The phenomena of displacement and relocation during the process of gentrification in Budapest

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Introduction

Gentrification, “the transformation of a working-class or vacant area of a city into middle-class residential and/or commercial use” (Slater 2009:294), is a highly debated and widely discussed process. While in the 1960s gentrification was described only in “command cities” like London and New York, in the last decade it has become a global phenomenon, seen as desirable by the leaders of various cities all around the world (Smith 2002). In recent years, overcoming the former theoretical debates about the explanation of gentrification, a new direction has been strengthened in gentrification research centered on the observation and theorization of the social effects of the process. The reason why the object of gentrification research has shifted – at least among those who consider themselves as “critical” gentrification researchers – was clearly described in the so called “gentrification debate” in the International Journal of Urban and Regional Research (see for example Slater 2008, Wacquant 2008, Smith 2008). As gentrification has become the globally acknowledged remedy of urban decay and as the connotations of the term itself has changed from a “dirty word” (Smith 1996) to a favorable policy tool for the “revitalization” of the city, the critical scholars have begun to look beyond the discursive practices of local governments and real-estate developers and shed light on the usually negative – and thus hidden – social consequences of the process.

In order to bring back the critical edge of the discourse around gentrification, Tom Slater proposed highlighting the importance of displacement (Slater 2006, 2008, 2009) as the phenomenon through which the unjust side of gentrification unfolds. Displacement, the involuntary move of a household (see Marcuse 1985) is also a crucial factor on the negative side in Rowland Atkinson’s systematic review of 114 studies on the neighborhood effects of gentrification in British and North American cities (Atkinson 2004). In spite of the recognized importance of displacement, there are only a few researches focusing on it, usually in Western European and North American urban contexts (see for example Curran 2007, Newman, Wyly 2006, Van Crixkingen 2008).

Since the transition the capital of Hungary, Budapest has been also among the cities where the phenomenon of gentrification can be observed. As early as 1996 Neil Smith
described how the privatization of the social housing stock and the inflow of foreign capital resulted in reshaping the cityscape and in the gentrification of certain neighborhoods (Smith 1996). During my field research I have tried to observe through qualitative methods whether it is possible to describe displacement resulting from gentrification in Budapest. These methods have enabled me to show the consequences of displacement both on the micro (family) and on the macro (structural) level. The object of my study has been the “emptying” of one particular house in Middle-Ferencváros. My research has aimed both to observe the process itself, which started in 2010, and to follow-up the dwellers in their new homes after relocations have been carried out. The research is for my thesis and will be finished only by June 2011; therefore, at the moment, my findings are still fragmentary – as the relocation process is still in progress – but some specificities of the mechanism can be drawn already from these observations. I conducted interviews in different departments and bureaus of the local council in order to discover the institutional mechanisms and the key actors who manage the relocation. I observed three “office hour sessions” when the bureaucrats were negotiating with the dwellers. I also made interviews of the dwellers of the building to explore how they perceived the whole process and how their lives have been affected.

At the moment it seems that in Ferencváros displacement happens in a peculiar form. It is the local government which “relocates” the dwellers of social housing units during its “urban rehabilitation project”, which results in growing social inequalities and in personal traumas approximately in 50% of the affected families (circa 20-25 families). Relocation and its negative consequences are not treated by the local government either as a complex social or as an important “personal” problem: the “bureaucratic” and “rationalistic” logic and a double transparency problem facilitated by the local governmental system of Budapest is clearly at odds with the “human” logic of the dwellers. While the inhabitants see their house and flats as their homes and focus mainly on its use value, the local politicians and bureaucrats treat the same physical entities according to their range of duties as a manageable problem and focus on its exchange value (for a summary of this problem see Harvey 1978). The cost-benefit calculation to economize the rehabilitation process opposes the everyday tactics of the usually vulnerable social groups originally living in Middle-Ferencváros.

