Thoughts on Revamping Hungarian Spatial Development and on New Opportunities for Metropolitan Cooperation - Particularly Regarding the Budapest Metropolitan Area

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The Unfortunate State of Hungarian Spatial Development

In Hungary, the regional approach and spatial planning have essentially ceased to exist since the 2010s: regions were abolished, counties are incapable of effective planning due to a lack of capacities and resources, micro-regions lost their development powers, and larger urban regions were never officially recognized. The centralizing national policy did not examine why previous cooperation mechanisms (regions, micro-regions, functional area experiments) failed to function properly; instead, it eliminated them one by one.

In the absence of effective forms of cooperation, Hungary's most developed region—the Budapest metropolitan area, the only one competitive at the European level—is increasingly characterized by division and mutual conflict, which national politics has been well able to exploit.

Creating lasting regional cooperation would require a longer timeframe spanning multiple political cycles. As long as sharp political confrontation persisted and the previous government (between 2010-2026) sought to weaken opposition local authorities, there was little chance of establishing any metropolitan cooperation, as this would have indirectly strengthened metropolitan governance as well.

In the Budapest metropolitan area, the opportunity for a cooperative development path under the democratic conditions of the past 36 years has remained unexploited. The conditions created by national policy for cooperation among regional actors have further deteriorated in recent years. Budapest, of course, will remain a key major city in the Central and Eastern European region, but without a unified regional vision and institutional system necessary for improving living conditions and economic development, it falls increasingly short of its potential.

This is particularly problematic in light of the fact that most Central and Eastern European cities in similar positions have made good use of recent decades—especially the years since EU accession—to build regional cooperation. Warsaw and Polish major cities, along with Brno, serve as the most innovative examples by establishing joint development plans and cooperation covering functional urban areas, but similar efforts can also be observed in the cases of Prague, Zagreb, and even larger Romanian cities.

The examples of these cities show that it is possible to move beyond the state of inability to cooperate with surrounding regions, which developed due to structural and historical reasons.

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However, this is only possible if a well-thought-out and consistent national spatial policy, regulatory framework, and support system are established that take into account the characteristics of metropolitan areas and aim to strengthen them.

In the following the focus will be on the case of Budapest and its surroundings, but the situation is similar in all major Hungarian cities.

A Positive Example: The Warsaw Metropolitan Region

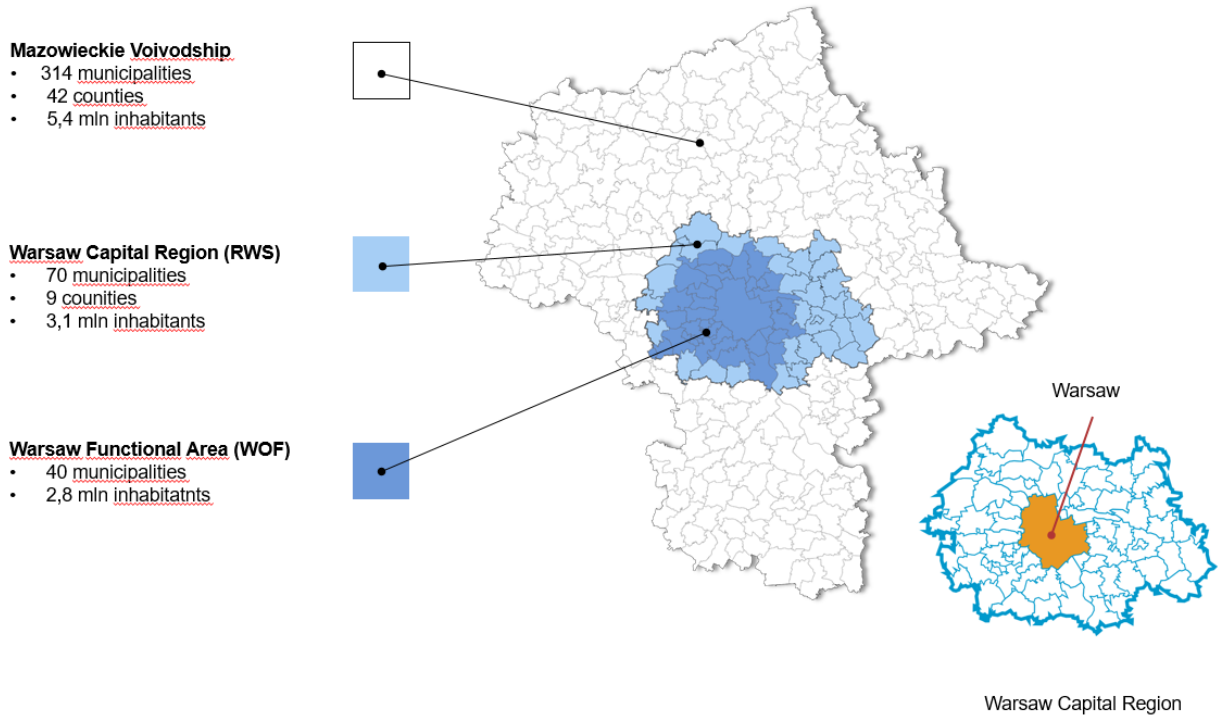
In terms of functional urban areas, Poland is the frontrunner in the Central and Eastern European region, where national authorities in 2014 made it mandatory for 16 regional center cities to define their catchment areas and plan the allocation of EU funds jointly with the municipalities located within them. This regulation led to very positive changes everywhere, even in Warsaw, which is remarkably similar to Budapest in terms of population size and suburban municipalities' resistance to cooperation.

