

WINNER IDEAS FOR PROTECTION HERITAGE IN OUR BUSINESS ORIENTED WORLD.

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Motto. „Our future is based on our past, but we have to act within the conditions of our financial, legal and technical realities.”

Couple of years ago I was in Cannes, on one of the most important exhibition called „MIPIM” for developers all over the world. My favorite program was a situation model, where first class experts represented all the view points of a development. Experts were chosen from different parts of all continents, they did not know each other before, and the task was to except a concept for a brown field development.

In our post communist country Hungary after the change in 1991, we thought, that the main problem with our slowly decision making process was the wrong administration system. After this situation model I could see that this process in a functioning democracy could be longer, and more difficult than we thought before. Having the possibility, for long discussions, with those people, I realized that for reach our goal, we have to be creative, have to build out the necessary network, and find the best experts –not only in quality and experience, but in size of the company-for making the consulting work.

After Cannes it was clear, that every development task is a big life game, and if one can find with good methods a good position can became a winner.

The Óbuda Shipyard Island Holding –in which I was employed first as technical, later as general manager- was established in 1991 by the Hungarian state with the task, to find out, “**what to do with a piece of land, of a former shipyard**”?

What kind of initiative data had the project at the beginning in 1991? /Picture 1./

- **Location:** One third of an island on the Danube in Budapest, connected with two bridges to the Buda side of the city.
- **Size:** 32 000m². (The area of the whole island 1 100 000m²)
- **Condition of the property:** 85 buildings (5 in use) in very bad condition, no sewage system, a wrong waterline system, no gas, no sufficient telecommunication system, enough electric power, but an old fashioned supply system, a very uneconomical working central heating system with central boiler house and open running, ugly, wrong isolated stream delivering pipelines. No gardening, roads in bed condition, left garbage of a 150 years old shipyard –partly 1,5m high free on the earth. Partly dangerous materials left either from the technologies of the shipyard or from other companies rented parts of the area in the last years./Picture 2,3/

- **History:**

Originally the island consisted of two large and some small islands. The existing shape was reached in the nineteenth century when count Szechenyi established a shipyard there, and a bay was safer for ships storing them in winter.

In the first century as Danube was the border of the Roman Empire, most of the buildings which the Romans built are located in, what is Budapest's third district, called Old Buda which is the district for the island itself. The palace of the local Roman governor was built on the island, together with additional buildings, walls, and bridges./Picture 4/

After the Romans left the area the island was mostly used for agricultural purposes.

In 1836 the island became a commercial centre for shipbuilding, when the First Duna Steamship Company started to build ships for the Austro Hungarian Monarch. In 1938 the shipyard turned into a war factory under the management of the Germans. Between 1945 and 1953 the shipyard was owned and managed by the soviets. After getting it back, here worked the Hungarian Ganz Danubius Ship and Crane building Co..

The 150 years old shipyard went bankrupt in 1991.

It was a governmental decision to close the industrial zone, and make a change for a mixed function waterfront development in that site.

For managing the program the state created a company named Obuda Shipyard Island Holding in 1991. The responsibility of the company was, to make studies on the present situation at the beginning, to find out the best functions for the development, to carry out the works, to find the best business for the use of the rebuilt part, and manage the life of the site.

It was existing as a mainly state owned company till the middle of 2003, when the state sold the company with its assets to non Hungarian developers. Now the area seems to be before a "Las Vegas" type huge investment, with the name "Dream Island".

- **Heritage:**

Archeological heritage. 2m under the existing ground level, in high groundwater area, partly known, partly never excavated, therefore the whole development area is under archeological protection.

Architectural heritage. Some representatives of Hungarian industrial buildings, technologies, machines, and plants.

Natural heritage. Flora: 160 species of plants on the island of general, some special, rare and protected ones especially near to the banks of the Danube.

Fauna: 178 invertebrate and 131 vertebrate animal species that give a unique ecological status to an island situated in the middle of a city.

