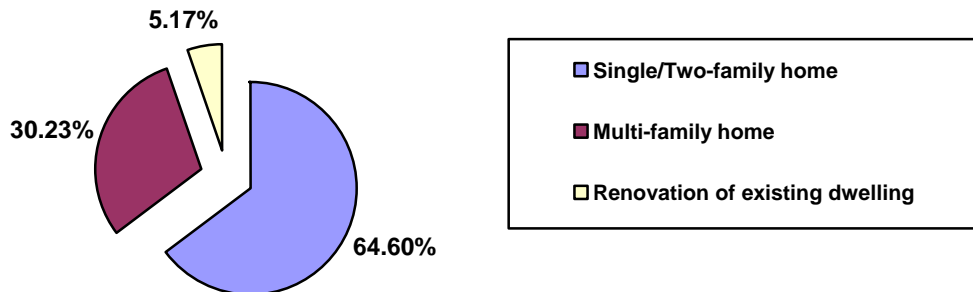
Planning for housing developments in Berlin during the early 1990s proceeded in the pre-1989 tradition of large, multi-storey estates, a policy that was largely driven by grossly erroneous projections of significant population growth in the city. Thus the early 1990s saw the construction of massive greenfield housing estates like Karow-Nord 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 by the distribution of newly built dwellings by building type. Figure 3 shows that 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 3: Housing construction in Berlin by building type, 1995**



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. 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 4. The share of multi-family homes has declined sharply, by more than 50%, and single family homes have assumed the lead in housing construction.

**Figure 4: Housing construction in Berlin by building type, 2004**



Another important reason for the limited appeal of private planned developments in post-socialist Berlin can be traced to Berlin's unique tenure structure. Berlin is truly a city of renters. Although most dwellings are privately owned (72%), owner-occupation is minuscule (and culturally despised by many) and 85% of the cities inhabitants are renters.<sup>16</sup> Budapest's tenure structure is the polar opposite of Berlin's: owner-occupation is the rule and the combined social and private rented sector is negligible. In fact, it is this tenure structure undergirded by a rock solid preference for homeownership and subsidized mortgage schemes that made Budapest's residential real estate market attractive to private developers. Stable demand for new apartments makes the construction of planned developments more predictable and profitable for private developers than would be the case in a housing market dominated by renters. This claim is also supported by data showing that between 2000 and 2004 67.7% of all newly built apartments in Budapest were intended for sale, 27.7% for personal use, and only 2% for rent. In addition to local home owners, by around 2000, foreign buyers (mainly German and Austrian who were later joined by the English and Irish) entered the picture. They often opt for purchasing apartments in newly completed, upscale "residential parks" and have become a sizeable target group in the eyes of real estate developers.

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. 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 foreign architect to Berlin but their presence waned by the end of the decade. In the case of several upscale

---

<sup>16</sup> <http://www.stadtentwicklung.berlin.de/wohnen/mieterfibel/index.shtml>, retrieved May 14, 2007

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, are also indicative of the different degrees of internationalization. Whereas in Budapest “residential parks” are often decorated with English names including Riverside, River Loft, Sun Palace to appeal to foreign buyers, in Berlin 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, and some overlaps, 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” (Photo 4). The building ensembles also reveal greater variability in size, form and architectural style, the use of high quality materials, enforcement of high technical and construction standards, and the design flair (and actual involvement) of high-profile architects than it was the case for socialist housing estates.



**Photo 4: Rummelsburger Bucht (former East Berlin)**

Sharply declining state subsidies and growing 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 (Photo 5). 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 (Photo 6) and the townhouse project in Prenzlauer Gärten. In the Rummelsburger Bucht, a massive brownfield site in former East Berlin, one can in fact see the two generations of post-1989 housing developments right side by side (Photo 4). 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 1989.



**Photo 5: Italian-style city villa – The Arcadia Development in Potsdam**



**Photo 6: Row houses in the Rummelsburger Bucht**

Architects see the townhouse/row house model as a “product” that has the potential to compete with single-family homes, halting – or at least slowing – the flight of the middle classes from the city.

US-style gated communities were evoked by developers on several occasions, particularly in the case of upscale developments (Arcadia, Tiergarten Dreieck). However, 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.

