10. Changing urban system, changing urban policy: Romania since 1989

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1. INTRODUCTION

According to recent international assessments (OECD and United Nations Human Settlements Programme 2018), Romania has a partial and rather implicit national urban policy, which seems to give a low level of attention to key urban development topics (economic development, spatial structure, human development, environmental sustainability, climate resilience). Nevertheless, beyond such assessments there is a more nuanced reality. Like other countries in the region, Romania has gone through a significant transformation in the past three decades. Much of this transformation can be described in terms of dismantling the centralized approach to every aspect of public policy. In the area of national urban policy this has led to a focus on broader issues such as intergovernmental relations, territorial planning and regional development rather than narrower urban development topics. The locus of policy-making on these narrower topics was slowly devolved towards local governments. This central government withdrawal has happened even though the degree of urbanization of Romania’s territory was and still is below that of other European countries (since 1990 it has varied between 50 and 55 per cent, well below the 75 per cent average for countries in the Eurozone). This chapter tries to map and explore this withdrawal based on a review of literature, policy documents and official data. It approaches several questions. Does Romania (still) have a national urban policy? If so, what are its key components and instruments? How do these relate to the features of the urban system? And how do they relate to sub-national (local) and supra-national (European) elements of urban policy?

The following section of the chapter approaches the changes occurring in the urban system of Romania after the fall of the Communist regime and the policy challenges that have arisen from the political, economic and social transition. Then, these changes are linked to central government policy decisions
Table 10.1 Urban settlements in Romania, 1950–2019

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<tbody>
<tr>
<td>Municipia</td>
<td>148*</td>
<td>56**</td>
<td>56</td>
<td>93</td>
<td>103</td>
<td>103</td>
</tr>
<tr>
<td>Towns</td>
<td>180**</td>
<td>204</td>
<td>172</td>
<td>217</td>
<td>217</td>
<td>216</td>
</tr>
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Notes: * Sâgeată (2015); ** Law no. 2 / 1968 regarding the administrative organization of the territory.

which have directly or indirectly, explicitly or implicitly (d’Albergo 2010; van den Berg et al. 2007) impacted urban settlements over the same period. Next, the governance structure of urban policy is briefly examined, highlighting the emerging conflicts in intergovernmental relations. Then, policy co-ordination issues are showcased in the context provided by mainstream policies concerning social housing and the national network of hospitals.

2. THE CHANGES AND CHALLENGES IN THE URBAN SYSTEM

Presently, the urban system of Romania is composed of 319 municipalities. For administrative purposes these are divided into municipia (larger settlements designated as county capitals or deemed to be of higher economic, cultural or historical importance) and towns. This categorization has existed since 1925, with the notable exception of the period when a Soviet-inspired territorial organization was in use (1950–1968). For development purposes urban municipalities are divided into four categories/ranks (Law 355/2001): rank 0 comprises the capital city of Bucharest, rank I comprises 11 county capitals with a population higher than 200,000 (also labelled nodal centres or growth poles due to their national influence), rank II comprises the other county capitals and all other municipia (exerting regional or county influence) and rank III comprises the towns (urban settlements exerting local influence). Specific size, geographical position and accessibility, economic development, and service-delivery criteria apply to each category/rank. The ranking reflects the importance of the municipality from multiple points of view, its area of influence and its degree of modernization. Small and medium settlements (ranks II and III) dominate the urban system in terms of numbers. Only 19 municipalities other than Bucharest can be characterized as large (more than 100,000 inhabitants), and they are generally viewed as weak secondary cities (Cristea et al. 2017). The current structure was shaped by Communist-era policies and the post-Communist counter-reaction to them (see Table 10.1).

Intensive urbanization was a key pillar of the top-down modernization-driven policies of the Romanian Communist regime. Urbanization was facilitated by territorial reforms, agricultural (forced collectivization) and industrial (heavy
industry oriented) policies, and the nationalization of private property. The focus was on developing a network of compact industrial urban settlements. This has led to the share of urban population doubling in 40 years and a more balanced urban hierarchy in comparison with other countries in the region (Benedek 2006). Natural urbanization tendencies were complemented with, and sometimes counteracted by, top-down interventions artificially urbanizing rural municipalities deemed to have development potential (Bânică et al. 2013). The aim of these interventions was to reduce the historical urbanization gap between different historical provinces. The rural municipalities converted into towns during the Communist regime constitute approximately a third of the current urban settlements in Romania. Successive reforms have also tackled the issue of territorial fragmentation, forcing significant consolidation between 1950 and 1968. This has led to a decrease in the number of rural municipalities and to the incorporation of localities with rural features into urban municipalities. Nevertheless, in 1989 the urbanization gap between different parts of the territory had not yet closed (Benedek 2006; Mitrică et al. 2014). After 1989, socio-economic developments and changes in national policies have further shaped the urban system. Changes can be described in terms of partial deurbanization and re-ruralization in the first post-Communist decade, followed by artificial urbanization in the second decade, chaotic suburbanization and a diversification of urban profiles.

