Towards balanced metropolitan housing markets: 
the role of government, planning policy and financial regulations

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Abstract

Balanced development of metropolitan housing markets can be defined as taking into consideration at the same 
time such different aspects as the sustainability of urban development, the affordability of housing and the social 
mix of different social groups. 
Under market conditions these aspects are usually weakening each other: sustainable housing is expensive and 
thus less affordable, housing schemes aiming at affordability usually create socio-spatial segregation, socially 
mixed neighbourhoods are rarely fulfilling strong criteria of sustainability, etc. 
Thus to achieve a positive combination of these three aspects requires strong interventions from the side of the 
public sector in each municipality, regarding planning policies and financial regulations. Taking broader urban 
areas (e.g. functional urban regions, metropolitan areas) into account the importance of cooperation-oriented 
multi-level government structures becomes obvious. 
The paper aims to give an overview about the differences in the strength of public sector institutional structures, 
planning policies and financial regulations in six European countries (UK, France, Germany, Netherlands, 
Poland, Slovenia). These countries have significantly different urban situations, government structures and 
policies. Thus the comparative analysis illustrates the variety of public sector approaches across Europe. The 
selected metropolitan areas from these countries are the study cases of the PLUREL (FP6) project.

Introduction. Different challenges of urban development and conflicting interactions 
between sectoral policies

European urban development poses a number of challenges towards the cities. These challenges are 
well known: climate-change and energy-problems, problems of the globalizing economy, 
demographic changes, increasing migration and sharpening social inequalities. The related experts 
rise different apocalyptic views about the future. For the time being the collapse of the normal 
functioning of the climate is considered to bring the most disastrous consequences. But experts on 
demographic development also threaten with unmanageable problems of the ageing societies and of 
the potential migrant flows, while sociologists paint very dark future with sharp societal conflicts as 
the consequences of growing inequalities between social and ethnic strata and/or different areas.

Parallel to the increase of knowledge how to address the urban challenges one-by-one also the 
recognition grows that the potential methods create conflicting interactions: the easiest answer on one 
of the problems usually makes things worse regarding the others.
‘Mixité’: an urban and housing issue?

The following are some illustrations on the interactions, conflictual outcomes.

Promising technical solutions against climate change are costly and threaten to financially crowd out the possibilities for interventions towards social cohesion, territorial balance, solidarity.

The present dominance of the climate change (and partly energy) topics has the danger that the needed interventions to avoid the forecasted climate catastrophe can crowd out all other considerations. Large and very costly technical interventions might stop the increase of global warming but there will be no financial means left to deal with the other problems, not even to the insufficient extent these are handled today. Added to that is a geographic controversy: as the majority of GHG emissions are coming from heavy industrial and agricultural areas and high consumption households (many of those not situated in cities), also the technical interventions will probably avoid the urban areas, where, on the other hand, the other types of problems are concentrated.

The usual efforts to strengthen economic competitiveness of a city might lead to increase in social inequalities and to decline in the life-chances of the low educated population.

Glynn, 2008 in her critical analysis on city-centre regeneration quotes Neil Smith: “real-estate development becomes a centre-piece of the cities productive economy, an end in itself, justified by appeals to jobs, taxes and tourism … a lot of wealth is created, and … so is exploitation, exclusion and growing wealth gap.” (ibid, p.165) Dundee city council aims to demolish two high-rise council houses in the city centre so that the valuable “… sites can be sold off to private developers, and the private houses that are built will contribute to make the re-branded city ‘a magnet for new talent’ … in the hope to make Dundee’s magnet stronger than those of all the other places with similar policies.” As a result “… Dundee is becoming an even more geographically divided and socially polarized city, with those on low incomes banished to the periphery.” (ibid, p.177)

Policies aiming at equalization of life chances through favouring disadvantaged areas or social groups might have negative environmental consequences.

The most disadvantaged areas are usually very much segregated, as well. In many cases such areas can be found in the periphery of the cities or even outside the city boarders, in deteriorated areas. Social policies, aiming to increase the life chances of the disadvantaged social groups living in these estates, have little chances to bring new developments and jobs into the peripheral locations. Thus no other choice remains as to “open up” these estates to the other, “opportunity” areas of the city by increasing the mobility chances of the people to reach the far-away jobs. The increasing demand for mobility, however, has negative impact on the environment.

Strong protection of un-built areas might lead to over-densification of already dense urban areas.

The Hague, similar to some other Dutch cities, wants 80% of new housing to be built inside the existing municipal boarders. This aim to protect green and blue areas outside the city leads to unwanted but logical consequences; the densification inside the city threatens the existence of already too scarce parks and sport areas, especially in the low income group areas. (Aalbers et al, 2008:102,106)

Towards developing integrated answers on complex challenges

It is not easy to find interventions which contribute to the mitigation of the problems/challenges in the least harmful way, i.e. causing no or only minimal negative effects regarding the other set of problems. The complex challenges have to be addressed by special, integrated interventions in order to minimize the conflicting interactions.

According to Jacquier (2008) integrated policies for sustainable development have to be based on three types of cooperation. The first type is the horizontal (territorial) cooperation between local areas and local authorities. The second type is the vertical cooperation (cooperation among various level, multilevel). The last type is the transversal cooperation (multisectoral). “This approach arose out of the dissemination of demands for sustainable development and the implementation of integrated
approaches for urban development when the time came to break off with a sectoral approach to the implementation of policies: sectorization of public policies (housing, town-planning, safety, social, education, culture, etc.), sectorization of services, agencies and bodies responsible for these activities. The horizontal-territorial aspect requires cooperation between the cities and their surrounding areas. The vertical aspect requires cooperation between such functional urban areas and the higher tiers of government (provincial, regional, national). The transversal aspect requires multisectoral cooperation, i.e. the integrated strategies for functional urban areas have to include housing.

It is without doubt that housing must be important part of the multi-sectoral approach, as housing affects all the important aspects of urban development:

- attractiveness, quality of life
- sustainability of development
- affordability (the access of weaker social groups to development opportunities)
- spatial balance of the social structure

**Attractivity (Quality of Life)**

Housing is one of the main aspects of ‘Quality of Life’, thus it is an essential condition for the improvement of the economic competitiveness of the whole metropolitan area. Without good quality housing supply no good quality workforce can be attracted. Moreover, housing also connects directly to economic functions (building industry).

**Sustainability of development**

The sustainability of urban development depends largely on the sustainability of housing. On the one hand the energy consumption and the CO2 emission of households depend on the way how the different housing forms are developed. On the other hand the spatial position of housing units is important: the harmonious development of residential and working places in functional urban areas is of crucial importance to avoid the increase of traffic demands.

**Affordability (the access of weaker social groups to development opportunities)**

In order to ensure the affordability of housing also to weaker social groups, many different public interventions can be used. The most direct tool is the provision of publicly owned, subsidized social housing units. The spatial distribution of such units, however, has to be carefully planned: affordable housing, if spatially concentrated (e.g. in form of large social housing estates) might lead to socio-spatial segregation and also to unsustainable travel-to-work patterns.

