MARGINAL GROUPS IN CENTRAL PLACES: GENTRIFICATION, PROPERTY RIGHTS AND POST-SOCIALIST PRIMITIVE ACCUMULATION (BUCHAREST, ROMANIA)

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1 Research focus: gentrification in post-socialist cities

Gentrification can be broadly defined as the process of transforming lower- and working-class inner-city housing areas into middle- and upper-class neighborhoods. My study focuses on the mechanisms of this process in post-socialist Eastern Europe, highlighting the similarities and differences to capitalist societies. I suggest that in order to understand gentrification in Eastern Europe and especially in Romania, one has to pay close attention to changes in property rights. Gentrification unfolds during or before the period when a high number of housing units are privatized. Perhaps more intriguing is the fact that the bureaucratic allocation of state property regime, rather than market forces, can also create gentrification.

The research report is organized in the following way: in the next section, I briefly review some of the gentrification literature and argue that in the post-socialist context gentrification functions as a mass process of primitive accumulation, by which a large number of households and "political capitalists" are endowed with potentially valuable real-estate properties. In the third part of the paper I describe the methods used to investigate the process of gentrification in one area of Bucharest. In the fourth part I give an overview of the history, demography and changing social structure of the area I studied. In the fifth section I describe the differences between residents who lived in the area before 1989 and those who moved in after 1989, and claim that although the aggregate sta-

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tistical evidence is rather ambivalent, a limited amount of gentrification does occur. I then describe, in section 6, the strategies that lead to gentrification and I claim that gentrification takes place in some cases through state, rather than market processes. In the final part I indicate five domains that I feel should be addressed through municipal policies.

2 Gentrification theory, global economic transformations and post-socialist urban processes

Since the 1960s, many inner city areas in the U.S. and Western Europe affected by suburbanization experienced a period of redevelopment, due to the 'return' of the middle class. City councils and federal bodies such as the US Housing and Urban Development Department (HUD) generally point out the advantages of gentrification. These include the renovation of historical buildings, alleged higher tax revenues from upgraded properties and the creation of tourist areas able to sustain numerous service sector businesses (restaurants, retail stores etc). Nonetheless, various empirical studies (*Marcuse,* 1986; *Smith–Williams,* 1986, *Palen–London,* 1984) pointed out the dangers of gentrification. These include the segregation of social classes into urban "warfare" and "glamour" areas (*Sassen,* 2000), the disruption of community ties and the economic burden of relocating displaced families to other neighborhoods.

In this section I briefly review various ways in which gentrification has been approached and then I suggest that in Eastern Europe the relation between capital and class on the one hand and urban space on the other should be reversed. I found the existing literature on gentrification (*Zukin,* 1982, 1987; *London* et al. 1986; *Smith–Williams,* 1986; *Palen–London,* 1984) useful for framing the study of gentrification in Bucharest, although I used it more as a source of analogies, rather than that of testable hypotheses. In reviewing it, I was especially interested in identifying ways to best interpret this process. The studies that avoid purely empiricist/descriptive strategies frame gentrification as part of a larger process of production, demographic change and changes in cultural and consumption practices. I will discuss each briefly.

Urban political economy studies frame gentrification as part of a larger, "post-fordist" transformation of production (*Harvery,* 1989). These transformations include the growth of the service sector at the expense of production facilities in many Western cities, the relocation of manufacturing activities outside the central areas of the city (*Zukin,* 1982), the separation of company headquarters from production facilities, as well as the agglomeration of large companies in downtown areas. Since the early 1970s, there has been a tremendous flight of

previously high-wage (primarily manufacturing) industries from U.S. cities to locations with more 'favorable' business conditions – low wages, weak or non-existent unions, and lax environmental laws – found mainly in suburban or rural areas or Third World countries.

Such changes have created a high density of professional, managerial and technical personnel in selected urban areas (*Zukin,* 1987:138). The former manufacturing and industrial sites and neighborhoods are transformed and re-zoned in order to accommodate this new middle class. Smith (1996) also situates gentrification within the framework of production processes, emphasizing the search of corporate capital for new possibilities of expansion. As there are few new territories left for exploration and for high profit, urban space would function as a new 'frontier', where new sources of profit are sought.