During the period 2014–2020, the programme was established to cover Warsaw and 39 surrounding municipalities as an ITI (Integrated Territorial Investment[2]) area. In a region with a population of 2.8 million, a joint decision was taken on the allocation of €169 million in regional funding and €271 million in cohesion funding (under the Transport and Energy Operational Programmes). Under the ITI, 197 projects were implemented, with the majority of funding going towards cycle paths (the length of the network increased from 800 km to 1,284 km between 2015 and 2023), the creation of Park-and-Ride (P+R) facilities (the number of spaces rose from 6,700 to 12,710), and the development of e-government systems for public institutions (two-thirds of which were located outside Warsaw).

Whilst the debate continued over the size of Warsaw’s functional urban area, a law was passed in 2018 establishing the Warsaw Capital Region, which, as a NUTS 2 region, has a population of 3.1 million and covers Warsaw and 69 municipalities (fully encompassing the former ITI area of 2.8 million, with additional municipalities added). The Mazovia NUTS 2 region was therefore not divided into two parts along the city limits of Warsaw (as was the case with Budapest, when the Central Hungary Region was split), but essentially Warsaw’s functional urban area was designated as the new NUTS 2 region, thereby making the remaining part of Mazovia eligible for EU funding intended for less-developed regions. The Ministry, the region and Warsaw all agreed to the reorganisation, so it was able to be carried out swiftly.

[2] Saraceno Pier & Fioretti Carlotta & Landucci Simone & Stavropoulos Eleftherios & Spalazzi Annalisa, 2026. "**Integrated territorial development in action**," JRC Research Reports JRC145955, Joint Research Centre

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In the 2021–2027 period, the Warsaw Capital Region receives €135 million through ITI and an additional €375 million from Operational Programs. The development of coordinated transport solutions continues (transport association, multimodal hubs, P+R, cycle paths), and joint efforts are underway to address the problem of the most polluting individual heating systems by connecting them to Warsaw's district heating network.

The creation of the Warsaw Capital Region in connection with EU planning resolved disputes regarding the extent of the functional urban area and shifted the focus toward deepening cooperation. Transport coordination is progressing well, although full integration has not yet been achieved—this would require dedicated regional revenues. Currently, only the Katowice urban area possesses such revenues, as the only Polish urban region recognized by law.

