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FINAL REPORT

TECHNICAL ASSISTANCE TO LOCAL SELF-GOVERNMENTS

FOR

FACILITATING PRIVATE DEVELOPMENT

IN KECSKEMET, HUNGARY

Prepared for:

U.S.A.I.D. REGIONAL OFFICE FOR EASTERN EUROPE

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EXECUTIVE SUMMARY

- * Briefly, the Consultants responsibility was to "systematically address the local government's role in the urban planning and housing process".
- * The Consultants studied the current system and developed an understanding of the strengths and weaknesses of the system in the context of Hungarian local government.
- * The Consultants found that the governmental permitting processes created few, if any, obstacles in the path of the expansion of private housing development. The major obstacle was in the extremely high interest rates prevailing in the country.
- * The current state of flux and transition in Hungary creates political, philosophical, and, of course, financial obstacles much more significant than any produced by governmental processes.

Findings

- * Kecskemet has not yet found a sense of direction and settled on long-term policies for its future. The Consultants assisted in an initial effort toward that goal.
- * Staff leadership is still largely exercised by long-term employees who have not demonstrated the ability to adjust quickly and creatively to the new potential reality. In all fairness, it must be pointed out that the legislative body (Assembly), with its overwhelmingly party political orientation, discourages creative thinking.
- * The City's recently updated General Plan for the urban area was prepared without community input and environmental consideration. It lacks vision, specific elements, such as housing, environmental protection, and implementation.

- * The City's staff is largely administrative and would be hard pressed to undertake substantive technical work or manage consultants effectively.
- * National funding sources have dried up and the City has chosen to initiate only very limited, and somewhat counterproductive property taxes.
- * National and international political and economic issues overshadow many of the local determinations.

Recommendations

- * The City should review its existing legislative and administrative structure to determine how that structure impacts its decision-making process.
- * On the basis of that review, the City should institute appropriate organizational and staffing changes which would enable it to compete effectively in a market oriented Western environment.
- * The City should review the initial goals and formally establish an agreed upon set of such goals to provide guidance to its committees and staff in their ongoing work.
- * The City should inventory all its real property assets so that these can be effectively managed, maintained, operated and disposed of, as needed.
- * The City should consciously and deliberately encourage and stimulate participation by its citizens at all levels of its activities.
- * The City should integrate environmental considerations in all future development project reviews, and begin, as soon as economically and technically feasible, to mitigate the worst of the existing occurrences of pollution.
- * The City should take an active role in the governance of its region, regardless of the currently existing jurisdictional framework. This will require that Kocskemet assume leadership in creating a structure for regional cooperation.

- * The City should investigate innovative methods of real property taxation, and in order not to overburden the local taxpayer, should cooperate with other cities and associations of cities in a review of the total national tax structure and the distribution of the revenues derived.
- * In order to strengthen its tax base, the City should initiate an early effort to renew those parts of the central city which are in need of infrastructure and improvement. While such improvement and modernization is badly needed, utmost care should be exercised to retain the visual feel and special ambiance which gives Kecskemet its character.
- * In order to achieve many of these proposed improvements, the City must combine public and private funding sources so that the improvements can be made without damaging the economic viability of the City.

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I N T R O D U C T I O N

INTRODUCTION

A. THE ASSIGNMENT

The general purpose of the study was delineated in the Scope of Work assigned to the Consultants. It was substantially as follows:

"....will systematically address the local government's role in the urban planning and housing development process, and will design and implement more efficient procedures for executing these tasks. The procedures designed are to be equally useful to individual families developing their own housing and to small scale developers/contractors.

Specifically, the following areas would be addressed.

1. Zoning and urban planning procedures, including subdivision regulations, the scale, locations, and phasing of development, and citizen participation in the planning process.
2. Local government process for granting building permits, inspection of units during construction, etc.
3. Infrastructure planning and the construction (contracting and supervision) procedures. (This is especially important as small scale builders will need sites that are already serviced.)
4. Infrastructure finance: options include the community's general revenues, user fees collected through the property tax or utility charges, and fees assessed at the time of development.
5. Land sales: title search, title transfer and registration, information available to the public on land sales and land market operations, sales of publicly owned land.

B. THE PROCESS

Since July 1991, the Consultants (Adam Krivatsy and Walter Monasch) have spent approximately 4 months each in Kecskemet.

The Consultants spent the initial phase becoming familiar with the currently existing local municipal government (Self-Government) and the public and, where appropriate, private framework within it operates. This familiarization consisted of attending Assembly (comparable to US City Councils) meetings, Assembly Committee meetings, Staff meetings, individual interviews with the heads of the Departments whose operations are relevant to the major focus of the study, private professionals who work in the areas of the study's prime focus, and a variety of private persons who are in the housing development field.

The second phase of the project built on the investigations undertaken during the first mission in the summer and reflected the somewhat changed Scope of Services which resulted from that first mission and a follow-up information meeting in Washington, DC.

The Consultants continued to meet with local contacts in order to strengthen the connections which had begun during the first mission. We believe that these efforts enabled them to become substantially accepted in the community not only as outside experts, but as participants in the community's struggles to meet the challenges of new, and very trying conditions.

1. Goal Setting

The Consultants organized a series of Goal Setting Workshops which took place in early December 1991 and which resulted in specific assignments to the local community. The importance of these assignments was emphasized to the Mayor, several leading Assembly members, and key staff. The Consultants returned to Kecskemet in early April 1992 to assist the local participants during the discussions before the Assembly and to guide them into, and perhaps through, a public discussion and adoption process.

They also worked with the Mayor, Assembly Committee Chairmen and key staff toward the implementation of some of the recommendations resulting from the Goal Setting Workshops and their subsequent deliberations. Some possible actions needed may be a reorganization of some city staff or some revision of local rules and regulations.

2. Reports

The Consultants prepared a number of memoranda addressing several of the issues as they arose during our investigations. They are briefly discussed below.

POSSIBLE ORGANIZATIONAL STRUCTURE

This discusses the creation of a Community Development Office which would centralize all the staffing functions needed for an effective service to the general public and the private development community.

PROPERTY TAXATION SYSTEM

Local Government in Hungary has not historically had a property taxation system. This proposal is made to investigate the possibility that such a system could be used to both raise revenues and guide planned development.

LONG-RANGE PLANNING FUNCTION

This arose out of extensive discussions which pointed out the need to assure the independence of long-term thinking. The Mayor repeatedly expressed his frustration about the fact that the planning staff was so busy with day-to-day responses that no time and effort could be spent on future thinking. Key staff reflected the same concerns. This paper could serve as a focus for organizational reform in Kecskemet.

FINANCING OF INFRASTRUCTURE

Although this paper was initiated because of the specific needs in some of the outlying areas of the city, some of its recommendations could well prove useful in the central sections of the city.

REDEVELOPMENT

Substantial sections of the city are deteriorated and suffer from lack of public infrastructure and other services. This paper suggests the establishment of a formal redevelopment process to address these needs including a separate city agency and staffing.

PLANNING STRUCTURE AND PROCESS

This paper discusses the whole hierarchy of public planning activities from the establishment of broad Goals and Policies to the specifics of the individual Building Permit. It results in some general recommendations, the implementation of which is related to some of the other suggestions discussed in these papers.

GOAL SETTING WORKSHOPS

This is a description of the proposed workshops and of what they were proposed to achieve.

DRAFT OF SUGGESTED GOALS AND OBJECTIVES

This paper reflects an idealized set of goals and objectives which a community might adopt for its future. It was not presented to the workshops in order not to influence the discussions unduly. At some future time it might be appropriate to compare the locally stated goals and objectives with those in this paper.

NOTES ON GENERAL GOVERNANCE AND DECISION MAKING

After the goal setting workshops were completed, the Consultants discussed the general difficulty of making public decisions under the current governmental system of self-government. This paper deals with some of the currently inherent problems and suggests some alternative arrangements for consideration.

REPORT ON THREE INITIAL WORKSHOPS

This memorandum spells out the summary results from the three basic workshops, specifically listing the PROBLEMS raised and POTENTIAL SOLUTIONS suggested. This memo then became the basis for the follow-up workshop, participants in which consisted of representatives of the prior three sessions.

In addition to the above mentioned documents, the Consultants had available to them the Manual for Facilitation of Goal Setting Workshops prepared for them by Dr. Cheney. They believe that this document will be most useful in further similar situations in Kecskemet, other Hungarian environments and most likely in other country settings.

C. ORGANIZATION AND USE OF THIS REPORT

This report is the third one of three substantive reports submitted by the consultants. The two previous ones were "progress reports" written upon conclusion of the fact-finding and preparatory missions, with the intent to serve as bases for discussion, and to share interim findings with Washington. The two interim reports contributed to refinements in the consultants' scope of work, and also helped U.S.A.I.D. officials in shaping subsequent assistance programs. In addition to these two reports, the consultants advised ICMA of their accomplishments through brief weekly progress reports.

The final report aims to communicate to two audiences, and therefore its contents are organized in two sections.

The first section addresses American readers: the officials of U.S.A.I.D., ICMA, the Urban Institute, and selected U.S. consultants who are engaged in technical assistance throughout Eastern Europe. In this section the consultants candidly share their findings, regardless of their sensitive nature. The contents of this section are written to benefit other, similar programs, and are limited for strictly internal use.

The second section addresses primarily the City of Kecskemet. In it the consultants articulate their recommendations for the Mayor, staff and elected officials of Kecskemet. Depending on the response of the "pilot city," the contents of this section will be shared with those associations, public agencies and institutions that can contribute to the U.S.A.I.D. program through distribution and broad application of the consultants' recommendations.

F I N D I N G S

I. FINDINGS

A. FACTORS AFFECTING PLANNING FOR DEVELOPMENT

The very thought of planning (ahead) implies that the goals are known and that the means required for implementing the plans are either on hand or obtainable. In Kecskemet specific community goals have been just recently defined through a comprehensive goal-setting process initiated by the U.S.A.I.D. Consultants. These goals are still awaiting discussion and endorsement of the Assembly. Formal adoption of some community goals will be difficult because the Self-government still operates in a re-active mode, where not thoughtfully established goals, but rather unexpected emergencies and opportunities affect the elected governing body's daily decisions.

Means for implementing plans include the necessary financial resources, and in this regard Kecskemet is no better off than other Hungarian Cities: the Self-government has very limited income potential of its own; it has to rely on financial support from the Central Government just to provide basic services to its residents. While the municipality has legal rights to raise funds through taxation, this is merely a theoretical option, because the population is already overburdened.

In brief, the two basic criteria required for effective planning are barely present in Kecskemet, and in other Hungarian cities of similar size.

In addition to these criteria required for undertaking a meaningful planning program, there are a number of factors that influence the planning process. Those factors will determine the degree to which plans can be effective in realizing community goals.

These factors vary, depending on the social, economic, political and climatic conditions. In Hungary, and more specifically, in Kecskemet the following factors affect planning for new (private) development within the community:

1. **Community Identity.** Demoted to a simple municipality from its former position as a county seat, and having lost much of its industries, Kecskemet struggles to define its future potential, it is in search of its

identity. In order to plan for its future, the city will have to determine what kind of community it wants to be.

2. Leadership. The present form of Self-government does not allow for strong, inspiring leadership. Staff leadership is still largely exercised by long-term public servants, who have been discouraged from exercising initiative, and who have not shown much ability to take advantage of their new responsibilities. This attitude will have to be changed through inspiring leadership.
3. Effective Teamwork. With the new multi-party system the Self-government has to rely on teamwork. Instead of the required teamwork, Kecskemet's elected leaders are mired in power-play, induced by party politics. It is expected that in time the party fractions will learn to work together.
4. Decision-making Process. Lack of responsible leadership and party politics slow down the decision-making process. Decisions are also hampered by lack of trust. The simplest decisions must be made "in committee" due to the lack of trust in other parties, or staff capabilities. This attitude will have to change if Kecskemet is to prosper.
5. Staff Capabilities. The extent and the composition of the staff inherited from the previous regime reflects the City's past role of simply administering programs handed down by the Central Government. Inundated with new responsibilities, and lacking adequate resources, the present staff is largely administrative, and would be hard pressed to undertake specific, technical work, or to manage consultants effectively. A critical review and restaffing of the Mayor's Bureau would be in order.
6. Coordination. The Mayor's Bureau has about 180 employees in five independent Offices. These five bureaus coordinate their work on a project-by-project basis, in an ad-hoc manner. Systematic, regular coordination and joint pursuit of shared interests are missing. This results in unexpected rush jobs, and often duplication of effort as well.
7. Market-responsiveness. In its planning for the future, the the Mayor's Bureau responds to stated needs. The concept of market-oriented planning is still alien to

the Self-government. Of course, in the present transition period it is very difficult to identify specific markets and to project market trends.

8. Stability. Perhaps the most important factor that contributes to any planning program is a set of valid references, a relative sense of stability. Such stability is absent in most Eastern European countries today. In these times of flux, when nothing seems to be certain, and where national and international matters overshadow local issues, Kecskemet has not been able to find reassuring reference points, a sense of stability.

In short, the Self-government of Kecskemet must conduct its planning for future private development under conditions that are less than favorable. Before the community can be expected to apply itself in earnest and make inspiring and solid plans for its future, it will have to work hard to affect the factors that are so critical in making effective plans for private development.

B. COMMUNITY GOALS

One of the benefits that the U.S.A.I.D. program brought to Kecskemet was assistance in establishing goals for the community. During their initial investigations the Consultants found that the concept of shaping urban development according to broadly-based community goals is absent in Hungary. To remedy the situation, they undertook a multi-prong program of community awareness. With the active participation of the Center for Regional Studies, Settlement Research Group, they surveyed the public through the local press, and they organized community workshops. The workshops were designed to foster debate about options for the future, and produced a set of community goals. The goals were subsequently discussed and interpreted by a Long-range Planning Group assembled from Offices of the Mayor's Bureau.

A detailed account of the goal-setting process was included in the Consultants' Phase Two Progress Report of January, 1992.

The democratic goal-setting process introduced in Kecskemet is new to Hungarian urban planning, and therefore was followed with great interest by the Association of Cities (of County Rights). A description of the methodology, together with a manual written by the U.S.A.I.D. Consultants has been given to the Association and to ICMA for broader application.