Other authors have identified the causes of gentrification in the demographic changes within the baby-boom generation (*London* et al. 1986). Generational tastes, the emergence of two-income households and the demands of single parenthood have made urban residence more attractive. Finally, studies that emphasize consumption and cultural factors (e.g. *McDowell* 1997) draw attention to the emergence of new consumption spaces (gyms, fancy restaurants, prestige object retail stores, the preference for biking or walking instead of public transportation etc; see *Mullins* 1999 for a review) able to address the taste and constraints (e.g. time crunch) of the new middle class. Historical conservation projects are also connected to more financially powerful groups in the inner cities, because particular architectural choices connote cultural capital. The cultural models also emphasize the proximity of professional, managerial and 'creative' jobs, and the strong presence of the latter category among the gentrifiers.

How do all these apply to Eastern Europe? I would argue that if one carefully examines the way gentrification unfolds in post-socialist cities, the taken-for-granted causal relation between capital and the distribution of classes in urban space could be reversed. Instead of assuming that space is controlled by capital, this research shows that the control of space leads to capital accumulation in post-socialist cities. How is this possible? The most important factor is the post-socialist transformation of economic structures. Following the collapse of state socialism, the service sector expanded dramatically in Eastern Europe. The ability of capital and goods to circulate freely across national boundaries created a huge demand for office space needed to accommodate service companies. While the construction of new office space is one solution, a less costly strategy is to redesign residential space to accommodate business needs. Sykora (1993), for instance, describes the undersupply of office space in central areas of Prague as a "functional gap." This leads to strong pressure on both tenants and owners to evict residents or to move away in order to redesign the gentrifiable buildings.

2.1 Gentrification as primitive accumulation

Gentrification has been documented in former state-socialist cities such as Prague (*Sykora,* 1993, 1996, 1999), Budapest (*Kovacs,* 1994), Moscow (*Heller,* 1998; *O'Laughlin* et al. 1997) and Beijing (*Huus,* 1994). One could regard gentrification in post-socialist cities as just another episode in which social class determines the distribution of urban space. What distinguishes gentrification in post-socialist cities like Bucharest is the relative lack of clear property rights and of capital, two key instruments in the process of gentrification. Let me discuss them separately. Property rights of many centrally located buildings are far from crystal clear. Many buildings in these areas were nationalized in 1950. After 1989, former owners filed property claims in court. Usually the claims were denied. But when they are granted, the current tenants are usually allowed to remain in the building for many years. Such restitution trials, which go on for years, essentially prevent the 'circulation' of these buildings on the housing market. Property rights in Bucharest are all the more ambiguous, due to the absence of legal registration of real-estate property. In most countries where private land ownership is strongly institutionalized, information about ownership transactions of a building or land parcel is available to a potential buyer. As this is missing in Romania, it is possible for a speculative seller to alienate a piece of property more than once. Such ambiguity not only makes many potential sellers suspicious but leads to under-investment (*Heller,* 1998). The land and real-estate market can hardly function if property titles are unreliable.

Equally interesting is the fact that gentrifiers tend to be people with minimal amounts of capital rather than local branches of international companies. They are people with good connections to the administrative institutions of the state, an asset that allows them to purchase housing cheaply from the state. Such "political capitalists" (*Staniszkis,* 1991) are part of the larger process of making capitalism without capital (*Eyal* et al. 1998). In Romania, as in many peripheral economies, credit is expensive (*Plattner,* 1989:174); thus capital accumulation becomes a problem to be resolved by less orthodox means. Under such circumstances, the acquisition of property in general and of housing in particular becomes a key source of capital, especially if it is acquired cheaply from the state. Such houses can be offered as collateral and renovated in order to be rented or sold.

The main hypothesis of this study is that gentrification plays a different role in post-socialist countries than in capitalist contexts. More specifically, I suggest that the appropriation of valuable urban space, rather than representing an expression of capital differences, precedes and is a constitutive part of the process of primitive accumulation. Gentrification, in this case, is intimately linked with the processes of making a capitalist class in Eastern Europe, in this specific case, through the state allocation of property rights.