Warsaw, in cooperation with other major Polish cities, drafted a comprehensive Metropolitan Law that would integrate the functional urban regions of major cities into the Polish legal system. It defines the political, decision-making, and management models while securing dedicated financial resources for urban regions to enable the establishment of Metropolitan Strategic and Solidarity Funds. However, despite a decade of success in suburban cooperation based on EU funds, debates over such a new law persist in Poland due to political conflicts between the government and major cities, which the change of government did little to alter.

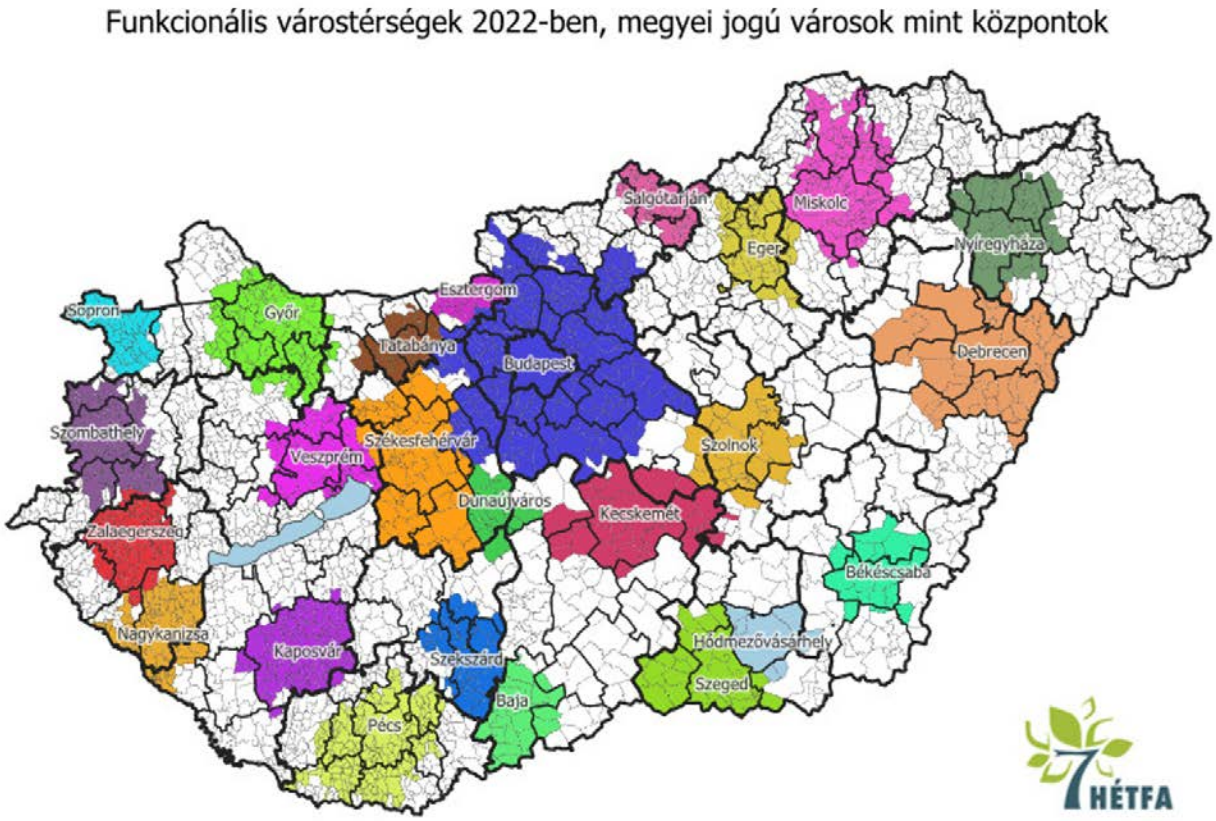
The Warsaw example holds many lessons for Budapest. Despite the similarity of tense relations with the central government (in Poland between 2015–2023, and in Hungary between 2019–2026), Warsaw is much further along in establishing suburban cooperation. The first difference was brought by the 2014 ITI regulation, which resulted in joint planning with suburban municipalities in Warsaw, whereas the Hungarian government eliminated all

previously established suburban cooperation mechanisms in Budapest at that exact time and sharpened city boundaries in EU planning. The second difference was the 2018 decision to split the NUTS2 region around the capital in both Warsaw and Budapest: in Warsaw's case, the functional urban area, including 70 settlements, became the EU region, whereas the Hungarian government split the Central Hungary Region by confining Budapest strictly within its administrative boundaries.