The goals established through this process provided a welcome basis for the Consultants' recommendations.

C. THE SELF-GOVERNMENT

1. Current System

The legislative body (Assembly) in Kecskemet consists of 38 members which are elected by two different methods. 19 are elected from 19 districts on the basis of proportional representation. The other 19 are elected at large, again on the basis of proportional representation. Since there are numerous parties, ranging across the political spectrum, the result is that, although six parties gathered the largest representation, decision making becomes difficult due to the problem of reaching consensus. Party programs and positions, most often based on national platforms, tend to predispose the votes, instead of the decisions being based on local needs and opportunities.

Compounding the basic political problem, Kecskemet chose to set up 10 Assembly Committees, each with an assigned subject responsibility. As best as we have been able to determine, the number of committees was based more on the need to have 10 Committee Chairs to give broad political representation than on the rationality of 10 separate subject areas. The result is that some of the subjects fall into more than one committee and thus create "turf" concerns. For instance, responsibility for actions related to the field of housing falls to three City Offices, each with two Assembly Committees supervising its activities.

* The Engineering and Environmental Management Office, with its focus on Urban Planning, Construction Direction, Environmental Management, Energy Management, and Transportation, Communication and Water. (Urban Planning and Architectural Committee and Communal Facilities and Environmental Committee)

* The Financial and Economic Office, with its focus on Asset Management (Housing, Other Space, Land), State Contacts, Investments, Rehabs, Institutions and Company Financial Matters. (Economic and Budget Committee and Housing and Real Estate Committee)

* The Public Welfare Office with its focus on Health Services, Child Care and Youth Programs, Housing Subsidies. (Health Services Committee and Social Services Committee)

The Mayor is elected from among the Assembly members and has a relatively weak mandate. Since the mandate depends on changing political party positions, the Mayor can at best suggest and pressure.

Under the current system, however, the Mayor is also the chief administrator with direct supervision of the various City offices. Being both the outside representative of the political entity, the City and its Assembly, and the administrative head of the City Apparatus, creates a very difficult, if not impossible, position. One significant result is that City staff is not managed effectively. There are no staff meetings where City policies, such as they are, are discussed and where technical concerns can be presented.

Staff recommendations are brought to the Assembly through the Committee system and are presented by the Committee Chair. It is not unusual that an Assembly member will support a particular position in Committee, but will vote against it on the Assembly floor because the recommendation does not meet the emerging party position.

In the process of making decisions, the Assembly is involved in entirely too many detailed and administrative activities. The overall policies for making many decisions should be established by the Assembly for implementation by the staff, with the overview provided by the various Assembly Committees.

In addition to the procedures at the Assembly level, which are cumbersome at best, there are significant concerns about the staff personnel involved. The existing personnel, even if in many instances technically well trained and experienced, has had most, if not all, of its experience under situations which were highly constrained by Central Government directions.

Thus, the current attempt at Self-Government presents entirely new, and often quite contradictory, challenges to the staff. It would be very appropriate to try to bring into government service, even for brief periods of time, persons experienced in the private business life. Such might be done under a program of exchange of persons between business and government, use of some retired business persons as advisors, or even the importation of some, short term, advisors from abroad.

D. ECONOMIC CONSIDERATIONS

Planning for private development in Kecskemet is strongly affected by the general economic conditions that prevail in the former "satellite countries" and in the city in particular.

1. General Conditions

- o Kecskemet struggles with the very same problems that plague the entire country.
- o The times of statewide government provisions are over.
- o Inflation and interest rates are high (30% and 35+%).
- o Lacking other opportunities for inflation-proof investments, savings accumulate in banks, and yet banks are unable to make loans at the going interest rates.
- o Privatization and the more efficient reorganization of privatized firms has lead to unemployment. Many of those who are employed are able to make ends meet only by holding multiple jobs.
- o Some foreign companies buy up Hungarian firms that represent competition, just to put them out of production and to create a new market for themselves.

2. Conditions Particular to Kecskemet

- o In the past, Kecskemet sold most of its food products to the Soviet Union. With recent changes in that country, Kecskemet lost this market, and finds it difficult to sell its products to the West.
- o Kecskemet's industrial base was established by the Central Government in order to balance farm employment with an industrial "working class." The economic justification for these industries was absent, and therefore they can not survive in the market economy. Kecskemet was left with several empty plants, and many unemployed workers.
- o A former county seat, Kecskemet was a hub of various government activities. With the reduction of the County's powers, and with the establishment of independent Self-Governments, the city lost much economic activity.

o Lost economic resources have not been replaced by new ones.

o The Self-Government owes substantial sums to its lender, the OTP (National Savings Association). The high interest rates associated with this debt represent a significant burden to the community.

o Due to lack of sufficient municipal income and frequent emergencies, public monies are not always spent for the intended purposes; they are pooled into a "general fund" and used to provide for the most basic necessities. This situation makes the preparation of the annual budget extremely difficult, and short-changes some budget items.

3. Conclusion

Considering the fact that Kecskemet's Self-government is ill-equipped to cope with the present economic conditions it is evident that the Mayor's Bureau would benefit from the counsel of an expert in municipal finances.

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E. LEGAL CONSIDERATIONS

Planning for private development in Hungarian cities like Kecskemet is handicapped by the facts that during this period of transition legislators have been unable to keep up with the demand for an entirely new legal framework, and that the multi-party local Self-Governments are reluctant to enact some politically unpopular legislation.

Urban planning is primarily affected by property rights, the National Building Law, the National Housing Law, and the relationship of municipal Self-Governments to the Central Government.

1. Property Rights

Contrary to early concerns about the lack of clarity of title records and problems represented by outdated record keeping, the greatest problem seems to be still at the legislative level. To this date, in Hungary individual property rights are yet to be defined.

The greatest confusion exists in connection with private properties that have been confiscated by the State in the late forties. The legal status of these properties varies, depending on the type of real property they represent. Most former church buildings are being returned to their previous owners. This creates major problems when schools are involved. Many landmark properties in Central Kecskemet are former church schools now in service of public education. These buildings will have to be returned to the respective churches, and the educational institutions will have to be accommodated elsewhere in the community.

Farm lands in former church ownership are often in the hands of agricultural cooperatives, or have been divided for farmworkers' use. The fate of these properties is determined through a lengthy process, on an individual basis. Most urban properties are not returned to their rightful owners (or heirs). Many expropriated residential structures are offered for sale to their present occupants. Non-residential buildings are sold to willing buyers, with preference to present occupants.

Planning for the outskirts of urban areas is mostly affected by the uncertainty related to confiscated private farm properties that have been absorbed into agricultural cooperatives. The General Plan for the Outlying Areas of Kecskemet

is still not complete for this very reason. The plan will be strongly affected by an attempt to compensate property owners without breaking up those agricultural cooperatives that wish to continue their operation.

The Central Government's decision to "recognize the loss" of those taxpayers whose properties were "unjustly expropriated" by the government in the forties introduced a continuing legislative debate about the degree and the mode of such compensation. This debate still goes on, and introduces an uncertainty in the Hungarian world of real property that slows down all forms of real estate activities.

2. The National Building Law

All forms of planning and development in Hungary are regulated through the National Building Law. This law differs from the American Building Code because it combines under one umbrella the Building Code, Planning and Zoning Codes and Subdivision Regulations. (A similar code regulates development and construction in Walt Disney World, Florida.)

The National Building Law is now being revised, and it is not known when the new law will be in effect. Until the new law will be enacted, the old Building Law prevails. It is expected that changes in the law will respond to growing environmental concerns, and will be more responsive to private development practices.

3. National Housing Law

As in the socialist state housing was provided by the Central Government, much of the housing stock was owned and operated by the State. This housing included all of the multi-family structures, and much of the single-family detached homes.

Since the government housing was subsidized, it represented a great burden to the Central Government. With establishment of the local Self-Government, and in preparation for the new market economy, the Central Government transferred its entire inventory to the local municipalities. With this transfer, the Self-Governments received a great wealth, but also inherited all the financial and management responsibilities that are associated with the massive housing stock.

A new National Housing Law now under preparation by an inter-ministerial task force (involving 8 ministries!) is expected to resolve key issues related to the inherited housing. These include: sale of units, the associated sales price, the terms of the sale, the purchase rights, the forms of continued management, and most importantly, the right of the "landlord" to evict non-paying or illegal occupants from their dwelling units. (This provision is most important because without it there will be no new market-oriented apartment construction in Hungary!)

The new law originally expected for the fall of 1991 might be enacted in late 1992 or early 1993.

4. Liaison with the Central Government

In the past the State directed affairs in Hungary through Counties. With establishment of the Self-governments the municipalities have become independent of the State and Counties, and took matters in their own hands. In order to facilitate communication between the Central Government and the local administrative units, the State established regional offices of the Republic's Trustee (Representative). These offices are responsible to review all matters of local legislation in order to check for compliance with state laws.

Since there are only a few "regions" in Hungary, effective communication necessitated the creation of "branch offices" throughout the country. Ideally local Self-Governments should be able to address their miscellaneous affairs concerning the State to these "regional offices." In reality, the Republic's Trustees have neither the necessary resources, nor the authority to act in behalf of the Central Government. They seem to represent just another bureaucratic hurdle in dealing with the State.

F. HOUSING POLICY

1. Issues Regarding the Publicly Owned Housing in Kecskemet.

Kecskemet, as most Hungarian cities, is the heir of a large number of housing units which had been under State ownership. Most, if not all, of those units had been rented out with substantial rental subsidies from the State. Only some of those subsidies were transferred to the City along with the units and the City is faced with a major problem.

In addition to the basic transfer of units, there is also the intent of privatizing those units as soon as possible.

These units are in a variety of sizes and conditions. A number of them are quite large and are in good condition with full comfort. Others are small, but also in good condition and have various levels of comfort. There are however a substantial number of the units which are in deteriorated condition and many of them have no or minimal comfort.

Since most, if not all, of the units are occupied, there is the additional issue of potential need for evictions or of providing alternate housing for those occupants which must move in order to facilitate rehabilitation of units, or even demolition of those where rehabilitation would be uneconomical. The current law concerning evictions in Hungary makes such actions effectively infeasible.

Of particular concern are the squatters who are moving into units from which the tenants have been evicted or where the tenants had moved to alternate accommodations. As mentioned above, the current eviction law is so complex that illegal squatters would simply cause a repetition of the previous difficulties.

G. THE URBAN PLANNING PROCESS

Like all other government functions in Hungary, the planning process is also in transition, from a central to a local responsibility. This opportunity for local "self determination" caught Kecskemet quite unprepared, because like many municipalities in the Western World, the Mayor's Bureau has no in-house capabilities for mounting planning efforts of any magnitude. As planning for Kecskemet was always done from a state-owned planning bureau in Budapest or a regional branch office of such a bureau, so does the new Self-Government still have to rely on planning services from the (now privatized) offices of the former County Planning Bureau, or other professional groups with specialized capabilities available in the country.

The means of periodic updating of the General Plan, and the occasional pursuit of major planning assignments related to important community projects would be available through these outside sources. Unfortunately the Mayor's Bureau is not sufficiently staffed for providing the urban planning capabilities required for the meaningful evaluation of alternative courses of action, and it lacks the computer capability that would be required for a numerical analysis of such alternatives. Thus, the Mayor's Bureau can not sufficiently aid the Self-government in making informed decisions.

This, however is only one weakness of the urban planning process in Kecskemet and perhaps in most Hungarian cities. Other problems relate to the lack of clearly defined goals, the lack of census data required for sound planning, the lack of clearly defined program for urban development, a sluggish decision-making process, minimal environmental input, the paucity of public participation, and the lack of a complementary, targeted capital improvements program.

Each of these problem areas are being addressed in this report.

H. THE PERMIT PROCESS

The Consultants summarized their comments related to the permit process on Pages 14 through 17 of their first report of September 1991. (Copies of those pages are included in the Appendix to this document.) It appears that the process is less time consuming than those in practice in the United States.

Use permits, building permits and occupancy permits are processed by the Mayor's Bureau through the Office of Engineering and Environmental Management, with the counsel of the Assembly's Planning and Architectural Committee. Lacking sufficient technical staff, in some cases the Mayor's Bureau must also call upon consulting architects.

The Consultants have found that project reviews are generally handled expeditiously. Of course, the current lack of construction activities does not place a big demand on the Staff. As the number of permit applications increases in the future, the Office of Engineering and Environmental Management will have to expand its staff.

Presently the Mayor's Bureau has no capability for evaluating the possible environmental effects of projects submitted for approval.

I. INFRASTRUCTURE PLANNING, CONSTRUCTION AND FINANCING

1. General Discussion

Until recently, the majority of the infrastructure in the City of Kecskemet was the responsibility of separate public, State-owned companies. These operated somewhat like separate public utility districts do in the United States. A significant difference, however, was that these districts were governed by State appointed managers, working within Central Government established guidelines and policies, whereas those in the US are governed by locally elected or appointed citizen committees or commissions.

These companies operated with varying degrees of independence from the City, and at times developed plans and installations without relating those to the needs and plans of the City.

During the past year, the National Government has begun to divest itself of a number of those companies. Their ownership and operation was given to the various self-governments. Unfortunately, these transfers were made with little prior planning so that in all too many instances the self-governments found themselves with major responsibilities without having either the expertise, organization or funding to fulfil those responsibilities. In Chapter II.H. of this report will be a report on how the Water Company in Kecskemet dealt with this problem.

2. Water, Sanitary Sewer and Drainage System

Kecskemet draws its water from a large underground "lake". There are concerns that the uppermost aquifer is in danger of pollution and it is expected that major exploration of the next lower aquifer will have to be undertaken. The pollution is caused largely by the lack of adequate sanitary sewer facilities in significant sections of the City.

The reports are that the general supply of water, however, is adequate and can be expanded by the addition of well fields.

In general, the sanitary sewer system covers most of the newer sections of the City. This includes all the large residential developments which were developed in the Soviet style and most of the recently built single family or lower density settlements.

There is a serious lack of sanitary sewer coverage in the central area of the city and also in the areas which area on the fringe of the city and in the directly surrounding areas.