Marx (1908:784–787) saw the long process of primitive accumulation as the starting point of capitalism, rather than as the result of a capitalist mode of production. Private property and accumulation of capital replaced the system of hierarchical feudal rights and "labor" as the means of enrichment, a process strikingly similar to the current post-socialist transformations. Holmstrom and Smith (2000:2), for instance, argue that "this modern version of primitive accumulation in Russia, Eastern Europe and China amounts to the greatest enclosure movement in history – virtually a continent-wide drive to privatize state [and] collective property, far surpassing in scope the historic enclosure movements." Like private land ownership in the early days of capitalism in England that Marx referred to, the privatization of public housing and its subsequent modification form an early form of capital.[2] I will return specifically to this point in the 6th section of this text, where I discuss how the large discrepancy between state privatization prices and the market value of these apartments is appropriated.

3 Research site, methods and data

In order to assess this hypothesis, one needs to survey changes in property laws. I carried out an intensive case study of housing issues in one single area in Bucharest. Bucharest, and this area in particular, is an ideal place to study the role of property rights in the process of gentrification. The city has a large number of buildings that were nationalized in the 1950s, and their property rights are currently in dispute between former owners and current tenants. In addition, there is significant real-estate development and a strong business presence.

The data I obtained about this neighborhood are both qualitative and quantitative. I carried out a census of the entire area in September – October 2000 in order to collect data in three main categories: housing, type of household, and family and economic relationships. In terms of housing, I was interested in determining the number of buildings concerned, their residential history and current use. In terms of households, I gathered information about the present number of households in each building, their demographic and economic characteristics and the future residential plans of the inhabitants. Finally, I also gathered information about the density of kinship and business relations between inhabitants in the area as a whole. Data was gathered by sending a questionnaire

[2] Marx discussed the process of primitive accumulation in the context of an agrarian economy, in which a separation of the means of production from the producer took place. Yet, I suggest that the transfer of property rights to private individuals and the subsequent gentrification is analogous to the processes outlined by Marx.

and an interviewer to each household in the area. 2,695 items of residential units were collected. The interviewers were also asked to fill out an observation form, which proved to be an extremely valuable source of information, because it helped correct the understatements of the respondents and record additional information not stated in the questionnaire. In order to have a better sense of the process of residential transformation rather than a statistical aggregate, I also interviewed 40 local residents. I further talked to several real-estate agents active in this area. I posed as someone interested in renting an apartment and asked to be shown several offers. I also gathered information about people who were leasing.