Urban settlements were profoundly affected by the political, economic and social transition. Romania was confronted for the first time with deurbanization – most urban settlements lost a part of their population between 1992 and 2002 because of town-to-village internal migration (Benedek 2006; Dumitrache et al. 2016). The national urbanization rate dropped from 54.3 per cent in 1992 to 52.7 per cent in 2002. This is explained in little measure by welfare suburbanization and in larger measure by deindustrialization, emigration and natural demographic change. Small and medium towns were more affected, especially those in poor regions with declining mining or manufacturing activities and those in environmentally unfavourable areas (high pollution because of past industrial activity) (Bânică et al. 2013; Benedek 2006; Păun Constantinescu 2012). They experienced economic, social, demographic and urban infrastructure crises at the same time. This has led to the re-ruralization or rurbanization (see Bengs and Schmidt-Thomé 2005) of some of the towns created by the Communist regime. This re-ruralization has manifested itself via the growth of population occupied in agriculture, people having given up on centralized urban facilities such as heating and water supply which have become too expensive, and urban sprawl in areas totally lacking urban utilities (Bânică et al. 2013). While over time local economy and urban infrastructure have improved, the social crisis of post-Communist cities and towns is persistent. It was estimated that in 2011 one-third of the urban population lived...
in marginalized (defined using three criteria – low levels of human capital, employment, and quality of housing) or disadvantaged (low levels on one or two of the three criteria) areas; the share of population in such areas is higher the smaller the municipality (71 per cent for municipalities under 10,000 as compared to 19 per cent in the case of Bucharest, Anton et al. 2014).

After 2001, an artificial urbanization under democratic rules followed. Fifty-four new towns were declared between 2001 and 2004, while some others were upgraded to the municipia category, leading to an increase of the national urbanization rate to 54 per cent. However, the new towns usually lack urban characteristics (infrastructure and services) and have an economy based on agriculture and forestry (Bănică et al. 2013). An analysis of these new towns shows that when they were declared as towns none fulfilled all the criteria set out in national legislation for doing this, nor did they fulfil all these criteria ten years later (Veress 2016). Moreover, this seems to have aggravated the problem of uneven urbanization, as the new towns tend to belong to existing urbanization core areas (Benedek 2006). Since 2004 the urbanization rate has remained constant, due to changing patterns of migration from rural and small and medium urban municipalities towards the capital city and the largest secondary cities (Cristea et al. 2017).

A key feature of the post-1989 urban system in Romania is the rapid and chaotic suburbanization. During the Communist era, suburbanization was limited by rules concerning private property, prohibition on the change of designation for agricultural land, and limitation of population movements towards large cities (Dumitrache et al. 2016). Post-1989 it has unfolded in two stages: marginal residential suburbanization in the first decade and rapid residential and commercial suburbanization after 2000 (Dumitrache et al. 2016). Post-2000 suburbanization largely involves the development of new (de facto) suburban units around large cities in wealthy areas (around Bucharest, Transylvania), many of which lack basic urban amenities. This negative side of suburbanization is enhanced by the high level of territorial fragmentation. The total number of municipalities increased from 2,947 to 3,181 between 1990 and 2018, while the overall population of Romania decreased by over 3.5 million. Cash-strapped rural local governments with low own revenues (just 36.64 per cent of their total revenues in 2018) tried to increase revenues and have allowed for the development of (sometimes illegal) car-dependent residential suburban units and industrial sites without providing the necessary utilities and street infrastructure.

Uneven suburbanization is a symptom of the diversification of urban profiles. The former prominently centrally designed industrial character has been revised across urban areas, but with varying success, by the appearance of multi-functional and service sectors. Manufacturing industries no longer dominate the economy of Romanian urban settlements of all sizes. Over time, the
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more successful cities and towns have developed for themselves new profiles: some have focused on knowledge-based industries and services (Bucharest, Timișoara, Cluj-Napoca), some on manufacturing industries with high added value (Pitești, Sibiu). The less successful ones, such as Constanța and the former mining towns in Jiu Valley, are still lagging and lacking a clear profile.

The next section details how central government policy choices have created or responded to these challenges.

3. THE NATIONAL URBAN POLICY MIX

The urban system is nationally determined (d’Albergo 2010; van den Berg et al. 2007), hence the identification of relevant elements of the national urban policy mix must take into account contextual spatial, demographic, economic and social elements and external and internal urban challenges. Existing typologies (d’Albergo 2010; van den Berg et al. 2007) are useful in this respect, if they are contextualized. The post-Communist transition brings to the fore policies and instruments which seem unusual when compared to what is considered standard urban policy, which nevertheless have significantly shaped the urban system. In the following discussion on the national urban policy mix specific to Romania, it is a case of restitution of property and privatization policies.

