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**PROBLEMS AND BARRIERS IN URBAN REHABILITATION  
POLICY CO-ORDINATION ACROSS CITIES  
AND REGIONS OF EUROPE.**

**THE CASE OF CASE  
(„CITIES AGAINST SOCIAL EXCLUSION,“ INTERREG IIIC)**

**1. INTRODUCTION**

The main objective of the CASE project (Cities Against Social Exclusion, co-funded by the EU in the framework of Interreg IIIC) is to develop a model strategy of social rehabilitation of districts and urban areas endangered or affected by physical and social deterioration. The model is worked out on the basis of partner cities' previous and current experiences with social rehabilitation and related best practices. The essence of such projects is primarily the exchange of experiences between partner cities and the building of R&D relations with the academia in the field of urban policy. CASE emphasises the relations between socio-economic, spatial and civil aspects of urban rehabilitation. Special attention is paid to examining the spatial aspect of social exclusion on the one hand, and the role of inner potential of neighbourhood communities endangered by segregation on the other. Hence, the key concepts of the project are: good neighbourhood (good space), social capital which embodies the social potential for rehabilitation activities, and an integrated policy approach which coordinates various types of actors in the phases of developing, implementing and sustaining urban rehabilitation activities in deteriorating urban districts.

Constructing social rehabilitation programmes requires making many decisions on various levels of generality. Strategic decisions concern answering such questions as: what is the aim of social rehabilitation, on whose behalf and how should it be conducted? As far as the first question is concerned, in accordance with suggestions of the European Commission rehabilitation is implemented in order to restore the

capacity for independent and balanced development of those parts of cities (quarters, neighbourhoods) which, for various reasons, find themselves in crisis. On whose behalf should local rehabilitation programmes be constructed? Who, in reality, is their subject? Local community should be the subject of the whole process whereas local authorities, as representatives and administrators, are only agents of the community. Thus the citizens should be neither relieved of the task, nor excluded from it, nor treated instrumentally. How should rehabilitation policy be implemented? CASE suggests the method of setting in motion districts' and neighbourhoods' social potential by developing rehabilitation strategies in a process of community planning which feeds into efforts at community building. This is a demanding approach for all the partners of the process and, what is more, it requires the fulfilment of a number of conditions: legislative, administrative, social and political.

Both Western models and the experience of partner cities in CASE point to two basic strategies of rehabilitation. The first one, described as „hard” or expert strategy is focused primarily on an urban planning aspect. The social aspect is taken into account here as one of many equally important conditions – next to infrastructural, economic and cultural ones. In this model, preparing the strategy of rehabilitation is often outsourced to experts outside the public domain. In the case of „soft” strategies, the social aspect of rehabilitation is taken into account to a much higher degree, being present throughout the various stages of diagnosing, developing and implementing rehabilitation programmes. It takes the form of consultations, workshops and meetings with residents. In neither of these two types of strategies, however, does the local community of the revitalised area constitute the frame of reference for the programmes. The approach suggested by CASE does just that –it is applied very rarely but examples from Hamburg, Gelsenkirchen and Solingen prove clearly that the community planning approach is not only possible but also brings excellent and sustainable results.

There are at least five dimensions along which the approach suggested by CASE is to be termed „socially oriented:”

1. The process of rehabilitation itself is to serve the purpose of social rehabilitation. This is one of the reasons why it is so important to use a building partnership model of social rehabilitation and not an administrative or expert model.

2. The aim of social rehabilitation is to give an impetus for endogenous processes of improving community potential not just to give support from outside.

3. The subject of rehabilitation is „community” itself and every citizen experiencing social exclusion of any form. That is to say, the subject is not an area or „space” or some urban infrastructure – these are merely „medium” for social rehabilitation processes.

4. Instruments which are used during the process of rehabilitation are mainly „social” in their character, as for example in Gelsenkirchen, where some of the main instruments were schools, theatres and social centres.

