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Urban Regeneration and Housing as Potential Tools for Enhancing the Creative Economy

Tamás Egedy¹, Declan Redmond²
and Kornelia Ehrlich³

¹Institute of Geography, Hungarian Academy of Sciences, Budapest, Hungary

²School of Geography, Planning and Environmental Policy, University College Dublin, Ireland

³Leibniz-Institute for Regional Geography, Leipzig, Germany

Introduction

Most European cities have changed rapidly over the past thirty years. As a consequence of rapid restructuring, physical and social environments have become obsolete in many cities. The emerging physical problems in the built environment in the 1970s and 1980s, such as waterfronts, inner city areas and high-rise housing estates, were exacerbated by alarming social difficulties like crime, poverty, social exclusion and racism (Marcuse and van Kempen, 2002; Tallon, 2009). Urban regeneration has been a key policy response to the problems of built and social environments of neighbourhoods in recent decades. The general objective of urban regeneration is to break the cycle of urban decline, by promoting the growth of new economic activities, creation of new activities and jobs, reduction of social problems, promotion of social inclusion, improvement of urban quality and upgrading of the urban environment (Couch *et al.*, 2003; Hamilton *et al.*, 2005). The European Union recognised that it is necessary to support urban regeneration through stable institutional, economic, financial and technical enterprises and/or corporations. The economic bases of cities have also changed during these decades. The European city is no longer a place of industrial production but is a place of consumption, scientific development, innovation, culture and recreation (Hall, 1988; Short, 1996). Its further development is widely dependent on the expansion of creative industries (e.g. fashion, design, media and performing arts) and knowledge-intensive clusters (e.g. biotechnology, medical and material sciences, ICT). In this sense, urban regeneration could play a leading role in making urban areas attractive sites for the creative and knowledge-intensive economy.

However, few direct links can be made between European regeneration policies and the creative and knowledge-intensive economy. European projects related to urban regeneration have tended to neglect – either wholly or almost wholly – the further development of the creative economy. This can be attributed to the position of creative and knowledge-intensive industries in cities: the importance attributed to the creative economy for national and local economies is relatively recent. Consequently, the creative economy only began to appear as a significant objective in the policies of European countries over the past decade, and one decade is not enough to fully integrate the creative economy into housing or regeneration policies and strategies.

When thinking about how to attract and retain employees and managers in creative and knowledge-intensive industries, housing emerges as an important issue. The research project at the basis of this volume revealed the absence of special housing policies for the attraction of the creative and knowledge-intensive groups in the thirteen participating metropolitan regions. At the same time, policies at the supranational, national and sometimes also the local level have been developed to make places attractive for these groups and their

economic activities. A global urban competition for the attraction of these industries has begun. In order to 'win' this competition, special housing policies that address specific needs and wishes of these groups could help cities and regions to enhance their position. At the same time, it has to be stressed that the inclusion of other social groups remains important, and a balanced housing market that offers living possibilities for different needs and incomes and that hinders the displacement of low-income groups should be pursued (Altrock *et al.*, 2006; Ache *et al.*, 2008).

In this chapter we consider whether it is possible to enhance the creative economy by regeneration and housing policies; and how urban regeneration and housing policy could play a more effective role in the development of the creative economy. To illustrate the potential role for urban regeneration and housing policies in supporting economic activity in the creative and knowledge-intensive sectors, we present experiences and practices in three European cities, Leipzig, Budapest and Dublin, and through this consider similarities and differences in practices emerging in Western and Eastern Europe.

Links between urban regeneration and the creative economy

Evolution and significance of urban regeneration

In the past 150 years urban regeneration has been related to different objectives. These have included: the improvement of public health, mainly by water treatment and supply, sewerage, waste collection and providing paved and clean streets; the construction of new urban infrastructure and facilities such as rail stations, schools, university faculties and hospitals; the establishment of minimum housing standards and provision of housing; and the control of urban growth and sprawl through the development of urban transport systems. After World War II, reconstruction of vital buildings and infrastructure that were damaged during the war received priority in Western European countries (Table 9.1). Following this, modern urban design was

Table 9.1 The evolution and policy types of urban regeneration

Period	Western Europe	Eastern Europe example: Hungary
1950s	reconstruction	rebuilding (1945–1948)
1960s	revitalisation	reconstruction (high-rise housing estates)
1970s	renewal	
1980s	redevelopment	rehabilitation
1990s	regeneration	
2000s	regeneration (neighbourhood-oriented approaches with special emphasis on social cohesion)	rehabilitation (with special emphasis on the physical environment)