In the central and old section of the city, sewers were never provided and it is not unusual that waste water from the houses is brought by pans or buckets to the street drain, or more often to the ditch along the sidewalk, and is dumped. When new construction or major rehabilitation takes place in that section of the city, the odor is quite noticeable. Clearly, this is a concern which needs to be addressed and it is likely that it can only be addressed through concerted redevelopment bringing together public and private resources.

In the outlying areas, development has taken place quite unplanned and in a haphazard manner. As "hobby gardens" were converted from strictly gardens with tool sheds to gardens with small weekend or summer cottages, to larger and permanently inhabited residences, they were served with water, but no sewers. Although they were required to have septic systems, the requirement to have those pumped out was frequently bypassed by either ignoring the need, or by drilling a hole in the bottom of the septic tank, thus leaching the liquid into the ground and eventually into the groundwater aquifers.

In addition to this lack of a complete sewer system, we have been informed that even the existing system strains the capacity of the treatment plant. (It should be noted here that the existing treatment plant is relatively modern and appears to be capable of all the needed expansion.) We have also been informed that the water company has successfully applied to the Central Government for funding for the expansion of the treatment plant.

Assuming that that information is correct, and that the funding is sufficient to complete the planned and needed expansion, then the major effort will have to address the rehabilitation of the existing trunk main system and the planning and construction of the system needed to serve all the remaining unserved sections of the city and its urbanizing surroundings.

The core of the storm drainage system consists of two large reservoir lakes which are connected by a channel. All of the runoff is supposed to flow into these reservoirs and is then diverted to serve agricultural irrigation. While the Consultants were in Kecskemet, a number of moderately severe rain storms occurred. Without making an in depth technical analysis, superficial observation showed, that there were significant sections of the city which were not adequately served by the existing system.

3. Power Supply

The supply of both electricity and gas appears to be sufficient and is extended to all parts of the city. We have been told that in the past, the system was tied into the USSR system for its major source, it was at times varying. We have not been able to confirm that report and do not have data to confirm it. We have, however, been informed that the system is capable of being extended as needed.

4. Solid Waste Disposal

The waste disposal company (Public Cleanliness Company) provides service throughout the City and its environs. Garbage trucks make regular scheduled curbside pickups from garbage cans and small and large containers. The newer apartment blocks have garbage chutes which empty into containers of varying sizes. Generally, Hungarians recycle glass and plastic containers. Small refunds are given in the stores when these items are returned. In many areas, especially in those with lower densities, some of the food waste is composted and used in the many small gardens which exist in the surrounding areas.

In the individual households, the first garbage can is furnished by the household. After that, any replacement needed is furnished by the garbage company. The charge for the service is currently 16 forints/room plus 10 forints/household. Standardized cans are required holding 110 liter and containers come in 1 and 5 cubic meter sizes.

The current amount of waste collected is estimated at 160,000 cubic meter/year and the company estimates that an additional 20,000 cubic meter/year is dumped illegally. All Kecskemet waste is dumped on a landfill which we are told, can be expanded almost indefinitely.

The waste disposal company is also responsible for street cleaning, and the operation and maintenance of cemeteries and parks. For that purpose, it runs a large plant nursery operation. It also operates a large vehicle maintenance facility and contracts for the maintenance of many of the publicly owned vehicles.

4. Telecommunication

It does not take long for even the casual visitor to Kecskemet, as indeed to the rest of the country, to recognize the major failings in the telephone system. It is clear that until that system in all its aspects is significantly improved to what are commonly called "western standards", economic development will be severely handicapped. Such economic development is badly needed to provide employment and the fiscal underpinning of much of the infrastructure and social support system.

J. LAND SALES AND TITLE RECORDS

Land ownership, land titles and title transfers are in a state of transition in Hungary today. The new law of "compensation" stirred up much controversy and created some confusion in this area. In urban areas the church properties create much problem for those institutions that depended on the use of expropriated church properties in the past 40 years. In rural areas there are conflicts between the interests of still active agricultural cooperatives and the former small title holders who are now reclaiming their farmland that has been absorbed in the cooperatives.

The Consultants have reported their findings on the subjects of land titles and record keeping, title transfer and registration, and the associated information base in their first report of September, 1991. Copies of the pertinent pages are included in the Appendix to this document.

K. CITIZEN PARTICIPATION

Conducting the affairs of Kecskemet is characterized by the lack of public participation. Perhaps the most characteristic of the state of affairs is the perception that indeed significant progress has been made toward more meaningful public input in the planning process, and that public participation will be further expanded when Hungary will have achieved a state of "real democracy."

Presently public input is limited to occasional public surveys and the two "Public Reception Days" scheduled in March and September. Public opinion surveys are directed to better understand public preferences for transit services and to probe living conditions. These surveys are generally conducted by the local research group of the Hungarian Academy of Science for their own papers. The Public Reception Days are conducted by the Assembly, and are attended primarily by those Representatives who are elected by Districts. "Reception hours" at City Hall serve to assist applicants and to accommodate complaints and grievances of taxpayers.

The public is also invited to partake in Assembly meetings as observers of the public process. These observers are allowed to speak at the meetings only if and when the majority of the Representatives respond to their request with their approval. The recent general planning process involved only one public forum where the planners informed affected residents of their intended plans.

A certain form of public participation is assured through appointed membership to the ten Committees of the Assembly. The purpose of this public participation is to augment the elected officials' knowledge with professional capabilities.

The Consultants noted that there is a remarkable lack of community/neighborhood interest groups, or special interest groups in Kecskemet. While the old Kecskemet of 45 years ago had less than half of its present population, it had strong social clubs and professional/business associations. Today only the "Local Patriots" stand tall for protecting their interests.

The U.S.A.I.D. Program allowed the Consultants to lay down the foundations of a conscious and formalized public participation in shaping Kecskemet's future:

o The local newspapers got involved in creating public awareness of the importance of public opinion,

o The local Television Station staged several public outreach efforts to inform the public about the U.S.A.I.D. program and the opportunities for public participation,

o The Consultants invited nearly 50 selected representatives of various community interest groups for extensive public workshops, and prepared a manual for conducting such workshops,

o The Consultants sought out a wide range of community leaders and businessmen to seek their input.

L. ENVIRONMENTAL CONSIDERATIONS

Environmental aspects of planning in Kecskemet are reflective of conditions in Hungary. Urban design has been traditionally a conscious part of planning for urban development. Architects' concern for the quality of urban spaces is reflected in both the historic and the new Kecskemet. Other environmental aspects have remained at the level of scientific research. The socialist state and its preoccupation with quantity rather than quality did not allow room for recognition of mitigating environmental impacts associated with development.

This is not surprising. The potential added costs associated with environmentally sound development were sufficient to stop any practical application of any environmental research.

Just like other countries that spent 45 years in the Soviet camp, Hungary is painfully aware of the fact that it has abused and exploited its environment, and that it faces a long, costly rebuilding process. Such a process will require monetary resources, and the country is presently not in a position to commit funds to repairing its environment.

On the other hand, the consideration of environmental factors in planning for the future does not require ready cash, and therefore Hungary, including Kecskemet and other similar cities can very well make use of the scientific environmental research conducted in the recent years. With increasing emphasis on applied (as opposed to purely scientific) research, and with the newly established presence of the Eastern European Environmental Center in Budapest, there is hope that planning for Kecskemet will also develop more environmental emphasis.

Key environmental issues in Kecskemet are related to the quality of ground water, the suitability of soils for agricultural production, the environmental impacts of local industries, the air/noise pollution associated with vehicular through-traffic, the treatment of wastewater, and the management of solid waste.

The first steps in this direction were initiated through the U.S.A.I.D. program in Kecskemet, when at the Consultants insistence the scope of work of the General Planning program for the Outlying Areas was modified to include consideration of the above environmental issues, with special emphasis on

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Key environmental issues in Kecskeméti are air quality, quality of ground water, the suitability of land for agricultural production, the environmental impact of industries, the air/noise pollution associated with through-traffic, the treatment of wastewater, and the management of solid waste.

The first steps in this direction were taken by the U.S.A.I.D. program in Kecskeméti, when at the insistence of the U.S.A.I.D. the scope of work of the General Office for the Outlying Areas was modified to include the study of the above environmental issues, with special emphasis on air quality and noise pollution.

M. KECSKEMET AND ITS REGION

Throughout its history Kecskemet was a service and marketing center to a broader agricultural region. This functional role of the city was further enhanced for the period while Kecskemet served as a county seat.

Planning for the community of 107,000 must also take into account that Kecskemet serves a regional population of over 160,000 that lives in its sphere of influence and relies on its services. Kecskemet serves its region with

- o Education
- o Health services
- o Social services
- o Business and banking
- o Retail services
- o Employment
- o As a cultural center.

These functional relationships are not limited to the County; they extend north, beyond the county line. As a former county seat, Kecskemet accommodates many institutions and services that extend beyond its functional hinterland. This represents both a boon and a burden to the self-government. Public institutions are underfunded, and must often be subsidized by the Self-government. On the other hand, the users of the county-facilities bring business to the community that otherwise would go elsewhere.

Regardless of its future development, Kecskemet's life is still heavily dependent on its relationship with the surrounding agricultural region. In spite of this dependence on good working ties with the region, Kecskemet has no formal working relationship with the surrounding communities:

- o As a City of County Rights, Kecskemet is not part of the county,

- o As a mere Self-Government, it has no right to assert any influence over its smaller satellite communities (also Self-governments),

Lacking a formal basis for working with surrounding municipalities, the Self-Government must approach each of its neighbors individually to pursue matters of mutual interests. Considering the multiple interdependence between Kecskemet and its service area, it is imperative that the

Self-Government establish a daily working relationship with its region.

Presently the smaller Self-Governments of the County have a forum where they can interact on a regular basis. This forum was established by the County in order to facilitate coordination among smaller communities with limited resources. Kecskemet has a seat on this forum, however by not being part of the County, the Self-Government has no voting rights. Establishing a separate forum for the desired interaction would be counterproductive. The Self-Government of Kecskemet will have to find an accommodation with the County administration to pave the way for an acceptable solution to this dilemma.

N. CONCLUSION

The Self-Government of Kecskemet will have to overcome many difficulties before it can creatively plan for its future. The community has to establish its goals, the young Self-government must set aside its party-orientation and has to establish priorities in building the new Kecskemet. The City will have to cope with economic realities that are present in Eastern Europe, and will have to establish its own mode of operation, regardless of the implications of any pending National legislation.

In many ways Hungarian Self-Governments still operate as if they would have to seek guidance and approval for their actions from Budapest. This prevents them from making critical decisions, and from moving forward with building their future. It is time that the Self-Governments seize their opportunities for self-determination, and become masters of their own destiny.

In its housing policy, Kecskemet will have to separate asset management from social programs, and it has to continue in its path to overhaul the urban planning process inherited from the Central Government. The permit process will have to be administered more along its prescribed lines than on the basis of humanitarian principles.

The planning, construction and financing of public infrastructure will demand more cooperation between the municipality and the newly emerging development community. It will take a long time before land ownership titles are clarified in response to the new laws of "compensation." The bulk of the real estate holdings that were expropriated from their original owners will never find their way back to the former title holders.

In response to the U.S.A.I.D. Consultants' initiative, the broader public is beginning to participate in shaping public policy. The local research office of the Hungarian Academy of Science deserves thanks for the success of this pioneering effort. Without their assistance the U.S.A.I.D. program could not have accomplished its goals.

Environmental consideration are being introduced into Kecskemet's planning process. The U.S.A.I.D. program and the above named reserach institute can take much credit for this.

Kecskemet heavily depends on its agricultural hinterland, and the cooperation of the surrounding smaller communities. A forum for affecting a mutually beneficial collaboration among the Self-Governments in this region is yet to be established. In order to accomplish this, Kecskemet's Self-Government will have to come to terms with the County Administration.

In summary, the U.S.A.I.D. Technical Assistance Program started in the summer of 1991 has already made its mark on the way the Self-Government of Kecskemet approaches planning for its future. The City is severely handicapped by the circumstances that affect the entire Hungarian economy and the fledgeling democracy. Continued technical assistance would be of great help to the City. Such assistance should be targeted on critical areas of specialty.

O. ADDITIONAL TECHNICAL ASSISTANCE

It is the Consultants opinion that the Self-Government and the Mayor's Bureau of Kecskemet would benefit from technical advice in those areas which call for innovative handling of municipal finances and urban affairs. Past government practices reserved innovations to the Central Governments, and Cities acted as mere administrators of central policies. While practices of the West may not be applicable in Hungary, the U.S.A.I.D. Program has much to contribute to Kecskemet and other similar urban communities of Hungary.

Specific areas of such possible contribution are: 1) Municipal finances, 2) Economic development, 3) Establishing City agencies outside of the Mayor's Bureau, and 4) Environmental aspects of the planning process.

1. Municipal Finances

The Economic and Financial Office and the Assembly's two Committees related to it are not experienced in managing a municipality's financial affairs, and producing its annual budget. They would need advice in budgeting, financial management systems and taxation.

2. Economic Development

Kecskemet is in transition. Past sources of employment and income have been partially lost. New sources for the community's livelihood must be found. The Self-government must devise a strategy for Kecskemet's economic resurrection. An experienced advisor would represent tremendous value to the City by launching and guiding the necessary process.

3. City Agencies

At the Consultant's urging, the Self-Government has resolved to set up a separate agency for managing the City's real property assets. This agency is meant to act both as a "housing" office and as a "development agency." Kecskemet has no experience in setting up such an agency, and it would represent a great help to the Self-Government if an advisor would participate in organizing and staffing the fledgeling organization, and would advise it through its early months of operation.

4. Environmental Planning

Hungarian urban planners are well versed in urban design, but are not familiar with other environmental aspects of the urban planning process. A good environmental planner would be welcome in Kecskemet by assisting the Office of Engineering and Environmental Management and the Planning and Architectural Committee in establishing criteria and a methodology for environmental planning and review.

R E C O M M E N D A T I O N S

II. RECOMMENDATIONS

The U.S.A.I.D. technical assistance program is meant to benefit the Self-Government of Kecskemet through technical advice and through creative solutions jointly developed in collaboration between the American professionals and the local project team. This series of recommendations has been prepared at Mayor Merasz's request, for the consideration of Committees of the Assembly, and for subsequent action by the elected governing body.