**Spatial balance of the social structure**

Similar people usually like to live close to each other, this is a normal behaviour of people. However, very often such spatial concentration of given social groups is the outcome of the lack of choice, due to the lack of money or the fact that ethnic-racial discrimination determines the functioning of the housing market. Such involuntary separation of social groups is called socio-spatial segregation, which should be avoided both on equity and on efficiency criteria. Especially concentrated poverty leads to high aggregated social costs.

From all this it is clear that residential locations largely influence the economic, environmental and social conditions in an area and they also influence the spatial allocation of wealth and poverty. Cooperation in housing policies between the settlements of functional urban areas might help to increase economic efficiency while avoiding urban sprawl and its non-wanted negative externalities, such as traffic congestions, air pollution, social segregation. In this way housing policy might efficiently contribute to the more efficient, sustainable, balanced and cohesive functioning of the metropolitan areas.
Public sector tools to steer housing markets

Metropolitan housing markets are shaped by market forces, within the limits of public interventions and regulations. There are different interventions and regulatory tools available for the public sector to influence the functioning of the housing market. The most important of these can be listed as follows:

- construction of public (social) housing
- public control over new private housing
- public support to the renovation of the existing housing stock
- public support on the demand side for housing
- public control over the spatial allocation of social groups
- public control over the land market
- public influence over economic and infrastructure development
- public influence over and regulation of transport development

The first four of these can be considered as direct tools for housing oriented public interventions, while the others are more indirect tools.

In the following these tools are discussed very briefly, limited only to some selected innovative ways of public interventions, which aim also to control for the secondary, external effects of the interventions.

Construction of public (social) housing

The most direct intervention into the functioning of the housing market is the building of public (social) housing by the state. This was very common in most countries after the war, while significantly reduced 2-3 decades later, when the quantitative housing shortage decreased. By the time the state withdrew from directly financing housing, the problems of the earlier interventions became clear: public housing (especially if built in spatially concentrated large housing estates) became dominated by the economically weaker social groups (in many cases with ethnic-migrant background), which lead to deterioration of public housing and the development of stigma.

In those countries where the construction of public housing is still (or again) on the agenda, the separated schemes are replaced by mixed models, where social housing is side by side with middle income schemes. In all such cases national policy is needed, including also the monitoring who gets the subsidies and to what extent are the results sustainable from all aspects. (Marcuse, 2009)

The new approach can be illustrated with a success story from Denver, USA. The local housing authority applied a sensible strategy in the urban area: instead of building large new social housing schemes they put together many small scale existing structures which were bought on auctions when foreclosing, followed by renovation of the units. The local municipality also introduced quotas for each neighbourhood to get affordable housing. The scattered acquisition of units and legislative initiative limiting the concentration of such units in any neighbourhoods prevents the development of the usual NIMBY feeling of residents against social housing (Galster, 2009a).

Public control over new private housing

From this very extensive topic here we only deal with one special aspect: how can the public sector influence private developers to contribute to the mitigation of social housing problems.

The basic tool is that in the case of new housing developments above a given size the developer is forced (through the building permission procedure) to provide a given percentage of affordable housing. The method is to prescribe by law the minimal share of social (affordable) housing in such new developments.

In France new housing developments have to include at least 20% social housing. Municipalities, which do not comply with this rule, have to pay a penalty to the regional level, which is then used to support social housing in other parts of the region. More affluent
settlements often chose this alternative, paying the penalty instead of allowing on their territory the development of social housing with the accompanying vulnerable groups and their social needs. Similar regulations are in force or under discussion in other countries – in the UK, for example, all new developments above 12 units have to include at least 25% affordable housing (in London this share is 50%).

It is remarkable that in the post-socialist countries, where public housing was dominant in the past, no similar regulations exist. In fact politicians would not even understand, how is it possible to force private developers to accept such rules. There are also examples in the US on similar regulations. In case of larger developments the developer is forced to provide a given percentage of affordable housing. Even design control exists in such cases to avoid that these houses differ from the privately owned houses. In some states the affordable housing units can only be occupied by the same family for 10 (in some cases for 30) years, then they have to leave, the profit is shared between the family and the developer, and the local authority has the right of first refusal. In New York at the end of the affordable period the rent goes up and the family has only to leave if not able to pay the higher rent. In California 103 cities have such programme. Usual formula: over 50 houses 15% affordable housing should be provided, if not, compensation has to be paid from which offsite such units could be built. Some 3.000 such units exist, while the waiting list is 18.000 – thus it is difficult to say it is success. Not the poorest but moderate income families can be helped in that way (Keating, 2009).

Public support to the renovation of the existing housing stock

There are huge differences across countries whether and to what extent the renovation of the existing private housing stock is supported by public means. Public failures, unwanted consequences of public interventions can easily be found also here, e.g. the gentrifying effect of concentrated subsidies (buildings renovated to a high standard usually ‘push out’ the poorer residents). Public subsidies to renovation are in many countries mainly given as part of area-based urban renewal programmes, despite the wide-spread negative territorial effects of such interventions. The NODUS (2010) programme aimed to explore the contradictions of such programmes and suggested a four-step method to create a better link between the supra-local spatial/strategic planning and the local area-based intervention activities of the public sector:

• exploring within the supra-local spatial/strategic planning process the different types of deprivation problems (residential, brownfields, heritage sites, etc) and determine the relative weight of these within the development strategy of the larger urban area
• identifying and selecting deprived areas, dependent on the aims of and the strategic plan towards urban renewal, based on territorial analysis across the larger urban area
• elaborating the content of the renewal interventions into the selected areas, through determining the weights of the two main types (people vs. area based) of interventions and exploring the potential links between the deprived areas and the opportunity-like development ideas of the spatial/strategic plans
• monitoring the external effects of the interventions into the deprived areas and determine the way how these effects could be handled on the regional level as part of the supra-local level spatial/strategic planning.

This four step approach includes all the stages which are needed to establish a strategically controlled urban regeneration system with area-based interventions.

Public support on the demand side for housing

With the withdrawal of direct state interventions on the supply side the importance of the demand side models (such as rent supplements, housing allowances) has increased. Although such models seem to be more acceptable within the framework of market oriented housing policies, also these subsidies have
limits. In many places supported persons do not find housing and this might lead to rent increase. Housing allowances (in the US vouchers) can be successful in weak housing markets, while in strong housing markets their effects remain limited as it is difficult to find housing with voucher. There are big debates among housing specialist about the rent control regimes (which also aim to support the demand for housing). Analysis of the New York case (the only city in US with rent control, provided that the vacancy rate is below 5%) shows that without rent control the city would have 1/4 less population, many lower income households could not afford to live in this city (Marcuse, 2009).