Gentrification in Budapest
The post-transitional transformation of Budapest is very similar to the transformation of advanced capitalist cities in the neoliberal era in many dimensions. For example, the gentrification of the Inner City\(^1\) of Budapest is a good local example for the globally spreading phenomenon of gentrification. However, it is clear from the beginning that it is impossible to describe a post-socialist, or even a Budapest type of gentrification, as the mechanisms of the process are varying from neighborhood to neighborhood. The 6\(^{th}\) and 7\(^{th}\) districts are good examples both for the classic, unregulated, spontaneous form of gentrification led by “pioneers” (Tomay 2007) and for how corruption can saturate privatization (Somlyódy 2009); the 8\(^{th}\) district is the place where the largest PPP rehabilitation project – called Corvin Promenade – is being done and where the first long-term “social urban rehabilitation” program has been started in 2005 (Alföldi 2008); and the 9\(^{th}\) district chose a gradual way of regulated, state-led rehabilitation with the cooperation of private developers (Locsmándi 2008, Tomay 2007)\(^2\). The explanation of the differences is rooted in the specificity of the administrative system of Budapest redesigned in the early 1990s.

Each change in the political system during the transition had a symbolic importance: after 40 years of political centralization the new “democratic elite” was convinced that the more the local governmental system decentralized, the better and freer it would be (Ladányi 2008). In Budapest, it resulted in a two-level system, in which the level of Budapest has very limited authority, while the local governments on the district level have much more autonomy. Though the districts became responsible for providing many social services including the maintenance of the social housing units, the financial means to fulfill this duty were not sufficient (Csanádi et al. 2007). To ease this financial tension, the districts chose different policies to increase their revenues or to decrease their expenditures, though all of them implemented some kind of “urban rehabilitation” policies to attract private capital by “beautifying” their districts and to decrease their social expenditure by changing the inhabitants’ social composition (Ladányi 2008). Though different in their realizations, the “urban rehabilitation projects” have had similar social effects: the formerly low-income dwellers with an overrepresented population of old and Roma population have been replaced by more affluent, middle-class social groups while the profit realized from this replacement

\(^{1}\) In the following I restrict my analysis to the so called Inner-Pest districts, meaning the 6th, 7th, 8th and 9th district. These areas suffered most severly from the disinvestment in the socialist period; thus they started to deteriorate. In the early 1990s these were the most „problematic” parts of Budapest both in a physical and in a social sense, so the first gentrified neighborhoods after 1989 were in these districts.

\(^{2}\) For the map of Budapest and the districts within it see Appendix 1.
has remained mainly in the hands of the private investors (Csanádi 2007). Similarly to the Western European and North American cases, the city and district leaders have been able to frame the urban rehabilitation projects and their social consequences as the only remedies against social and physical decay. This rhetoric strategy has ensured the legitimacy of these projects for the general public.

The most coherent “urban rehabilitation” strategy was implemented by the local council of the 9th District, Ferencváros. In the early 1990s they followed more or less an already existing plan of their socialist ancestors. The peculiarity of the case of Ferencváros – which differentiates it both from the advanced capitalist cities and from the other Inner-Pest districts – is that the majority of the housing stock in the rehabilitation area remained in the local council’s hand and therefore it became much easier for the district leaders to manage the process. As a consequence, the former low-income dwellers have not only been displaced by the market forces – increasing rents and redesigned public spaces – but relocated by the local council itself. Whether it is the “quiet elimination of the poor” and their forcing into the “inclusions of post-industrial spatial texture” (Ladányi 2008) or the amelioration of the living conditions of the former dwellers (Aczél 2007) is still a question not yet empirically observed.

“Urban rehabilitation” in Middle-Ferencváros

Because of the scale and the coherence of the rehabilitation strategy, the example of Ferencváros has become known as a nationally and internationally recognized rehabilitation project (Gegesy 2010). One of the district leaders’ main objectives was to eliminate the comfortless (meaning without toilet and/or bathroom), small, dilapidated “one-room-one-kitchen” flats. However, they started to neglect the socially more conscious ambitions of the previous plans created by the former socialist leaders of the district in the 1980s (Locsmándi 2008). Thus between 1990 and 2010 936 flats were renovated in 51 deteriorated houses by the local council, while 168 buildings with 1,490 social housing units were demolished at the same time. On vacant lands and on the ruins of the demolished houses 6,860 new private flats were built in 152 buildings, while only 52 flats in two houses were built for social

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3 Initially 1,107 flats were emptied and started to be renovated, but because of some structural changes after the renovations only 936 flats remained.
housing purposes by the local government (Gegesy 2010). These numbers indicate that approximately $1,490 + 1,107$ families were “relocated” by the local government$^4$ and numerous others were displaced – either directly or indirectly – because of the rising rents and real estate prices. The scale and the mechanism of the market caused displacement have not been researched yet, but it can be estimated that due to the ownership structure of the buildings in the area it was less intense than the relocation managed by the local government.