The Consultants' recommendations address twelve subject matters pertinent to planning for private development in Kecskemet. Each of the following subjects are important to establishing a more effective planning process. Each of the recommendations contained herein have been discussed with respective Committee Chairs and their responsible Support Staff. The twelve pertinent subject areas are as follows:

1. Decision-making process
2. Economic development
3. Housing
4. Asset management
5. Real estate taxes
6. The planning process
7. Redevelopment
8. Infrastructure
9. Public participation
10. The environment
11. Regional positioning
12. The next steps.

Recommendations are made with the understanding that the Committees and the associated Offices of the Mayor's Bureau may not find them acceptable in their given form. Considering that the recommendations resulted from much analysis, discussion and thought contributed by the Consultants and key staff members of the Mayor's Bureau, it is expected that they will be given serious consideration before they are presented with the Committee's comments to the Assembly for action.

A. A MORE EFFECTIVE DECISION-MAKING PROCESS

1. Goals

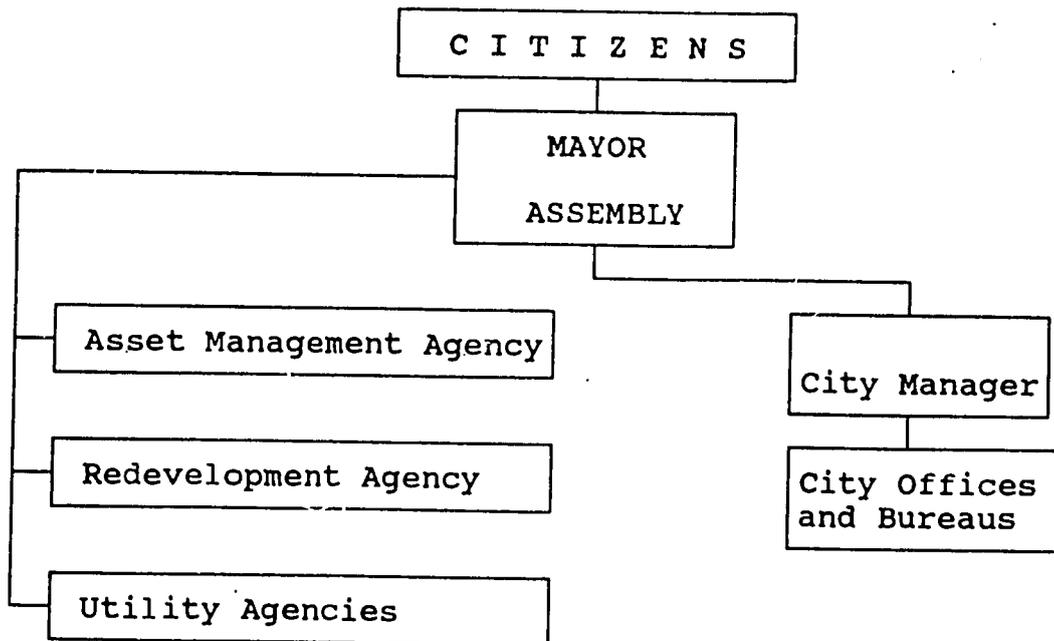
Participants in the goalsetting sessions repeatedly pointed out that the decision-making process in the Self-Government was extremely cumbersome and therefore made it almost impossible to respond to opportunities for development in an effective manner.

They set out as a major goal that the process must be more responsive to public (citizen) input and less dominated by party-political considerations.

2. Recommendation

The following recommendation is for a possible restructuring of the Self-Government. It is based on the Consultants experience and several discussions with members of the Kecskemet Self-Government.

Structure of Self-Government Recommended for Consideration



The above chart indicates the essential role that the CITIZEN plays in a democratic governmental structure. Clearly, such a role was substantially

reduced, if not nonexistent, in the most recent past. In fact, one can reasonably state, that such a role hardly ever existed in much of Central Europe, even in the more distant past. A structure as suggested will enable the citizen voter to participate actively in the City's decision process. At this time, the formal access of citizens to their elected officials is restricted to the reception hours which are generally quite limited.

Following is a discussion of the role and responsibilities of the various positions and agencies shown above. It is suggested that a structure as outlined can provide for a clear hierarchy of responsibilities and can provide for effective coordination and cooperation.

a. Basic City Organization: This proposal is for a basic democratic local governmental structure which would provide for significant citizen participation and governmental responsiveness and accountability.

CITIZENS - in a democratic system, it is clear that the foundation of all decision making must be an involved and, hopefully, educated and enlightened citizenry. All government should be there to provide PUBLIC SERVICE with the citizen seen as the CUSTOMER for those services. Although the customer may not "always be right", it is the duty of the government and its agents to provide open and clear information so that the governed can be enabled to make the best decisions.

MAYOR AND ASSEMBLY - in order to facilitate the governing of a complex community, citizens chose representatives to do the day-to-day governing for them and to develop the public policies by which the City is to be governed. To make the operation of that elected body effective, the Assembly chooses a Mayor.

MAYOR - chairs the Assembly meetings, guides the Agenda of the Assembly meetings, appoints Assembly Committees (in some situations also appoints the Committee Chairs and in others, the Committee chooses its own Chair), represents the City at formal occasions, both within the City and in other locations within the County and outside. In other words, is the Chair of the Assembly and the public representative of the community.

ASSEMBLY - is the elected body representing the people of the community and is responsible for the establishment of the City's policies and for the setting of the City's priorities between the many and varying needs of the City. As the legislative body of the City, the Assembly should not be involved directly in the daily administration and should not get involved in specific personnel matters. Its most significant responsibility is to set clear and comprehensive policies so that the management personnel of the City can work within those policies. It is also the responsibility of the Assembly to hire the City Manager, and hold him/her responsible for the appropriate implementation of the Assembly's policies.

CITY MANAGER - This position should be filled by a professional manager, not a legal counsel, and absolutely without reference to party political considerations. The Manager is the one person directly responsible to the Mayor and Assembly, with all other direct City personnel responsible to him. The Manager will be held responsible for the execution and implementation of all the City's enunciated policies. On a regular basis, the City Manager will make recommendations to the Assembly.

In order to develop an effective coordinated system of administering and managing the City, the Manager shall hold regular group meetings with the Heads of the various Offices and Bureaus. In those meetings, all the issues that come before the City should be discussed so that information can be collected from all involved offices, all the offices can be equally informed and can contribute their professional knowledge and advice. Thus, the citizens can be assured that all City activities are integrated, that all issues are dealt with, and that there can be a clear delineation of authority and responsibility. The clarity of such a delineation will go a long way to recreate the needed trust of the citizens in their government.

CITY OFFICES - these are all the various offices, which perform the normal governmental functions. They normally will be headed by a Director, Chief, or Head (depending on the local custom or situation), who should be appointed by the City Manager and should report directly to him. These positions should then be held responsible for the functioning of their offices in conformity with good professional requirements, the policies established by the Assembly and the general directives of the City Manager. Of course, all applicable National laws and regulations must also be implemented.

b. Supplemental City Organization: In addition to the basic City organization, it may become advisable to establish supplemental organizations or agencies to undertake special enterprise activities or functions which may only be of temporary utility for the City or which may require very special qualifications not normally available in a City personnel system. These may also be required to act in a much more private business like manner, again a qualification which is not normally found in the normal City structure.

An example of the latter would be a special organization established by the City to participate with the National government and other Self-Governments in the planning and preparations for a Worlds Fair or similar efforts which may be needed for limited periods of time.

However, there may be the need for a limited number of other agencies, which because of their very special nature should be established outside of the normal City bureaucracy. Since these agencies would be engaged in PUBLIC business, care must be taken to assure that such agencies can fulfill their basic entrepreneurial functions, but that their responsibility to the public and the Assembly is clear.

The following are examples of such separate but related agencies:

Utility Agencies
Asset Management Agency
Redevelopment Agency

Utility Agency: In the Fall of 1991, the Water Company was turned over by the National Government to the local Self-Governments. The Kecskemet Water Company was therefore owned by a substantial number of municipalities, ranging from the City itself with over 100,000 inhabitants to many small settlements with 1,000 or less. Recognizing that most of these small municipalities would not have the technical and financial resources to manage, operate, maintain, repair, etc. their systems, the staff of the Company went from municipality to municipality to convince them that they should form a corporation in which all of them owned shares with a representative Board of Directors. The Kecskemet area water company is, as far as we can tell, the only one in Hungary which has established such a cooperative structure. The Director of the Company has been invited to give a number of presentations in other areas of the Country to explain the structure and its benefits.

The Director, or a responsible delegate should always be included in the City Managers staff meetings, because utility installations become a significant element in development decision making.

Asset Management Agency
Redevelopment Agency

Separate discussions dealing with these agencies are included in separate sections of this report.

With regards to the overall governmental structure of City Administration, however, it is essential that these Agencies be represented actively in the City Managers staff meetings and all other activities that deal with the development policies of the City.

General Note:

Since these special agencies, some of which may have limited tenure, are involved in some way in the overall development activity of the City, they must clearly coordinate their work with the general long- and short-term planning activities of the City. This must be done without interfering with the independence of action which they need in order to conduct their activities effectively for the benefit of the City.

B. ECONOMIC DEVELOPMENT STRATEGY

1. Goals

The goalsetting sessions resulted in the following five community goals associated with Kecskemet's future economic development:

- o Kecskemet should strive to become primarily an agriculture-oriented marketing/distribution center,
- o Local industries should be based on agriculture,
- o Kecskemet should attract "back office functions" in complement to expensive commercial office space in Budapest,
- o Kecskemet should develop international ties,
- o The military airport should be converted into a civilian facility that serves both commerce and passengers.

2. Present Conditions

In the past years the city has lost its position as an important market and distribution center for agricultural products. Kecskemet can regain this important economic role by reaching out to its region and by making a conscious effort to update its facilities required to serve its hinterland.

The business community struggles with difficulties caused primarily by the lack of ready market for the local products, and the lack of working capital. Yet Kecskemet is in an excellent position to serve as a regional business and financial center, given that telephone communication will be made available to businesses.

The city's potential for establishing international ties is enhanced by the presence of an excellent (military) airport. Of course, it will take time before the environmental hazards associated with this facility can be removed.

Many local industries have slowed down. Several industries are not viable because they have been located in Kecskemet without assurance of the required conditions. In many instances, this forced industrialization had a negative effect on agricultural production.

The recession led to unemployment that was unknown in the past. Unemployment causes serious concerns.

Past economic resources are exhausted, and they have not yet been replaced by new ones.

Many people are overburdened, because they must hold down two-three jobs. These people do not pay taxes after their second income. This deprives the community from significant income.

The subject of tourism has evoked much debate. It is evident that 1-2 hour bus stopovers do not benefit the community. Unfortunately, presently Kecskemet has very limited facilities to accommodate and entertain larger numbers of overnight visitors.

Due to the uncertain times, and preoccupied with other pressing problems, the Self-Government of Kecskemet has not applied itself toward defining a strategy for economic development.

3. Recommendations

Recommendations related to Kecskemet's economic development respond to present conditions by addressing the five main community objectives. They address agriculture and associated food industries, industrial development, commerce, tourism and hospitality, entertainment, strategic disposal of surplus properties, and the re-use of military barracks.

a. Agriculture and Food Industries Throughout its history, Kecskemet played an increasingly important role as a center of agricultural production on the Great Hungarian Plains. The community has developed considerable knowledge, values and traditions in these areas. The new law is meant to compensate property owners for their past losses, and this will result in the redistribution of productive farmlands. Privatization of larger plants will open up new entrepreneurial opportunities for those who have sufficient starting capital. The Self-Government must be prepared to respond to these new business opportunities by providing economic incentives and professional counsel to young entrepreneurs.

This agricultural tradition can be the new foundation for a rejuvenated food processing industry that is retooled to respond to the Western markets. The Self-Government will

be able to foster such economic development through committing the best resources toward agricultural research, training and education in the fields of vegetable, grape and meat production and processing. Considering the competitive nature of the business, special emphasis will have to be placed on securing the necessary capital, proper packaging, effective advertising and contemporary business practices.

Agriculture must continue to apply all opportunities for innovation in order to become competitive in new markets and to assure constructive interaction between farming practices and the associated educational institutions.

An important tool in reestablishing Kecskemet as a major market and distribution center would be the proposed wholesale market and commodities stock market. This new facility would assure that the local food processing industries are always supplied with the necessary agricultural products, and that the local market can count on the most up-to-date refrigeration, and the most advantageous conditions for transporting and promoting local agricultural products for export.

Products of truckfarming, fruit orchards and ranches all will require construction of new, modern refrigeration facilities, and the conditions required for producing the lean food products required for contemporary nourishment.

b. Industry It is the business community's consensus that, in the future, industrial development should be based on agriculture. With infusion of new capital, some light industries would find suitable labor force in Kecskemet and its environs (Communications, spare parts, quality wood products, textile products, printing, etc.). Considering the availability of local skills, those industries should be favored which add much value to the products.

While heavy industries are not justified in Kecskemet, the city should not close its doors to new, modern industrial plants (i.e. the automobile plant of Esztergom). Such plants could both contribute to Kecskemet's reputation as a multifaceted community and would also reduce unemployment in the area.

The Self-Government must designate sites for industrial development. Staff recommendations point to the following options:

o Small entrepreneurs and service firms, in the vicinity of Bajnok utca and Kadafalva,

o Larger firms and perhaps foreign industries, in the area behind the Shell pump,

o Some medium-size domestic firms and perhaps foreign investors, in the abandoned industrial plants and in former military barracks deemed suitable for this purpose.

The premature, inappropriate use of these sites should be prevented. It will be important to tie these potential sites into the local circulation system, and perhaps to serve them also with a spur rail line.

3. Commerce Kecskemet's geographic position speaks favorably for its traditional role as a marketing center. This locational advantage was further enhanced by its purchasing power and the facts that Southern Hungary's agricultural products poured northward to Budapest, and in the summer toward Lake Balaton through the city. Construction of the new highway system has diverted this flow of goods.

Establishment of the planned wholesale market and distribution center could reestablish Kecskemet as an important market place. The detailed program for this important facility has been analyzed by the Mayor's Bureau, in connection with a recent site selection study.

Commerce will be also aided by civilian access to the military airport. Increasing passenger traffic to the airports of Budapest may speak in favor of commercial use of the air facility in Kecskemet. Use of the airport could be critical to the successful marketing of fresh local produce in Western Europe.