4 Description of the area: geographic location, history, present-day social structure and households

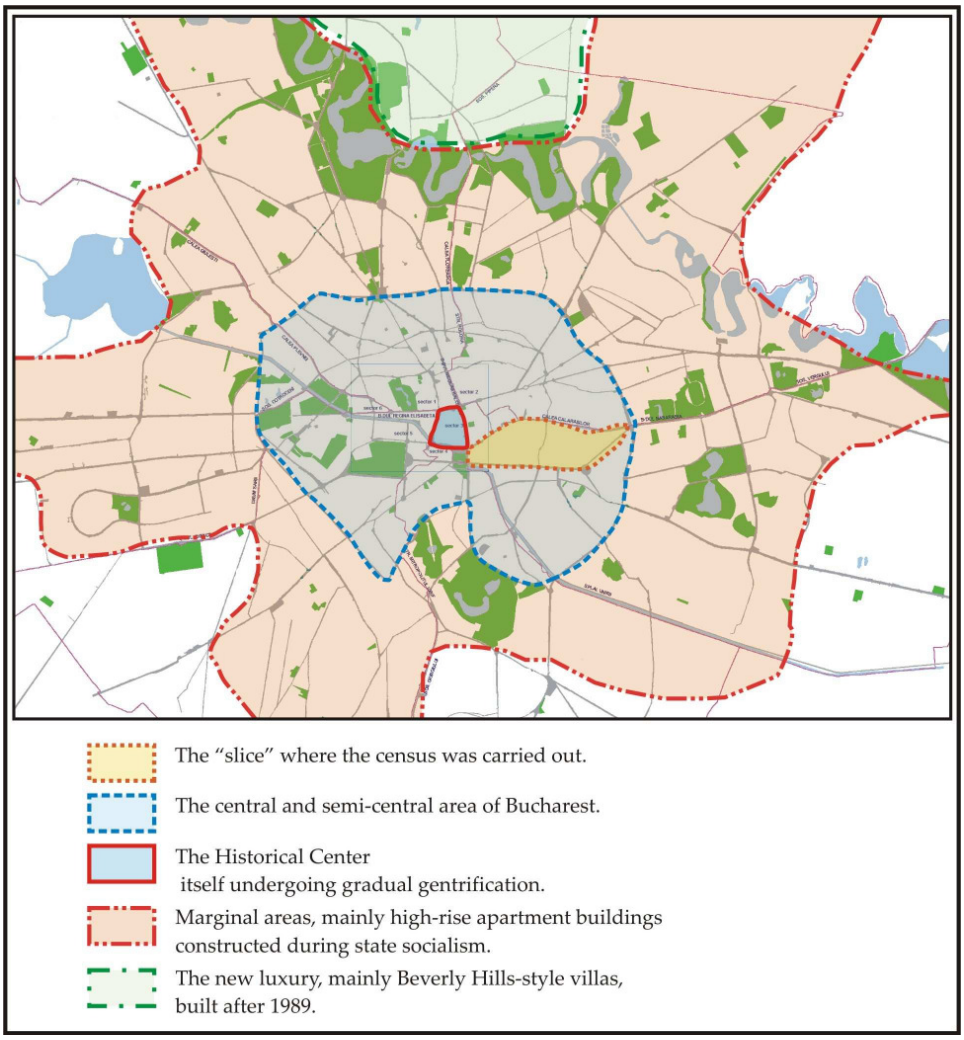
The area I studied can be best described as a strip connecting the historical center of downtown Bucharest and the belt constructed after 1950 during the communist regime *(Figure 1).* The part of the strip that ends in downtown used to be one of the main commercial areas of Bucharest. It still has many retail stores but the number of manufacturing facilities has decreased in the last 50 years. As one moves away from the center, the strip continues with residential buildings. Currently, the area is flanked in the south by a wide boulevard (*Bld. Unirii*) with a high density of financial offices and large retail stores, and by a much narrower boulevard (*Calea Calarasi*) to the north.[3] At the other end of the strip, there is a boulevard (the red line) that used to be the city border at the beginning of the century, but now borders a huge high-rise apartment building area raised after 1960.

The concentric ring (circled red) that contains the strip was mainly developed after the 1870s, when the city expanded outwards substantially. This area has a variety of architectural and residential styles. Between the 1880s and 1920 the most common buildings were mainly detached one-story middle- (sometimes upper-) class houses. During this period the nicer houses (*Photo 1*) were built closer to the city center and were generally owned by a single family, at least when first constructed. Gradually, however, as many as three generations often came to occupy these homes, whereby many consisted of extended families. About 60 percent of the single-story houses in the area were built before 1920 and the rest mainly between World War I and World War II. Some are still attractive buildings. A few houses were also constructed by or for lower-class

[3] This boulevard is not a functional border as on the other side of it there are buildings similar to the ones I studied.

residents *(Photo 2).* The 1921 construction legislation forced landowners to use urban land more intensively. In many cases, this led to the construction of a second building, usually for tenants, within the same yard and next to the dwelling of the owners *(Photo 3 and 4).* The other consequence of this legislation was the emergence of a large number of apartment buildings and multi-floor villas.

FIGURE 1
The location of the area surveyed in Bucharest



Source: Author's design.

PHOTO 1. *One of the many single storey houses constructed before World War I*

PHOTO 2. *One of the few buildings in the area originally built for lower class residents*

PHOTO 3. *Residential complex built both before (the forefront building) and after (the background building built for tenants) World War I*

PHOTO 4. *An apartment building built between World War I and World War II*

The area was mainly inhabited by middle-class families, but also by a smaller number of merchants and upper-class families, consisting mainly of doctors, lawyers, state bureaucrats and army officers. One peculiarity of the area compared with others in Bucharest was that it had a large Jewish population. Important centers of Jewish community life still exist here. Three main synagogues (two of which are closed) are situated close to the central end of the strip. After World War II the nationalization of housing played an enormous role in the social structure of this area. The state confiscated not only any additional apartment or house that one might have had, but often the housing unit in which one lived. At the time of the present investigation, 32 percent of the families in this area still lived in a nationalized building or apartment (866 cases). The number of housing units nationalized in 1950 is much higher. Out of the 1,479 housing units held in private property (55% of all housing in this area), about half (53%) were privatized after 1995 (the year tenants were granted legal permission to purchase nationalized houses). Nationalization had a great impact on the class composition of the area. Whereas before 1950 the population was mainly made

up of professionals, senior state employees and other middle-income families, new residents were mainly working-class and lower-class families. They shared the same buildings with older residents and sometimes even the same apartment or room. Another significant event that affected the composition of the area was the emigration of the Jewish population between 1947 and 1951, and at a slower rate till 1959. Emigrants had to sell their houses to the state and in many cases they were appropriated by the elite, university professors or managerial personnel.