In the local governmental jargon “relocation” means that the dwellers of the “rehabilitation area” may live in houses which are either demolished – and then replaced by a privately built house on the privatized land – or renovated by the local government; thus the inhabitants of these buildings have to leave these flats and for this reason they can choose to be compensated by the local government either with cash or with another social housing unit in exchange. The amount of cash a dweller can receive depends on the size of the flat, thus usually a tenant of a relatively small flat can only buy either a flat from the lowest segment of the housing market in Budapest or a property outside Budapest, where the quality of services and the chance to get a job is lower than in Middle-Ferencváros. The whole relocation process is orchestrated by a special department of the local council: the Bureau for Property Management (BPM). This means that only 4 bureaucrats from the Bureau negotiate with all the dwellers and they are the ones who can allocate the flats in exchange between the dwellers.

This protocol of the rehabilitation and relocation is very different from those examples of gentrification and displacement that the gentrification researchers described in North America and Great Britain (see for example Marcuse 1985). The main difference is that the process is mainly state-led: though there is certainly a change in the renters on the private market during the rehabilitation, since the proportion of the privately rented flats in Middle-Ferencváros is low, it is not as significant as the relocation carried out by the BPM. Several questions arise: Can we call this relocation process displacement? Is it an involuntary move of the households? How does relocation reorganize the “problematic inhabitants” in space? And how do people perceive the whole process?

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$^4$ According to the municipal statistics 2052 families were relocated between 1996 and 2010, but I could not get the exact statistics for the period prior to 1996.
A house being emptied\textsuperscript{5}

The house I have studied is a three-storey building built in 1896. Like similar houses in Inner-Pest, it suffered from severe disinvestment during the socialist period. There are 50 flats in it, 14 with more than one room; the other 35 are mostly typical working class homes with “one-room-one-kitchen” on approximately 25-30 m\textsuperscript{2} and initially without toilet and shower. However, many dwellers (my estimation is around 50\%) have renovated their flats from their own financial resources and built in toilets, showers and/or porticos.

One of the objectives of the rehabilitation is to eliminate these small, deteriorated flats and replace them with more convenient ones. However, this means that the dwellers of the flats are dispersed in space, and not always according to their will. György Aczél (2007), the former leader of a mixed enterprise with a majority ownership of the local government called SEM IX, which was actively involved in the rehabilitation, states in his study that all the social groups affected by the rehabilitation – those former dwellers who can stay in the rehabilitation area, those dwellers who cannot and those who are the new incomers – will benefit from the process. During my study I saw it in a different way: in my view relocation has very similar effects to the classic cases of displacement for a considerable number of the dwellers.

To show the possible effects of relocation I separated the dwellers into three typical categories. The first group consists of approximately 10 or 15 dwellers. Effectively they do not live their everyday lives in the house. They were able to move elsewhere – for example to their spouse’s flat – but officially they are still renters of the flat: they pay the subsidized rent and the public utility costs. The reason why they did not give up their contract is because they are waiting for the relocation process through which they are entitled to choose from the two compensation options.\textsuperscript{6} The fact that they were socially and physically mobile enough to leave the house means that they are usually less vulnerable than the others, therefore the compensation – either cash or a flat in exchange, which they can privatize in a few years under very generous conditions – for them is rather a “generous gift from the nation”, as it

\textsuperscript{5} As the relocation procedure is still in progress and the interviewees are potentially recognizable, I intentionally do not write down the address of the house.
\textsuperscript{6} According to the local regulation, habitual residence was not a necessary condition to lease a social housing unit until 2006.
was for those who privatized their state-owned flat right after the transition (Dániel 1996). Relocation, from their point of view, is thus “privatization prolonged”.

In the second group there are those who live in bigger flats. As both the amount of cash and the characteristics of the flat in exchange depend on the size of the flat – usually the bigger the flat the more affluent the inhabitants are and the more compensation they get – they are in a relatively comfortable position. From those who live in flats bigger than 35 m² – 19 out of the 50 households – very few were really badly affected by the compensation. They were the first who signed the contract and left the house, usually satisfied with the compensation.