The consultants wish to voice a word of caution about the idea of creating a regional shopping center at the intersection of regional highways, in the outskirts of Kecskemet. While building a large shopping center on inexpensive land can earn huge profits to its developers, the very success of such a commercial facility could destroy the downtown business environment. After the first decades of euphoria about flashy new shopping centers built in the sixties, many cities are now painfully rebuilding their deteriorated central cities -- at tremendous expense. A successful outlying shopping center can suck the life blood out of a central

city, and Kecskemet can not afford to go through this deadly experiment.

In addition to wholesaling and retailing, Kecskemet will have a potential for serving as a financial center. While today this is not apparent, because the economy is locked in a stagnant state, banking will inevitably play an important role in the future Kecskemet. In keeping with other business activities, local banks will have to operate at the international level. This will represent a challenge that warrants due preparation. The Consultants recommend that local banks and financial institutions raise their sights by learning to operate at the levels of Western European financial institutions.

4. Tourism and Hospitality Along with the other Eastern European countries, Hungary has become a subject of touristic interest to the world. Kecskemet could capitalize on this opportunity, as long as it can profitably do that on a seasonal basis. At certain times of the year the Great Plains and even historic downtowns or cultural events would not draw visitors to Kecskemet.

The city has proven that it has sufficient attraction to tourists who are interested in learning about Hungary. The objective is to keep visitors in Kecskemet for overnight stays. Overnight accommodations are expensive to build. The investment they represent normally pays off if they are occupied at least 230 to 240 nights each year. This level of occupancy can be achieved with touring vacationers in areas which represent popular tourist destinations. In other places the occupancy can be boosted through off-season events (at a discounted rate) or by catering to business travelers.

In view of this critical constraint, business opportunities in tourism must be considered limited, unless Kecskemet will find ways to remain an overnight visitor destination during the off-season period of the year. Ideas for boosting the city's attraction include "hot springs," cultural events, fairs, and further beautification of the downtown area.

Successful hospitality will also require more emphasis on the quality of services at every level, painstaking cleanliness, and a broader variety of foods. Not every foreign visitor likes zesty Hungarian food at every meal. Contrary to the food, entertainment should place emphasis on Hungarian culture, rather than mimicking the theme of Western night-

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clubs. Kecskemet has much to offer in terms of cultural entertainment. It has an excellent theater, and outstanding musical events associated with the two schools of music.

5. Strategic Disposal of Surplus Property The Self-Government inherited a wide range of real properties. These properties represent considerable wealth, and some believe that selling some of its real estate assets would represent an answer to the municipalities financial woes.

The properties fall in three categories: 1) Residential, 2) Non-residential and 3) Military properties.

Each of these assets could provide the Self-Government with cash flow, thereby contributing to the community's "economic development." In this regard it will be most important to clarify ownership rights related to the apartment buildings and the institutions now in the City's possession. The Mayor's Bureau has sufficient talent to resolve this question, given a specific deadline and the individual responsible for carrying out this charge.

a. Residential Properties Privatization (sale) of City-owned apartments could bring two benefits to the Self-Government: it would reduce the extent of the Self-Government's management responsibilities, and it would produce welcome cash flow. In determining the annual "quota" of disposition, the Self-government will have to define both the desired number and the quality of the apartments. This will be especially important because the best apartments will fetch the highest price, while the worst apartments represent the greatest burden to the municipality. It is conceivable that the worst apartments could be sold to people at nominal price with certain criteria for their upgrading by the purchasers.

Critical to the success of such sales program would be the availability of affordable pricing and mortgage financing. This could be established by applying part of the sales proceeds toward a rotating fund that is used to supplement commercially available mortgage financing.

In pursuing such a sales program it will be essential to treat the apartments as real estate assets and not as forms of social assistance. Forms of assistance to tenants and willing buyers will have to be offered through appropriate social programs.

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b. Non-residential Properties While some non-residential properties represent a source of income to the Self-Government, it will not be in the City's long-term interest to hold onto these properties. There are two valid reasons for this: 1) The Self-Government should not compete with private enterprise in renting non-residential space, and 2) The taxpayers do not elect and pay their local government to act as landlords and property managers in their behalf.

Depending on the nature of the properties, the Self-government could use them to foster economic development by attracting desirable businesses and perhaps industries whose presence will represent a boon to Kecskemét's economic development. Through such a strategy the Self-government could gradually dispose of the surplus buildings. It may also elect to operate other buildings for public benefit on a non-profit basis, i.e. artists' studios, or public workshops.

c. Military Barracks The abandoned military garrisons have generated much interest in the community, and the Self-Government is making every attempt to explore the potential of these unique resources. Reflective of their past function, the military properties are most suitable for institutional uses. Since Kecskemét would benefit from re-housing some of its educational institutions that will have to move, the Consultants urge the Self-Government not to fragment these military properties by committing them to miscellaneous tenants before having evaluated their optimum potential to benefit the broader community.

C. HOUSING COMPONENTS OF THE STRATEGY

1. Objectives

Kecskemet has inherited a large number of housing units from the Central Government. This presents the Self-Government with substantial problems but also with great opportunities.

Among the problems are:

- * Taking on an entirely new function of management,
- * Establishing a viable disposition program which includes the setting of appropriate real estate market values and economically and socially responsible disposition priorities.

Among the opportunities are:

- * Recreating viable neighborhoods in certain areas where major public infrastructure investments are needed,
- * Developing a disposition program which maximizes the City's potential income while respecting the needs of the current population.

2. Potential Actions

There are a variety of actions which the City may have to take in order to handle its publicly owned housing stock.

- * The City is a major landlord and as such must manage its resource economically and efficiently. This requires a professional management organization. It may be most advisable to engage an outside firm for such purpose since such an organization will bring with it immediate competence. This will also avoid building additional City staff for a function which may only be a temporary one.
- * The City may need to cause the rehabilitation or demolition of some of the units which need such treatment. This may be especially applicable in areas where such units are not served by

appropriate public utility systems, such as sewers or drainage.

This activity will have to be closely coordinated with other City activities such as Redevelopment and Public Works.

- * The City will need to organize an efficient disposition program for its units. This will have to include:
 - * a professional appraisal program to establish market values for the units to be disposed, For this purpose, the City may want to hire a professional real property appraiser, or engage a private company.
 - * the legal documentation and framework for disposition so that transfer of property can be handled effectively, The City agency which is to be responsible for these housing activities should have on its staff qualified legal personnel for the preparation of leases, disposition negotiations and documentation, eviction procedures, etc.
 - * some legal method that would permit control of excessive speculation with the sold units, Documents of sale should include certain restrictions on the resale of the units. These restrictions should permit such resales but place reasonable controls on them.
 - * an enforceable mechanism that would assure the needed rehabilitation of units that were sold in deteriorated conditions, with appropriate time lines and conditions to be met. Appropriate provisions must be included in the documents of sale.

2. Real Property Value and Financing Issues

It is essential that a method be established by which housing sales prices and rentals be set on the basis of the market value of the units. People selling units, be they individuals, developers or the public, should receive fair market value for their property. Similarly, landlords, be they the City or private individuals or organizations, should receive fair market rental for the units.

It is understood that there are people who because of the limits on their income, family size, age, etc. are unable to meet fair market value. The system should therefore provide for appropriate subsidies for such people. A method used effectively in other countries provides that they pay an amount proportional to their income. The specific proportion is legally set by State regulation. The subsidy should be structured in such a way as to pay the difference between the amount able to be paid by the tenant and the fair market rent. Such a system would permit annual, or other scheduled, review of the incomes of the occupants and the subsidy could thus be adjusted to meet both the ability of the renter and the need of the landlord fairly.

In establishing subsidies, it will be important that not the housing units, but their occupants should be subsidized, if so warranted.

3. Disposition Scheduling and Priorities.

During the goal setting sessions organized in December 1991, the issue of the timing of the disposition and which kind of units should be sold when was discussed extensively. The general consensus appeared to be that the larger units in good condition and with all comfort should be sold first in order to provide the largest possible income initially. The income from those units should then be specifically designated to the upgrading of units which needed the least rehabilitation to make them profitable. And that process should continue until all saleable units have been disposed of.

However, should the decision be made that the worst units be sold at an early time, the sales should possibly be discounted with the condition that the buyer had a specified time to bring the unit up to code requirements. This obviously would require that the qualifications of the buyers be checked before the sale to make reasonably sure that they in fact would be capable of fulfilling those requirements. There should also be a requirement in the contract of sale that if the conditions of sale were not met, the sale could be cancelled and the buyer be evicted without recourse.

D. MANAGING THE CITY'S REAL ESTATE ASSETS

1. Objectives

The City is in possession of substantial real property assets. These consist of large numbers of housing units, which were given to the City by the Central Government, and other real property, including some of the now abandoned Soviet military facilities. During the goalsetting process in December 1991, strong emphasis was placed on the need to assure that these properties should be used to support the City's financial structure, while carefully phasing their disposition and use into an overall City economic plan and program.

2. Housing Assets

It appears, that the City has determined that the management and administration of its housing stock should be handled outside of the regular City organization. The stated purpose for that decision is that this would enable that program to be run on a business like basis without the necessarily bureaucratic and often politicized city procedures.

This decision leads to a series of necessary follow-up decisions and actions. In setting up an efficient and productive mechanism for the administration and management of the housing stock, the following must be considered. The individual items will be discussed separately below.

- * Governing Board or Board of Directors
- * Relationship of Board to Assembly
- * Director of the Organization
- * Staffing
- * Accounting
- * Maintenance and Operations
- * Tenant Selection Process
- * Tenant Organization

2. Other Real Property Assets

In addition to the administration of the City's housing stock, it may be beneficial to have all real property assets managed by the same agency. This issue and the potential establishment of a similar organization to handle the City's redevelopment activities will be discussed separately in this report.

a. Governing Board: In order to provide effective management combined with appropriate accountability, the Agency should be directed by a Board which is appointed by the Mayor, whose appointments should be confirmed by majority vote of the Assembly. The Board should consist of 5, 7 or 9 members representing broad segments of the community. The Mayor should consider business and professional representatives, male and female, possibly a tenant of the city owned housing, different areas of the city, etc. If possible, party political affiliation should be disregarded.

The appointments should be made for fixed periods of 4 years but with staggered terms so that a degree of continuity is established. The City might consider establishing a two term limit so that over time, new members with new ideas or members reflecting changing circumstances or attitudes might be appointed.

Care should be taken that members do not have serious conflicts of interest, but in order not to eliminate good potential members, provisions should be made so that members with an occasional conflict can excuse themselves from acting on the potential conflict actions.

Board members should serve without salary, but might be paid a nominal fee for meeting attendance and be paid for actual, documented expenses occurred in performance of their responsibilities.

(Note: For additional and much more detailed information on the establishment and operation of Housing Agency governing boards, reference is made to publications by the National Association of Housing and Redevelopment Officials -NAHRO -Washington, DC)

The Agency Board should be responsible to the Assembly by making an annual report of its activities together with its submittal of the annual budget. The Agency Board is also responsible for the establishment of firm Agency policies to be administered by the Director and staff. Day-to-day administration and management of the agency and its business should be the responsibility of the Director, working within the policy framework established by the Agency Board.

b. Director: This position is the Manager of the Agency business, working under the overall policy direction of the Agency Board. The person should be appointed to this position by the Board without consideration of his/her political affiliation, but solely on the basis of professional administrative and management competence. In order to create a foundation for stability and responsibility, the Director should have some degree of job security, without having such secure tenure that he/she might become unresponsive to the Agency Board.

The Director should also be able to represent the Agency in public meetings, be a good speaker, feel comfortable in meetings with the general business community and with groups of tenants. Depending on the Agency and City policies, the Director should be able to administer a asset management or disposition program.

(Note: Housing Agencies such as proposed in this paper have been in existence in the UK and US for many years. It would be most useful to contact Housing Associations in those, and possibly other countries, to gather training material and provide for exchange and training visits.)

c. Staff: The staff of the agency should be hired by the Director based on a budget established by the Agency and approved by the Assembly. The Director should establish a formal system of job descriptions specifying the assignments, qualifications required, including education and experience, and the salary scales for each position.

Staff should then be hired on the basis of meeting the specifications, have a one year probationary period during which they could be removed without recourse, after which they would then have reasonable tenure. Performance should be evaluated formally on an annual basis, with records kept which would lead to potential promotions, or, if needed, to disciplinary actions, dismissal, or recommendations for specific remedial actions.

Depending on the size of the operation, staffing should cover generally the following activities:

Administration,
Accounting,
Maintenance,
Public Information,
Building Management,
Legal Services.

Administration would be responsible for the ongoing record keeping, provision of supplies, tenant contact, etc.

Accounting would be responsible for all the routine financial matters, rent notification and collection, bill paying, payroll, contract administration, budget preparation, etc.

Maintenance would be responsible for all ground keeping, janitorial services, garbage and waste collection, repair of buildings, utilities, grounds, etc.

Public Information could be included as a separate function under administration, but care should be taken that such does not detract from the importance of the effort.

d. Other Potential Staffing: Since most of the City housing stock is in large blocks of buildings, each such block should have individual management working under the overall policy direction of the Director. It may be advisable to have the Building Manager actually live in the block which he/she manages.

Depending on the scale of the overall operation and the policy of the Agency - ongoing management of the units or expeditious disposition of the units to private individual or group owners - the need for specific legal services might arise. Such service would include eviction procedures, title search and other disposition documentation, rental or lease agreements, etc.

NOTE: Although the above indicates the establishment of a staffing structure for the Agency, the specific circumstances of the Agency may indicate that any one or a number of the functions might best be performed under contractual agreements. If such a choice is made, care should be taken to assure that the services contracted for are performed with the clear understanding that although the operation should be and is run on a business like basis, it is still a public agency with the civic responsibility and accountability that goes with such agencies.

E. REAL ESTATE TAXATION

1. Goals

The participants in the goalsetting sessions voiced concerns that there was no clear definition between the need for public service provision related people and that related to property. The lack of such definition results in different methods of taxation applied somewhat irrationally. They looked for recommendations which would indicate which taxes should address social needs and concerns and which others should deal with services to land, buildings and their uses.