The national urban policy mix specific to Romania includes direct, indirect, explicit and implicit elements (see Table 10.2). However, the emphasis falls upon policies that are at the same time implicit and indirect, as a reflection of the elective withdrawal of the central government from urban issues, justified as counter-reaction to the heavy-handed ‘systematization’ policies of the Communist regime. This withdrawal is obvious if we account for what is missing from this mix for most of the analysed period: clearly focused national urban regeneration policies (Dumitrache et al. 2016), policy responses to shrinking cities (Rink et al. 2014), and policies addressing social concerns in urban areas. In terms of urban regeneration needs and urban social problems, four areas emerged as relevant in the first post-Communist decade: the physical, economic and social decay of historical city centres; abandoned industrial sites as a consequence of economic restructuring; the decaying collective residential areas built in the Communist era; and peripheral areas of spontaneous development inhabited by poor, especially Roma, citizens (Pascariu and Pascariu 2012). National policies discussed below approach only some of these aspects and not necessarily through direct and explicit interventions. It must be noted that in Romania shrinking cities are not perceived to be a policy problem as the phenomenon is generally put down to the general population decline that has been happening since 1990 (Rink et al. 2014).
### Table 10.2 National urban policies in Romania, 1989–2019 (following the typology in d’Albergo (2010))

<table>
<thead>
<tr>
<th>Explicit (with an urban spatial focus)</th>
<th>Implicit (without an urban spatial focus)</th>
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<tr>
<td><strong>Area-based programmes</strong></td>
<td><strong>Mainstream policies (key policies with significant impact in urban areas)</strong></td>
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<tr>
<td>1. Urban economic growth programmes driven by EU goals and structural funding – after 2007</td>
<td>1. Restitution of nationalized property and massive privatization of housing units</td>
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<tr>
<td>2. Centralized heating networks and thermal rehabilitation programmes for urban areas</td>
<td>2. Spatial planning policies</td>
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<tr>
<td><strong>Indirect (aimed at providing others with conditions for tackling urban challenges)</strong></td>
<td><strong>Policies for institutional innovation</strong></td>
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<tr>
<td><strong>Area-based programmes</strong></td>
<td>1. Establishment of autonomous local governments</td>
</tr>
<tr>
<td>1. Programmes concerning disadvantaged areas (mostly formerly mono-industrial small cities and their neighbouring rural areas), 1998–2010</td>
<td>2. Decentralization, fiscal decentralization</td>
</tr>
<tr>
<td><strong>Specific investment programmes</strong></td>
<td>3. Intermunicipal cooperation</td>
</tr>
<tr>
<td>2. National Local Development Programme, since 2013</td>
<td><strong>Policies for re-spatialization</strong></td>
</tr>
<tr>
<td>3. National Investment Company (CNI), since 2001</td>
<td>1. Territorial reform and requirements concerning infrastructure and service delivery capacity based on ranking</td>
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### Implicit and Indirect Policies

In the area of implicit and indirect policies, applicable to urban and rural areas alike, we find policies for institutional innovation focused on reshaping the national administrative and financial framework (local government, decentralization, local finance, intermunicipal cooperation). While some studies on national urban policies see this framework as being distinct from urban policy (van den Berg et al. 2007), it can be argued that during the post-Communist transitions the two can hardly be separated. Thus, reforms are not framed as a performance of government issue as in Western European countries (d’Albergo 2010), but rather as a fundamental democratic issue.

The policy issue of comprehensive administrative reforms has been high on the public agenda for the last 30 years with over 200 individual legislative actions adopted. Following the adoption of a new constitutional act in 1991, the emphasis has been placed upon setting up the two autonomous tiers of sub-national local government (the counties and the municipalities) and transferring to them responsibilities previously held by the central government. The process has been slow, with key pieces of legislation only being passed in the second post-Communist decade (a first version of a framework law on...
decentralization was passed in 2004, a comprehensive local public finance law was passed in 2006). Alongside responsibilities concerning local territory and local public utilities, over the years local governments have acquired responsibilities (usually shared with other tiers of government) in areas such as education, healthcare and social services. Moreover, urban settlements have become responsible for the provision of certain services to neighbouring rural areas (population records, fire departments, etc.). However, the local autonomy of first-tier local governments is still limited, although in line with other countries in the region (Ladner et al. 2015). Several aspects reinforce this limited autonomy. Legal provisions impede local governments from taking over unoccupied policy space/residual competencies (for example cities saw their parking and towing of illegally parked cars regulations annulled by the Constitutional Court because the central government had not previously issued framework regulations). The decentralization of tasks was not accompanied by fiscal decentralization (Profiroiu et al. 2017), leaving central government ample discretion over local government budgets: local governments set the rate of local property taxes within centrally determined limits, the central government reserved for itself discretionary power in establishing the allocation of revenues from income tax and VAT via a fiscal derogations mechanism, and local government borrowing is subject to central government vetting. De-concentration reforms conducted in parallel have led to unclear divisions of responsibilities between local governments and central government deconcentrated agencies (Baba et al. 2007) and problematic intergovernmental relations, as the central government uses its deconcentrated agents to perform policy supervision instead of a legality control (Hintea et al. 2002).