The next significant event in the history of this area was the highly disruptive city planning of the 1980s. Although only some of the construction proposals were actually completed (e.g. the large boulevard with luxury apartments and commercial areas), many families relocated to other districts. A significant number of lower-class families, including many Roma, moved as temporary residents into the houses aimed for demolition. When demolition plans were cancelled in 1990, they remained. The data from the census indicates that the 264 Roma families have all the characteristics of a disadvantaged group: 94 percent of the families have a low mean income per person, little formal education, are unemployed, etc.

The buildings in this are can be grouped into several categories. About 26% of households (694 items) live in buildings that are in an advanced or almost complete state of deterioration (i.e. cracked walls, fallen wall paint or abandoned parts of the building). About 54 percent (1,453 items) of households occupy decent buildings that need only minor repairs. Finally, 15 percent (413 items) of households occupy units in very good condition and about 4 percent (105 items) have been recently renovated. Predictably, the state-owned buildings tend to be largely or totally dilapidated. (352 items compared with 192 privately owned ones).

5 Changes between 1990 and 2000: business units and new residents

A comparison between 1990 and 2000 provides a clear picture of the redevelopment going on throughout the entire neighborhood. This section provides a short chronology of neighborhood changes. Section 6 describes the transformation process caused mainly by manipulating property rights in terms of (1) the function of the buildings, and (2) the socio-economic differences of the ‘old’ and ‘new’ residents.

5.1 Service companies that use former residential units

The most obvious transformation is the emergence of private enterprises and companies in buildings previously used for residential space. There are 225 former residential units that are currently used for commercial and other purposes. These account for 8 percent of the entire amount of residential units in the area. About a third (85 units) are used for activities disconnected to residential needs in any visible way. There are 70 residential units used as office space and another 15 former residential units are used as warehouses. 74 former residential units are used for commercial endeavors that could be said to serve, at least in some ways, the residents: 30 are small businesses, 12 accommodate medical or dental providers and 32 units are used as small groceries, restaurants or working-class pubs. The use of another 66 units was not determined or it was hard to assess if the service was relevant to the neighborhood (e.g. mini copy centers). These former residential spaces are privately owned in 70 percent of the cases. Interestingly, 40 units (18%) are state-owned but used by private entrepreneurs. This is a point to which I will return in the next section. There are also other types of services and 'markets' that transform this area, such as two parking lots run as a commercial enterprise. They are enclosed by a fence and have a full-time security guard. They are used mainly by employees of local firms and of companies that rent space in the nearby high-rise apartment buildings on the large boulevard nearby.[4]

5.2 Post–1989 arrivals

Another important transformation, although less visible in everyday life is the arrival of a new wave of residents after 1989. About 33 percent of the entire number of households in this area arrived after 1989. They are distinguished from the older population in several ways. Residents who moved in since 1989 have a significantly higher income per person compared with earlier residents. Statistical tests show that the mean income per person and the amount of money spent on food in the previous month (at the time of the research) indicate significant differences. In both cases the population that arrived after 1989 earns and spends significantly higher amounts of money per person, compared with the pre–1989 population. In terms of the buildings the two populations occupy, the data are more ambivalent. The new residents tend to have less dwelling space per person than those who lived there before 1989, which is still much

[4] Another type of 'market-based' demand that transforms this area is prostitution. Several houses in this area have illegal brothels.

more space than the national average.[5] The older residents are also more satisfied with their housing than the post–1989 residents – a fact that suggests strong emotional attachment to the area. On the other hand, the distribution of the new residents by housing standards indicates a continuation of the pre–1989 pattern of new residents occupying both high- and low-standard housing in this area.