2. Existing Condition

It seems eminently clear, that almost all governments in the Western World have serious problems with meeting their budgetary requirements. The needs of their populations, as expressed by democratic popular expressions or in some other manner, are more and more difficult to respond to.

All governments, national regional, and/or local are in a constant search for additional revenues. The same populations, that have these expressed needs, resent the imposition of additional taxes, fees or similar taking.

Also, in many cases, the taxes or fees tend to be counter-productive even though they may raise substantial revenues. Often they achieve results opposed to the ends desired.

For instance, in many local governments, a prime interest is the stimulation of appropriate additional housing and employment development, and the ongoing rehabilitation of the existing stock. Under the usual property appraisal and assessment procedures, a new building is assessed at full value and is taxed as such. If an older building, with a reduced value is rehabilitated, it is reassessed and thus taxed at the improved, and thus higher, rate. In many instances, that procedure discourages property owners from improving their property because they do not wish to be saddled with the higher taxes, when the improvement may not bring a commensurate increase in their rental income.

3. Recommendations

It may therefore be worthwhile to consider another approach to property taxation. Such a new approach may be particularly useful in situations where there has not been property taxation in the past.

When property is vacant, but is located in an area which has been determined to be ripe for development, i.e., all public infrastructure facilities are available, and is located within the urban development sphere, then it might be taxed at a fairly high tax rate to stimulate its higher developed use.

If similar vacant land is located in areas not slated for early development, then it might be taxed at a very low rate, because that land would require very few, if any, expensive public services and it would therefore not be a drain on the public purse.

When a property owner in the area ripe for development does build an appropriate building, an assessed value should be established and an amortization schedule set. It may be assumed that such a new building, built according to all the related codes, would require a relatively low level of public services. Thus, the actual tax rate there might start at a relatively low level, but increase proportionally as the time goes by and it reaches its amortized value, by which time it would be taxed at its full value. If during the course of time, improvements were made to the building, then the value and amortization period would be reevaluated and the schedule of taxation adjusted accordingly.

Such a program would stimulate property owner rehabilitation and would over time reduce, if not eliminate, the need for public involvement in redevelopment.

On the other hand, if the property owner did not improve the property, the taxation would continue to increase at a rate designed to put pressure on the owner to undertake effective upgrading.

Just as this approach would stimulate development where such would fulfill a public purpose, so would the deliberately low assessment of rural, or urban fringe land fulfill an equally important public purpose by keeping development pressures low. In fact, if the public through its representative government, determines, that highly productive agricultural lands should be kept out of urban development, then it may be totally appropriate to ease the tax pressure in those areas and tax them only on the actual income potential that they have in their current condition. The same might be said for land that should remain in environmentally sound green belts.

4. Special Note Re Kecskemet

It should be noted, that the Self Government in the various proposals before it regarding potential taxation approaches, is considering tax breaks (reductions or deferrals) for up to 10 years in order to stimulate new and improved residential developments. It would seem, that the Self Government is in a particularly good position to experiment with innovative approaches at this time in its historical development.

F. URBAN PLANNING AND THE SELF-GOVERNMENT

1. Goals

Through its recently gained self-determination, Kecskemet has an opportunity to shape its future. Urban planners can respond to the challenge that planning for the future represents only if they are given clear directions by the governing body. Without such direction the planning effort becomes guesswork; at best, it will represent the best judgement of intelligent minds applied toward the complex task.

Planning goals must be defined at two levels:

a. Long-Range Goals Long-range goals represent a summation of the community's policies for what it wishes to achieve in the next few decades. The long-range goals sketch out a picture for the community's future. All actions of the Self-government must represent blocks in building this future, and any actions that would create hurdles in the path toward this future must be avoided at all cost. The General Plan is the summation of the community's urban development policies, and therefore must reflect the community's long-range goals in every respect.

b. Short-Range Goals Short-range goals provide guidance for defining the steps that will lead to realization of the community's aspirations. Short-range goals represent the priorities that must be addressed to solve imminent problems, to respond to urgent needs. The urban planning process responds to such goals with Specific Plans and Site Plans (Beépítési Terv).

2. Present Conditions

Urban planners in Kecskemet: the Planning and Architectural Committee and the Office of Engineering and Environmental Management are severely handicapped for several reasons:

o They must carry out their daily work without goals that have been endorsed by the Assembly.

o Their abilities to make decisions is curtailed by lack of authority,

o They lack the capacity to pursue long-range planning as an on-going process,

o They lack the capacity to address short-term matters of urgency through an in-house planning studio.

a. Planning Goals and Policies The recently amended General Plan for the Inner Areas (belterulet) of Kecskemet has been prepared without the benefit of goals set for the direction the city's development should take. The long drawn-out process of preparing a General Plan for the Outer Areas (kulterulet) is also proceeding without the benefit of broad based community goals endorsed by the City's governing body.

In recognition of the need for broadly based community goals, the Mayor's Bureau assisted the U.S.A.I.D. Consultants and the local Research Group of the Hungarian Academy of Science in conducting a series of public workshops and a public survey. The resulting goals and public concerns have been further discussed by an inter-office group led by the Office of Engineering and Environmental Management within the Mayor's Bureau.

Participating members of the City "Apparatus" stepped forward with their respective ideas as to how the goals produced through the workshops might be reflected in planning for the future. These ideas have been passed on to the U.S.A.I.D. Consultants for their consideration, and many of them are reflected in these recommendations. The Planning and Architectural Committee has reviewed the results of the goal-setting workshops, but did not act upon them, awaiting the Consultants' recommendations.

In brief, while the process of setting goals for the future has been initiated, the Assembly must still act upon them before they will represent official policy, and before they can be applied in the planning process.

b. Lack of Authority The planning process is affected by the Staff's and the Planning and Architectural Committees respective limitations to make decisions. These limits are reflected at the staff level through the practice of bringing all matters -- however small -- before the Committee for discussion and decision. The authority of the Committee is limited by the provision that in all matters affecting property above a certain (minimal) value, must be brought before the Assembly for decision.

This practice is based on lack of trust, and causes both the Urban and Architectural Committee and the Assembly to deal with cases that could be handled at a lower level of authority. The result is that many times staff does not even come forward with recommendations because it expects that the Committee (basically an arm of the elected Assembly, composed of politicians) will make the required decision.

The process is also hampered by the requirement that it is not the Chief Planner who presents cases to the Assembly, but the Chair of the Planning and Architectural Committee. This makes many planning recommendations suspect to political bias, and leads to prolonged discussions without benefiting from a factual staff analysis and rationale.

Lack of sufficient authority to make decisions at the Staff and the Committee levels leads to apathy, stifles initiative, and burdens the Assembly's agenda with daily "housekeeping" issues. This prevents the elected body from focusing on City policy and from making the important policy decisions required for a sound planning process.

c. Long-Range Planning A long-range plan represents the policies against which all daily planning decisions must be made. As life and conditions affecting a community change, so does this plan have to reflect new opportunities through new solutions. In essence, the plan must be continually manipulated in keeping with public policies to reflect solutions that are regarded as most suitable to achieve community goals.

Keeping the General Plan "alive" is an ongoing function. This function must be carried out by a staff that is dedicated solely to this function. The Mayor's Bureau does not currently accommodate this function.

d. In-House Planning Capacity Offices of the Mayor's Bureau would often benefit from a "quick" analysis of the planning implications of their proposed solutions to other pressing problems. Lacking a small "studio" that could perform such tasks, the Mayor's Bureau is either forced to involve a consulting firm to perform the analysis or it must make decisions without adequate information. In the first instance much time is lost, in the second case the Self-Government may not make a sufficiently informed decision.

3. Recommendations

It is not the Consultants' intent to come forward with ideas for Kecskemet's future development. Such ideas must be rooted in the community, and the Staff has demonstrated its ability to produce such ideas through the interoffice planning group assembled by the Office of Engineering and Environmental Management, and through their frequent discussions with the Consultants.

In keeping with their charge, the U.S.A.I.D. Consultants' recommendations address

"...the local government's role in the urban planning..

with emphasis on procedures aimed at affecting a more democratic, more environmentally responsive, and more flexible planning process.

The most critical factors in an effective planning process are the the relationships between the people and their representative government, and the elected government body and the Mayor's Bureau. Each of these are important resources that must be brought to bear in the planning process. Accordingly, the following recommendations will address the interrelationship of these.

a. The Assembly Kecskemet's 39-member Assembly has been elected by the voters to lead the community. At the same time, when prospective Representatives ran for office, they committed themselves to serve in office at the voters' pleasure. In addition to managing the Self-Government's daily affairs, an important manifestation of such leadership is charting a course for the community's future. This is done through establishing the policies that will shape the physical plans for future development in Kecskemet.

Halfway through its term, the Assembly is still remiss of discharging its obligation to reach out to its electorate, and to interpret community goals into planning policies. The Consultants recommend that the Assembly exercise its leadership by establishing planning policies that are based on broad community support, and that the Assembly refrain from getting involved in daily planning decisions.

b. The Mayor's Bureau Employees of the Bureau are also "public servants" who have two major responsibili-

ties: 1) They are entrusted with managing their community's daily affairs, and 2) They are to provide the information to elected officials that enables them to make wise policy decisions.

Presently the Mayor's Bureau is set up to provide the first function. The Consultants recommend that the Mayor's Bureau be reorganized to allow for the second function. This will require the creation of a small planning studio and a forum for inter-office planning collaboration.

c. The People Both the Assembly and the Mayor's Bureau would not exist if the community would not require their services, and if the people would not support them with their taxes. Consequently, it is the people of Kecske-met who must be regarded as the ultimate "client" to whom the Assembly and the Mayor's Bureau are responsible with creative planning.

In most democracies the needs and the will of people are communicated to their elected officials and the Mayor's Bureau through various interest groups. These interest groups may represent neighborhoods, business factions or other other joint community interests. (Examples for such powerful interest groups may be the downtown business owners, or the ladies' garden club.)

Kecskemet lacks such representative organizations. Perhaps the only vocal group is the Local Patriots Association. The Consultants recommend that the Self-Government initiate a process of creating representative community organizations that are not based on party affiliation, but on their common interests. These representative groups could then be the Assembly's "contacts" in the community, and could become the essential resource for conducting a truly democratic, meaningful planning process.

d. Planning Goals and Policies The need for planning goals and clearly defined policies has been discussed above. The Consultants emphatically recommend that the Planning and Architectural Committee take up this matter with the Assembly, and press for the formulation of the necessary planning policies. Only with such policies in hand will the Committee be able to carry out its charge.

The first step in this process would be an invitation to the other nine Committees to review the result of the

goals-setting sessions, and to define the goals related to their respective areas of responsibilities (i.e. transportation, education, etc.). With this information available, the Planning and Architectural Committee could then invite the nine other Committee Chairs and their staff liaisons for a work session, where recommendations for the Assembly's consideration would be finalized. The next step would be a joint presentation of the goals to the Assembly for their review, debate and endorsement, and for the adoption of related City Policies.

This process would have multiple benefits:

- o The Committees would have to focus on long-range goals associated with their respective areas of responsibility,

- o The ten Committees would have to coordinate their agendas,

- o Through the ten Committees the Assembly would get insights into community sentiments and the results of the goal-setting process conducted in December of 1991.

- o In conclusion, the Planning and Architectural Committee and the Mayor's Bureau would have official policies available for pursuing their daily work.

e. Authority In view of the detrimental effects of the lack of authority to make decisions at the Staff and Committee levels, the Consultants recommend that the provision for referring committee decisions to the Assembly for properties of insignificant value should be rescinded, and that the Planning and Architectural Committee should act only in an advisory capacity. Responsible decisions regarding routine planning matters should be made by the planning Staff. (This recommendation is in keeping with the Rules and Regulations in effect for the Mayor's Bureau.)

f. Long-Range Planning In recognition of the need for a responsive, flexible long-range planning process the Mayor's Bureau should establish an inter-office forum for such planning. The functions of this group would be:

- o To review each important planning/development proposal for compliance with long-range planning policies,

- o To recommend possible improvements in the proposals for better compliance with adopted long-range policies,
- o To advise the Planning and Architectural Committee regarding matters of long-range effects,
- o To testify at Assembly meetings as called upon by the Committees,
- o To collaborate with the Office off Engineering and Environmental Management in keeping the General Plan up-to-date.

Such a function should be established in the Office of Engineering and Environmental Management, and be staffed by a Senior Planner, a Draftsperson and the required administrative support. The planner assigned to this function should be responsible for counseling with other Offices as required through a weekly worksession scheduled for this purpose.

g. In-House Planning Capacity In view of the frequent need for a quick analysis of proposals that affect planning for Kecskemet, the Mayor's Bureau should establish an in-house capability to provide such services. The necessary studio should be established within the Office of Engineering and Environmental Management, and should be staffed by a "Land Use" Planner and an Urban Economist. The studio would serve the Office, the Planning and Architectural Committee, and -- if so desired -- other Offices and Committees at the discretion of the Head of its parent Office.

h. Regional Planning Kecskemet depends on its immediate surroundings functionally and environmentally. Such dependence suggests that the Self-government coordinate its planning with the neighboring jurisdictions. The Consultants recommend that the City establish a regular, multi-prong planning program with its neighbors. The first steps in this direction would be: 1) Identification of all areas of common interest, 2) Preparation of an environmental inventory toward a better understanding of the ecosystem that supports Kecskemet and its region, and 3) Establishment of a forum that would serve to facilitate pursuit of joint planning interests.

i. Learning from Other Cities Kecskemet is a founding member of the 22 member Association of Cities of County Rights. As a member of that organization, the City

is actively participating in several joint efforts undertaken by the four working Committees of the Association. With the assistance of Mayor Merasz, the U.S.A.I.D. Consultants initiated a working relationship with the Association's Committee for Infrastructure and (Urban) Services.

The Consultants recommend that the Office of Engineering and Environmental Management take an active (if not leading) role in that Committee. First steps in establishing such a beneficial working relationship would involve identification of joint problems and sharing of creative solutions to those problems that may be applicable in other cities.

Kecskemet's participation in the Association of Cities with County Rights may also serve as an opportunity to lobby for important legislation (improved and new) at the national level.