Public control over the land market

The public sector has a range of tools to steer the land development process (Tosics, forthcoming). The most direct intervention tool of the public sector is acquiring land ownership. The municipality can directly intervene into the land market by buying up land for future development purposes (land banking). If the share of the municipality among the different types of owners of developable land is high, than it can actively influence land prices and can also raise connected requirements towards those developers who buy the land for their developments from the municipality. This was the case, for example, in Vienna: the city could initiate large social housing construction on land bought up in the 1920s. Several countries across Europe, such as Netherlands, Sweden, Spain use active land banking strategies (Larsson, 2006:57).

Jorgensen et al (2007) give an overview about more indirect tools to manage urban growth. In the USA there are many local attempts to control the otherwise quite un-regulated urban development. Many of the American attempts can be summarized under the heading of “smart growth techniques” which aim to achieve more sustainable development through economic incentives and disincentives, rather than strict planning regulations. “Economic incentives comprise several instruments: development impact fees that internalise infrastructure costs via a fee on new development corresponding to the infrastructure services cost, transfer of development rights (TDR) from some areas to others in a sort of quota organisation, and tax reductions in areas that meet certain requirements (density, nearness to public transport) and direct support for denser and socially mixed neighbourhoods as well as for infill and revitalisation.”

Some special versions of smart growth techniques (applied in some especially innovative US cities) are the following:

- balance between jobs and homes: larger office developments are required to pay contribution to the fund of the city from which affordable housing is being built (Santa Monica)
- physical and social infrastructure requirements: as a result of new private developments (office, retail, housing) the level of public services should not decrease below a certain threshold – if this would be the case, the private developer has to contribute to the development of the public service or has to postpone the development (Boulder) until the public sector increases the level of service. Similar method is used in Palm Beach county: a plan about future road congestion is prepared and if the outcome shows significant deterioration, the private developer has a choice to contribute to road development or wait until the public sector is able to do this.

A special version of these techniques is that of Transit Oriented Development (TOD), addressing the relationship between transport infrastructure and urban development. “TOD implies that the link between urban development; functions; and public transportation is designed at the project level or through targeted policies.”

Among the European versions of the TOD approach the Dutch ABC-location principle and the idea of VINEX locations for residential development is well known. In Denmark the general principle of proximity to train stations is applied to the location of intensive land uses. The Montpellier SCOT plan defines different urban densities, with special regard to increased urban densification around new tram stops (as part of priority for urban renewal in a strip of 300 m along the tram lines).
European practices are very much concentrating on restricting urban growth through land use regulations that hinder or forbid urbanisation in certain parts of the urban fringe or the peri-urban areas. These strategies are thus connected very strongly to protection of land from urban development rather than attracting urban growth to the more densely built up areas.

In Montpellier a Green tax has to be paid by people building or buying new houses, in order to preserve green or blue areas. In Manchester 47% of land in the Greater Manchester area is protected in principle as green belt (no development possible), but exemptions exist (e.g. road developments). Recently a policy change is suggested from green belt towards ‘eco-belt’ in which eco-friendly activities should be enabled - UK planning moves from direct regulation and fixed zoning towards partnerships, spatial management and flexible frameworks. In Leipzig an Inter-communal land balance pool has been established in the Green Ring of Leipzig, to make use of the legal obligation for compensation in the process of land use change.

Regarding Manchester, according to the NW regional spatial strategy 60% of all housing has to be on brownfield land (in Greater Manchester this share is 80%).

It is an important lesson to be learnt from all these examples, that local growth management programs without a state-wide framework have negative consequences, such as regional traffic congestion, increased housing affordability problems, income segregation, etc. therefore growth management need to be practised at regional or state level. This observation is also valid for the more traditional planning tools, such as zoning: restrictive measures only have real effects if introduced for a sufficiently large area, otherwise the development power goes just outside the restricted area, causing even more trouble.

Public control over the spatial allocation of social groups

It is a relatively recent idea to increase the mixture of social groups in areas where the composition of the population is very one-sided. According to the “social mix” approach the most deprived areas cannot be improved with long-lasting results without a change in the local social structure, i.e. unless it becomes more mixed by replacing a part of the low status residents with new, higher status ones.

An American analysis shows that if the share of disadvantaged groups in a neighbourhood is below 20%, there is no effect, if the share is above 40%, social explosion occurs. On that basis one of the potential methods to increase social mix might be reducing the share of poor to 20% in all neighbourhoods where this share is above. These poor families are ‘parashuted’ to non-poor neighbourhoods, however, only up till an extent that they increase by no more than 5% the share of the poor there (Galster, 2009b).

According to Gebhardt (2010) the over-concentration of low-status groups, in combination with environmental, economic and social problems in disadvantaged areas leads to an additional level of stress and exclusion for the already marginalised population, which some scholars describe as ‘neighbourhood effects’ (Andersson - Musterd 2005:380-381). They argue that the stronger the concentration of disadvantaged people in an area becomes, the more socially homogenous the social networks of its inhabitants tend to be. As a consequence, norms that are not in line with mainstream society might be perpetuated and social ties that could provide access to information about certain opportunities such as jobs and houses (i.e. with middle class people) do hardly exist. This interpretation of social capital has become very influential in policy over the last years, although it is not uncontested (Blokland & Noordhoff 2008).”

Social mix policies can easily become too ‘fashionable’, applied without careful analysis of local circumstances and/or leaving important aspects out of consideration. In many cases large-scale demolition programmes are launched in lower status peripheral areas with reference to social mix policies but with little or no regard to the external effects and on other social consequences.
In Paris the ongoing large scale demolition in the banlieus have been heavily criticized by social analysts referring to the fact that there is a huge shortage of social housing. In Lyon the demolition of physically sound housing in large housing estates is combined with new construction of social housing in expensive inner city areas – the efficiency of using huge amount of public money in this way to create social mix can be debated. Large Dutch cities apply urban regeneration through the demolition of some of the worst old housing stock (that provide low cost public housing) and the creation of high-value new owner occupied housing, with the aim of attracting middle and higher income people back to the city. Critical analysts argue that by seeking to attract higher-income residents the real aim of these cities is to increase their tax base, which leads at the same time to unacceptable social consequences (i.e. displacement of the poor).

The growing popularity of social mix policies, however, comes up against the limits of integrated interventions in particularly deprived neighbourhoods. According to Dutch research results the idea of attracting the better-off to settle in disadvantaged neighbourhoods does not work. Another problem is that a long period of time is needed until real communication develops between the different social strata living in the same neighbourhood. Social mix ideas, if not applied carefully and in combination with other public interventions, might lead to gentrification, in sharp contradiction with the social goals of housing policy (Tosics, 2009).

According to Phillip Thompson’s remark (at the Planning and People Workshop, held in June 2009 in Haifa, Israel) social mixity can be considered by the poor as a new form of institutional intervention into their case. They do not want to move into high class neighbourhoods where they are immediately attacked and considered as problem families. On the other hand they do not want to stay in neighbourhoods with bad schools, and no hopes for social development. They are looking for something else, which is not on the list of the planners ideas …

While there are debates about social mix in all western countries, this topic is hardly mentioned in post-socialist countries. One of the reasons for this difference is the fact that in these countries large housing estates and deteriorated parts of inner city areas are not yet as segregated as in many of the western cities. There is also another reason, however. In post-socialist countries only very little social housing exists (the stock has been privatised, new social housing is not built), thus to find replacement flats for the most excluded is very difficult and integrating them into existing neighbourhoods is almost impossible, due to the strong exclusion tendencies in the majority population.