Source: partly after Liechfield (1992) and Roberts and Sykes (2006).

included in the focus of planning and rehabilitation, and the construction of new road traffic infrastructures and the regeneration of obsolete industrial and waterfront areas received attention. The historical pathway for urban regeneration involved attention being given to social inclusion, and later the principles and technologies of urban sustainable development. In the last phase of Western European development in the 1990s, the recognition of new issues and challenges contributed to new thinking about sustainable urban development. This laid new foundations and set new objectives for urban rehabilitation activities – labelled in the European literature as urban regeneration. This involved a comprehensive and integrated method aimed at the solution of problems of the city and a sustained improvement of the economic, physical, social and environmental conditions of the areas to be developed (Roberts and Sykes, 2000). After year 2000, neighbourhood-oriented approaches became more prominent within urban regeneration in many countries in Western Europe. These approaches were intended to implement 'integrated', 'area-based' and 'decentralised' projects to strengthen social cohesion and integration within neighbourhoods (Musterd and Ostendorf, 2008).

The development pathways of Eastern and Central Europe have differed from those of Western Europe because of the divergent political and socio-economic ideology experienced during the decades of the socialist era. The Hungarian experience also illustrates how different development paths brought along different terminologies. While reconstruction carried out during the 1960s and 1970s in Hungary predominantly referred to the construction of high-rise housing estates in the periphery of urban areas or in city centre areas affected by demolition, the phrase 'urban regeneration' has not become rooted in Hungarian and Eastern European terminology.

Although the long-term objectives of urban regeneration (and rehabilitation) strategies have changed many times, experts in Eastern Europe still unambiguously consider urban rehabilitation as the renewal of the physical (built) environment (Egedy, 2010). For instance, in Hungary, the first pilot projects on social rehabilitation emerged only after 2005. Rehabilitation of the social and economic environments came later, and these interventions followed each other (in a linear way). Urban regeneration in Western Europe is viewed as a comprehensive and complex process, and interventions aimed at the solution of problems in the city tend to be seen as joint and continuous improvements of economic, physical and social environments in a much more integrated approach (Figure 9.1).

The Leipzig Charter on Sustainable European Cities approved in 2007 may be considered as the first institutionalisation in the European Union of an integrated approach to sustainable urban development. In many European countries, reference is made to the general priority given to the integrated approach of urban development (Germany, Ireland, Austria, Finland, the Netherlands, Denmark, Estonia, the Czech Republic, Latvia and Cyprus).

Figure 9.1 Linear and integrated approaches to urban regeneration.
Source: T. Egedy (2010).

The definitions of terms such as 'urban regeneration' and 'integrated urban regeneration' refer to circumstances of physical, social or economic decline of specific areas. This is the case for the United Kingdom, Portugal and, to some extent, Spain (Mora and Peña, 2010). Thus, rehabilitation of the built environment is accompanied by social and economic measures in many – predominantly Western European – countries. It would be important to use this integrated approach in Eastern and Central Europe as well, because the postponement of urban rehabilitation may trigger negative processes not only in the built environment but also in the social environment. These processes appear simultaneously and closely related to each other; therefore, they should be managed jointly because social problems cannot be solved by measures taken on the physical infrastructure alone. In the Eastern European countries some urban regeneration programmes do include public action measures, but mostly because this is required and, for example, related to financing from European funds and for Urban Community initiatives.

Although the European Union has no policy remit for housing, urban regeneration generally is related to the modernisation or updating of old urban districts, and they are often linked with initiatives of a social nature. Thus, in many cases, regeneration policy actions are associated with housing policies. However, integrated urban regeneration programmes are also associated with sustainable development policies, or are used for combating social exclusion (Mora and Peña, 2010). Regeneration projects are commonly associated with gentrification processes, as one of the most significant economic outcomes of regeneration is the increase of real estate prices in the regenerated areas or its surroundings (Berényi and Szabó, 2009; Csanádi *et al.*, 2011). This implies that gentrification may also negatively affect the living conditions of disadvantaged groups within the local society.