5. Results are measured mainly by social „effects” of the process, i.e. by social exclusion and inclusion indicators for revitalised areas and not in terms of „infrastructural investments indicators” as it used to be during „communists times” and is used in practice even today.

In the present paper we describe problems and barriers encountered in the process of rehabilitation strategy building in Krakow and Pécs, giving historical background of urban rehabilitation policies in the two cities since 1989.

## 2. EVOLUTION OF REHABILITATION PROJECTS IN KRAKOW AFTER 1989

As far as the strategic approach to rehabilitation in Krakow after 1989 is concerned, we may differentiate three overlapping stages connected with wider political and legal context (the dynamics of legislation relating to spatial planning in Poland and EU access processes).

**a) The stage of spontaneous and grassroots social rehabilitation (1989-2003)** In this stage, the spontaneous processes of social rehabilitation were connected to the economic transformation of the whole country and resulting in processes of migration within the city. The Municipal Office attempted to channel these processes by means of local rehabilitation projects. A good example of this is the rehabilitation of Kazimierz Quarter within the framework of the project called „Kazimierz Action Plan” (1993-1994). The project was the reaction to spontaneous gentrification processes (the flow of young, urban, postmodern „mediators of new culture”) in an architecturally and infrastructurally deteriorated quarter that was becoming depopulated. The main objective of the project was rehabilitation of the historic urban tissue of the Cracovian quarter and an additional goal, of a distinctly social nature, was to activate the local community. The tool chosen to achieve it was the Local Office Kazimierz founded in 1994 as a permanent forum for contacts and public debate related to the rehabilitation of the quarter. After 1996, however, the activity of the Local Office slowly died out due to the lack of legislative and administrative impulses. In 2003 the Spatial Planning Act came into force and, in the course of preparing a local plan of social development, a new stage which we may call „the rehabilitation of Kazimierz rehabilitation” began.

**b) The stage of rehabilitation policy regulation.** The stage begins after the enactment of The Spatial Planning and Development Act of 27 March 2003, which also indirectly regulates rehabilitation issues. The Act obliges local authorities to adopt spatial development studies. Article 10 of the Act contains a provision concerning specific considerations that should be included in the study, among them: „areas requiring transformation, rehabilitation or recultivation”. A document that resulted from the Spatial Planning and Development Act of 2003 is the Study on Conditions

and Directions of Spatial Development of the City of Krakow adopted by way of a resolution of Krakow City Council on 16 April 2003. Next, within the framework of the study, local spatial development plans were created accompanied by local rehabilitation projects drafted by outsourced companies. Division of tasks between the municipal administration that specifies the criteria of rehabilitation project preparation, and outsourced companies working out concrete rehabilitation projects have become since then the applicable approach to rehabilitation in Krakow. This approach was used e.g. while revitalising the post-industrial Zabłocie district<sup>1</sup>. The authors of the project of Zabłocie rehabilitation, employees of the Institute for Ecology of Industrial Areas, thus write about the way of the project's implementation: „The adopted model of open planning envisages not only activating subject groups and interested parties in the course of workshops, but also ongoing cooperation of the authors team with the appointed Task Team made up of representatives of the relevant Municipal Office departments.”<sup>2</sup>. Workshops, being a form of consulting the residents on the project, play an important role in the process of the rehabilitation project preparation. According to a diagram included in the project of Zabłocie rehabilitation, workshops constitute a vital element of the open planning process. Workshops serve to verify an initial list of activities and designs, adopted on the basis of previous guidelines concerning the rehabilitation of the area. The residents select activities and designs that are to be implemented. On this basis, in turn, initial guidelines concerning operational and strategic goals are verified and priority activities and designs are agreed upon<sup>3</sup>. However, the authors of the project themselves say that despite the important role of the residents, it is the commune (Municipal Office) that plays the key role in the whole process. It initiates and promotes the project and tasks arising from it. It may also fulfil the part of the executor of some of these tasks. The commune is also responsible for ensuring funds for planned undertakings, implementing, supervising and monitoring the tasks' execution. The rehabilitation project has merely some, clearly defined, functions that are to help the authorities to perform the process of rehabilitation.