G. URBAN RENEWAL IN CENTRAL KECSKEMET

1. Goals

Community representatives participating in the goal-setting sessions established the following goals in connection with the central area of Kecskemet:

- o Downtown Kecskemet should continue to play an important role in the community's daily life.
- o The Central City should play both living and service functions. These functions will require improved and expanded infrastructure.
- o Regional through-traffic should bypass the Central City.
- o Past efforts to beautify downtown Kecskemet should be further expanded.

These goals can be accomplished through comprehensive planning and a major renewal program.

2. Present Conditions

To a certain degree Central Kecskemet can be likened to a "Potemkin's village," where the impressive buildings of the squares and main boulevards back into a village inherited from the 19th Century. The edifices of downtown often lack sewer connection. Many old burgherhouses of the Central City lack waterproofing and some utilities. A closer study of the conditions reveals:

- o A lack of sanitary facilities,
- o Poor surface drainage,
- o Significant deterioration of an outdated housing stock,
- o Lack or severe deterioration of sidewalks,
- o Lack of adequate parking, and
- o Severe deterioration of roads.

These conditions are found primarily within the area immediately surrounding the downtown buildings, and largely within the outer ring road. In brief, much of Central Kecskemet warrants rehabilitation or redevelopment.

The U.S.A.I.D. Consultants have also found that there is no reliable information available which would be required for an effective rehabilitation or redevelopment program.

3. Recommendations

In keeping with the community's objectives to upgrade the quality of Kecskemet's Central City, the Consultants recommend an approach, methodology, organization, and financing techniques toward a systematic rebuilding effort.

a. Approach and Methodology Considering the difficult times inflicted by the transition-period, and in view of the Self-Government's lack of experience with redevelopment, a slow, incremental approach to rebuilding will be advisable.

First the necessary information will have to be assembled and organized. On a suitable base map ownership, the uses and condition of building stock will have to be recorded, classified and examined for compliance with the General Plan. Buildings of historic significance will have to be identified and evaluated. Characteristic street-scapes will have to be noted and recorded.

In addition, an inventory of the associated roads, and utility systems will also have to be prepared. In conclusion, a statistical evaluation of the area surveyed will have to be made, in order to identify areas which should be rehabilitated and preserved, and areas that will warrant redevelopment. The analysis will also enable the City to identify the area which holds most promise for early renewal.

The analysis will suggest "soft" and "hard" areas in the urban fabric, the soft areas suggesting renewal, the hard areas to be further investigated for possible conservation and rehabilitation.

At this point, the City will be prepared to delineate potential redevelopment parcels that would yield the best results with the least amount of effort and investment. Once these parcels have been defined, two plans would have to be prepared: 1) One for the relocation/rehousing of the households and businesses that occupy premises on the selected parcel(s) and 2) A "specific plan" (perhaps a site plan or "beepitesi terv") to serve as guide in

redeveloping the site. The relocation plan will have to be prepared in consultation with the occupants. The specific plan should involve consultations with potential developers.

The survey will involve many hours of repetitious work that -- when carried out by mature professionals -- would represent a very expensive proposition. The Consultants suggest that the Self-Government consider retaining the services of graduate students of a reputable School of Architecture for conducting the necessary surveys as part of their normal graduate program, under the direction of their professor, and the supervision of the Mayor's Bureau. Further work can be carried on by suitable professional firms or City staff retained for this purpose.

2. Organization

Presently the Self-Government is not set up to conduct any redevelopment programs. The Consultants recommend that the creation of a "development agency" be considered with the mandate of performing the role of a "master developer" in behalf of the Self-Government. Such an agency would have the prime responsibility for assembling developable parcels in the Central City to be sold to individual developers, and would function along the lines recommended for an "asset management agency" by Mayor Merasz in connection with the City's need to manage its real estate assets in a businesslike manner. This agency would closely collaborate with the Engineering and Environmental Management Office of the Mayor's Bureau, and with several Committees of the Assembly.

In order to function effectively, employees and advisors of this agency should be selected without regard to their political affiliation. They should represent well known and highly respected members of the nation's professional and business community.

The Advisory Board of 5 to 7 members should represent a good mix of technical and/or professional experience and the general public.

The managing Director of the agency will have to have skills in development, management, negotiations and persuasion, since in addition to managing the agency as if it were a business, he or she must have the skills to collaborate with the diverse Assembly.

3. Financing

The two reasons why urban development is practically at a standstill in Hungarian cities today is the lack of suitable financing, and the absence of a legal mechanism to combine public and private resources. Financing of urban projects can be facilitated through a combination of public and private resources.

The Development Agency, as an arm of the Self-Government enjoys the same credit standing as the City itself, therefore the agency can assist private developers with the "interim financing" required for land assembly, or other early actions that require "front money." Once the desired development site has been assembled, the private developers can market and partially pre-sell their project, pay for the land, and use short-term construction financing for the completion of the project.

Depending on the municipality's disposition, the private developer's risk and capital requirements can be also substantially reduced by the agency taking responsibility for financing the necessary infrastructure through an "improvement district," that allows the developers to repay the cost of infrastructure, once the project has been fully leased or sold.

These financing techniques offer but a few examples of the advantages of the collaboration between a public agency and private developers. The key to the success of such joint efforts is flexibility in negotiating the right deals at given times, that respond to specific requirements. Only an agency that is empowered to negotiate freely can be successful in such an endeavor. Of course, it is the Self-Government that has to take the lead in creating the right conditions that will initiate action by establishing opportunities for developers under the current conditions.

H. IMPROVING AND EXPANDING INFRASTRUCTURE

1. Goals

If Kecskemet, and for that matter any other city, wishes to be competitive in a Europe whose interdependence is increasing, then its facilities and infrastructure must be brought up to what is called a "Western Standard". This goal was consistently reiterated by the participants in the goalsetting sessions.

2. Present Conditions

These thoughts about the means of financing the needed infrastructure were developed when looking at some of the outlying areas which started out as "hobby gardens", but which have substantial year-round housing development.

While meeting with some of the consultants and city staff engaged in the outlying area planning effort, the Consultants became aware of a particular area between the current city limits and one of the small outlying satellites. Apparently, there have been at least two different policies applied to development in the outlying areas.

On the one hand, where the soil was not of the highest quality for agricultural activities, the authorities permitted development of very small parcels (30 - 32 square meters or approx. 300 square feet) for hobby gardens. It was apparently felt that on such small parcels with intensive care, some agricultural activity might be feasible. The authorities also only permitted small tool storage shacks and no residential building.

On the other hand, where the division of land was for larger parcels (2,000 square meters or approx. 18,000 square feet or a little less than 1/2 acre), the authorities permitted the development of houses, wells and septic tank installation.

This gave rise to a very sporadic development over a substantial area. This was aggravated by the habit of many people to punch holes into the bottom of their septic tank so that there would be less need to pump out the tank. The area has very porous sandy soil down to about 8 - 10 meters when there is a layer of impervious clay. Above that clay is the first aquifer which was, and in many places still is, used as the primary source of potable water. Where that became untenable due to beginning groundwater pollution, the first clay layer has been pierced and deeper wells drilled to the next clay layer at about 30 - 50 meters. In between these two layers, there is again very good and porous sand and a substantial aquifer.

Although that effort resulted in another source of ground water, the perforation of the top layer, as it increases, adds to the possibility that the second layer will also be infiltrated by effluent from the septic tanks.

This concern with the water and sewage disposal system is symptomatic of some of the infrastructure concerns that have to be dealt with by the local communities in Hungary (and probably also in other similar Central European countries).

3. Recommendations

As can be expected, whenever the question of extension of the normal public services to those areas arises, the question of the financing comes to the fore. We believe that it is quite commonly agreed that the major part of any financing for the improvements should come from the existing and newly developing inhabitants. But, as far as we have been able to determine, there has not been a mechanism available in Hungary for such an effort. The local government cannot finance the improvements because its revenue raising capacity is very limited and its responsibilities have increased enormously since the creation of the "self-government" system. It is also felt that the individual owners and/or developers do not have the capacity to come up with the up-front financing for the installation, especially at the currently very high interest cost.

It might be worth investigating if the "Assessment District Financing System", widely used in the US might have application in Central Europe. It would provide a cooperative arrangement in which both the local government and the individual owners/developers participate. It would also provide for the raising of the up-front funds needed using the good credit of the local government with the possibility of somewhat reduced interest rates, while firmly structuring a 20 - 30 year pay back schedule by the individual owners. This monthly or yearly (depending on the individual needs) repayment could be attached to any local property tax system which would be established.

Thus, the bonds sold by the city for the semi-public district, would pay for the installation, while the owners having benefitted from the somewhat reduced interest rate and a substantially increased property value due to the improvement, would be able to pay for the installation over a reasonably extended time, always having the option, should they have the means, to pay off the whole amount in advance, saving even the reduced interest.

We suggest that an investigation be initiated to see if there is anything in Hungarian law which would not permit such an effort. If there is, then one might wish to try to remove the impediment. If there is not, then one might assume that, if it not specifically forbidden, it is OK. If that is too rash an assumption, then it may be necessary to try to get specific enabling legislation.

Assuming that an appropriate financing mechanism can be developed, the various utility companies are capable of providing and in many instances already have prepared plans for the needed improvements and/or expansions.

Aside from the concerns with the provision of adequate water and sewer services, the single most deficient utility service is in the field of telecommunications. The current phone system, which is totally inadequate for contemporary purposes, is owned and run by the State.

The City is currently investigating the possibility of associating with a foreign telecommunication provider in order to set up its own system, which could then be tied in to the national system. All efforts in that direction should be supported, since without such an effective system, economic development which can compete with Western economies is substantially impossible.

I. MORE ACTIVE CITIZEN PARTICIPATION

1. Goals

A primary goal for any truly democratic government is to involve the largest number of citizens possible in its decision-making processes.

2. Present Conditions

Historical circumstances led to conditions in Hungary, as in most countries in the world, in which active participation by the citizens in the decision-making processes of their governments was highly limited.

3. Recommendations

In order to make "Self-Government" not only effective for the Government, but also for its Citizens, effective methods should be developed to stimulate the participation by the citizen in his government.

At the smallest scale of community, the so-called "town-meeting" provided the most effective means by which the individual could express his or her wishes and could therefore affect the decisions made by the elected officials.

Most contemporary communities can no longer use that method, although the electronic media have reintroduced a new form of such participation, by developing the Phone-In during panel discussions or other relevant programs. The newest interactive technology might even expand that kind of participation further beyond its present limitations.

Barring such technological tools, contemporary media, TV, radio, newspapers, etc. represent important means of informing and involving the citizenry in the process.

Local officials, both elected and appointed, must assure the utmost openness in all their activities. Especially at the local level, where most decisions are not, and should not be, dependent on party political platforms, such openness is required in order to develop a sense of trust by the voter in his representatives and his "public servants".

This openness should be in all the public meetings, such as the Assembly and its Committees. The public, and certainly all those that would be directly affected by any decisions made, should be able to voice their opinions, be heard fully and should be able to feel that their input was considered before final decisions were made.

It is clear, that the final decisions will not always be popular with some or all of those involved, but only if all can feel that they have had a real opportunity to have been heard, can even negative responses be accepted with grace and understanding.

All elected officials, who are elected by district or any other limited area, should arrange to have regular, open and well publicized meetings. During those meetings, they can explain the positions which they have taken, their constituents can express their support, opposition, petitions or general opinions, and an open discourse can be developed.

Again, it is not essential that total agreements result from such meetings, but as constituents develop an understanding of the governmental processes and a recognition that their representative is listening to their concerns, then a positive interaction can happen.

A process such as described can go a long way to convince the citizens that the officials in power are either no longer the "apparatchiks" in new political clothes, or they have actually changed, or there are actually "new" persons involved with new ideas and attitudes. When such a belief begins to take hold, then people will be able to see government and its officials as their "public servants" and will be substantially more positive toward even some of the bitter medicine that must be swallowed on the road to improvement.

J. TOWARD A BETTER ENVIRONMENT

1. Goals

While the goalsetting process did not specifically address environmental issues, the participating spokespersons shared concerns related to Kecskemet's urban and rural environments.

2. Present Conditions

Environmental aspects of planning in Kecskemet are reflective of conditions in Hungary. Urban design has been traditionally a conscious part of planning for urban development. Architects' concern for the quality of urban spaces is reflected in both the historic and the new Kecskemet. Other environmental aspects have remained at the level of scientific research. The socialist state and its preoccupation with expeditious production did not allow room for mitigating adverse environmental impacts associated with any form of development.

The country is saddled with a number of environmental problems that it will have to deal with. Some of these problems do not represent health hazards. Others are of a nature that threaten residents' well-being. Those must be addressed urgently.

Key environmental issues in Kecskemet relate to the quality of ground water, the suitability of soils for agricultural production, the environmental impacts of local industries, the air/noise pollution associated with vehicular through-traffic, the treatment of wastewater, and the management of solid waste.

The first steps in recognizing these concerns in the City's General Planning process were made when the Office of Engineering and Environmental Management established the consultants' Scope of Work for the General Plan Amendment for the Outlying Areas of Kecskemet. The required expertise was secured through talents of the Faculty of the Agrarian University of Godollo, and local scientists of the Hungarian Academy of Science's Center for Regional Studies.

3. Recommendations

With its limited financial resources the Self-

government will not be capable of undertaking the massive environmental cleanup that will be required due to past mismanagement. It should, however, adopt a systematic way of preventing further deterioration of the environment. This preventive action will have to be affected through the planning and permit process administered by the Mayor's Bureau through the Office of Engineering and Environmental Management.

K. REGIONAL POSITIONING

1. Goals

The goalsetting sessions identified the following three goals associated with Kecskemet's regional positioning:

o The Self-Government should invite the surrounding communities to discuss regional issues. This may have to be done in several tiers, with different levels of interaction. Such cooperation should be established on a functional basis, and should not be limited to Bacs-Kiskun County.

o Common services, i.e. water, transit, etc. should be addressed jointly.

o The region's Self-Governments should establish a regular, structured communications network for resolving current issues and to exchange ideas regarding long-range plans.

2. Present Conditions

Kecskemet is a regional service center to a broader agricultural region. Since the City is now in the NE corner of Bacs-Kiskun County, its functional relationships transcend the county lines to the north and to the south. In some respects, Kecskemet has a regular working relationship with ministries and other central services located in Budapest, 80 km to the north.