According to the European experience (Mora and Peña, 2010) two main types of regeneration operations can be distinguished:

- Interventions in central areas such as historic or traditional neighbourhoods and resulting in gentrification processes or new activities and functional specialisation. These cases often involve private and public property developers becoming partners to overcome the economic and legal difficulties that are characteristic of such operations. Transfers of public resources to private operators often occur in these cases, and the ultimate users and owners are the beneficiaries of the operation. These operations frequently entail evictions, rising property values and processes of exclusion of the lowest-income population and of the least competitive activities.
- Interventions that coordinate various programmes and policies of social and housing improvements in so-called 'vulnerable' or 'deprived' areas. These can be considered as involving a 'standardisation' process, since their objective is to mitigate potential social conflicts and to reduce the distance that separates living conditions in the most deprived neighbourhoods from those of the middle or 'normal' range, especially in terms of housing, public space, education and transport. These operations attract little interest from property developers, and are usually carried out by public authorities. In these cases the demographic and social composition of the areas is usually maintained, contributing to stability and thus to the consolidation of a pre-stratified social space.

Housing for everyone and housing for creative people

Housing in Western Europe

Housing systems across Europe vary widely, and are characterised by a different housing stock, different tenure systems and divergent housing finance systems (Norris and Domanski, 2009; Ball, 2010). In addition, differing social and economic circumstances have placed housing systems under different kinds of pressure. Some countries have faced rapidly expanding populations with attendant pressure on housing demand, while others have had pressures to regenerate inner areas. In part these differences derive from quite separate historical trajectories in the period after World War II, and in particular from quite different policy directions in the past twenty years. In what might be termed Western Europe, we have seen, in broad terms, a move to more market-based housing policies. Typical measures that were introduced concern the increase of home ownership through fiscal and other incentives as well as the privatisation of public housing. Home ownership has been facilitated by a liberalisation of credit and

mortgage markets in the past twenty years (Smith and Searle, 2010). Conversely, there has been a significant reduction in the building and supply of new public housing in some states. The UK, for example, has been subject to market-based housing policies. This has been reflected in a policy that favours home ownership and has reduced the production of social or public housing. Germany, in contrast, has a different set of socio-economic and political circumstances and a very different housing finance system, which has led to the retention of a high rate of private renting. The Netherlands, so far, retains a broadly based social housing sector, which marks it out as distinctive, although neo-liberal transformations affect housing there as well.

Housing in Eastern and Central Europe

The main characteristics of the Eastern European housing model during the state socialist era was the single-party political control over the housing sector, the subordinate role of market mechanisms, no market competition among housing agencies (bureaucratic coordination), and a broad control of the allocation of housing services (huge, non-transparent subsidies) (Turner *et al.*, 1996). The state controlled both the demand and the supply side of the housing sector and did not allow the market to act as an integrating social mechanism. As a consequence of the artificially low, subsidised housing prices, an enormous shortage emerged, leading to a dual housing market. Beside the state-controlled housing sector, different informal solutions were developed, such as self-help buildings, private transactions in the rental sector, private real estate market transactions, a market for sub-tenancy, and a small entirely private rental sector (Hegedüs and Tosics, 1996).

In the 1990s the shift towards a market-based housing system took place in different ways, and at different 'speeds', thus resulting in different sub-models. In general, we can state that national and local governments used the housing sector for 'shock absorption' (Struyk, 1996). Privatisation was an important factor influencing the problems of housing stock management: most of the Eastern European countries sold 75–95 per cent of the public stock of housing to sitting tenants. At the same time, new construction and housing finance entered a deep crisis after 1990: housing output dramatically decreased and finance for housing actually disappeared (Hegedüs and Teller, 2005). The main trend in East Central European countries was to move towards a housing and welfare regime in which the role of the state (public housing) is diminishing. Governments are strongly influenced by private interests interlocked with banks and entrepreneurs. The capacity of governments to introduce and monitor reforms is also limited because of the fiscal pressure on the budget and competition with the private sector (Hegedüs and Teller, 2005).

Tenure systems and the creative class

As creative knowledge workers are often more mobile than other workers, it could be argued that they would seek private rented housing to a greater degree than other workers. However, the survey database on highly skilled creative knowledge workers, generated during the ACRE research project, indicates wide variation in tenure destinations of creative knowledge workers. Table 9.2 summarises the overall picture and shows that over half of the highly skilled creative knowledge workers either owned their home outright or were paying a mortgage, and only 7 per cent paid rent to a social landlord of some type. Just less than a third were paying rent to a private landlord. This proportion is higher than in the population as a whole, and so accords with expectations.