c) **The stage of regulating the rehabilitation policy and integrating it within the City development policy.** On 26 October 2005 the Krakow City Council adopted a resolution on commencing the work on the City Project of the Rehabilitation of Krakow – Local Rehabilitation Project (LRP), thus deciding that the project is to cover the whole area of the city (due to predominating opinion that it will facilitate obtaining money from the EU). Next, the competition for drafting guidelines for Krakow LRP is announced and won by a team of urban planners from Krakow Polytechnic. According to those guidelines the Local Rehabilitation Project becomes linked to the Strategy of

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<sup>1</sup> The Project of Rehabilitation and Activation of Postindustrial Area Zabłocie. Appendix to the City Council Resolution No CXIX/1284/06 of 25 October 2006.

<sup>2</sup> Ibidem, p. 4.

<sup>3</sup> Ibidem, p. 7.

City Development and all major documents connected with spatial planning, including the Study of Conditions and Directions of Spatial Development of the City of Krakow. The guidelines specify the criteria on the basis of which degraded areas will be differentiated. According to those criteria, eight areas that are to be revitalised are selected within the borders of the City. In October 2006 the competition for developing the City Project of the Rehabilitation of Krakow – Local Rehabilitation Project is decided. The Local Rehabilitation Project is to be drafted by BIG-STÄDTEBAU company. Currently the company together with representatives of City Office is carrying out a round of consultations with inhabitants of 8 areas which, according to the LRP guidelines are to be subjected to rehabilitation. In order to interest a greater number of residents in the project, the Strategy and Development Department of the Krakow Municipal Office carried out a large-scale information action. All Auxiliary Districts Council were sent letters, posters and leaflets together with an appeal for supporting activities connected with consultations and propagating the information among residents and interested subjects. Information banners were placed on the Internet portals and information about the consultations was published in the local press. 1000 posters were placed in important sites of the city. During the meetings, the participants were given brochures and leaflets. The objectives of the consultations were the following: (1) providing the residents and local communities connected with the areas selected for rehabilitation with basic knowledge of the issue of city rehabilitation, (2) presenting and discussing the actions that the Krakow Municipal Office has undertaken so far with regard to preparing the target LRP, (3) presenting the concept of the target LRP under preparation, (4) getting to know, in the course of open debate, the opinions, standpoints and ideas that have bearing on the LRP itself as well as on drawing up a catalogue of rehabilitation projects. More than 150 persons took part in four workshops, which is not an impressive figure for a city with 750,000 inhabitants. However, the workshops provided valuable material in the form of residents' comments and opinions. The organisers drew the following conclusions from the workshops:

- a. The selection of areas provisionally indicated in the LRP guidelines should be verified.
- b. The borders of areas which will become the object of the target LRP must be clearly, and in some cases differently, defined.
- c. The City should propagate activities aiming at rehabilitation more actively and strengthen the participation of local communities in further development of LRP.
- d. The rehabilitation project should be more closely connected both with spatial planning (including the study of conditions and directions of spatial planning of the city) and with other projects developed by the Krakow Municipal Office and city bodies and companies.<sup>4</sup>

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<sup>4</sup> Social consultations 25 - 28 June 2007, LRP workshops – the Development Strategy Department of the Krakow Municipal Office

However, the main conclusion drawn from the consultations is that there is a need for wider publicising of the rehabilitation policy that is being introduced by the Municipal Office and explaining its principles and implementation methods to the residents.

**CASE Project (January 2006).** The project designed for the Nowa Huta district, from the beginning was implemented by the Social Issues Department. It is to constitute an alternative for „hard” projects focused on urban planning and investment issues. The CASE project emphasises the following aspects:

1. Rehabilitation refers mainly to social crisis whose most important indication is social exclusion which, in turn, results from the lack of social cohesion, understood also in its spatial aspect but considerably exceeding mere „urbanistic” elements.

2. Neighbourhood is regarded as the most important spatial context of exclusion and a peculiar „laboratory” for exclusion processes on the one hand, and for building social capital on the other.