After 2004, in response to the fragmentation of local government and the emergent negative consequences of uncontrolled suburbanization, the central government actively pursued an intermunicipal cooperation (IMC) policy. Municipalities were able to legally set up cooperative arrangements, labelled inter-community development associations, which were able to take over the organization and delivery of some public services. Within the broader regulations concerning intermunicipal cooperation (for a detailed overview see Stănuș 2011), a special space was carved out for what has been defined as metropolitan areas. These were designed as multi-purpose voluntary cooperative arrangements between Romania’s rank I cities and neighbouring municipalities within a 30 km radius. In terms of their legal ability to jointly organize and deliver public utility services, these arrangements were like other IMC arrangements. In development terms, metropolitan area arrangements should be distinguished by stronger transportation, economic, social, cultural and infrastructural interrelations (Benedek and Cristea 2014). Later, for largely symbolic reasons, the parliament extended the ability to use the ‘metropolitan area’ label to all county capitals in Romania irrespective of their position in
the development ranking. Since 2006, over 400 IMC arrangements have been formed involving a vast majority of both urban and rural settlements in the country, most frequently single-purpose arrangements for joint provision of waste management or water supply and sewage services, or multi-purpose arrangements focused on local economic development. However, the policy has produced mixed results: large cities such as Bucharest, Galați and Brăila (the last two less than 20 km apart from each other) have not managed to set up cooperative arrangements in their respective metropolitan areas, and many existing IMC arrangements (metropolitan or not) are not actually functional. A probable cause of these mixed results is the complicated institutional architecture necessary in order to actually jointly deliver public services (Stănuș 2018), which has led to recommendations to adjust the legal framework and introduce dedicated funding programmes for metropolitan areas outside the EU-funded programmes (Cristea et al. 2017).

Another pillar of the implicit and indirect urban policies concerns policies for re-spatialization. These involved a low-key territorial reform, infrastructure and service delivery capacity requirements imposed on different types of urban and rural municipalities, and subsequent attempts to use them in furthering territorial development and urbanization. A key piece of legislation – Law No. 351 from 2001 concerning the approval of the National Territorial Plan: Section IV The network of localities – sets minimal qualification criteria for both urban and rural municipalities. Urban municipalities must meet criteria for size, geographical position and accessibility (access to transport corridors), economic development (population in non-agricultural activity, skills of the local workforce), infrastructure (paved streets, water supply and sewage networks, parks) and service delivery (hospital beds, medical personnel, educational institutions, sports venues, cultural and religious facilities, entertainment facilities, tourism facilities) depending on their ranking. However, when the law was passed there were urban settlements that did not meet the minimal criteria corresponding to their rank. Given the degree of decentralization at that point, some urban and rural governments were completely dependent on central government action to (continue to) meet infrastructure and service-delivery criteria. The law also prescribed actions to increase the urbanization rate: 17 predominantly rural areas were designated for intervention via financial mechanisms to assist the development of a rural municipality and its conversion into a town. However, assistance programmes were never put into place by the executive. While a development and further urbanization logic underpinned the text of this law, the implementation has been more oriented towards subjective-emotional aspects. It has been mainly used to erase some of the effects of the heavy-handed 1968 territorial reform, and has led to an increase in the number of rural municipalities (as de-amalgamations became possible, bottom-up pressures led to the reinstatement of rural municipalities)
and the declaration of new towns, predominantly in already urbanized areas (in many cases to make up for the loss of status experienced by the municipality during the Communist regime).

Explicit and Indirect Policies

Two distinct stages can be identified in regard to explicit and indirect national urban policies in the analysed period. The first stage, pre-dating Romania’s accession to the EU, involved policies concerning deprived/under-privileged areas, implemented from 1998 until 2010. It largely focused on small mono-industrial towns and their surrounding urban areas, as well as on rural areas where mining has been a traditional activity. All parts of the territory where unemployment was three times higher than the national average were included. At the peak of implementation this policy covered municipalities with significant economic, social and infrastructural problems, largely reflective of the re-ruralization trend. Fiscal and financial facilities for new business operations in these areas were the main method of intervention, the scheme being classified in the state aid category. This intervention is significantly different from area-based policies in Western Europe in that it does not result from assessments of problematic development or policy effectiveness (d’Albergo 2010) but has a preventive character, meant to mitigate the effects of ongoing economic restructuring. Its effectiveness has been limited given how state aid was deployed in these areas (Consiliul Concurenței 2010; Diaconescu et al. 2007), as it has led to the creation of just 15 000 workplaces (Bânică et al. 2013). The policy was phased out as it did not fit with EU competition policies.