Public influence over economic and infrastructure development

If the strength of the higher – supra-local – administrative levels to steer economic development processes is weak (e.g. limited to drawing non-compulsory structural plans, regional economic development concepts), the real decisions to attract economic investors are taken at the local level. Local governments can decide about the level of local taxes and also about direct or indirect subsidies (e.g. in form of subsidies to infrastructure development) given to investors, in order to attract new developments to their territory. Agreements between the local governments and the investors might be kept secret referring to it as private business matter. In the lack of higher level regulations the municipalities do not even have to take into account the interests of the surrounding areas (whether the planned investment will cause any harm to other municipalities through increased traffic, pollution, etc). In extremely decentralized systems probably the only regulation to be taken into account is the EU competition legislation which forbids giving too much subsidies to investors which would distort the functioning of the free market.

In the national patterns of the development of infrastructure similar differences can be seen across Europe. Also here the most problematic from the perspective of sustainable development are the strongly decentralized systems with the almost total control of the local government over new infrastructure investments.
The sharp competition between local governments for economic development opportunities and for infrastructure development can be illustrated by the Ferihegy airport area near Budapest. The vicinity of the airport created large development opportunities which were further strengthened by the building of the M0 orbital motorway, supported by EU Structural Funds.

In Hungary the local governments are totally independent, having the full right to approve their own plans for development, including the re-zoning of parts of their territories from agricultural into development areas. In the last years, in connection with the development of the M0 motorway, the seven local governments nearby the airport made uncoordinated decisions to re-zone all together 2500 hectares into industrial, logistical area. This area is many times more than any realistic calculation of development demand. The lack of cooperation also shows in the separately prepared development plans of the affected seven municipalities: there are five sewage plants planned totally separately from each other. The competition between these municipalities resulted in rezoning decisions with no account on the real demand for development, on the existing infrastructure conditions and on the potentially disastrous environmental consequences (Tosics, forthcoming)

These examples show how important it is that decisions on the economic and infrastructure development processes be taken on higher, supra-local administrative levels in order to exclude the competition of local governments which usually leads to sub-optimal and sometimes unjust outcomes.

**Public influence over and regulation of transport development**

According to a recent summary on transport problems (European Commission, 2009) urban areas pose the main challenges to transport policies from both sustainability (CO$_2$ emission, air pollution) and competitiveness (congestion) viewpoints. Urban traffic and congestion is expected to grow as a consequence of increased urbanisation and urban sprawl. Cities may not be able to accommodate much larger volumes of private cars as infrastructure space to drive and park may be limited. Many cities might have to find radical ways of dealing with congestion.

From the European Commission report many important statements and suggestions can be derived regarding the future of transport, i.e. on the required direction of changes:

- Urban places are the main nodes in the transport system of larger areas. In these nodal points the links between the different transport providers (local and suburban vs. long distance transport providers) of different size and ownership have to be optimized. Coordination and multi-modality should enable the access to public transport and reduce the need to use the car to approach the urban core. Thus “co-modality” should be achieved in such a way that the share of private car use should decrease. i.e. steps towards modal shift should be done.

- Financial regulations, such as taxes, charges and emission trading systems should ensure the internalization of external costs of transport, while keep the free choice of users regarding transport modes. Only real prices, which fully reflect costs, can lead to economic efficiency.

- In the case of new developments (commercial, industrial, office, housing, etc.) above a certain size, the planning process should include as a compulsory element the preparation of a mobility audit, the results of which should be taken into account in the locational decisions, within the framework of strict land use policies.

- On the top of all these measures, in the most dense urban areas – besides the improvement of public transport services – the application of special mobility management tools, such as green zoning and urban road pricing should be considered. These measures should contribute to the behavioural change of transport users without decreasing the mobility options.

- Public authorities have an essential role in providing the planning, the funding and the regulatory framework for a complex system such as that of transport. They should also act as catalysts in city-region wide public transport associations.
The big challenge for the functional urban areas is to find the optimal way to connect the dominant transport modes, ranging from high-capacity fixed track rail-metro-tram systems through buses till the individual cars, to each other. Very different aims have to be achieved at the same time: avoid congestion in the dense urban areas, assure mobility options even in the low density areas while control for the sustainability of transport and the reduction of urban sprawl for the whole area. The good organization of transport across the functional urban area, based on public transport association for the denser urban areas and extended by good opportunities provided for changes between different transport modes (P+R, etc) can become one of the strong identity elements in the strengthening of the territorial RUR cooperation.

Different alternatives for the role of housing in integrated urban development

From the previous chapters it could be seen that the housing sector plays an important role in regard of all challenges/problems of urban development – through the different types of public interventions all these can be addressed to a given extent. With this large integrative potential it is an important issue to what extent housing is involved into the different types of coordination (horizontal, vertical, transversal) in the urban area.

In the following we analyse only good cases, when the integrative capacity of housing policies is systematically explored and used by the public sector. Unfortunately in many countries (especially in southern and eastern Europe) this is not at all the case, housing policies and practices are dominated by laissez faire considerations.

The following alternatives can be identified for the use of housing to create integration between the different aspects of development:

1. regulation of new housing in the city
2. regulation of the whole of the housing stock of the city
3. involving housing into the strategic planning process for the city
4. involving housing into the strategic planning for the metropolitan area.

In this chapter we discuss examples on these alternatives, only briefly mentioning the first three and concentrating on the fourth, which can be considered as the most comprehensive approach. Examples are taken from different European cities and are mainly for illustrative purposes. Thus the examples do not aim to fully describe the approach of the city, i.e. if the example shows housing as alone-standing policy for the city (alternatives 1 and 2), this does not exclude the option that the given city applies also strategic planning in which housing can play some role (alternatives 3 and 4).

Public interventions regarding new housing in the city

In this approach the city concentrates on new housing within the city limits. The strategy aims to achieve a balance between the economic, environmental and social aspects of new housing construction.

All the briefly mentioned examples below come from the SUITE project within the URBACT II programme. The examples (taken from the SUITE, 2011 publication and from Feigelfeld, 2011) concentrate on building new housing stock mainly from public means, in such a way that the integration of economic, environmental and social aspects be ensured. In most cases the examples refer to pilot projects which have to be considered as small (but rather innovative) part of the housing policy of the given city.