3. Civic factor is indicated as key potential in any rehabilitation projects.

A model of Krakow’s Social Rehabilitation strategy developed within the framework of the CASE project aims at evening out the proportions between „hard” urbanistic strategies and „soft” social elements of rehabilitation. A document entitled „The Strategy of Krakow’s Social Cohesion as a Strategy of Social Rehabilitation of the City” underlines that the main features of the modern approach to social policy are: subjectivity of the policy addressees, pluralism of forms of activity, long-term planning and emphasising social cohesion. The whole notion of the strategy of cohesion is based on the assumption of necessity and possibility of participation of all social and administrative groups and structures in the process of social cohesion development. In order to implement the Strategy effectively, several conditions must be fulfilled:

1) The experts’ version of the Strategy of Krakow’s Social Cohesion must become an object of a long-term debate of bodies implementing the social policy in Krakow.

2) Political consent and organisational as well as financial conditions resulting from it are necessary for the performance of the key tasks defined in the Strategy.

3) The most concrete condition for achieving indicated goals is working out basic tools enabling proper activities and in particular the following:

- Building a diagnostic system (centre for quality of life research);
- Building an operational system of taking stock of activities carried out by various subjects;

- Building a network supporting social initiatives (whose main element is the City Centre for Supporting Social Initiatives MOWIS);

- Commencing work on the formula of Cracovian functional neighbourhood.

The document states clearly that the role of the Municipal Office is to create optimal conditions for operation of all structures, groups and milieus in the city and

to integrate their efforts, not to directly perform or supervise all the projects or programmes that are being developed.

**Integration of rehabilitation strategies in the City.** Since the beginning of 2007 a number of meetings have been held in the Deputy Mayor's Office for Social Affairs with a view to integrating the two directions of thinking: urbanistic and civic ones. Despite many similarities the two approaches differ in the emphasis they put on the following issues:

- ▶ Who should be the agent implementing rehabilitation projects and what should be the role of residents and the so-called „social factor” in this process. Should rehabilitation be carried out by the Municipal Office together with expert teams while the role of residents and other interested parties would be limited to being consulted, or should the administration in consultation with groups of residents, experts, entrepreneurs and local associations create partnerships aiming at the rehabilitation of given areas;

- ▶ What perspective should be adopted while establishing the criteria of rehabilitation: should external, objective criteria of degradation be primarily taken into account (e.g. income per head, unemployment, taking benefits) or should the subjective sense of deprivation (the level of the district's degradation as perceived by the residents or the subjective sense of the quality of life) be treated as most important;

- ▶ What sort of areas should be subjected to rehabilitation: „rehabilitation areas” differentiated on the basis of external functional and urbanistic criteria and objective criteria of degradation defined regardless of existing administrative and spatial divisions, or natural, historic urbanistic units such as housing estates, neighbourhoods, quarters.

The rehabilitation strategy advocated by the Development Strategy Department or the Spatial Planning Office is dominated by the approach that is:

- ▶ administrative and expert-focused (the City administration and experts, outsourced companies contracted by the City, play the main role while residents' role is limited to consulting ready solutions);

- ▶ objective (e.g. objective criteria defining degraded areas, lack of any elements of subjective perception of the quality of life and the place of living)

- ▶ integral (rehabilitation relates to the whole City and within its borders to large areas marked across existing administrative and urbanistic divisions).