However, when we analyse the results across the thirteen cities, we see wide variations in tenure destinations (Table 9.3). In the Western European cities, home ownership predominates. At least half of all highly skilled creative knowledge workers are home owners in Amsterdam, Barcelona, Birmingham, Helsinki, Toulouse, Milan and Dublin. In Helsinki, the figure is just over 80 per cent, while in Barcelona, Birmingham and Milan about two-thirds of these workers own their home. By contrast, in Munich only 20 per cent of the highly skilled employees are owners, with 60 per cent renting from a private landlord; and in Leipzig only 13 per cent are owners and two-thirds are renting from private landlords. Dublin and Toulouse also have significant rates of private renting, at 45 and 40 per cent, respectively. In the cities of Western Europe there are generally low levels of renting from social landlords, with Amsterdam having the highest rate at 20 per cent, and this reflects the larger, more broadly based social rented system in that city. In the cities of Eastern and Central Europe there are also high rates of home ownership, and this in part reflects the radical and swift transformations in housing systems from the early 1990s, when large amounts of housing were transferred to home ownership. Budapest, for example, has an overall ownership rate of 70 per cent among creative

Table 9.2 Housing tenure of highly skilled creative knowledge workers

Type of tenure	N	%
own without mortgage	616	23.2
own with mortgage	806	30.4
tenant, paying rent to private landlord	832	31.3
tenant, paying rent in social/voluntary/municipal housing	182	6.9
accommodation is provided rent-free	123	4.6
other	88	3.3
do not know	8	0.3
<i>total</i>	<i>2655</i>	<i>100.0</i>

Source: ACRE survey database (2008); see also Martin-Brelot et al. (2010).

Table 9.3 Housing tenure of highly skilled creative knowledge workers across cities

Type of tenure	Amsterdam	Barcelona	Birmingham	Helsinki	Munich	Toulouse	Milan	Dublin	Leipzig	Poznan	Riga	Sofia	Budapest
own without mortgage	3.4	18.6	8.2	32.6	9.5	41.7	33.8	5.2	6.0	33.2	27.2	45.5	42.7
own with mortgage	51.5	46.1	55.6	49.3	11.1	9.5	32.3	42.2	7.0	18.6	23.7	10.1	28.1
tenant, paying rent to private landlord	20.9	26.5	25.5	8.8	60.3	40.2	22.1	45.7	64.8	22.6	36.4	23.7	13.1
tenant, paying rent in social housing	19.6	1.0	2.6	5.3	16.1	2.5	1.5	0.9	19.6	11.6	5.2	1.0	1.0
accommodation is rent-free	2.6	4.4	2.6	.9	1.5	5.0	6.2	2.6	2.0	4.0	6.4	11.1	12.6
other	2.1	2.9	4.6	2.6	1.5	1.0	3.6	3.0	0.5	10.1	0.0	8.6	2.5
do not know	0.0	0.5	1.0	0.4	0.0	0.0	0.5	0.4	0.0	0.0	1.2	0.0	0.0

Source: ACRE survey database (2008); see also Martin-Brelot et al. (2010).

knowledge workers. The overall implication is that tenure-related strategies to attract creative workers will vary between cities and reflect the different expectations and aspirations associated with different markets and traditions – but that choice and diversity in relation to tenure, affordability and types of housing is important to attract a diverse community of workers.

How can regeneration and housing support the creative economy?

Current trends in Leipzig's creative housing and regeneration

Taking Leipzig as an example of the Eastern European case, we see that the housing market was significantly redeveloped following reunification. Two-thirds of the buildings were modernised. There was a focus on buildings from the *fin de siècle*. A decreasing number of inhabitants and an increasing offer of newly built houses led to a relaxed situation on the housing market. In the sequel the focus of urban development policies shifted to the stabilisation of the housing market. This was successfully achieved through the demolition of buildings, the development of green areas and integrated development of living quarters. In 2009 Leipzig still had around 35,000 vacant dwellings. However, vacancy rates have constantly fallen since 2001 because of rising household numbers and the demolition of old dwellings,

mostly 'Plattenbau' buildings. In particular, the demand for dwellings for households with children and elderly persons has been increasing (Stadt Leipzig, 2010). The city of Leipzig aims to develop itself as an attractive and competitive place to live and has formulated several core objectives including the stabilisation of disadvantaged quarters affected by main roads and with an old building stock. It has adopted integrated development concepts and encourages new building and alternative usage of vacant buildings (Stadt Leipzig, 2009).