The members of the third group, which is approximately the half of the house (approximately 25 households), are in a much more controversial situation: they are the ones who usually live in “one-room-one-kitchen” flats with less than 35 m² living space. Their problems have mainly two roots: one is a practical, management problem; the other is a more abstract. The practical problem is that the BPM has to allocate the vacant social housing units between the dwellers who choose to get a flat in exchange in a way to fit with the local regulation, which says that the flat in exchange cannot be bigger than the size of the former flat plus 10 m². The problem is that there are two types of vacant flats: those, which has been formerly renovated during the earlier phases of renovation, which are usually bigger flats than the former “one-room-one-kitchen” ones, so it is almost impossible for someone with a 25-30 m² flat to move into a renovated one. There are also non-renovated small flats inside or outside the district bought for precisely the purpose to relocate dwellers, which are either in a similarly stigmatized area, or far from the city centre and from the neighborhood that the people are used to live in. Thus the relocated dwellers with little flats usually complain about the location of their new ones.

In the case I observed the problem was not only this: during the “emptying of the house” there was a lack of appropriate small flats, so the majority of this third group did not get any flat in exchange offered so far, only a promise that they will get one in the future. With a deadline set in the middle of November 2010 to finalize their decision whether they choose a flat or cash, it is clearly a very frustrating situation for them. The result is that many dwellers feel they are being forced to choose the cash option – and thus to leave the neighborhood, since the amount of cash is not enough to buy a similar one in their gentrifying neighborhood – instead of their original plan to stay in the neighborhood and to choose the flat in exchange.
This leads to the more abstract problem, which is the opposing “bureaucratic” logic of the local council and the “human” logic of the dwellers. It is not simply the problem of the families with small flats, but a more general one. While the inhabitants suffer from the logistical problem of BPM, they feel that the bureaucrats do not recognize the extent to which relocation changes their life, and the Bureau does not inform them sufficiently. The lack of transparency for the dwellers is reinforced with another kind of transparency problem: other departments of the local council, for example the Family Service designed precisely for the purpose to help families with their everyday problems, are not informed as well, neither about the beginning of the emptying, nor about the management problems arising during the relocation and the allocation of the flats in exchange. Sometimes it happened that I had more knowledge about the advancements and problems with the relocation than either the Family Service or the dwellers themselves.

Apart from this double transparency problem the opposing “bureaucratic” and “human” logics unfold in another domain: the BPM tends to neglect the fact that most of the dwellers have personalized their flats to a great degree. As mentioned above, some of them built porticos to increase the effective living space of the tiny flats, or built in toilets and showers – unofficially, without permission and from their own financial sources – to increase the degree of comfort. If someone sees only the statistics of the flats before and after relocation, it can be misleading: therefore Aczél’s argument (2007) that those moving into flats officially (statistically) with similar or slightly bigger living space and higher degree of comfort can be considered as benefiting from rehabilitation is debatable. An official improvement could mean that effectively the quality of a flat is not improved or even decreased, while the location of a flat has clearly worsened.

Hence the relocation process does not seem to be benefiting each social group. Two concrete cases show how relocation had explicitly negative consequences. The first is a 52 year old woman living with her 26 years old son in a 25 m² flat. They moved into Ferencváros in 1997; before that they had lived in Miskolc in the Avas housing estate, a segregated community well-known for its various problems in Hungary. Their moving was an attempt of upward social mobility: the mother got a job as a cleaning woman and her son was also able to start to work after finishing school at around the age of 16. Their position was more or less stable until 2009, when due to the health problems of the mother they could not pay their rent for a few months. As a result, their lease was modified from an indefinite period to a definite, one year period. As they also had problems with paying the public utility costs, the contract was renewed once more but only for a 6 months period. That was the point when the
“emptying” of the building started. Initially they asked for a flat in exchange as they wanted to stay in Ferencváros to be close to their relatives and to the working place of the son. However, because they had recent problems with paying the rent and the public utilities and as a result they were categorized as “problematic”, the bureaucrats of the BPM decided to offer them two flats in the outer, industrial part of Ferencváros that were in a similarly, or even more deteriorated house, than their present one. Disappointed with these options they decided to choose the cash as their last option, but it will not be enough to buy a suitable flat in Budapest in which both of them can live. This means that the mother has to move back to Avas, while the son has to rent a flat in the private market. The family is going to split up and will lose the opportunity to pay only a publicly subsidized rent, so it is questionable whether the son will be able to find an affordable place to live close to the place where he works. They perceive this result of their relocation as “their forcing out from the district”, while they were told by the local politicians that the rehabilitation will help them and improve their living conditions.