On the other hand, the social approach represented by the Social Issues Department emphasises the following elements:

- ▶ partnership-oriented (the City administration together with the residents and non-government organisations from the revitalised area undertake revitalising activities)

- ▶ subjective (while specifying areas for rehabilitation, besides objective criteria there should be taken into account also social criteria of exclusion – adopting the perspective of the excluded)

- ▶ endogenous (the level of neighbourhoods and natural urbanistic units as a target area for the rehabilitation policy)

During the discussions both approaches have been recognised as complementary, not as mutually exclusive. They should complement each other on the level of: (1) the City Rehabilitation Project and (2) concrete forms of cooperation of various organisational sections of the Municipal Office. The role of the Social Issues Department in developing the LRP (in cooperation with Big STÄDTEBAU) should be seen primarily in: (1) defining the criteria of rehabilitation (introducing subjective measures of exclusion and degradation), (2) specifying the areas for rehabilitation (assisting in marking the natural areas and neighbourhoods). The role of the Social Issues Department in rehabilitation activities carried out in the scale of the whole city should primarily consist in: (2) socialising the City Rehabilitation Project (propagating the idea among non-government organisations, organised groups of residents and social institutions), (2) preparing databases relating to the quality of residents' life (the Centre for Monitoring the Residents' Quality of Life), (3) institutionalisation of public-social partnership and public-private partnership (developing permanent forms / platforms of consulting rehabilitation projects and cooperating while implementing them as well as monitoring the said cooperation).

On 7 December 2007, during the conference summing up achievements of the CASE project in Krakow, discussion centred around the concept of the Rehabilitation Strategy as one of the instruments of a wider Strategy of Krakow's Cohesion which encompasses various social policies implemented by the Krakow Municipal Office. The concept, as it has been mentioned before, was developed on the basis of experiences drawn from the CASE project.

The participants of the meeting agreed that it was necessary to develop both project tools (strategic and operational documents), and organisational as well as institutional instruments (programmes, institutions, activities) that would ensure the fulfilment of the vision of Krakow as a civic city, presented in the Strategy of Krakow's Development. Without such instrumentation, it is impossible to coordinate various activities and to acquire authentic involvement of residents themselves. However, many barriers that make such an approach difficult were stressed.

Firstly, problems resulting from the organisational structure of the Municipal Office were brought to attention. It was pointed out that the Municipal Office was divided into a number of separate departments, which did not cooperate in important initiatives implemented by the Municipal Office. It was underlined that city councillors have a tendency to get involved in political conflicts instead of caring for the interests of the city treated as a whole. A representative of the Municipal Office complained



about residents' scarce knowledge of rehabilitation guidelines and objectives while a representative of one of auxiliary districts complained that residents were not consulted on many important issues. On the other hand, an expert urban planner claimed that priorities indicated by the European Union are not adjusted to the specificity of problems encountered in Central and Eastern Europe. As a result, the EU money goes elsewhere than it should – instead of financing deteriorated housing infrastructure especially in the historic buildings in the city centres, which in Western Europe were renovated in the 1970s and 1980s and in Eastern Europe have not been renovated as of yet, the money is allocated for post-industrial areas or other priorities which, in our part of the continent, do not pose a serious problem.

The discussion revealed different standpoints but also confirmed the conviction, shared by the participants, that some form of ongoing public debate there should be initiated on the city's rehabilitation strategy or the strategy of the city's cohesion, i.e. on arranging the way of coordinating scattered activities and initiatives in the scale of the whole city of Krakow.

### 3. ACTORS AND PHASES OF URBAN REHABILITATION POLICY DEVELOPMENT IN PÉCS SINCE 1989: FROM THE GRASSROOTS TO THE EU, AND BACK

#### a) Civil society for rehabilitation (1990-2001)

Similarly to the case of Krakow, it was local civil organisations that gave the initial impetus for reviving the former miners' district shaken by the closing of the mines that have dominated and developed the whole eastern part of Pécs since the early 19<sup>th</sup> century. Their activity dominated the first phase of thinking about the development options, the rehabilitation or the rehabilitation of the area. Some of these **local middle class civil organizations** of Pécs East originate from a – successful – protest movement against reintroducing coal mining in the area, while others carry on institutionalised fragments of the former intense social integration terrains connected to the mines: pensioners' clubs, professional associations but most importantly cultural associations which are essentially reincarnations of former miners' trade unions, with reassessed interest protection objectives. The main objective of civil organizations was to improve the district's image: to emphasize the potentials of the residential area in order to counterbalance the public perception/discourse focused on social problems and the ghettos present in the district. According to their assessment, the main development potential of the district is its beautiful natural environment, its location at the foot of the Mecsek Hills. The area, these civil initiatives argue, could become a middle class (inner) suburb, one of the green hearts of Pécs. Such a rehabilitation conception