The second stage follows Romania’s accession to the EU and responds to the limited capacity of some local governments to make use of available EU funding as well as to a specific intergovernmental relations context (central government funding in three national programmes was abruptly withdrawn, leaving local governments with unfinished investment projects and unpaid bills). The National Local Development Plan (Planul Național de Dezvoltare Locală, PNDL) was introduced in 2013 to fund (predominantly rural) local infrastructures and was widely perceived from the beginning as reflecting political patronage networks in the allocation of funds (municipalities led by mayors belonging to the governing party were favoured, second-tier local governments played an important formal brokerage role). The programme has undergone multiple modifications since, as its initial form lacked clear objectives, was not transparent, and allowed for poorly designed projects to be implemented without proper procurement procedures and oversight by the managing authority (Curtea de Conturi a României 2015). Objective criteria currently employed for the allocation of funds advantage rural and very small urban municipalities. At the same time, the programme favours stand-alone
projects rather than integrated and more strategic interventions. The bulk of funds goes towards rural municipalities (for example, between 2015 and 2019, in Bihor county only 30 out of a total of 190 projects, corresponding to 12 per cent of the total funds allocated in the county, were located in urban areas). Nevertheless, medium and large urban municipalities have benefited from some of the largest projects funded (streets, bridges and road belts construction; rehabilitation of historical buildings, housing, schools or hospitals; building new schools or crèches) as part of a sub-programme focused on urban regeneration.

A second explicit and indirect intervention, to some extent like the PNDL, was the setting up of the National Investment Company (Compania Națională de Investiții, CNI) in 2001. Its role is to implement a national programme for public or social interest buildings focused on sports facilities, cultural facilities, schools, primary healthcare facilities and others. Its creation is a response to capacity problems at the municipal level. Instead of providing grants to municipalities for these investments, the CNI takes over the projects, finalizes them using various sources of funding (mostly central government and EU funds), and then transfers them to the beneficiaries. Like the PNDL, it is focused on stand-alone projects rather than integrated interventions, with the notable difference that it focuses on the more complicated and expensive projects (building new stadiums, rehabilitation of large historical buildings, etc.). Like the PNDL, the bulk of the interventions are in rural areas (21 of the 75 projects finalized in 2019 were in urban municipalities), but urban projects tend to be more expensive.

**Explicit and Direct Policies**

National strategic documents acknowledge the importance of cities in the polycentric development model pursued by Romania. Nevertheless, most elements of explicit and direct targeting of urban areas are limited to and driven by EU funds and policies. They reflect the rather uncritical adoption of European policy goals and instruments into national development strategies and plans (Benedek and Cristea 2014). However, as the largest source of development funding available, they further uneven development. Instead of being a means for redistribution of resources they become a means for resources extraction by political patronage networks (Ion 2014).

Following Romania’s accession to the EU in 2007, area-based interventions targeted on urban settlements defined as growth poles (Bucharest plus the seven largest other cities, one pole per development region), urban development poles (13 in total, unevenly distributed in the development regions) and urban centres (170 in total) have been introduced. The growth poles are, at the same time, the subject of the metropolitan areas policies. They constitute an
important component of the regional policy mix and are meant to help with reducing regional disparities, with interregional harmonization of government policies and with cooperation between all governance levels. Approximately 6 per cent of all the EU cohesion and structural funding allocated to Romania in the 2007–2013 multi-annual budget was specifically allocated for urban areas. The policy is widely criticized because it advantages large cities and higher urbanization areas. Evidence has been provided to support the idea that this negatively affects local urban policies, as cities adapt their development strategies to maximize their access to EU funding (Cristea et al. 2017). Moreover, it is likely that the growth pole policy does not significantly contribute to lowering regional disparities (Benedek et al. 2019).

After 2014, in co-ordination with a newly passed National Territorial Development Strategy, the growth pole strategy was altered in response to criticisms that it focused too much on the largest cities. Despite policy studies suggesting a nuanced approach based on a new ranking of urban municipalities, a simplistic solution has been adopted: all but one county capital has become the focus of the growth pole policy, while the Danube Delta area comprising Tulcea county and its capital has become the subject of an Integrated Territorial Investment instrument (Benedek et al. 2019; Cristea et al. 2017). The overall funding targeting urban areas has increased to approximately 14 per cent of all the EU cohesion and structural funding allocated to Romania in the 2014–2020 budget, while the share of other funds for which the urban local governments can apply alongside others has also increased. Alongside the focus on county capitals, some more refined urban policy elements have been included: a focus on marginalized urban areas, defined using human capital, employment and living conditions related criteria, thus acknowledging the social issues in urban areas; funding for urban regeneration in small and medium-sized towns (rehabilitation of Communist-era blocks of flats and their surroundings).