Most post-1989 planned housing developments in Berlin are not gated.<sup>17</sup> 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. Several 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 privatization. Frequently, the construction of private housing developments goes hand in hand with the creation of new public and semi-public spaces. For instance, the 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.

#### **4 Brief conclusion**

---

<sup>17</sup> 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

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 twist gated communities have brought in the debate of public and private, what constitutes the 'type' and its subtypes, and the kind of politics through which they emerged. The new genre of gated communities is not unified; there are significant variations in the model in terms of the social and architectural openness of the design. They reinforce tendencies for the separation of the upper middle classes as well as the privatization of urban space, but urban policies can produce very different results and gradations within these larger schemes. Our analysis convincingly demonstrates this. The two cases are different 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 backdrop of the role adopted by the state, the perception and general condition of public space seem to be more important than mere differences in development and wealth. How we can get the best of what this way of organizing and constructing private space can offer and what kind of alternatives we can propose is an endeavour which takes us beyond gated communities and even the housing question. In examining these possibilities a relational analysis that aims to understand how the public 'spills over' into the private and vice versa is crucial.

---

the urban residential landscape (e.g., early twentieth century workers' and artists' colonies were often gated).

## References

- Bodnár, Judit. 2001. *Fin-de-Millénaire Budapest: Metamorphoses of Urban Life*. Minneapolis & London: University of Minnesota Press.
2006. "Mean Streets, Neat Malls: Commercialization, Privatization and the Politics of Public Space" Paper presented at **AAASS** National Convention, Washington DC, November 16-9.
- Braum, Michael and Harold Bodenschatz. 2003. *Berliner Wohnquartiere. Ein Führer durch 70 Siedlungen in Ost und West*. Berlin: Riemer.
- Budapest Municipal Government. 2003. *Urban Development Concept*, Summary.
- Harvey, David. 2006. "The Political Economy of Public space" Pp 17-34 in Low, Setha and Neil Smith (eds.) *The Politics of Public Space*. New York, London: Routledge.
- Hegedűs, József. 2003. "A Case of Subsidized Housing Mortgage Programme: Success or failure?" Tirana: ENHR Housing Conference.
- KSH. 2002. *Yearbook of Housing Statistics*. Budapest: KSH (Hungarian Central Statistical Office).
2006. *Gyorstájékoztató*. March 2. Budapest: KSH.
- Low, Setha. 2006. "How Private Interests Take Over Public Space: Zoning, Taxes, and Incorporation of Gated Communities" pp. 81-103 in Low and Smith.
- Mitchell, Don and Lynn A. Staeheli. 2006. "Clean and Safe? Property Redevelopment, Public Space, and Homelessness in Downtown San Diego" Pp.143-75. in Low and Smith.
- Smith, Neil. 2002. "New Globalism, New Urbanism: Gentrification as Global Urban Strategy" Pp. 80-103 in Brenner and Theodore (eds.) *Spaces of Neoliberalism: Urban Restructuring in North America and Western Europe*. Oxford: Blackwell.
- Szemző, Hanna and Iván Tosics. 2004. *Larger Housing Estates in Hungary*. RESTATE report 3c, Utrecht.
- Webster, Chris. 2001. "Gated Cities of Tomorrow" *Town Planning Review* 72, 2: 149-170.
2002. "Property Rights and the Public Realm: Gates, Green Belts and Gemeinschaft" *Environment and Planning B: Planning and Design* 29" 397-412.

## Appendix 1: List of cases

In Budapest:

1. Telki lakópark (Telki)
2. Cézár-ház (Pest)
3. Római kert (Pest)
4. Marina Part (Pest)
5. Sun Palace (Buda)
6. Csillagvölgyi lakópark (Buda)
7. Zsolt Udvar (Buda)

in Berlin:

1. Arcadia, Potsdam
2. Rummelsburger Bucht, Berlin (East)
3. Wasserstadt Oberhavel and Spandau, Berlin (West)
4. Prenzlauer Gärten, Berlin (East)
5. Tiergarten Dreieck, Berlin (West)
6. Revaler Viereck, Berlin (East)
7. Wohnpark Stralau, Berlin (East)