Leipzig has not (yet) developed housing policies aimed directly at creative and knowledge intensive workers. But, with its general housing policies, Leipzig has developed a positive image concerning its housing market. Leipzig is still in the comfortable situation of having a surplus of dwellings in green areas and with reasonable prices. However, the rate of vacant dwelling in high-demand quarters is falling, and as a consequence prices have started rising in these areas. This especially concerns huge dwellings for households with children in the southern and western districts of the city.

Three quarters in Leipzig seem to best fulfil the demands of creative knowledge workers and entrepreneurs, as outlined in the following three subsections.

Plagwitz and Lindenau

This is an old industrial district of the city. After reunification it developed quite a negative image due to vacancies and a high unemployment rate. People who could afford to do so moved away. However, the usage of an old cotton mill (Baumwollspinnerei) by cultural and artistic players since the beginning of the 1990s began to generate a new image. Various households and especially people with alternative lifestyles were attracted and settled in the areas around the Baumwollspinnerei with their galleries, bars and small shops. Although the refurbishment of old buildings and the construction of new houses has increased demand, the area still offers a sufficient number of vacant dwellings for living and working.

Südvorstadt and Connewitz

These two districts in the south of Leipzig used to be alternative hotspots in the 1980s. Here, bars, clubs and galleries were often established illegally and vacant houses were occupied, because during GDR times it was hard to obtain an apartment if you were unmarried or did not have children (Grashoff, 2011). After reunification, refurbishment started – especially in the Südvorstadt, which became an attractive area for students, owing to the huge number of bars and clubs, as well as for young families, owing to huge dwellings and its vicinity to the Auwald and the lakes (Figure 9.2). Today, the supply of small and large apartments is declining considerably; vacant spaces are being bought for the construction of small single-family houses.

Figure 9.2 Refurbished housing in Südvorstadt Leipzig.
Source: photo by C. Klein.

Musikerviertel

This district is today one of the most expensive and representative areas of Leipzig. Although it suffered great devastation during World War II, this quarter developed positively, and currently offers a quite exclusive living atmosphere (Figure 9.3). This is connected to the proximity to the Clara Zetkin Park as well as to several art institutions, including the Academy of Visual Arts and the University of Music and Theatre. Owing to earlier devastation, it was possible to build many single-family houses as infill, and large buildings were also refurbished in the past decade (see Stadt Leipzig, 2008).

These three districts are addressing the needs and demands of mainly highly qualified employees and entrepreneurs. They offer the desired infrastructure and atmosphere in terms of nature, culture and scene. Although Leipzig does not have a specific policy for the attraction and retention of creative knowledge workers and entrepreneurs, these districts are attractive for them. Against this background, refurbishment, modernisation and the enabling of home ownership have consequences for social composition and population change in the districts.

One feature of Leipzig that also contributes to its attractive image among newcomers in the creative and cultural sectors is the non-residential warden house project. This project is concerned with the maintenance of around 2,500 buildings from the *fin de siècle*. Although these houses are important for the urban structure, owing to their central location on main roads, they

Figure 9.3 Musikerviertel in Leipzig.
Source: photo by C. Klein.

often remain vacant. This leads to continuing decay and negative consequences for the image and infrastructure of the surrounding neighbourhood. In response to this, a private association, HausHalten e.V., developed a plan to save these dwellings as self-governed warden houses. The principle is preservation of the dwellings through usage. The 'wardens' receive a dwelling for little money, which they can shape following their own ideas. The association is especially interested in social, cultural and commercial users, who help to activate the quarter with their projects and initiatives. Therefore, one can find many users from the creative industries who realise their creative ideas in cheap warden houses without high economic risks (Ehrlich, 2010).

In recent years, non-residential uses by people working in the creative and knowledge intensive industries have also emerged in these areas. So-called co-working spaces have developed in Leipzig (including Le Space and Tapetenwerk) as in other cities across Europe. In general, these work spaces are located in old brown-field areas where vacant space is available and the rough atmosphere inspires creative knowledge workers.