A series of interventions aimed at dealing with urban regeneration issues have been developed since 2006, with very limited results. These do not amount to a fully-fledged policy, being rather punctual interventions. A funding programme focused on centralized heating networks provides support amounting to 70 per cent of the total cost for urban municipalities making capital repairs. Results are limited: by 2018, 47 municipalities had received total funding of less than 100 million euros for 163 projects. The programme was renewed in 2019 with an increase in the share of costs to be paid by the central government. A second intervention concerns the thermal rehabilitation of privately owned Communist-era blocks of flats in urban areas. In 2010, the central government introduced a government guarantee for loans taken by owners, but this did not produce any significant results. Since 2009, a different programme that provides central government funding of up to 50 per cent of the costs (with
the rest of the costs divided between the municipality and the owners) has been in place, with better results. This programme runs in parallel with a similar intervention funded from EU funds for municipalities covered by the growth pole policy.

Implicit and Direct Policies

Two categories of policies are relevant here given their impact on the current state of the Romanian urban system. In the first category we find policies signalling the retreat of the state, which have significantly altered the land and property market and, consequently, the spatial making of Romanian cities. In 1991 the central government started the complicated and not yet finalized process of restoring properties nationalized by the Communist regime, namely collectivized land in rural areas as well as historical buildings, some of them designated as monuments, in urban areas. The restitution of land has happened faster and led to the development of a land market in suburban areas, which has opened the door for market-led urban sprawl (Dumitrache et al. 2016). The restitution of historical buildings, many of which were used for public purposes (schools, kindergartens, public institutions) or served as housing units and were occupied by tenants, has proceeded at a much slower pace. This has had a significant impact on the appearance of cities, as many of these buildings were not properly maintained due to their problematic legal status. Another key element in this category concerns the decision to privatize state-owned housing units, including the large number of flats built during the Communist era and units in the above-mentioned nationalized buildings. Essentially, privatization has involved selling apartments to the tenants at symbolic prices and thus transferring responsibility for many buildings in a poor state, which the state cannot afford to maintain, to the new owners.

A second category concerns the framework policies for urban spatial planning, which are relevant here because of their specific contents and the disconnected way in which their implementation was pursued. The quite rigid Communist-era systematization policies driving the development of compact cities were repealed in 1990 and then replaced in 1991 with more lax regulations, transferring planning responsibilities to the newly created local governments. The new rules included few planning elements and many building regulations, thus opening the door to market-driven ad hoc urban planning. In 2001 a new comprehensive law on spatial planning was passed, the regulations became stricter, and the planning system was rebuilt. Regulations were further strengthened in 2008 and 2011, when spatial planning policy was better integrated with regional development policy and participatory and cooperative instruments, and some control tools were introduced (Munteanu and Servillo 2014). Formally, the hierarchic nature of spatial planning inherited from the
Communist regime has been maintained at national, regional and county level (Benedek 2013), and since 2008 also at metropolitan level (cities are allowed to elaborate territorial development strategies for metropolitan areas, Benedek and Cristea 2014). The proliferation of actors on all levels of government involved in planning limits vertical co-ordination, as sometimes lower-level plans are developed earlier than the upper-level ones (Ionescu-Heroiu et al. 2013). At municipal level, there is a strong emphasis on urbanism rules, with development theoretically driven by compulsory municipal master plans and subsequent zonal and detail plans. However, not even the largest cities comply fully with this provision and the central government does not incentivize compliance. In 2017 many of the existing spatial plans of the medium and large cities expired and only a handful of cities had developed metropolitan spatial plans (Cristea et al. 2017). The local capacity to develop and oversee the implementation of urban spatial plans was and is quite limited. Thus, much of the development of zonal and detail plans is left to private actors, such as developers of real estate, who are supposed to draft them in accordance with the municipal plan but frequently push for exemptions (Ionescu-Heroiu et al. 2013). In this fragmented context, the built environment of cities and urban sprawl/spread were significantly shaped by the ability of local governments to approve exemptions from/changes to the urban master plan and change the designation of land, the formula used since 1996 for transfers to local governments, which includes a built-up area coefficient (larger built-up area larger transfers, Suditu 2012), and the possibility to legalize unauthorized constructions.

While formally striving towards a comprehensive integrated approach, the national planning system of Romania is only somewhat functional, leading to repeated calls for reform (Benedek 2013; Ionescu-Heroiu et al. 2013; Suditu 2012). EU accession has deepened the problems due to the proliferation at all levels of government of strategic documents meant to facilitate the absorption of EU funds which were poorly correlated with planning policy (Munteanu and Servillo 2014). Some of the shortcomings were meant to be addressed during the implementation of the 2015 National Territorial Development Strategy; however, a subsequent law focused on metropolitan areas and a codification of planning, urbanism and building rules has not yet been completed.