A study of Kecskemet's regional role limited to Bacs-Kiskun County was prepared by the Settlement Research Group of the Hungarian Academy of Science's local Center for Regional Studies. According to that study, Kecskemet serves a population of over 60,000, just within Bacs-Kiskun County.

As a County Seat, Kecskemet had a logical working relationship with its region. Its new position of a City of County Rights puts the Self-Government in an awkward position where it must stand alone, and where it has no forum for collaborating with the surrounding municipalities. The smaller Self-Governments within the County are organized under the umbrella of the County, and Kecskemet is invited to partake in the regular meetings. Not being part of the County, the Self-Government does not have voting rights in the group. Perhaps this is the reason

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why the Self-Government of Kecskemet does not participate in the regular coordinating sessions, and why it must make special efforts every time it wishes to deal with one of its neighbors.

3. Recommendations

Considering the strong interdependence between Kecskemet and its service region, the present situation appears to be untenable. To resolve the dilemma, the Consultants offer the following recommendations:

a. A Regional Conference In order to be effective, the form of regional cooperation would have to be voluntary and acceptable to all jurisdictions. The foundations of an effective regional working relationship could be laid at a conference where the four Counties (Bacs-Kiskun, Pest, Szolnok, and Csongrad) and the interdependent Self-Governments would discuss alternative options for managing their affairs, and where they determine the most suitable format for their regular, continued working relationship.

Such a one-day conference could be organized by a "neutral" party, i.e. the Settlement Research Group of Kecskemet's Center for Regional Studies.

b. Regular Interaction The regional interest group could then identify issues of mutual concern, the resources through which those issues could be dealt with, and the format and timing of regular interaction.

c. Shared Information Base The interest group might find it of mutual benefit to establish a joint "library" and data bank. Such an information base could be managed under contract by one of the participating jurisdictions or the Center for Regional Studies.

d. Joint Studies and Planning Efforts The regional interest group will have many things in common. In time it will become evident where each participating entity would benefit from a joint pursuit of studies and/or planning programs. Again, the Center for Regional Studies might be a logical choice for organizing and conducting these efforts of mutual benefit.

In summary, the U.S.A.I.D. Consultants recommend that the Self-Government of Kecskemet not accept its jurisdic-

tional isolation, but rather initiate a process for establishing a forum for regional cooperation and benefit.

L. THE NEXT STEPS

The U.S.A.I.D. Program initiated a series of actions in Kecskemet that were aimed at improving the effectiveness of the local government's planning process. The Consultants recommend that the Self-Government build on this initial work by considering action in three areas:

1. The City should commit itself to move forward with the program's recommendations.
2. The City should proceed expeditiously with appropriate reorganizations of both structure and staffing.
3. The City should aim for early and visible results in order to build an effective momentum (Success breeds success!).

The City must recognize that the next steps into the future have to deal with several different levels of schedule. Clearly, there are some issues that have to be dealt with immediately and that may have to be dealt with incrementally. Others have to be carefully programed, studied and then implemented generally as a single effort.

The Consultants are also aware that there is often a tendency to be so careful about having ALL the information on any project that decisions are never made, because there might be some other information available. Care should be taken to avoid that kind of "information paralysis".

The following steps are listed without regard to priority and timing sequence. Some of the timing and priority becomes quite obvious upon review, but the specifics will need to be determined by the local circumstances and conditions.

1. The Consultants' Recommendations

- * Consultants recommendations should be reviewed and discussed by the appropriate Assembly Committees, prior to presentation to the Assembly.

- * Prior to formal presentation to the Assembly, the Committees and their staff should use all available media resources to present these recommendations to as broad a public as possible. Such outreach might include presentations to all service clubs, business associations and all other potential interest groups.
- * The presentation to the Assembly should probably be made as follows:
 - * First, a comprehensive overview presentation of the basic range of the project's recommendations.
 - * Then a structured presentation of the various topics by the Chairmen of the appropriate Committees supported by staff and/or consultants.
 - * Following Assembly endorsement of the recommendations (as revised to reflect the Assembly input), the results should be disseminated openly and as broadly as possible.
- * Very specific assignments should then be made with timelines and responsibilities clearly defined for the implementation of the various recommendations.
- * Of special importance is the need to shift the planning emphasis from one of reacting to external pressures to one of positively acting on the needs, wishes and opportunities expressed by the citizens.
- * Since what Kecskemet does clearly affects the surrounding self-governments and since it is equally clearly affected by their actions, deliberate steps should be taken to overcome any problems which might be in the way of effective cooperation, at least within the County. The Kecskemet surroundings are not limited to areas within the County boundaries, and therefore this outreach should consider cross boundary cooperation, where such is indicated.

- * Of equal importance is the need to cooperate actively with Budapest and many of the other Hungarian cities in the preparations for the 1997 Worlds Fair. Kecskemet has already taken steps in that direction and such movement should be strongly and effectively supported.
- * The City should actively pursue the establishment of a regular TV program dedicated to City affairs which could feature both elected and appointed officials on panels, where they could be questioned in studio or by phone about ongoing city activities and plans.
- * The City should continue its leading role in the Association of Cities of County Rank, so that these cities can learn from each other and specifically support each other in dealing with Central Government legislative and administrative matters.

2. Reorganization

- * In order to facilitate reorganization to make the governmental structure of Kecskemet more responsive to the needs of its citizens, the City might consider contracting with a qualified management consultant to analyse its existing structure and to make specific recommendations for streamlining and modification.
- * Any projected reorganization should assure that those areas of staff competence, which are currently not available, are properly provided for.

3. Visible Results

- * In order to build confidence in the ability of the populace to visualize a positive future and to reaffirm trust in the ability of the Self-Government to manage the road to that future, it will be important that some early, even if incremental, successes are achieved.
- * The City should prepare development plan sketches for some key development parcels so that as inquiries are made of the Mayor, he will be able to respond with a positive menu of options.

- * The City should budget for a reasonable amount of reserve (even in these constrained times) in order to be able to support potentially productive development proposals which can lead to early and positive results.

A P P E N D I X

II. THE PERMIT PROCESS

Initially, it must be pointed out that all the permits discussed under this heading are processed through one central office. However, that office has a minimal staff and depends largely on extensive circulation of applications to numerous local, regional and national agencies and offices. Although there are set timelines in national law for responses to application requests, the complication of the review process by those agencies creates unforeseen and unforeseeable delays.

In addition, since the Self-Government does not have its own technical staff for much of the review of even those things for which it is in fact directly responsible, it has to rely on outside consultants, and that too can create such delays.

Currently, the flow of applications for permits is reduced to such an extent that the delays are minimal. Should development activity increase, as is expected and desired, then the existing system could easily bog down and be the cause of much delay, grumbling and eventual political backlash.

The Consultants are proposing a possible approach to the organization of a Community Development Staff structure and the creation of a Housing Management Office or Agency. For specifics on those proposals, see Appendix A-10.

A. USE PERMITS

The Consultants have reviewed the Law governing the Land Use Permit Process and have prepared a translation of the significant points of each section (see Appendix A-5). This process is very detailed.

It must be noted, however, that the detailing of the items needed for a complete application (see Par.5) does not come until the requirements of Par.4(1) have been met.

Par.4(1) permits an application only after "a suitable development site has been chosen, and when an agreement has been reached regarding the conditions for the use of the site."

This means that an applicant must, even if the General Plan designation and specific zoning for the site are appropriate for the proposed development, negotiate with the government (in this case the Self-Government) for its agreement that the site is suitable. Then a further negotiation will have to reach agreement as to the specific conditions for the use proposed. As mentioned above, when, as is the current case, applications are few and far between, one can assume that the negotiations can be handled efficiently and in a short time. As the pace of development increases, it is very likely that these negotiations can be very protracted resulting in long delays and complications.

An additional obstacle to efficient handling of such permits is that the community has not as yet developed a clear set of growth or development policies and therefore the negotiations can very easily be based on short sighted views by staff or be determined by narrow political influences as they go through the Committee approval process. Since no specific guidelines have been established, staff is often working in a vacuum without adequate reference to goals and policies.

Once an agreement has been reached on the "suitable site", then the actual application for permit as spelled out in Par.5 must be prepared and submitted.

Par.6 sets out the responsibilities of the permitting agency. Of significance is Par.6(2) which sets strict timelines for the permitting agency to respond to the application.

Par.7 states the involvement of other affected agencies. This also projects the possible need for a site inspection by any or all of the affected agencies. Since numerous agencies may be involved in the site inspection, it may take some extended time to make the appropriate arrangements. Par.7(6) sets out specific time constraints for all the activities under this paragraph, but it is difficult to believe that the actual timing does not reflect the reality of meeting schedules and other delays. On pages 5 and 6 of the attachment the issues that would concern other agencies are listed and reference is made to 17 different organizations that may be responsible for responding to these concerns.

Par 9. outlines what the content of the permitting agency's decision must be and Par.10 provides for the appropriate communication of the decision to the applicant.

Par.11 provides for an appeals process and Par.12 specifies the nature and validity of the permit.

Par.13 provides for the setting of a sunset clause in the permit and also for the rights of successive owners of the property in question.

B. BUILDING PERMITS

Following the issuance of the Land Use Permit, it is possible to apply for a Building Permit. The City uses the National Building Code, which is extremely comprehensive and detailed. It is not excessive to state that this Code is as comprehensive as those used by various communities in the United States. While the size and variation of climates in the United States has given rise to the promulgation of a number of somewhat differing codes (UBC, BOCA, etc.), the scale in Hungary is well served by one comprehensive document.

Plans for buildings submitted are generally reviewed by the responsible City staff, but as in the US, special and complex buildings are often submitted to consultants for analysis.

The Consultants have found that such reviews are generally handled in an expeditious manner. We should point out again, however, that the current dearth of building applications may lead to the misconception that the process might be efficient. If, and when, the pace of activity increases, not only will the staff be more hard pressed to keep up the current pace but also the consultants, which can normally be called on to help, will be extremely busy with their own work.

C. BUILDING INSPECTION

Consultants were initially concerned when it was found that the City had no inspection staff for inspection of building sites during the process of construction.

Further investigation showed that there is a very effective, if different from the US, system of inspection. The builder, contractor or developer is required to engage a certified professional inspector who must make regular inspections as the project proceeds. This inspector must keep a very detailed log of all the findings and his recommendations.

This log is checked by City representatives at varying and unscheduled times and staff can thus keep track of the activities as they proceed.

Note: It should be pointed out here that this sort of system is common throughout Europe and has been effective for a long time.

Consultants believe that even though the system is quite common and has a long history, there appear to be substantial benefits in a well trained and totally independent staff representing the PUBLIC WELFARE and we would therefore suggest that this issue be discussed during a later phase of this study program.

D. OCCUPANCY PERMITS

At the completion of construction and the certification of that completion by the appropriate official, an Occupancy Permit is issued. This permit reflects all the conditions that were included in the Land Use and Building Permits.

Under normal conditions, such an Occupancy Permit would then be sufficient until major changes in the building or use thereof were considered.

The conditions in Kecskemet today, (and we would guess in much of Hungary and the rest of Central-East Europe), are such that people will move into partially completed structures, partially in order to be able to complete them. Also, we have found that in many of the larger apartment blocks, which have garages on the ground floor, these garages have been converted into many different types of commercial, and sometimes light industrial, uses. We have found no records that such conversions were made with the required permit amendments.

We have also been informed by the local building official that when people move into partially completed buildings, the final inspections and therefore the occupancy permits are seldom, if ever, requested. Therefore, many units exist which have not been closed out on the city's records. The current system of record keeping makes routine follow up in such cases very difficult.

Again, however, it should be pointed out that much of the delay encountered by individuals engaged in building their own housing, as well as by contractors building multiple units, is caused by the difficulties in obtaining building materials at times when they are most needed and in the quantities and the quality needed for the project.

IV. LAND SALES AND TITLE RECORDS

A. LAND TITLES AND RECORD KEEPING

Land titles have been exposed to a sudden jolt through the "land reform" of the late forties, which confiscated medium to large parcels of farm land, and those urban properties which had more than one dwelling unit.

The confiscated urban housing was transferred to the state-owned "Real Estate Management Companies" operating according to State regulations, but often loosely tied to local jurisdictions. State owned housing in Kecskemet is still being managed by the Real Estate Management and Heating Company of Kecskemet.

Recently passed state law entitles only former owners of smaller parcels of farmland to claim compensation for "unjustly" confiscated real property, however this law has little practical effect on land titles, because after 40+ years, there is little chance for reclaiming title to real estate assets. Some individual properties have been combined to serve as larger agricultural production units, many buildings have been torn down, or have delapidated to a point of no practical value.

The only controversy appears to arise in connection with former church properties, which normally represent larger pieces of rural land, or include valuable urban real estate properties that hold residential, educational, religious and health facilities of continued public use. It is unlikely that Kecskemet's housing development program would be hampered by concern about former church properties.

Critical to future housing construction will be titles -- and the cost -- of privately owned, undeveloped lands that are within the path of future urban growth. During the haydays of massive housing construction, these "orchards" and small personal plots had to be acquired at inflated prices from individual owners, because the land purchase price came out of the State budget, and therefore courts supported interests of the "small folks." It is likely that this practice would continue in the future, should the Self-Government choose to take an active role in a housing program through large-scale planned housing developments.

Records to land titles are kept in Keszket's Land Office. The present system of property mapping and recording was established nearly 100 years ago, during the Austro-Hungarian era. The system is very detailed, however during the past 40 years it has not been kept current consistently.

B. TITLE TRANSFER AND REGISTRATION

The consultants don't feel qualified to comment on this subject. According to a senior officer in charge of real estate transactions, sales are recorded in the Land Office within 30 days.

C. AVAILABLE INFORMATION

Information available in the Land Office is extensive. For example, the records contain detailed information of the amount and type of mortgage on each property, and if the mortgage is in arrears. Unfortunately, the confused state of property ownership -- especially among government agencies owning confiscated private estates -- caused the information to be increasingly uneven.

Privatization of the Hungarian economy will necessitate a concentrated effort to verify land titles and to bring the records up to date.

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Adam Krivatsy

Walter J. Monasch

Chapters

Chapters

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I/B Goals
I/D Economics
I/E Legal
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I/J Land Sales
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I/C Self-Government
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