Efforts in regeneration and housing to attract creative workers to Budapest

The diversity of neighbourhoods, the composition of the housing stock and new investments provide favourable conditions for creative workers and

professionals to move to and settle down in Budapest. A great variety of neighbourhoods of different standards and quality is ready to meet the demands of all social strata; this is evaluated by creative people (creatives) as a strong point of Budapest. The most important factor that retains creative workers living and working in Budapest is the cost of dwellings (Egedy and Kovács, 2009). Housing prices in Budapest are lower than in the other large cities of the region or in Western European metropolises. Housing prices are especially comfortable for those creatives who work for transnational enterprises and have Western standard incomes. Real estate prices are, however, much higher within the administrative boundaries of Budapest than in the agglomeration zone. Transnational and domestic creative workers prefer the traditional elite districts (2nd and 12th districts on the Buda side), and the newly developed, fashionable residential quarters (13th and 14th districts on the Pest side) as places of residence.

Budapest is a highly spectacular city from an architectural point of view. The ensemble of Art Nouveau style buildings from the turn of the nineteenth and twentieth centuries is invaluable and deserves attention. In addition, the cultural heritage of Budapest should be mentioned. The core sites of this heritage are the Buda Castle quarter and Andrásy Avenue, and these represent the most precious architectural traditions of the nineteenth century. On the other hand, the industrial heritage, with many exciting sites within the city (e.g. the Public Abattoir and Warehouses, the Óbuda Gasworks), guarantees good opportunities for architectural and functional reuse.

Popular dissatisfaction with the state of the built environment and infrastructure deserves attention in Budapest. The creative employers and employees interviewed as part of this research were very critical about the state of the building stock and of public spaces. This is partly a consequence of the postponement of urban renewal. This started relatively late in Budapest (only after the 1990s) and was conducted with only sporadic success in some districts. Especially after 2000 a massive rehabilitation process commenced in endangered neighbourhoods of old, inner-city housing and in the newer housing estates. The inner city and especially the neighbourhoods near the city centre started to experience rising interest from investors. Owing to the high rent gap the old building stock was often sold to developers who demolished and replaced it with new construction (mostly real estate developments and shopping malls and, in a few cases, cultural investments).

The importance of the creative economy is evident in the development strategies adopted in Budapest, but no comprehensive housing or regeneration policies exist targeting creative groups and companies. There are, however, a few very spectacular local initiatives to attract and retain creative employers, employees and firms. The following five subsections highlight some examples from Budapest that have enhanced the attractiveness of the city for the creative class.

Figure 9.4 Graphisoft Park, offering high-quality working conditions.
Source: photo by T. Egedy.

Linking urban regeneration, R&D and mobility

Graphisoft SE, a leading software exporter, was established in 1982 as one of the first private companies in Hungary. In 2006, Graphisoft SE established a technology park in the revitalised former Gasworks in north Budapest (Óbuda). Recognising that the success of leading businesses, especially those in R&D and knowledge industries, depends on attracting, motivating and retaining the best professionals, the Graphisoft Park offers high-quality working conditions and office space for ICT and biotech companies in refurbished buildings in an attractive physical environment (Figure 9.4).

In 2007, the new Aquincum Institute of Technology (AIT) was established on the Graphisoft Park, providing an exceptional 'study abroad' experience for students working in IT from the world's leading universities. AIT integrates design, entrepreneurship and foundation courses in computer science with advanced applications in computational biology and computer vision for post-production digital film. In this way urban regeneration indirectly promotes the mobility of professionals working in the creative economy (Musterd *et al.*, 2010).

Shaping new urban neighbourhoods for the young creative generation

In 1997 the municipality of the 8th district of Budapest decided to build a new quarter on the site of the former gipsy ghetto of Budapest containing rundown

buildings and low-quality public rental dwellings. The aims of the Corvin Promenade project were to create a new, mixed residential and commercial area for the young population attracted by an urban lifestyle and cultural life, and to build a new multifunctional community space and cultural centre with higher-standard green areas located near to the historical city centre of Budapest. Altogether 1,500 low-quality dwelling units were evacuated and demolished and a 1,000 more were kept for redevelopment; fifty buildings with 3,000 dwellings were constructed. The project area is 208,000 square metres; according to the real estate development plan, the ten-year project will induce the construction of further residential, commercial, institutional and public areas.