Santiago de Compostela (SP) aims providing lower earners with affordable housing to rent rather than as owner-occupied. This is intended to be tested as a pilot project on the basis of new construction. In order to ensure integrated development, the city ensures to the newly built easily accessible rental flats accompanying housing related social services. High environmental standards have been set as an additional aim of the new construction programme.
Nantes Métropole (FR), an administrative unit which stretches far beyond the city and which implements the common policy - including housing policy - of the whole agglomeration, is extending its already ambitious housing programme in order to cover the still existing great demand for affordable home ownership for young first-time buyers. This is intended to stop young households moving away from the agglomeration. The core is the testing of pilot projects in compact individual housing operations and the promotion of such developments in professional affordable home ownership workshops. The orientation of the chosen pilot project is towards densification, eco-construction principles, a greater mix in the types of housing and the connection to the numerous already existing social services related to housing. These guarantee attention to all sustainability criteria.

In its urgent search for affordable housing Rennes Métropole (FR), also an agglomeration administration of a newer kind, is aiming for a significant reduction in building costs and therefore experimenting with new building material, norms and variability. New housing is based on containers with innovative architecture. As in Nantes Métropole the target groups are young families of low-income buyers in first-time home-ownership. A prototype and a pilot project serve as the test object. Despite the aim of large cost reductions the programme also meets the demand for social and environmental sustainability in order to provide ‘integrated quality’. In Rennes Métropole great attention is paid to high environmental and energy-saving standards in the construction design as well as intended residents’ participation.

Public interventions regarding the whole housing stock of the city

This is a broader approach than the first one, insofar it aims to achieve the balance of the three key aspects of development through combined strategies, addressing the whole housing stock of the city. This means that besides new construction also the renovation of the existing housing and social aspects of housing policies are discussed.

Below again some illustrative examples from the SUITE project, based on SUITE, 2011 and on Feigelfeld, 2011.

Hamburg (DE) is very much concerned with the negative effects of gentrification. The city is testing how far models for ‘community building projects’ (based on special funding frameworks) can be an efficient tool in the development of balanced neighbourhoods. The building communities model is able to integrate all three important aspects (economic efficiency, sustainability, inclusion), as it provides affordable housing through a creative combination of various financing models, controls the social mix of the residents and provides high environmental standards in the course of the refurbishment of existing housing and the new construction process.

The City of Iasi (RO) is developing a comprehensive housing programme with the aim of reducing the high social housing demand through extending the supply of social housing, targeted purchasing of building land, extending benefits and supporting services for especially affected groups such as the homeless and Roma. An overarching housing policy is developed, including besides new construction also rental and home ownership assistance and preservation of existing affordable housing.

The City of Krakow (PL) has the ambitious aim of tackling several urgent tasks at the same time with the formulation of a new housing policy concept: facilitating social integration through support for residents, publicity campaigns for better acceptance of social housing construction by neighbourhoods, image building and a more efficient housing and benefits distribution system with the emphasis on measures which can be applied short-term and economically.

Local housing policy as part of strategic planning for the city

In this alternative housing gets even bigger role: it becomes part of city-wide strategic planning. This means that not only the different parts of housing policy are coordinated with each other but housing is also included into the cross-sectoral strategic planning process.
One example for such an approach can be found in District 8 of Budapest. (Though this example does not cover the whole of the city, the districts are politically strong local governments, to a given extent ‘cities in the city’.) A strategic document has been prepared analyzing the different parts of the district, identifying the most deteriorated areas. Then a complex housing policy strategy has been developed, suggesting the involvement of private capital into the gentrification-oriented rebuilding of one part of the district, counterbalanced by social renewal of another dilapidated area.

Amsterdam has a well established Long Term Development Programme (NODUS, 2011; Beveren – Beemster, 2009). This and the national level Urban Renewal Act (and the accompanying Urban renewal Investment Budget, based on a contract between the national and local level) constitute the background to the ambitious urban renewal programme of the city. Urban renewal is a component of city policy and, as such, forms the actual physical cornerstone. All elements of the urban renewal programme, as well as other housing related programmes are in close connection to the strategic programme. A special innovation is the agreement between the city and two of the housing associations, regarding two VINEX projects in Ijburg és Biljmer. In these two pilot projects (appr value 1 bn eur) demand-lead community development methods are applied – the housing associations work together with small groups of residents and shop owners.

Housing policy as part of strategic planning for the metropolitan area

This is the most comprehensive understanding of the potentially integrating functions of housing. The cross-sectoral strategic planning process is extended beyond the city borders, thus also housing policy considerations cover the functional urban area, as part of a supra-local planning and governance scheme.

About the terms of functional urban area, city regions, metropolitan area, and the development of the ideas behind the terms see e.g. Tosics, 2007.

European countries apply different models where to put decision making power in housing issues. In the majority of countries housing matters belong to the exclusive rights of local municipalities. In some countries, however, housing matters are transferred totally or partly to a supra-local level. The UK and Netherlands are just two examples where decisions about the number of units to be built are taken “above” the municipalities (the UK might soon terminate this practice). In this model interesting contradictions have to be solved. In the Netherlands, for example, “housing” is the task of the city-region, regarding production and allocation, while to set up visions for the future is the task of municipalities. These aspects, however, are difficult to separate in this way therefore the city-region starts informal discussions on housing visions of the future, in which all municipalities participate. Another potential way to influence the housing market is to issue compulsory guidelines about the spatial allocation of new housing construction. In some UK regions there are (were…?) ordinances about the minimal share of new housing to be built on brownfield land, in the Netherlands for the share to be built within the existing boarders of developable land of municipalities. In France there is an attempt to link housing development plans to the areas where public transport infrastructure is being developed.

The French ‘urban communities’

One of the concrete examples for the newly created metropolitan level in Europe is that of the French ‘communauté urbaine’. Such organizations were created by the French Parliament in 1966 as compulsory settlement associations, with a formal administrative status, a specific type of local authority called EPCI (acronym for Public authority for inter-municipality co-operation). Originally

1 See more details [www.rev8.hu](http://www.rev8.hu)
there were only four (around Bordeaux, Lille, Lyon and Strasbourg), later others were also created. The purpose of the urban communities was to achieve cooperation and joint administration and investment between large cities and their independent suburbs. This step often followed failed attempts to merge the communes within a metropolitan area. The status of the urban communities was modified by the Chevènement Law of 1999. The emphasis changed from top-down compulsory creation of settlement associations to a framework-legislation: if municipalities agree under given conditions to form an association, then this association has to fulfil obligations by the law while getting some additional financial resources for development. At the beginning of 2009 there were 16 urban communities in France with a combined population of 7.5 million inhabitants. All urban areas in France with more than half a million inhabitants became urban communities, except for Paris. As the French local government system is the most fragmented in Europe, the created settlement associations are sometimes closer to the morphological area than to any broader meaning of metropolitan areas. Thus they do not necessarily cover the functional urban area where the most serious externalities of metropolitan development emerge and are smaller than what may more commonly be understood as metropolitan areas. Even so, the method is remarkable, especially due to the following factors.

- On the level of the urban community a Council is formed, consisting of delegated members from all municipalities (in the case of Lille 85). The council makes decisions in a similar way to municipalities and some important functions are compulsorily transferred to that level.
- As a step towards indirect democracy (democratizing the delegated system), communal councillors will be identified on the basis of direct elections, as people during normal elections have to identify which one candidate they want to see as representing the municipality in the urban community.
- It was a very important step some years ago that the local business tax has been equalized among settlements of the association by law, putting an end to the much criticized tax competition.