would have to be based on the active involvement of real estate developers and would surely lead to the gentrification of vast residential areas in the district. Low status housing and the social groups residing in them would largely disappear (the latter would move to other segregating parts of the city or the region's villages where living conditions are similar to their current environment) and higher quality housing with middle class families would populate the district. Social urban rehabilitation obviously cannot result in a complete exchange of the local population since the prime objective of complex rehabilitation programs, as opposed to urban rehabilitation projects in general, is that the socially excluded neighbourhoods and their residents' living conditions and life chances are to be improved at the place where they live. That is to say, segregated districts are to be reintegrated into the urban fabric instead of being cut out (transferred to another place) and replaced with something totally different. In spite of that fact that the civil initiatives mainly concentrated on the option of rehabilitation, it seems that there is openness on their part to the idea of complex rehabilitation of the area as well. Civil activity was most intense around the end of the 1990s and during the first few years after 2000 – since then, interest/commitment has been almost fully exhausted as no rehabilitation or rehabilitation program development had been in sight until recently.

### **b) Local professionals for social urban rehabilitation (2001-2007)**

**Local professionals** (sociologists, social policy experts, community developers, urbanists, historians, etc.) have shown an academic interest in the area and its problems for some time, partly as a result of the above civil initiative, which included the organization of a two-day conference in 2001 where local professionals were asked to discuss both the problems but especially the development potentials of the district.<sup>5</sup> The concrete initiative to develop a rehabilitation program that focuses not only the physical rehabilitation of poor infrastructure but aims at the social revival of the area as well (i.e. at complex or social rehabilitation) was also put forth by local professionals. It was suggested that a project proposal for an EU Interreg IIIC grant would be submitted which would 1. build a European network and know-how bank on the topic, 2. involve a number of European cities where complex rehabilitation either has already been or is currently a challenge for urban policy and facilitate the exchange of experiences, 3. contribute to the formation of complex urban rehabilitation programs in the partner cities of Pécs, Krakow, Olomoucz, Komarno, and Arad, some of which were brought into the project by the academic connections of local professionals. Within the framework of the

<sup>5</sup> „Fókuszban a keleti városrész” [Pécs East in Focus]. Pécs, 2001. Transcript of the conference proceedings. Msc. The very fact that the planned publication of the proceedings was not accomplished is a sign of the exhaustion of civil energies, as discussed above. On the other hand, the fact that the msc. is in circulation among local professionals, who cite it in their academic work on civil society, is a sign of ongoing academic involvement with the district.

project „Cities against Social Exclusion”, lead by the municipality of Pécs, the building of a rehabilitation strategy for Pécs East has been under way since 2005. In the course of this, detailed analyses of the current infrastructural and social conditions have been prepared, partly based on years of field work by urban studies and sociology students and their professors. Even though CASE’s own declared ideology commits partners to the local community building model of urban rehabilitation, activities thus far have realized the expert model of urban rehabilitation. An important momentum of that has been the establishment of a Social Urban Rehabilitation Forum which brings together the various professions that can have a role in building and implementing a complex rehabilitation policy. Also, the efforts to realize CASE project’s objectives have kept project participants from academia, municipalities and the helping professions busy with project activities that have more or less separated us from the local community.

### **c) Municipality on the centre stage of urban development (2007-2013): urban revitalization in the framework of the program *European Capital of Culture – 2010* and social urban rehabilitation in Pécs East**

The **local municipality** as an organization had shown until now an interest in building a social rehabilitation strategy for Pécs East mainly in the form of commitment to the idea by **individual politicians** in leadership positions for whom supporting this cause has been part of their image. Thus the CASE project too mobilized mainly vice mayors but no leading officials from the municipal administration. One important form of institutionalized contribution by the municipality to social urban rehabilitation in Pécs East was that they accommodated a pilot project called „Borbála I”<sup>6</sup> that realized a small scale complex rehabilitation effort in one of the segregated areas of Pécs East.