Lack of regeneration as a seed bed for creative milieu

Ruin bars located in neglected rundown buildings predominantly in the 6th and 7th districts of Budapest are unique features of the cultural milieu and entertainment of the city. The ruin bars represent in some ways the idea of multifunctional independent cultural centres in Budapest: partly as a result of their temporary existence, and partly by their message related to the resistance against the destruction of urban values. Especially at the beginning, they attracted intellectuals, students and artists. These bars are not only important meeting places for the younger generations but also creative places where cultural programmes (concerts, exhibitions, workshops) take place regularly. Owing to its openness, tolerance and subcultural offerings, these ruin bars are especially popular among foreign creatives and expatriates (Kovács *et al.*, 2007).

Infrastructural developments to improve cultural and creative life in Budapest

Cultural life and a cultural milieu are among the most important strengths of the creative economy of Budapest and, not surprisingly, over the past decade, integrated cultural centres have played an increasing role in the cultural life of Budapest. The most relevant example of this is the Palace of Arts, inaugurated in 2005, hosting the Ludwig Museum of Contemporary Arts, the National Dance Theatre and the hall of the National Philharmonic Orchestra. The creation of Millenaris Park is a good and outstanding example in the whole region of Central Europe for conscious and well-organised programmes. Millenaris Park functions as an educational, scientific, cultural and entertainment theme park in the 2nd district on the Buda side. Budapest hosts some internationally recognised urban development programmes, such as the creation of the 'Hole' ('Gödör') Club hosting creative exhibitions, concerts and performances in the very centre of the city (5th district). The brand new CET project¹ provides new entertainment, cultural and

¹CET means, on the one hand, 'whale' (cetacean) in Hungarian, symbolising the shape of the building; on the other hand, it is the abbreviation of 'Central European Time' to express the development taking place in this part of Europe.

Figure 9.5 Renewed and new buildings of the CET project on the bank of the Danube.
Source: photo by T. Egedy.

shopping facilities of Western European standards in the very heart of the city (Figure 9.5). The former Warehouses that served the water-based shipping traffic and exchange of goods were completed in the last two decades of the nineteenth century. Owing to their position on the bank of the Danube, and their industrial, architectural and cultural heritage, the Warehouses are one of the city's most beautiful venues. The rehabilitation of this building complex, of historical and cultural importance to the city landscape, is included in the medium-term development roadmap of Budapest.

New tendencies in the housing market: lofts and studio dwellings for better-off creatives

Buildings of industrial architecture within the city offer an exciting break point for real estate developers. Lofts located in renewed industrial buildings appeared after the turn of the new millennium in Budapest (e.g. Sun Palace in the former Goldberger factory in the northern part of Buda). Lofts have become increasingly popular not only among better-off creative professionals but also among creative firms, where 'space and creativity' count in the business. The housing market of Budapest offers many studio dwellings affordable for the creative arts. Creative artists and painters

expressed their satisfaction with this supply; they considered it as an important attraction and retention factor in Budapest.

Housing and regeneration in Dublin

In line with many other European cities, Dublin does not have specific housing policies aimed at creative knowledge workers. Instead, housing policy is determined by broader socio-economic trends, tenure policy, legal systems and approaches to access and affordability. However, Dublin is similar to other cities in that it has pursued a series of regeneration and urban renewal programmes in the inner city over the past thirty years, aimed at creating modern mixed-use commercial and residential quarters. Suffering from a serious economic crisis in the early 1980s, central government responded by developing a programme of urban renewal based around the granting of generous tax incentives to property investors and occupiers. Initiated in 1986, and aimed at boosting the development of both commercial and residential property, these tax incentives succeeded in generating significant levels of development over the course of the 1980s, 1990s and 2000s. The first phase of these tax incentives were applied between 1987 and 1996 to a series of what were termed 'designated areas', in other words, areas in need of urban renewal and redevelopment. These designated areas were widely spread throughout the inner city, with many areas being redeveloped with new apartment blocks.