The Lille urban community was established by compulsory law. Economic development and housing are functions on urban community level and also the Agenda 21 process. Planning tools and obligations were put on the urban community level, which got the right to establish SCoT (new master plans). In the ten years discussion (!) of this plan also the rural areas were included. Recently a non-compulsory document, the territorial contract is under discussion. Important points of this are that urban community wide planning should not replace the local government decision making. On the other hand, localities should not only think about themselves. Despite the integration efforts, even in the urban community model the common values of urban development are difficult to reach. Transport planning was from the beginning part of urban planning, connected to the SCoT. This means that the better and more integrated public transport obviously created better opportunities to leave the city centres towards the more appealing rural areas. In order to counterbalance this, the SCOT aims for the sustainable refurbishment of brown field urban areas, making these attractive instead of green-field rural areas. However, the urban community does not have strong control over housing development plans of the rural communities, small municipalities are difficult to stop to build new housing (especially if this is social housing, which has to reach 20% in each municipality).

**Leipzig: connecting cross-border areas through planning**

The functional urban area of Leipzig and Halle is cut by the border of two states, Sachsen and Sachsen-Anhalt (Bauer et al, 2010). This made the post-reunification development of public policies even more difficult. Private development without regional planning in the first 5 years after reunification proved to be disaster. Large and territorially uncontrolled subsidies given for green-field developments (retail, industry, housing in peri-urban areas) has led to fast urban sprawl, some communities grew suddenly from 500 to 5000 without the necessary infrastructure. Since the middle of the 1990s spatial planning has been strengthened and the Saxon Metropolitan Area (Dresden-Leipzig-Halle) has been established. The hierarchy of centers around Leipzig has been
established. ‘Green Ring Leipzig’ voluntary association has been formed by 13 municipalities for joint coordination and alignment of regional development, with the main aim to preserve cultural landscape and biodiversity while highlight the values and attractiveness of the area.

New strategies have been designed against sprawl, based on the rehabilitation of the inner city while designating the urban fringe for recreation, concentrating development to existing land uses in peri-urban areas. The New Leipzig Lakeland idea has been developed, 90 new lakes, 190 sqkm, ready by 2050, connected to Leipzig city centre by waterways.

In the opinion of the local politicians Greenland was a positive idea from 1996 which attracted neighbouring municipalities to cooperate. Lakeland became an even bigger idea, turning the whole area into something qualitatively different. The cooperation which started in landscape planning turned into cooperation regarding industrial development: small municipalities joined their efforts to offer place for large new industries (Porsche, TNT, DHL) around the airport.

In the Leipzig case strong regional planning was the initial step of key importance. This was extended by voluntary cooperation first in landscape planning, later expanding to other, more difficult areas of development. The result is increased readiness for shared land-use planning to respond demographic changes, applying coordinated mix of instruments for urban-rural linkages.

The difficulties to strengthen multi-level governance across the state borders are still substantial. Some results, however, can be achieved through development strategies which get funding and require voluntary cooperation. Housing is part of the coordination efforts, though being one of the weak elements.

Helsinki – voluntary metropolitan area cooperation, followed by national government initiated integrated development

Finland has no regional tier of government. On the other hand, in the last years many innovative developments are going on, especially in the largest urban area, around the capital city.

In the Helsinki area, municipalities have joined forces to form their own political and administrative arrangements as needed for developing and managing the metropolitan area. The Helsinki Metropolitan Area Advisory Board is a cooperation body of leading elected politicians of the four cities (Helsinki, Espoo, Vantaa and Kauniainen) in the Capital Region of Finland. Items on the agenda are prepared at mayors’ meetings. The Advisory Board has meetings monthly.

The activities of the Advisory Board are based on a cooperation agreement, a common vision and a joint strategy. The Advisory Board deals with issues concerning strategic cooperation and steering of the most important joint municipal organisations. The main pillars of the strategy are common welfare services, international competitiveness, land use, housing and transport. The activities of the Advisory Board are based on decisions made by the City Councils of the cities involved.

Within the metropolitan area and for the wider Helsinki Region, which includes up to 10 additional municipalities, a number of joint agencies have been established for organising or coordinating strategic issues, such as transport, environment, economic development, hospitals and land use structures.

Around 2007 the Greater Helsinki Vision: Metroscape Helsinki 2057 has been developed. The question is, how to design a sustainable region in a dynamically developing urban area? Helsinki has currently 1.3 million inhabitants. This number is expected to increase to above 2 million by 2050. The city wanted a new vision, to avoid the usual problems of the 50% population increase.

The present urban structure consists of a densely built inner city and many smaller peripheral parts in wooden areas. The basic idea is to find for Helsinki a new type of metropolis, “smart champion”, i.e. the prototype of a sustainable and liveable small metropolis. There is no lack of area around the (which is surrounded by large forests). Balance, sustainability, diversity, flexibility – these are the four basic principles of development. A deconcentrated plan is aimed for, new neighbourhoods along the main roads. Liveable small center areas (30 km/h traffic speed) will be constructed, surrounded by green areas, based on their own energy systems. The key is to develop a multi-modal transport system, connecting well all these small urban places to the transport hubs.

Since 2007 also a new national initiative is observable: a new Finnish Metropolitan Policy. The growing Helsinki region changed from monocultural (1% foreigners in 1960) to multicultural (8%
recently, 20% by 2030!) Finland has special policy for Helsinki Metropolitan Area since 4 years, concentrating on metro-specific and cross-sectoral problems. The policy has three innovative elements, which are introduced as agreements between the national and the local level:

- Speeding up the development of new housing: in 2007 agreement between 14 municipalities and 2 ministries have been signed to speed up new construction of social housing.
- 2009: employment increase program
- 2008: letter of intent for reduction of long term homelessness

In the agreements there are clear quantitative targets fixed for each city, showing clear political will on the national level. Financial incentives are offered which are contract-wise connected to clear targets which can be monitored. Evidence base is well developed.

The new Finnish Metropolitan Policy means a strong central government involvement in order to achieve success in the largest metropolitan area, helping to mitigate the problems of growth. It is an innovative approach to create agreements between the central government and all local municipalities of the metropolitan area about growth goals and their fulfilment. These agreements are called „letters of intent“ and are some sort of contracts in their appearance (short, concise, focused, stating clearly the roles and responsibilities, etc.). However, there is no juridical validity behind the agreements; they only tell about the will, the intent, to perform. There are already some examples that some municipalities behave as free riders, as they do not invest into social housing, despite the signed agreement. For the moment the letter of intent concerning reducing homelessness is the only one that includes also all the necessary economic resources (i.e. financial support for the building projects and for the salaries of the caring staff in the new buildings). Here the only “sanction” is, that if the municipality is not building anything, it will not get the support.

Montpellier: voluntary settlement association with strong planning and governance functions

Montpellier is one of the best examples for the involvement of housing into functional area wide strategic planning. The following summary of this case is based on Jarrige, et all (2011).