Current **government regulations** on social urban rehabilitation created a peculiar situation in the city of Pécs due to its title as European Capital of Culture in 2010<sup>7</sup> and the urban development objectives associated with this title. The thrust of changes that the main cultural infrastructural investments (Concert Hall, Zsolnay Cultural Quarter, Knowledge Centre) will have, concern the city centre and result in its substantial expansion. The reason why these two seemingly independent challenges – social exclusion and segregation on the one hand, and large scale cultural projects on the other hand – became closely intertwined in the city of Pécs is that they cover the two main fields of urban development set out in the *New Hungary Development Plan 2007-2013*.<sup>8</sup>

<sup>6</sup> <http://borbala.pecs.hu>

<sup>7</sup> <http://www.pecs2010.hu/>

<sup>8</sup> [http://www.nfu.hu/the\\_new\\_hungary\\_development\\_plan](http://www.nfu.hu/the_new_hungary_development_plan). (28/11/2007)

**EU funds** earmarked by the Hungarian government for urban development in general can be accessed by municipalities by application to regional development councils, but under a national scheme of urban development which includes social urban rehabilitation as well. The scheme has been recently laid out in a manual (*Városrehabilitáció 2007-2013: Kézikönyv a városok számára 2007*) commissioned by the government and put together by Hungarian academic professionals with a broad knowledge about and some experience in urban rehabilitation programs. This manual assists municipalities in putting together their applications for urban development funds and is basically an adoption of the best practices of the EU's URBAN programs and transposes the most recent EU document on urban development policy, the Leipzig Charter on Sustainable European Cities of 24 May 2007.<sup>9</sup> Urban development between 2007 and 2013 has two main fields in Hungary: EU funds on the one hand are to strengthen the urban capacities that foster regional economic development, while on the other hand funds are supposed to assist urban social (re)integration. Both economic competitiveness and social integration objectives have to be included into an integrated urban development strategy and therefore fall under a similar set of requirements as to indicators, implementation methods (management, participation of stakeholders and the public at large), area based (district) action plans, etc. The major difference is obviously that of profit orientation: while urban revitalization that enhances economic activity and involves private funds (predominantly from the real estate business) has to consider profitability as a central objective, social urban rehabilitation in contrast is a non-profit endeavour (even if besides public – EU, national and municipal – funds, it relies partly on private capital in certain projects).

The rehabilitation of Pécs's city centre in the wake of the European Capital of Culture 2010 title serves the objective of providing a new economic engine, a cultural one, for the city, the South Transdanubian Region and to some extent even for the country as a whole. This is a great challenge for the municipality that could not be handled by the traditional departments of the city administration. Therefore a decision was made to establish an independent management agency in 2005, the Pécs 2010 Management Agency. Since then, however, the agency's construction, competency, leadership and staff have been in flux. Also, there have been uncertainties as to the feasibility of all of the planned cultural investments and as a result the area based rehabilitation program has been ambiguous too. In spite of all of this, due to the fact

<sup>9</sup> [http://www.eu2007.de/en/News/download\\_docs/Mai/0524-AN/075DokumentLeipzigCharta.pdf](http://www.eu2007.de/en/News/download_docs/Mai/0524-AN/075DokumentLeipzigCharta.pdf) (28/11/2007) Also cf. the background studies to this document which assess European best practices: „Proactive education and training policies on children and young people in deprived urban area”, „Sustainable Urban Transport and Deprived Urban Area”, „Strategies for upgrading the physical environment in deprived urban areas”, „Strengthening the Local Economy and the Local Labour Market in deprived Urban Areas.” [http://www.bbr.bund.de/cln\\_007/nn\\_26160/EN/ResearchConsultation/UrbanDevelopment/UrbanDevelopmentEurope/Publications/publications.html](http://www.bbr.bund.de/cln_007/nn_26160/EN/ResearchConsultation/UrbanDevelopment/UrbanDevelopmentEurope/Publications/publications.html) (28/11/2007)