Next, the governance structure of urban policy is examined, highlighting the national institutions governing urban policy as well as intergovernmental relations.
4. ACTORS AND CONFLICTS IN THE GOVERNANCE OF NATIONAL URBAN POLICY

National urban policy is shaped in Romania by an interplay of international, national and local actors. The key policy analysis and policy-making competencies (spatial and urban planning, urbanism, building regulations, development programmes) rest with the Ministry of Regional Development and Public Administration. Urban policies are significantly shaped by politics. It is widely accepted that programmes such as the National Local Development Programme stem from the need of the national parties to ensure the loyalty and strengthen the electoral position of their mayors. European institutions and the policy goals embedded in the EU’s regional development programmes are other key sources of influence. Two different types of conditionality can be identified here: actual conditionality (cases in which EU policy specifically demands that certain actions are undertaken) and perceived conditionality (cases in which there are no specific demands but national institutions believe they need to act in a certain manner). Another key actor shaping national urban policies is the World Bank, which has invested considerable effort (with somewhat limited success) in influencing policy pursued by the ministry on topics such as spatial planning, housing, urban marginalization and so on.

The decentralization framework has set the stage for conflictual intergovernmental relations. The central government is frequently at odds with the two associative arrangements which formally represent urban municipalities in the policy-making process: the Association of Romanian Municipalia (Asociația Municipiilor din România, AMR) and the Association of Romanian Towns (Asociația Orașelor din România, AOR). The conflicts usually centre on the issue of earmarked transfers for certain public services and the legally stipulated quotas they are supposed to receive from VAT and income tax. They reflect the persistent mismatch between decentralized competences and fiscal decentralization. They became particularly acute when income tax was reduced in 2017, leaving a significant gap in municipal own revenues. Over time, this expanded into a conflict over urban policy, largely fought over the contents of the growth-poles policy. The most visible part of the conflict involves the cities designated as growth poles – some of which in 2018 formed and legally registered a group called the Alliance of the West – and the central government. The cities allege there is a deadlock in regional and urban development caused by the incapacity of central government to initiate and implement large infrastructure projects, especially those eligible for EU funding. Their key request was that of being granted legal competence to take over from the central government projects of high importance for their communities (segments of highways, belt roads, regional hospitals), as well as large regional
infrastructure projects included in national development plans and eligible for EU regional development funding. The Alliance of the West includes the Western cities of Arad, Cluj-Napoca, Oradea and Timișoara. The model has proliferated, and mayors of cities and medium-sized towns in other parts of the country have also announced their intention to form such mechanisms, an example being the Moldova Develops Alliance in the eastern part of the country. These mechanisms were politicized as upon initiation they included cities with mayors from an opposition party. Recent changes to the national framework for the implementation of European Regional Development Fund (ERDF) funded programmes have opened the door for a larger presence of cities and counties in regional development projects, as they have been transferred responsibility for projects delayed due to the limited capacity of central government agencies and companies.

Intergovernmental relations are further complicated by inconsistencies in sectoral policies affecting urban areas, which are discussed next.

5. NATIONAL SECTORAL POLICIES AND THEIR URBAN CONSEQUENCES

These inconsistencies derive from the central government’s withdrawal from its delivery, funding and control functions over urban policy while trying to maintain a strong regulatory role. The exercise of this regulatory role constrains the actions of other actors involved in urban policies as showcased below in the case of social housing policies. At the same time, significant co-ordination issues between sectoral policies have appeared, as showcased by the decentralization of hospitals.

Policies on Social Housing

In the early 1990s, around 85 per cent of the housing units in Romania were flats in Communist-era buildings, whose rapid sale to the tenants led to the highest home ownership rate in Europe. In the long run, the rapid privatization has created urban regeneration, quality of life and social housing problems. At the periphery of cities and towns, the combination of changed economic context and the retreat of the state has led to the emergence of veritable slums (Teodorescu 2018).

Despite the growing need for articulate social housing policies, the national approach is fragmented. The central government has created a framework supposedly enabling and stimulating municipalities to deal with the problem themselves, yet more frequently dis incentivising action. Social housing is discussed in the context of national social inclusion policies and is approached in group-centred strategic documents focused on people in poverty, Roma, youth,
youth leaving the child protection system, and people with disabilities. A more integrated approach started being built only after 2015, when provisions concerning housing were included in the territorial development strategy and the central government started drafting a national housing strategy (never adopted by consecutive left and right governments).