There appears to be no significant difference between the two population groups in terms of the type of buildings occupied (e.g. villas or apartment buildings). The fact that there is no particular 'choice' indicates that new residents take whatever is available rather than basing their housing preferences on a particular lifestyle (e.g. living in a villa).

In terms of family demographics of the post–1989 group, families composed of three, four and 7+ members are over-represented and families of one and two members are under-represented. This difference suggests that many new residents are families with children while the pre–1989 group is comprised of more senior citizens and couples. The pre–1989 population has an above-average percentage of persons aged over 60. The post–1989 in-movers mainly comprise persons aged between 30 and 40, and to some extent those aged between 20 and 30.

Regarding profession, new residents belong to both the middle and the working class. One major difference, however, seems to be the presence of retired citizens. Whereas retired citizens form more than half of the pre–1989 population (56%), the post–1989 residents tend to be much less distributed in this particular category. There are, instead, increases in the presence of managerial/entrepreneurial personnel and trained technicians and specialists in the post–1989 wave. Equally strong is the presence of medium-trained personnel (skilled workers, self-employed and retail sellers), but also of disadvantaged persons (unskilled workers, unemployed or housewives). Thus, there seems to be no clear, dominant pattern, although the newcomers tend to be active persons, rather than retired personnel. In respect to education, new residents do not differ in terms of formal education from their pre–1989 counterparts. The percentage of high-school graduates is a little higher than expected for the post–1989 population.[6]

One would expect that as the value of properties and land in this area increased after 1989, there would be fewer newcomers from minority and disadvantaged segments. A surprising fact is that quite the contrary is happening. The number of Roma families in the area increased after 1989. The percentage of

[5] Average residential space per person on the national level is 12.5 m^2; for older residents it is 32.41 m^2, while for the post–1989 newcomers it is 28.16 m^2.

[6] 29% of the post–1989 group has graduated from high-school, compared with 25% expected in the crosstab.

such families is significantly higher in the post–1989 wave (19%), compared to their proportion in the pre–1989 population (7%).

Finally, in respect to ownership, most post–1989 newcomers live in private property (50%). About 39 percent of them occupy housing rented from the state and 11 percent is rented from landlords. Distribution by forms of ownership differs in some ways from the pre–1989 population. The most significant increase concerns the number of households occupying units rented from private owners. This suggests the emergence of private rentals, a phenomenon that could be attributed to owners moving out of this area in order to appropriate rent, to restituted houses or to entrepreneurial real-estate agents. The households that bought nationalized housing cheaply from the state earn more than the households in this neighborhood, a fact that suggests that housing allocation was not based on 'need,' as in theory, municipal allocation should be.[7] The households which are still state tenants earn significantly less than this group.[8] This fact suggests that the purchase of the houses from the state depends on the financial standing of families, even if the prices at which they are sold are significantly under market value.

5.3 Data interpretation: has gentrification occurred?

One issue that must be addressed is whether these transformations can be appropriately labeled as gentrification, as data suggest both some continuation and some changes in the state-socialist pattern. Developments indicating gentrification include the conversion of residential units into commercial space, the higher income of the post–1989 residents and the existence of rentals as opposed to owner occupancy. However, the fact that new residents do not have significantly higher levels of education compared with the pre–1989 residents and the increase of the Roma minority[9] are both developments which run counter to the classic gentrification model.

The situation is not black and white. Both high- and low-income residents live in the area. Inside this statistical and geographic aggregate, there are gentrified enclaves which are socially and physically insulated from their neighbors. Other studies suggest that gentrification may be limited to a few streets or neighborhoods and that housing investment may be limited to certain enclaves or

[7] The mean income per household member in the group that purchased the houses from the state after 1989 is 1,663,478 lei, compared with 1,441,543 lei for the whole population surveyed.

[8] 1,298,245 lei per household member in the group of state tenants, compared with 1,663,478 for the tenants turned into owners and 1,441,543 for the whole population surveyed.