that EU funds will have to be called in from the regional operational program of the *New Hungary Development Plan 2007-2013*, the municipality has no real alternative but to appoint the management agency in its current form to be an Urban Development Agency, as required by national regulation from all cities running rehabilitation or social rehabilitation programs. So to sum up, the rehabilitation of the city centre became an issue before the current regulations on urban development took effect, so now the development of area based social urban rehabilitation programs (mainly for Pécs East) and their implementation will have to be brought under the institutional framework of the Pécs 2010 Management Agency, established earlier essentially as a project company for a wholly different purpose, namely to run the Cultural Capital of Europe project.

At the time this article is written, all major elements of an urban development policy are under construction: the city assembly is about to discuss the Integrated Urban Development Strategy, outsourced to a consortium of global and national consulting firms, that includes area based action plans (at least objectives), among others, for 1. the rehabilitation of the city centre, 2. the social rehabilitation of Pécs East. Simultaneously, the Pécs 2010 Management Agency is being restructured once again, this time in order to serve as the Urban Development Agency of the city of Pécs. The participation of stakeholders and local citizens in this process is hardly noticeable, or where existent, has little effect. Thus the current phase of policy development, with the municipality and various groups of experts at the centre stage of events, realizes „hard” strategy at its most. However, declared commitments by all major actors in the current phase, such as municipality decision makers, management agency leaders, local professionals, as well as the requirements set forth in the manual „Urban Rehabilitation 2007-2013” and CASE project, all point in the direction of the „soft” or even the community building model for the concluding phase in the construction of development strategies, at least as far as the building of concrete rehabilitation projects are concerned. Realistically speaking however, one has to acknowledge that the thrust of strategy building is completed – applications for funds (EU and national) will have to be submitted within weeks. The proof of this pudding too will be in the eating, i.e. in how implementation will be carried out and to what extent results will be maintained in the long run. In light of experiences gained in this area so far, all of that is predicated upon local communities, including various social groups from businessmen and professionals, to school children and university students, civil organisations’ activists and residents of the ghettos, that is the citizens of Pécs writ large.

#### 4. CONCLUSIONS

Despite some substantial differences between the two cities we can observe a set of common features that characterise rehabilitation processes and, more generally, so-

cial policies not only in these two but also in other Central and Eastern Europe cities. In conclusion, we summarize these common traits:

A. The model of rehabilitation strategy suggested by CASE encounters many vital problems mostly due to the imbalance in the level of institutional development as well as staff and financial potential between administrative and civic sectors in the cities of Central and Eastern Europe.

B. Predominance of self-government administration results in orientation on hard, measurable rehabilitation strategies at the expense of soft, social ones. Municipal officers emphasise residents' scant interest in the city's problems but the scant interest results from a low degree of decentralisation of powers. What is more, changes in the administration itself, aimed at commercialisation of some aspects of the self-government administration operation, encourage its cooperation with commercial partners (contracts) rather than with dispersed social partners.

C. The political element is afraid of any forms of direct democracy and any „competitive” forms of citizens' participation. Councillors distrust the sector of non-government organisations. They treat non-government organisations as a rival in access to public financial means. This pushes local authorities towards commercial contractors rather than social actors. That is why, the principle of helpfulness stops at the level of self-government structures and it does not go down.

D. The administration is more willing to outsource professional services than to go through a laborious, complex and unrewarding process of consulting projects with residents. Municipal officers and representatives of the third sector are often afraid of residents, there are also some negative stereotypes due to both groups' inability to cooperate.

E. Another barrier is constituted by the legacy of modern management structures that reached the level of absurdity in communist times (professional separatisms): urban planners, architects, sociologists form professional circles which, instead of communicating and cooperating, struggle for influence in self-government ; apart from that, there are also divisions between sectors: urbanist rehabilitation becomes separated from the issues of social capital and civic society, and the latter become separated from socio-economic issues.