Waterfront development in Dublin

The redevelopment of the Dublin Docklands (Moore, 2008) represents the most ambitious of the inner city renewal projects. In 1986 a small area (10.9 hectares) of former port and dock land to the north of the River Liffey was designated not only as an area that could receive tax incentives for property development, but as a low-tax zone for international financial services industries. A corporation tax of just 10% was charged to companies that operated in this zone. As a consequence, the area developed as both a new financial services centre and a new residential quarter. In 1997 this small area of docklands was massively expanded to 526 hectares, covering an extensive part of the port and docks, with considerable under-utilised land. A special-purpose planning and development agency, the Dublin Docklands Development Authority (DDDA), was given responsibility for developing the area. While still not complete, the Docklands has seen the development of a series of high-quality residential quarters, in conjunction with the building of amenities in terms of retail, leisure and culture. As in many waterfront developments, a number of flagship buildings were developed by world renowned designers. For example, a new concert and theatre venue was designed by Daniel Libeskind; a public square and associated landscaping was designed by Martha Schwartz; a

new bridge across the River Liffey was designed by Santiago Calatrava; and a new convention centre was designed by Kevin Roche.

Developed originally as a financial services centre, much of the office space is now occupied by a mixture of banking, insurance, legal and related industries. However, in recent years a number of well-known global technology and software firms have located in the Docklands area. Google, Facebook and Twitter now have a significant presence in Docklands. While this was not planned, it has developed into a *de facto* high-tech cluster. Since the mid-1980s approximately 3,500 new apartments have been completed in Docklands and, given the economic base in this area, the residential population is predominantly from business and professional occupations (Moore, 2008). At the height of the residential property boom in Ireland, a two-bedroom apartment in Docklands would have sold for between €350,000 and €700,000, although prices fell by over 50% after 2007. While the private market dominated, the DDDA required that 20% of all new residential development be made available for either social housing or subsidised affordable home ownership, thus ensuring some element of social mix. Thus, while this area was not specially conceived for creative and knowledge industries, it has developed into such a quarter.

Conclusions

Urban regeneration should have a holistic and integrated approach to be able to solve the problems of the area and contribute to resolving several problems of the city and the region (Roberts and Sykes, 2006). Strong planning frameworks are essential for effective and sustainable regeneration. However, they are only effective when they are complemented by a range of supporting policies and programmes. Marketing strategies are also important at different levels and phases. In this way it is possible to attract activities, high-tech enterprises, scientific and research institutions, technology centres, cultural facilities and innovative complexes through urban regeneration (Couch *et al.*, 2003). European experience on urban regeneration shows that this practice is far from being an institutionalised activity. It clearly suffers from a lack of precision and also lacks a solid operational framework.

Regarding the creative economy, the most important objectives of urban regeneration should be to promote the overall prosperity, equity and competitiveness of cities, towns and regions, while preserving the heritage values and the uniqueness of places of cities and towns, and to create new activities as motors of development; and to mobilise and upgrade contributions of culture, knowledge, innovation, new industries and recreation. When it comes to non-residential policies and usages by employees in the creative and knowledge-intensive industries, one can find new spatial forms that have emerged only recently.

The success of regeneration and housing for the creative economy depends on the extent to which they meet the requirements of creative enterprises and workers. Housing for the creative and knowledge-intensive industries is often used as an impetus for urban areas, whereby investments should lead to the stronger identity of an area in order to achieve social and economic increase in value (gentrification). Therefore, we have to take the following five dimensions into consideration during the policy-making process (Hensgens *et al.*, 2011):

- (a) *investment motives*, for example, immediate cultural, physical, economic and social impacts, and the preservation of cultural and industrial heritage;
- (b) *historical aspects*, for example, old buildings and complexes, vacant industrial heritage and temporarily vacated premises in cities;
- (c) *spatial and economic aspects*, for example, making a creative environment and room for different branches and institutions;
- (d) *service aspects*, for example, public spaces for spontaneous internal meetings; and
- (e) *financial aspect*, for example, financial contribution of governments in the form of investment and/or operating subsidies.

The experience of urban regeneration and housing policies across Europe rests on a few examples that include measures targeting the creative economy to attract creative firms, to retain representatives of the creative class or to establish creative places. However, there are local – and in many cases very successful – initiatives that deal with improving local potential to attract creative economy. In other words, it is difficult, from a policy perspective, to devise housing policies that are specifically geared towards accommodating the creative class, and this can be seen in the lack of such targeted policies. What matters more is to create mixed-use quarters where workers can both work and live, and there are plenty of examples of such areas in both Western and Eastern Europe.

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