The second case was a pensioner man’s living with his grandson on 37 m². They have been living in the house since 1988: the man had sold sunflower seeds at local football matches for many years, while the 14 year old grandson goes to school in the neighborhood. The problem here was that although the father of the grandson, who is the son of the grandfather, left the family years ago because of his drug related problems, the lease was both on his and his father’s name. When the son was informed about the relocation, he announced that he wanted the cash option, while his father wanted a flat in exchange as he was working in the neighborhood. This family problem worsened by the pressure of having to move became a huge, seemingly unsolvable problem, in which the BPM could not become involved. Unfortunately other departments of the local council did not take part in the relocation process as mediating or helping agents, and as the grandfather could not stand the pressure of leaving their flat, he committed suicide. After that the grandson was moved to relatives, while it is not clear whether his drug addict father will take all the cash and disappear or give a portion of it to his son.

Digging down into the micro level of the households it becomes clear that urban rehabilitation and the concomitant process of gentrification in Ferencváros is not a clear success story. Though I would not deny that for the third or half of the house relocation and compensation – either in the form of cash or in the form of a new flat – is a “generous gift” from the local council, I think knowing these case stories even Aczél would admit that
gentrification and relocation has considerable negative effects: in the case of this house for half of the 50 households at least.

**Conclusion**

These two sad examples are not typical of the whole house, but are paradigmatic in the sense that they signify those shortcomings of the rehabilitation and the relocation, which are usually not present in the public discourses on the project. First and foremost there is the tension omnipresent during the relocations between the “bureaucratic” logic of the local council trying to impose its rehabilitation strategy on Middle-Ferencváros aiming to redesign space and the logic of the dwellers through which they try to ensure that their “tactics” of everyday lives are not jeopardized by the “compensation” they get. Relocation for the less affluent dwellers living in the small flats has been an uneasy experience of being vulnerable and defenseless against the local council. This tension resembles the opposition of the “concept of the city” and the everyday practices described by Michel de Certeau (1988). While the district leaders aim to make a “European” or “normal” neighborhood, the most vulnerable group of dwellers feel that this “new place” is not created for them.

I would argue that while for the other half of the house – for those whose habitual residence is not in the house anymore and for those who own larger flats – relocation is rather a “generous gift from the nation”, in the case of the small flat owners relocation has similar effects on their lives to the classic cases of displacement. They perceive relocation as a frustrating pressure to move out from the rehabilitated area and as not being able to benefit from the whole procedure. The result is that they either have to enter the housing market in less favorable locations compared to the “revitalized” Ferencváros, or they have to accept to move to a similar or even worse social housing unit than in which they have lived before. In my view it is clearly their dispossession on the micro level, and the increase of the social inequalities on the macro level, through which spatial segregation and social polarization is further increased as well.

Thus the local version of the global phenomenon of gentrification in Ferencváros is very similar in its effects to the other examples all around the world. Naturally, there are

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7 This issue was brought up in many interviews. the dwellers said they felt like „a duck losing balance on ice” or „like a puppet”. Some of them had „fears that I will become homeless” or felt „being treated like an animal”.
considerable differences and specificities; for example the crucial role of the state, as the actor of relocation, is a rare phenomenon. Maybe this peculiarity could be used as an advantage in making the process more just and less polarizing. I would argue that there could be some steps toward the fight against inhuman gentrification and displacement. First, the redesign of the two-level local governmental system in a more centralized way could help to decrease the pressure on the districts to compete with each other for the scarce public and private resources and it would allow an administrative framework to respond to the issues of urban poverty in a more complex and more efficient way. Second, the complex treatment of social and urban problems could be facilitated in the district level as well. Increasing transparency both in the direction of the dwellers and in the direction of other departments of the local council could lead to the involvement of various bureaus into the process, which could provide a more “personalized” institutional response to the “personal” problems arising during relocation. Would it be the case, urban rehabilitation in Middle-Ferencváros could be “humanized” and made more just in order to be a real remedy for urban and social problems.

Appendix

The location of Ferencváros in Budapest
References


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