- **Traffic:**

The island could be reached with both public transport, cars, and ships. The existing suburban train, which is connected with the metro network has a stop just before the entrance bridge. Cars can come from the Buda site via Wharf Road through two bridges. /Picture 5/

- **Flood protection:** not existing, in 2002 and in 2005. high water flooded remarkable parts of the development area.

- **Soil contamination:** Not dangerous on health and buildings.

- **Quality of water of the bay:** Mechanically and chemically in bed condition.
- **Political background:**

1500 workers of shipyard became unemployed, first in their life, because before in the socialism there was no unemployment. Generation grown up in the shipyard had to change their mind and life.

There was no praxis how to manage the change on the site, with the authorities, and with the population. To employ not Hungarian exports made sometimes more troubles than benefits.

There was no sufficient legal background, and official routine to accept a business oriented enterprise.
- **Architectural preliminary plan** for the use of the area made by an American company, to use the land as a Greenfield development not accepting any kind of heritage. Partly the official decision makers were for the plan. /Picture 6/

Which were the most important points for the short and long term tasks and plans?

- **To keep the heritage as much, as possible.**

For that goal, we made a detailed check on every building. /40 buildings of the 85 were demolished, because of their bad condition and poor value. 12 we thought for long term use and the remaining part for rent it out and indicate income for a limited period./
- **To find out the best new function** together with consultants.

It seemed to be the best a mixture of various facilities of tourism, culture, entertainment, recreation, relaxation and sport.
- **To find the best co workers** in carrying out the tasks and create the structure of the company.

Partly there was a need for specialists knowing the data of the area, therefore we employed a couple of colleagues working before in the shipyard.

Partly there was need in experts in project management, in marketing, and in financing. Those people were independent from the past of the island. It was very important to see the possibilities with new eyes not being influenced by any emotional memory.
- **To work out master plan, budget, and time schedule for the development.**

Negotiate with decision makers both with authorities, city offices of public utilities and representatives of the owner (who was mainly a board of state officers between 1991 and 2003) /Picture 7./

This period was a long one, because the detailed master plan had to fit into the Budapest zoning plan, (it was under changing that time) and had to be accepted by different official and civil groups having sometimes opposite interests.

The main negotiable points were:

 - What should be the built in density of the site, and maximum height of buildings.
 - How to solve transport problems without making unacceptable conditions in the surrounding areas.
 - How to solve parking problems on the island without disturbing too much in the existing vegetation.
 - How to build in into the concept the Roman ruins, should it be a reconstruction, or a part of a new building.
 - How to solve flooding problems without changing existing level of remaining buildings.

-How to save as much as possible from the original lay out showing the structure of a factory, using as much as possible from industrial building heritage and being commercial a good business.

- **To create an income for the company and a positive balance for the owners.**
It was clear, that a positive balance is only a reality, when the area and the buildings are partly usable. At the creation of Obuda Shipyard Holding the state offered a sum of cash to start the work with.

Method of work:

- **1991-1992** Examination of the site and fix the main points of development, with consultancy of Sir Alexander Gibb and Partners from the U.K.
 - **1992-1995** To work out a master plan for the development with infrastructure, make a Detailed Development Plan for the third district of Budapest, and for the city, and get it accepted from all the authorities, district and city.
 - **1992-1993** Create phases for the development, and start with planning, demolish buildings, clean the site and bay and start building the new infrastructure, and buildings.
 - **1993.** Start with renting out usable building parts, connect them to the new infrastructure. Tenants financed part of the works, rents were therefore relative low.
 - **1994.** The Obuda Shipyard Holding became profitable, the income from the tenants, was invested into renovation of existing buildings.
 - **2002.** All the existing buildings are in use and renovated, (45) partly rented out, (150 tenants) partly used by Óbuda Shipyard Holding. Part of the new infrastructure, roads, parking areas are ready, new primer connections of gas, water, telecommunication, to mainland are in use. The state decided to make an international tender for selling the profitable company which owned the site, buildings, and infrastructure
- 2003.** After a second tender the state sold its majority for non Hungarian developers. They started with new master plan and acception period.
- 2006.** The new master plan was accepted, civil organizations forced the local government to make a local referendum concerning the consequences of high traffic in the surrounding.
- In the frames of a long term contract we financed researches on the site for finding archeological heritage. Our plan was to make those excavations for the whole area. Unfortunately this work could be not finished, consequently till now it is not known what we have under the earth.
 - After finishing the studies we got a clear picture from the development site and worked out a computer based facility management system. It is the basis till now of all kinds of changing technical details or lettable areas in the buildings, and making invoices for the tenants in a monthly period.
 - Demolished 40 buildings, cleaned the open spaces from garbage, cleaned the water of the bay.
 - Restored and rented out 100% all the 45 existing buildings.