Due to the attractiveness of the Mediterranean coastal region, Montpellier has a positive migration balance and population keeps on growing in the city-region. Urban sprawl caused deep changes in peri-urban landscapes during last decades, with individual housing plots spreading around all villages. These driving forces led to socio-spatial segregation, uncoordinated development and changing peri-urban landscapes – with an increasing per capita rate of space consumption.

France was historically characterized by a highly centralized power, but during last decades a decentralized territorial administration has been set up. In 1981-82, the first decentralization laws implemented the devolution of administrative competences from central state to local governments. Municipalities got the right to deliver legal agreement for development applications (development and land planning); and the choice to belong to one or several inter-municipal cooperation establishments (EPCI).

In 1999, a new law has been enforced to promote and simplify inter-municipal cooperation: three main types of EPCI have been defined (according to population threshold) with financial incentive to promote the creation of these new EPCI:

- Communauté urbaine: urban areas above 500.000 population
- Communauté d’agglomération: urban areas above 250.000 population
- Communauté de communes: urban areas below 250.000 population and non urban areas

Municipalities may decide themselves which municipal association they join to. However, each municipality might belong to only one association and the formation of associations is controlled by the prefect (state representative), in order to avoid direct political aspects in the composition of associations. The municipal association are lead by the council, consisting of the mayors of the municipalities.

It can be seen that the regulation is based on voluntary decisions, however, i fan association is created, it must comply given rules introduced by law.
The unfortunate trends in the development of the Montpellier area started to change with the creation of a new local authority, Montpellier Agglomeration, at the end of 2001. This local government, gathering 31 municipalities with more than 400,000 inhabitants, is in charge of several major public policies. Among these public policies formerly implemented by municipalities are: spatial planning (at regional scale), collective transport, water management and housing policy. The creation of Montpellier Agglomeration brought about deep changes in local governance and planning practices. With the law of urban solidarity and renewal (2001) important changes occurred also regarding urban planning. At local level a local urbanism plan (PLU) must be established by each municipality above 2500 inhabitants. Zoning different types of development or non development areas is not enough any more since, a “sustainable development project” (PADD) must explain the political background that justifies spatial planning design and development choices for the next decade in the municipality, according to demographic trends, housing and infrastructure needs, economic activities and jobs creation.

This law also introduced spatial planning at regional scale. It became statutory requirement to draw a territorial coherence scheme (SCoT) at regional scale in all city-regions. Like PLU, SCoT has to include both spatial planning design and political justification (PADD). Other planning documents – such as PDU (Plan of Urban Mobility), PLH (Local Housing Plan) – are combined with the SCoT to draw and implement urban design policies at the scale of functional urban regions. SCoT and PLU should be compatible and participative methods are also supposed to be implemented in local planning process.

In urban planning policy at local level, state officers play a role of advice: they give the state position regarding environmental issues in the diagnosis of urban plan. The other role of state officers is the (ex post) legality control of decisions made by local elected. Except concerning some issues of national interest (protection of the seaside, management of the region Ile de France), all decisions on urban planning, management of urban fringes, etc… are made locally, in respect of the national law.

In the Montpellier Agglomeration local governance and planning practices changed considerably. Sharing the power of decision in the community council was a disputed issue: with nearly 250,000 inhabitants, Montpellier city representatives had a 50% vote power, which made the other municipalities afraid that the community policy agenda will be dominated by the central city. This ended in a local political conflict: 7 surrounding municipalities left Montpellier Agglomération, which thus decreased to the size of 31 communes in 2005. Some economic disputes at the creation of Montpellier Agglomération also took place about tax sharing, with new forms of competition among municipalities according to gains and costs of the association regarding economic activities and infrastructures. The question was, what will be the territorial solidarity among members of Montpellier Agglomération?

The SCoT has been drawn up from 2002 to the end of 2005 and different experts contributed to the diagnosis and to the final planning scheme. Different state officers were also associated, with an advisory role. After the legal “public utility enquiry”, the SCoT was approved by the Community council in 2006. It sets the main planning orientations in Montpellier Agglomération for the next 15 years. As Montpellier Agglomération only associates 31 communes, it does not cover the whole territory of the functional urban area (93 municipalities in the east of Département de l’Hérault). It has to be noticed that also other inter-communal associations have been established in the functional urban area of Montpellier, and that their planning schemes are on process, but with low inter-SCoT coordination.

A key issue in inter-municipal cooperation for regional planning is the connection between regional and local planning. This goes through the legal compliance (conformity) between the SCoT at regional scale and the PLU (local urbanism plan) at municipal scale. All municipalities of Montpellier Agglomération should make sure their PLU is in legal compliance with the SCoT. Apart from these formal aspects about official planning documents, the way they are drawn and implemented might also be good indicators of how inter-municipal cooperation works in Montpellier Agglomération. In order to help municipalities having their new urban extensions realized following the objectives – and the
One of the main orientations of Montpellier Agglomération SCoT is to stop urban sprawl. This goes through urban renewal, urban intensification, protection of open space and the management of periurban fringes. Among the most important planning tools is the one regulating density of housing according to the level of public transport. Three minimum levels of housing density for new urban extensions have been defined (50 housing units/ha, 30 housing units/ha, 20 housing units/ha), according to local environment and the quality of public transport accessibility. The better is the accessibility, the higher housing intensity is allowed. According to the 2005 plan the projected 100 thousand population increase (within 15 years) will be accommodated in 40 thousand new flats, of which half will be built in the city and the other half in the surrounding 30 municipalities.

This precise zoning in the SCoT gives an overview on possible future urban developments for 15 years in Montpellier Agglomération. The whole land consumption - as planned in the SCoT - during this period should not exceed 3,000 ha. This represents a great progress compared to the sprawling trend of last decades. Earliest forecasts, at the beginning of the SCoT process, were at least of 6,000 ha required for development needs for the same period. This new planning strategy implemented by Montpellier Agglomération should stop the on-going defacement of landscape.

Montpellier Agglomération succeeded in completing its SCoT very fast (less than 4 years). As first inter-municipality planning document for the city region and one of the first SCoT in France, it is acknowledged as innovative and meaningful in the field of regional planning. The fact that Montpellier Agglomération’s SCoT has been unanimously approved by the community council shows that political agreement has been achieved among local elected. Notwithstanding that, preliminary to the construction of the consensus, there has been hard bargaining negotiations to make the mayors to accept the constraints of the SCoT – naturally all of them argued that they needed housing and other development objects for “their” young households.

Some municipalities adopted new planning decisions in a rush before the SCoT process started, to make sure their local objectives would be taken into account. Others are now carrying out a posteriori adjustments, if necessary, so that their PLU be compatible with the SCoT. Whatever the case, most conflicting - or potentially conflicting - issues have been dealt with and solved in political negotiations during the development of the SCoT. Most of the time, the local mayors have understood the orientations of the SCoT and are willing to implement these in their local development projects. Thus the development activities of the 31 settlements are subordinated to the forward looking strategic plan, taking all aspects of integrated development (especially public transport) into account.