As a consequence of all this, systematic spatial planning is taking place in the Warsaw urban area, currently based on EU funds, but with the goal of making this a standard operational mode for the urban region using domestic and local resources, backed by legal foundations in the long term. No such spatial planning exists for Budapest—certain elements were briefly observable during the period of the Budapest Development Agency (BFK) between 2021-23, but this came to an end with BFK's sudden dissolution. Under present conditions, the Capital Municipality has no opportunity either to discuss or to implement metropolitan concepts.

The Future of the Budapest Metropolitan Area

Based on the OECD database, the Budapest metropolitan area comprises a population of 2.968 million, which is significantly larger than the current 81-municipality, 2.6-million-inhabitant Budapest agglomeration. In area, it reaches the regions of most ring cities (*csapágyvárosok*) such as Tatabánya, Székesfehérvár, Dunaújváros, Kecskemét, and Szolnok (OECD, 2013).



Source: https://www.portfolio.hu/gazdasag/20241216/komoly-kovetkezmenyekkel-jar-hogy-a-magyarok-mar-tobb-mint-70-a-el-nagyvarosi-tersegben-729625

A positive regional vision must separately address the larger economic area containing the ring cities and the metropolitan area itself. For the broader economic region of 3.5–4 million people, closer cooperation based on mutual benefits and the formulation of a shared economic vision with the municipalities of the ring city belt should be initiated. Within the narrower metropolitan area of roughly 2.8–3 million inhabitants, much stronger cooperation is required; to this end, the institutions of regional cooperation must be recreated, and steps must be taken toward establishing and strengthening joint spatial planning.

Regarding the future of the urban area, a major problem is that built-up areas in certain suburban municipalities could more than double under current land-use plans. Such extensive expansion would make it impossible to address the problems of already built-up areas, such as regenerating brownfield sites within the capital. Another fundamental issue is that cross-boundary traffic entering the capital has increased by 30% over the past three decades (nearly half a million commuters daily from the agglomeration belt), and modal split has deteriorated, with private car usage increasing by 10% at the expense of public transport.

Regarding future demographic trends, according to a survey cited in a 2023 BFVT document[3], the intention to move out of Budapest remains high: 12% of Budapest residents definitely plan to change their place of residence within five years, 21% probably will, and one-third of expected moves are directed toward the agglomeration. The population projections of the Hungarian Central Statistical Office[4] (KSH), alongside an overall national population decline, project Budapest's population to peak in 2035 at 1,75 million people (a 70,000 increase compared to today). For Pest County, the population peak is estimated for 2024 at 1,34 million people (a 12,000 increase).

Compared to the KSH projections based on Eurostat data, the prognosis of the European Commission's Joint Research Centre[5] (JRC) is much bolder, suggesting that the nation's capital exerts strong attraction and could become a city of two million again by 2040.

Thus, despite the country's overall decline, the Budapest urban region will continue to grow in population. For the sustainability of development, environmental quality, and traffic conditions, it is by no means trivial where new residents or internal movers settle within the region. Establishing a coordinated development framework that keeps the interests of the whole region in mind is therefore crucial. Within Budapest, this can be envisioned through urban infill and structural transformation of brownfields, while in the suburbs, it should mean developing municipalities better connected to public transport.