- According to the master plan needs the infrastructure is built out, sewage system, new waterpipelines, gas, telecommunication cables and antennas are working.
- According to the master plan we started the road reconstruction on the island, entrance bridge reconstruction, built out parking areas, and gardens step by step.

At the end of 2002 all the buildings on the site were in good condition, the company was successful, the cash-flow could be managed without any bank credit, and the tenants were satisfied both with the rented areas and with the service as well. Lot of them were ready to brighten their business by making new developments on the site either to by or to make a long term lease for the plot they wanted to use.

But in that time our main owner the state decided to sell the company for English and Israeli developers. They started to change the master plan. Not only the function, but the built in density of the site. All the areas which we originally used for sport and recreation area keeping the existing old vegetation, they plan to build in with underground garages, partly with roof gardens. Except culture use they plan hotels and apartment houses, and a huge conference center which will indicate a very intensive traffic outside of the island. /Picture 8/ Civil organization are fighting with authorities for minimizing the density of buil in area .

Nobody knows the final result but it is sure, that the quality of the area is much higher then it was in 1991.

12 new restored industrial buildings became registered newly, and the area above the roman ruins has a strict heritage protection listed in low, it can not bee built in. That means, that part of our industrial heritage cannot be demolished, can not be overbuild, the new development has to take those facts into consideration.

Which were the winner ideas to reach this?

- To make clear for everybody by marketing strategie and telecommunication, that it is a historical place, everybody's work should help in keeping it for the future. For that there are a strict rules, everybody on the island have to work hard for that common goal.
- To employ and work hard with qualified people interested in their job, love their everyday work, love their working place and believe in the management and in the company.
- To work out good contacts with all the persons involved, correct conditions in contracts, and consistent execution.
- To find good new functions for old buildings. To find the tenant first, and then to start with reconstruction according to its needs, with them together. This was the key for solving the financing together. /Examples. Halls for studios, outlet stores, sport, temporary storage for scenery etc./
- To go consequently on the way after decision, not to be disturbed by any not responsible person.
- To use all legal possibilities in time to reach the goals.
- To use consultants and contractors only with good /personal/ references. The size of the task had to fit into the size of the company. Too small enterprise is not able, too big one is not interested enough to make first class work. The best solution was if we could offer continuous work for them all over the year.
- To make tenant groups. Those interests was to have their office near to each other, and if we could make a good compromise with one of them we could be sure, that the others will accept it too, without any hard additional negotiation.

- Do not allow disturbing activity for any tenant and contractor.
- With limited period contracts to force the tenants to invest into the leased unit in a very correct basis.
- To have everyday contact with the tenants, and make them interested in keeping in good condition the building they rent and the area around the building.
- To listen to the needs of the tenant and brighten the services according to their wishes. (When it was needed we opened restaurants different types, grocery shop, outlets, hairdresser, solarium, post, bankomat, fitness center, sport facilities, golf driving range, riding etc.)
- To make everyday control on all activities of the island.

With this ideas we could form a nice life on the island. Everybody was interested in its special way in renewing the old area. Till now the result is that buildings with remarkable value are listed in Hungarian cultural heritage, have to be kept in good condition, cannot be demolished. The area above the roman imperior palace cannot be built in.

And the “life game” is not finished yet. Civil groups and experts work much for reducing the “Dreams” of the developer on that wonderful Óbuda Shipyard Island in the capital of Hungary.