

NOWA HUTA

Can the "Model City" Be Rebuilt?

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In June 2002, ITDP's Central Europe Anti-Sprawl team was invited to Nowa Huta by the Krakow Real Estate Institute to speak to the head of the Sendzimir Steel Works, the chief architect of Krakow and dozens of other concerned groups gathered to consider the redevelopment of Central Europe's largest brownfield.

In 1954, Nowa Huta was famous throughout the socialist world as a workers' paradise. (In fact, it was established at this location and scale to "dilute" the traditionally intellectual and religious character of Krakow.) That year marked the opening of the Sendzimir Steel Works, which by the mid-1960s had become the largest steel mill in Europe. Sendzimir was not just a steel mill, it was an integrated industrial city, with 350 km of railway lines in its grounds, its own electric power plant, a coal mining operation, gas supply, telecommunications company, district heating system, pipe manufacturer and dozens of other upstream and downstream industries related to steel production and the everyday lives of its workers (such as a dairy for their needs).

As the steelworks were being constructed, some of Poland's leading architects set to work designing a new residential city nearby to house the cream of Poland's industrial proletariat. Several districts with 15,000 to 20,000 residents each were built around a central square. Inside these districts, children and parents could comfortably walk to the main square without ever having to cross a major road. The lay-



out of the town in some ways resembled the Dutch Woonerf model, or the pedestrian pockets or new town planning ideas increasingly fashionable in the U.S. and Europe today. The architectural style remains one of the clearest and best examples of Socialist Realism, the state-sanctioned architectural style of the Soviet Union and its satellites from 1949 to 1956. While the new housing in Nowa Huta came, over the years, to resemble the unattractive housing blocks that everyone associates with socialist alienation, the core districts of Nowa Huta remain a monument to an alternative urban vision. The buildings – an odd but unobjectionable combination of renaissance, baroque and classical styles, with some Russian influences – are surrounded with green areas, playgrounds, day-care centers and public plazas.

Like steel mills everywhere, however, Nowa Huta has gone through a process of downsizing. When we arrived at the seminar at the Sendzimir Administrative Headquarters, we uncomfortably crossed a picket line of Solidarity union workers who felt the government wasn't doing enough to save their jobs. Unable to find a foreign investor for such a large-scale operation, Sendzimir remains a state-owned corporation, called the HTS Steel Company. As late as the mid-1990s, there were still more than 35,000 people employed in the Sendzimir steelworks and its related industries, but today the number has fallen to only about 7,000. While the whole city of Krakow had only 7% unemployment in 2001, unemployment in Nowa Huta is 16%, and rising rapidly.

All photos by Yaakov Garb



Today's greenfield developments are tomorrow's brownfields.

massive national problems of the transition all rolled into one. First and foremost it is an issue of privatization: how to determine the value of state assets that remain inside the Sendzimir steelworks and restructure them in a way that will attract investors interested in retaining at least some onsite production and employment. It would also be important to avoid the “asset stripping” – removal of key assets, leaving a worthless shell – that has plagued privatization efforts in Central Europe. Second, there is a massive national unemployment problem among an aging population unlikely to be retrained for other jobs before they retire. What will happen to these people and their communities? Third, there is potentially serious environmental contamination on some parts of the site, and until this contamination is better known, investors will be wary. Fourth, unlike in the U.S. and Europe, Poland has no national government urban development funds to finance brownfield redevelopment.

Public funding is clearly a major component of brownfield efforts. Finally, even if the Polish government decided to invest in brownfield redevelopment, it currently lacks even a basic inventory of available brownfield land, let alone any strategic framework for how to prioritize the use of these redevelopment funds. And prioritizing the use of these funds would not be easy. Should the focus be on Nowa Huta, or on the more than 7 ha of brownfield sites that continue to exist in downtown Krakow, for which private investment should be much easier to attract?

State investment promotion agencies do exist in Central Europe, but they do little to help brownfields.

In the Czech Republic, for example, 2,000 ha of greenfields will be developed with support from CzechInvest, the state investment promotion agency, while only 140 ha of brownfields will be improved. Increasingly alert to the urban consequences and lost opportunities of this trend, CzechInvest has become an important leader in initiatives to recycle more urban land for development.

For a municipality to make a rational decision about how to prioritize its brownfield redevelopment efforts, it needs a baseline of information. To begin with, it needs an inventory of

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Of the original 1,000 ha for the steel mill, HTS estimates that only 300 ha are needed for the part that may remain economically viable. This leaves 700 ha of unused land inside the perimeter fence of the steelworks, and another 2,000 ha of underutilized land in what was originally designed as the “buffer zone” to protect the residents of Krakow and Nowa Huta from industrial pollution. Taken together, this makes Nowa Huta one of the largest brownfields in Europe.

In Krakow overall, 25% of the land is industrial, and only 35% is residential. In most cities, an average of 65% of urban land is residential. More than 200,000 homes could be built on the underutilized land in Nowa Huta, as well as office and other commercial activities.

The problem of Nowa Huta is several

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brownfield land. The municipality would be well served by information on how much of the city's tax base is generated by different parts of the city. This would help in estimating how the city's tax base would be affected by different redevelopment efforts. While national money exists in most of Central Europe for ecological clearance, municipalities lack a coherent strategy for prioritizing the use of these funds, and there is no relationship to the level of ecological cleanup and the final use of the land, which wastes scarce funds.

After this information is collected, existing brownfields should be divided into four categories: a) those which will be redeveloped by the market with no state support; b) those which will be redeveloped by the market once the environmental problems are resolved (with perhaps \$1 of public money needed for every \$5 to \$10 of private investment); c) sites which are of some social, economic or environmental value but which will not be redeveloped unless there is a significant push by state authorities (perhaps \$1 of public money for every \$1 to \$4 of private investment); and d) sites which have no value as real estate but need to be cleaned up because of existing environmental hazards (all public money). Additionally, the extent to which property is in an economically blighted area, with high levels of unemployment, deteriorating property values, disinvestments and other factors, might be considered.

It is unclear how different portions of

the Nowa Huta complex would be prioritized according to this system. While all of the land is state-owned, in some ways simplifying land consolidation, much of it is owned or leased by daughter companies who have in turn on-leased it to others for very long periods of time. Furthermore, few investors are interested in such an enormous site, and the vertical integration of the transport, power, electricity and other support services makes some investors nervous. HTS Steel Company and the Krakow East Economic Development Agency have parceled off some 50 ha of land which they are turning into a technology park. This land, however, was basically a greenfield site used as farmland inside the perimeter of the steelworks. A major printing company and one or two other small industrial

or technology firms have opened there. Some experts believe that Nowa Huta will be best used if the government forces factories to relocate there from other parts of Krakow.

In the West, we are no strangers to the problems of deindustrialization, corporate downsizing, brownfields and urban sprawl. But these processes took place over a period of more than 20 years, beginning in the late 1960s, giving government institutions time to respond to problems and diffusing the employment impacts over a long period of time. In Poland and other transitional economies, on the other hand, this dramatic change has basically taken place in the decade since the collapse of socialism, along with a host of other dramatic political and social



changes, overwhelming the weak new state institutions' abilities to respond. Sites in post-Communist countries have also been more difficult for the real estate market to assimilate, as they tend to be much larger; in addition, the restitution process and its distortions often left properties tied up in ownership limbo, or sometimes unmanageably fragmented. As a consequence of these difficulties, new, foreign-dominated capitalist investment has gone toward sprawling greenfield sites. But Central Europe's leaders should realize that today's greenfield developments are tomorrow's brownfields, and unless they begin to address them now, the problems of sprawl and destruction of green space will only get worse. ❖