In the process of the elaboration of the SCoT tremendous progress has been achieved in terms of territorial development vision and understanding. Elected politicians, especially those of small municipalities of less than 1,000 inhabitants started to think as members of a city-region of more than 400,000 inhabitants. The regional planning process thus appears to be also a learning process as well as a tool to build common knowledge and a common vision for the territorial governance of Montpellier city-region. Regarding all these achievements it is especially to regret the very suboptimal size of Montpellier Agglomération, which is with 31 municipalities much smaller than the functional area of the city-region (93 municipalities).

The innovative character of the new municipal associations and the related new planning tools can be illustrated by the fact that all urban areas above 500,000 population have established their municipal associations.
Summary and conclusions

To achieve integrated approach the metropolitan (city-region) level is important

The paper suggests some basic principles for larger urban areas how to develop integrated sustainable development strategy, addressing the economic, environmental and social problems alike. The basic contextual points of the new framework could be as follows (Evans, 2009):

• urban containment and densification is unavoidable (not the compact city is the only model but keeping growth in dense areas is important)
• integrated territorial policy approaches are needed, involving all three (horizontal, vertical, transversal) types of integration
• political contracts are needed, based upon territory, involving all the important stakeholders (associations, SSE-s, …)
• effective government structures and governance processes are needed to deliver the above.

Thus instead of cities whole functional areas should be the basic units of work. The city-region wide procedures should aim to develop a fresh look about the problems and opportunities of the whole area.

As part of that very different interventions are needed, e.g. the most deprived neighbourhoods should get budget for integrated development (neighbourhood budgeting), the environmental problems should be addressed by locally relevant solutions including local people and material, the economic base should be improved by helping SSE organizations. It is crucial that the consequences of all such interventions be monitored from the functional area level, to be able to discover and handle the external effects of interventions.

Consequently, the city-region level has a key role to play: instead of simply applying global ideas and/or pre-defined indicators, the governance system of the functional urban area has to identify and understand the local problems and set up the strategy to handle the problems, with the help of locally developed solutions, ensuring the integrated approach and involving the local stakeholders. At the same time the city-region level is also important to minimize the area (spillover, external) effects.

All these tasks would need a strong government on the functional urban area level. The reality is far from that, the development of integrated policies in the city-regions is all over Europe quite difficult. Both top-down efforts and bottom-up initiatives are needed to ‘build up’ the needed financial and regulatory functions of the city-regions.

There are, of course, many problems which can not be solved by city-region level strategies (some aspects of climate change, the problems of lagging behind regions…). Thus there is need for national and international steering, which, however, has also to take into account that interventions are becoming much more efficient and are causing less conflicts when the city-region governance is involved into the decisions about the use of the money.

Housing must be part of integrated strategies on metropolitan level

Housing addresses directly or indirectly all aspects of development which have to be approached in integrated way in functional urban areas.

Housing can be used in different ways for the integration of the economic, environmental and social aspects of development. The four alternatives analysed in the last chapter were ordered according to the complexity of the approach, from the simplest (create integration only in the spectrum of new housing built within the city) up till the most complex one: planning housing on the city-region level in cross-sectoral way, i.e. as part of strategic planning for the functional urban area.

The last approach seems to be very difficult to achieve as it requires cooperation across territories, government levels and sectors of municipal governance. On the other hand it offers more flexibility: if an integrated plan for the functional urban area exists, the balance between the economic, environmental and social aspects of development has to be ensured for the whole area and does not have to be any more required on the level of each small area or construction projects.
This is an important point as to ensure the equal weight of the three aspects in all projects is simply impossible. Two examples form Budapest:

- a significant part of the Józsefváros district is a very dilapidated area. To achieve any change strong involvement of private investors is needed, giving up most of the social requirement. On the other hand this type of gentrification can be balanced by a social housing project in a nearby area of the district.
- to save the urban heritage of the Jewish district in Budapest poses similar requirement for the involvement of private capital (especially as the public purse is empty), thus it can not be made exclusively on social basis. Also in this case balancing social actions are needed in nearby areas.

These examples urge for a strategy at least on the level of the district, ensuring the balance of the three aspects (balancing the necessarily gentrifying interventions with projects aimed at social and environmental outcomes). Of course it would be better to have such a strategy for the whole of Budapest and even better on the level of the functional urban area.

*Integrated strategies must be developed in multi-level governance frameworks and in participatory ways*

To achieve the integration of the three types (horizontal, vertical and transversal) of cooperation is impossible only in bottom-up way. Higher levels of government, especially the national government, have crucial role to play with the creation of framework conditions that such integrated strategies develop. At least the following seem to be needed:

- to design appropriate national strategies for the most burning housing issues. These might be quite different, reflecting the housing situation in the given country. For example the German and the Hungarian strategies for the renewal of large housing estates are quite different (German: demolition and quality enhancing renewal, Hungarian: broad and less deep energy aimed renewal).
- to establish a multi-level framework regulation in the housing sector, within which housing responsibilities on supra-local level are clearly defined. For example the distribution of new housing construction, the social benefit systems, the planning issues – how and on which level of administration the green-field is protected and brownfield is supported – can be regulated on supra-local level (see UK, Netherlands, France, etc.).

Although housing and strategic planning are clearly in national competence, the EU can also help to foster the development of integrated planning on city-region level (Tosics, 2011). For example in the regulation of the Structural Funds methodological suggestion could be made to prioritize plans developed on functional area level. There are already examples that such ideas may become conditions for the allocation of Structural Funds (see the Hungarian Integrated Urban Development Program or the Romanian Growth Pole program).

The city-region level integrated policies are not easy to develop and can not be effective in a top-down system. In the most suitable way the population should be involved into the development of an integrated sustainable development strategy, addressing the economic, environmental and social problems alike.

“Taking steps towards sustainability and more integrated urban policy is and should be a sign of political will. It needs the involvement of citizens, of the civil society of NGO’s and the business community. This is the only way to find new balances, to bridge conflicting interests and to overcome the obstacles of too much silo thinking, isolated sectoral policies and lobbying of sectoral interests. To achieve that we … need to focus on procedures, ways of working together, cooperation, dialogue, finding a common language, struggle to find new balances, stimulate counter failing powers and increase the sense of urgency.” (Dijken, 2009)
“... sustainability is not only a combination of economic, social and ecological objectives, criteria and indicators. But also a ‘process’ of all actors involved. A process with elements of learning, experimentation, exchange of knowledge and discovering new instruments,” Dijken, 2009

According to this new approach to achieve the necessary strong political will for sustainability and integrated urban development, the involvement of citizens, the civil society and the business sector (plus the horizontal, vertical and transversal cooperation within the public sector) is needed. Cooperation processes have to be developed based on learning and open exchange of knowledge. Effective learning is needed (more than simple discussing vaguely described good practices in an Open Method of Coordination system), based on smart description of the useful process elements and stimulating the participation of the business sector and civil society.

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