[9] Various studies argue that higher education is a key indicator of gentrification.

border areas (*Marcuse,* 1986; *Zukin,* 1987:132). This seems to be true for business spaces. An illustration is the small street portrayed in *photos 5* and *6.* Out of the five buildings that exist on this side of the street, three have been refurbished by private entrepreneurs and are rented out, half of one building is now occupied by very rich residents while the other is occupied by a Roma family and one of the buildings is abandoned (the foreground building in *photo* 6). The intersecting street is almost entirely occupied by Roma families. Physical insulation takes the form of high fences and sophisticated alarm systems; social insulation takes the form of keeping interaction at a minimum. This seems to confirm Smith's argument that gentrification does not lead to an all-or-nothing situation: "just as substantial enclaves of upper-middle-class residences remained in the largely working-class inner cities of the 1960s and 1970s, enclave working-class neighborhoods will also remain" (*Smith,* 1986:16).

The mobility of young, active families is also part of the gentrification process as the percentage of senior citizens, which forms a rather clear mark of marginality, starts to decrease. The high interest of real-estate agents in this area, which is a strong accompaniment of gentrification, also supports my assumption that gentrification is happening.

In assessing the scale of this process on a city-wide level, I assume that it is even stronger in other parts of Bucharest that are not close to business boulevards, such as the one bordering the area in the south. When framing the scale of this process in a comparative perspective, one should also take into account that gentrification takes place without the direct support of municipal administration, as is the case in many Western cities. Five years of casual observance of the area surveyed indicate an intensification of the gentrification process in the area.

PHOTO 5. *Concentration of renovated buildings in one street close to the borders of the area surveyed*

PHOTO 6. *The same street as photo 5 from the other direction. The real estate developer who owns the second (white) building wants to acquire the neighboring abandoned building (in the foreground) and to turn the space into a parking lot for the cars of the company to which he leased the building.*

6 Gentrification as a process: strategies of appropriation of housing market value

This section focuses on the strategies used by various actors involved in the process of gentrification. There are two levels of the processes involved in gentrification: the transformation of property rights and redevelopment. A peculiarity of housing legislation in all post-socialist countries is the fact that state-owned housing was sold at very low prices to the current tenants (see *Struyk* 1996 for a regional review). This was certainly the case in Romania for both nationalized and state-constructed housing. Thus, the people who had the best connections during socialism (as reflected, among other things, in the high quality housing they occupied), as well as some less advantaged families living in the inner city slums were able to buy valuable houses and pieces of urban land cheaply. The prices at which the state sold such houses was usually around 10 percent of the market price. Private estate developers are now looking for such houses in order to renovate and remodel them into office space or, less often, into luxury residences (see *Heller* 1998 for a description of this process in Moscow).

Real-estate agents and individual entrepreneurs are able to capitalize on the difference between the market value of centrally located properties and the prices at which those properties were sold to the tenants by the state. Real-estate investors seek to manipulate property rights by influencing the municipal administration and by encouraging new owners (usually the lower-class segment) to sell them such inner-city houses. The informal and in many cases illegal transfer of property rights is one aspect of the new accumulation of wealth. There are six strategies of gentrification in Bucharest, of which three are quite 'fascinating.'

The simplest strategy used by real-estate agents to appropriate state-property houses is by providing false loans. There are numerous tenants who are too poor to buy the residential units that they occupy, as permitted under the 1995 Law of Nationalized Houses. Real-estate agents offer tenants the initial funds to buy the house from the state under the condition that the new owners then sell the newly acquired property to the real-estate agents.[10]

PHOTO 7. *A former nationalized building, sold to tenants, then purchased by real-estate agents who turned it into office space*

Agents usually find the tenants of apartments in high-rise buildings in geographically marginal areas of Bucharest. Tenants end up owning an apartment, while the real-estate owners have acquired properties which are renovated and rented. I have discovered several such cases. One real-estate agent active in this area has five such arrangements going on. In one case (*Photo 7*), the two Roma families who occupied the building were offered three-room apartments in regular apartment buildings in exchange for this villa. The entrepreneur invested around $39,000 and $45,000 including the cost of two apartments ($26,000 total), the initial funds enabling the tenants to buy the building ($3–4,000) and renovation costs

[10] As the law forbids the alienation of these buildings for 10 years, the tenants and agents engage in something of a juridical artifact. Agents mask the entire deal as a legally certified loan to the tenants; the latter offer their newly acquired houses as 'collaterals.' Nobody pays back, so the agents assume ownership.

($10–15,000). Currently the building is rented to a human resources and headhunting company for $5,000 a month. The investments are thus quickly recovered.