The fragmentation at strategy level has led, in the meantime, to even more fragmented implementation. In the second half of the 1990s, municipalities and second-tier local government received social housing policy competences, which they are supposed to exercise in co-ordination with the central government. They have become responsible for building, managing and maintaining social housing. They can access central government funding for building, provided they can offer the necessary land and connections to utility networks, or they can use their own revenues. Central government funding is supposed to be provided under programmes targeted on certain groups. However, while different laws require the executive to develop funding programmes to ensure access of certain categories of people to housing, not all have been made operational (Ministerul Dezvoltării Regionale și Administrației Publice 2015). For example, the programme on social housing for the Roma was only operationalized in 2015, although it was first mentioned in 2008. A more successful programme is the one focused on young adults (rent-to-buy units for those under 35 years of age), who are not necessarily part of the most vulnerable groups in terms of access to housing. Overall, the impact of national programmes has been limited; there has been a drop in terms of percentage of new housing units built with state funding from 88 per cent in 1990 to 5 per cent in 2001 (Dan and Dan 2003). This has led to a limited number of municipal initiatives to build new housing units and a permanent shortage of social housing units in urban areas. Urban municipalities are caught in a vicious circle as those with higher social housing needs are also those with lower own revenues and thus a lack of resources to deal with the problem. Moreover, they are constrained by national rules and control mechanisms which they perceive to be too intrusive. For example, they could be fined if they do not manage to recuperate unpaid rent from social housing, which disincentivizes some to increase the number of social housing units. In another direction, fearing accusations of mismanagement, some tend to overregulate certain areas; thus, they add supplementary criteria when allocating social housing, which leads to the almost complete exclusion of groups such as the homeless (Briciu 2016).

**Hospital Decentralization Policy**

The decentralization of healthcare was initiated in Romania in 2002, when responsibility over buildings hosting hospitals, policlinics and dispensaries as well as most responsibilities concerning primary healthcare was transferred to
municipalities and county governments (Vlădescu et al. 2016). Municipalities became responsible for maintenance costs, while medical costs were covered on a contractual basis by the national health insurance fund. A second wave of decentralization was conducted in 2010, when 370 out of 433 public hospitals, almost all in urban areas, were transferred to the local governments, giving them managerial control over specialized healthcare services via administration councils. Given their size, competences and catchment areas, not all hospitals were taken over by municipalities: highly specialized hospitals remained under the control of the central government, most hospitals with county catchment areas were transferred to the county councils, and some hospitals in small municipalities were also handed over to the county councils. The process was conflictual as the central government had apparently attempted to transfer hospitals with significant arrears and the municipalities resisted taking over the hospitals before the matter was settled (Popa 2014). Interestingly, assessments made years after the decentralization of hospitals, when some locally managed hospitals had started to accumulate arrears, indicated that hospital governance structures as stipulated in national regulations were conducive to poor financial performance (Duran et al. 2019).

In 2011 a so-called rationalization of the system occurred, in which the central government reduced the number of hospital beds for which it was willing to provide funding and acted to close 67 small hospitals (after backing down on a previous longer list), even though they had only recently been transferred to local governments and some had just received investment from the local communities. Forty of these hospitals were in urban municipalities, out of which six were in towns declared after 1990. The legal mechanism used involved refusal to fund any costs for medical services provided by these hospitals from the national health insurance fund and providing funding to transform them into nursing homes. Municipalities opposed this decision but the outcomes varied depending on the willingness to challenge the central government and the financial resources at the disposal of the local government: some hospitals never closed because the municipalities obtained court decisions in their favour, some were closed and then reopened based on court decisions, some were transformed into departments of the county hospitals, some were transformed into primary healthcare centres or rented to private actors, while some were transformed into nursing homes or closed. Effectively the government had made it difficult for 40 towns to continue to meet the criteria for being a town (number of hospital beds) included in a different piece of legislation.
6. CONCLUSION

This analysis shows that Romania’s national urban policy has followed a U-shaped curve since 1989. The descent on this curve is marked by the retreat of the central government from urban issues in the 1990s. This has been reflected in the development of a policy mix where implicit and indirect policies were dominant. Due to what was excluded more than what was included in the policy mix, long-standing urban issues have been aggravated while new ones have emerged in the complicated post-Communist transition. A mix of factors and incentives (EU accession and EU policies, the influence of international actors, specificities of intergovernmental relations, some urban problems reaching critical levels) has led to a very slow return of the central government and its national urban policies starting with the second post-Communist decade. Nevertheless, the more explicit and direct elements of current urban policies are still fragmented and poorly co-ordinated with each other and with local urban policies. The centrepiece of more recent policies is the growth-poles policy, which is ‘borrowed’ from other EU countries despite some serious question marks about its suitability to the Romanian urban system. Since 2015 the central government has taken some steps towards an integrated approach via the adoption of a national territorial development strategy with a strong urban focus; however, it has not yet passed some of the key legislation needed to implement it. In some senses, the current fragmented and limited national urban policy is a reaction to some of the urban problems – ruralization, urban sprawl, suburbanization, urban marginalization – aggravated or created by the initial retreat of the central government.

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