International examples show that to address such urban coordination tasks, EU countries have developed two main metropolitan models: institutional and planning models[6], which ensure

[3] BFVT, 2023: Budapest és a fővárost körülvevő agglomerációs települések viszonya. Tanulmányterv, 2023. május
[4] https://www.ksh.hu/interaktiv/korfak/terulet.html (2023-10-31)
[5] https://urban.jrc.ec.europa.eu/?lng=en JRC (2023-10-31)
[6] Gerőházi, É – Tosics, I, 2018: Addressing Metropolitan Challenges for the Barcelona Metropolitan Area. Lessons from five European metropolitan areas: Amsterdam, Copenhagen, Greater Manchester, Stuttgart and Zürich. Prepared by the Metropolitan Research Institute of Budapest for the Barcelona Metropolitan Area

urban area cooperation either directly through metropolitan-level institutions or indirectly through planning instruments. In the case of Budapest and its region, however, these models cannot be found even in embryonic form. Essentially, no regional institution with meaningful decision-making authority exists, and powers that should be elevated to the metropolitan level belong to the central government or local municipalities (districts), and rarely to counties. Accordingly, there is no trace of joint spatial planning.

What Needs to Be Done?

Under current conditions, as a minimum objective, urban area planning based on EU funds (the Polish and Czech model since 2014) represents a realistically attainable goal. To achieve this, the introduction of the ITI instrument and its mandated application at the urban region level nationwide must be secured in the EU planning cycle starting in 2028.

Furthermore, in today's new political environment, rethinking the multi-level governance system must begin, increasing municipal competencies and local fiscal autonomy within a decentralization process. To strengthen functional urban area cooperation, supporting the regional redistribution of municipal revenues should be reconsidered.

There is also a need to draft a new spatial development law. In this framework, the following tasks appear most crucial regarding the Budapest metropolitan area:

- A Metropolitan Council must be established with statutory authority, in which all municipalities of the region are represented.
- Long-term strategic planning should be elevated to the metropolitan level: in addition to EU funds (including the newly introduced ITI instrument), domestic sectoral developments must also be planned in detail based on an integrated regional vision approved by the Metropolitan Council.
- A regional transport association with strong mandates must be created, responsible for organizing all elements of regional transport under a unified concept and holding competencies extending to road developments as well.
- Land use within the metropolitan area should be regulated according to the characteristics of different parts of the urban region: through an appropriate mix of functions, aligning residential densities with public transport availability, creating a fund to compensate for restricted development of recreational areas, and curbing land development that is unjustified from a regional perspective.
- For smaller sub-regions and sectors within the metropolitan area, joint visions should be developed through cooperation among the municipalities concerned.

In Hungary, major cities must fight for a shift in spatial development policy, the formal recognition of the functional urban area level, and its establishment as the baseline for EU planning through the application of the ITI instrument at this territorial level. In the case of Budapest, this may be complicated by the need to coordinate across two NUTS2 regions, but the example of Prague shows that this is possible given coordinated political will. Alongside

(AMB). Barcelona, June 2018 http://mri.hu/wp-content/uploads/2018/07/metropolitan-areas-Barcelona-MRI-study-final-1806.pdf

this, the Capital Municipality must act much more proactively toward the agglomeration belt and take steps from the bottom up to create a more coordinated development model.

Hungary is decades behind in recognizing and supporting functional regional development, not only compared to more developed Western countries, but also compared to its regional neighbors. This lag has led to tangible problems and economic losses. It is high time to overcome this deficit and establish modern, cooperation-based spatial regulations by reforming national spatial development and EU development policies.

A historical opportunity for this is provided by the start of development fund planning for the 2028–2034 EU budget—hopefully with broad participation. Within the new structure of National and Regional Partnership Plans (NRPP), it must be ensured that Budapest and its catchment area are understood as a functional urban area to which geographically targeted support can be allocated. This would establish a financial incentive for Budapest (and other Hungarian major cities) that could help build urban area cooperation.

Naturally, ITI and EU funds will not solve all problems, but they can provide the initial impetus to establish—even if large delay—the formal framework and part of the financial foundations for a functional urban area based spatial development approach for the capital and major cities. These functional urban regions must then be further strengthened through the reform of municipal and spatial development policy.