The second strategy of 'evicting' older tenants from this area involves buildings that have been restituted to their original owners or their descendants. In this case, the departure of tenants may, and in many cases does, unfold quickly. Under current regulations, the tenants of the restituted building are protected from eviction for several years and the rents are heavily controlled. Therefore, owners cannot make a profit from the restitution. One legally prescribed way out of this situation is to provide substitute housing for the tenants. Many relocate their tenants to other apartments purchased in less expensive areas. The houses are then renovated and rented or sold.

Yet another strategy that leads to the relocation of residents to other parts of the city and to the arrival of new groups is the transition from owner-occupancy to rentals. Many senior citizens move to their children in other parts of the city. The vacated apartment is rented on the market. The senior citizens who relocate are both owners and former tenants who have recently bought their apartments from the state. There are also cases of profitable subleases in which tenants lease state-subsidized housing at market value.

Three other strategies leading to relocation involve state tenants as gentrifiers. In Romania, perhaps more than in other post-socialist countries, many politically upward mobile people were able to obtain advantageous leasing contracts enabling them to purchase one or more housing units at a later date. In some cases politically powerful tenants live side by side with poor tenants. This situation is created in many nationalized buildings where tenants have been allocated residences in spaces previously used as storage space or auxiliary buildings. A financially or politically powerful tenant family may occupy the main apartment, while poor tenants may occupy the marginal spaces. The former will try, and in some cases succeed, to influence the state office that runs these houses to relocate the poor tenants to other housing units. The influential tenants are then able to purchase the entire building either by obtaining the entire lease of the vacated area or by getting leasing contracts for fictive residents (kin or friends).

A similar strategy of expansion facilitated by the creation of private property out of state property is zoning previously unused space for residential purposes. An example is when a villa has two stories, which are shared by three families. The family that occupies the upper floor and controls the physical access to the attic decides to appropriate this space too. The space is cleaned out, renovated and then offered for lease on the market.

Another non-market strategy of space appropriation comprises patron-client relations which sometimes take the form of symbolic kinship relations. As men-

tioned before, this region has a large population of senior citizens who are often poor and have no relatives. They are sometimes helped by their neighbors out of a combination of calculated generosity and pity. The tacit agreement of such relations is that when the senior citizen dies, the helpful family inherits the apartment.

7 Conclusions and Suggestions

Leading scholars of gentrification (*Smith–Williams,* 1986; *Palen–London,* 1984; *Zukin,* 1987; *Sassen,* 2000) see gentrification as an attack on the poor and argue quite convincingly for resistance against it. In Eastern Europe gentrification is a novel phenomenon whose long-term effects are difficult to assess. On the one hand, there is a strong demand for new architecture and newly renovated buildings, as well as hope that Roma will move out of central areas. On the other hand, a further separation of the urban poor from the urban middle classes and from the new and old elites of the safe, first-world-like residential havens of Bucharest should not be encouraged. The effects of gentrification are city-wide, rather than limited to the central area.

Therefore, if one opposes gentrification, against whom should policy measures be directed? As suggested earlier, most social relations involved in gentrification are mediated by the state. Just as it is difficult to fight the forces that produce urban inequality in capitalist economies, it would be difficult to fight them in the post-socialist contexts. Nonetheless, one area where something may be done is the municipal administration paying much more attention to the distribution of social housing. The allocation of leases in nationalized houses leads to outrageous abuse in many cases. Instead of giving houses away to upper-income families, the municipal authorities should derive financial benefits from the properties owned by them. Instead of allowing real-estate agents to take advantage of valuable property, the municipality itself should relocate poor tenants (by providing them decent municipal housing) and earn money from the free market, rather than allow private individuals to do so. Alternatively, the state could provide low-income loans – instead of selling at ridiculously low prices – to low-income tenants, so that they can purchase their homes. Houses occupied by only a few families are most likely to undergo the processes outlined above, because investments are minimal for developers; therefore the alienation of these houses by the municipality should be closely watched. The municipality should try to control and benefit from such transactions. Another measure should be related to social work assistance. Social workers active in this area should inform senior citizens about the dangers of real-estate speculation. There are many ways of

losing housing after signing what appears to be a solid contract. The municipality should only accept the transfer of legal ownership after the case has been investigated and approved by a social worker and legal expert.

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