



Eco-innovations in the urban regeneration projects



# Green Urban Regeneration Projects

Marek Bryx, Jacek Lipiec, Izabela Rudzka



**KAPITAŁ LUDZKI**  
NARODOWA STRATEGIA SPÓJNOŚCI



SZKOŁA GŁÓWNA HANDLOWA  
W WARSZAWIE

UNIA EUROPEJSKA  
EUROPEJSKI  
FUNDUSZ SPOŁECZNY



**Authors:**

Professor Marek Bryx Ph.D.: 1; 2, 3, 4.1; 4.2; 4.4; 4,5; 4.6; 5.1.-5.5; 5.8; 8  
Jacek Lipiec Ph.D.: 6; 7  
Izabela Rudzka Ph.D student: 4.3; 5.6-5.7

**Reviewer:**

Professor Jesse Saginor Ph.D.; Florida Atlantic University, SURP

**Programme Committee:**

Prof. Piotr Ostaszewski – Deputy Rector (Warsaw School of Economics)  
Prof. Marek Bryx – Deputy Rector (Warsaw School of Economics)  
Prof. Magdalena Kachniewska – Dean of Master’s Studies (Warsaw School of Economics)  
MSc. Alina Modrzejewska-Kořakowska – Project manager (Warsaw School of Economics)  
Prof. Anna Szelaęowska – Project methodological coordinator (Warsaw School of Economics)

This publication was supported by grant funds from the European Union’s European Social Fund. The project “Eco-innovations in cities”, performed at the Warsaw School of Economics, was commissioned by the Polish National Centre for Research and Development (POKL.04.03.00-00-249/12).

© Copyright Warsaw School of Economics until 31/12/2015

© Copyright NCBiR since 01/01/2016. All rights reserved.

No part of this publication may be photocopied, processed or distributed for any purpose or by any means without the prior written permission of the authors and the publisher of this book.

The CeDeWu publishing company and the authors used their best efforts in order to provide accurate and complete information in this book. Under no circumstance, however, they may be held liable for the consequences of its use or for possible violation of any copyrights.

Photo (Graphics) courtesy of:

Skeleton leaves on blue background, close up; File: #82119159 – Fotolia.com;  
Futuristic City; Plik: #74284183 – Fotolia.com

Cover design: Agnieszka Natalia Bury

DTP: CeDeWu Sp. z o.o.

1<sup>st</sup> Edition, Warszawa 2015

ISBN 978-83-7941-217-4

EAN 9788379412174

**Published by: CeDeWu Sp. z o.o.**

00-680 Warszawa, 47/49 Źurawia Street

e-mail: cedewu@cedewu.pl

Publisher’s office: (4822) 374 90 20, 374 90 22

Fax: (4822) 827 38 89

**Economics Bookstore**

00-680 Warszawa, 47 Źurawia Street

Tel.: (4822) 396 15 00...01

Fax: (4822) 827 38 89

**On-line Economics Bookstore**

www.cedewu.pl

www.4books.pl

Made in Poland

# Contents

<b>Publisher's note</b> .....	<b>9</b>
<b>Introduction</b> .....	<b>11</b>
<b>Chapter 1</b>	
<b>A deprived area as a problem to solve</b> .....	<b>13</b>
1.1. Introduction: Deprived areas – why are they problems? .....	13
1.2. Transformation and its results .....	15
1.3. Civilizational challenges .....	20
1.4. The Definition of an “Eco-city” .....	22
1.5. Definition of regeneration processes (projects) .....	23
1.6. Delimitation of deprived areas .....	26
1.6.1. General criteria of defining deprived city areas .....	27
1.6.2. Block of flats (Residential areas) .....	28
1.6.3. Brown fields .....	29
1.7. Conclusions .....	29
<b>Chapter 2</b>	
<b>Regional plan and the city strategy of development</b> .....	<b>31</b>
2.1. Introduction .....	31
2.2. Definition of a region and its policy .....	32
2.3. City and regional strategies and their interdependencies .....	33
2.4. How then are city strategies created? .....	35
2.5. A city strategy and a city space .....	36
2.6. Local (City) Regeneration Plan .....	38
2.7. Global challenges in a city strategy .....	40
2.8. Significance of unique features of a city .....	41
2.9. Conclusions .....	43

<b>Chapter 3</b>	
<b>European city and its responsibility</b> .....	<b>45</b>
3.1. Introduction.....	45
3.2. Tasks of green regeneration projects .....	46
3.3. The phenomena of a European city.....	49
3.4. The cities responsibilities.....	51
3.5. Gentrification and revitalization .....	52
3.6. Conclusions .....	56
<b>Chapter 4</b>	
<b>The elements of strategies for a city's deprived areas</b> .....	<b>59</b>
4.1. Introduction.....	59
4.2. Socio and economic analysis .....	60
4.3. Socio and economic analysis. The Case of Olsztyn.....	61
4.4. Public spaces and their role for local society.....	64
4.4.1. Some aspects of a definition .....	64
4.4.2. Greenery as public spaces .....	66
4.5. Heritage as an element of city strategy and regeneration projects.....	68
4.5.1. Heritage.....	68
4.5.2. Tangible and intangible heritage.....	69
4.5.3. Conditions of use heritage as a goal of the development strategy or the regeneration plan of the city .....	70
4.5.4. Examples of using heritage objects in city development .....	72
4.6. Conclusions .....	73
<b>Chapter 5</b>	
<b>The management of a revitalization project in a city area</b> .....	<b>75</b>
5.1. Introduction.....	75
5.2. Procedure of planning of development in municipal offices .....	76
5.3. Direct management of regeneration projects in a City Hall.....	77
5.4. Indirect management of regeneration projects in a City Hall .....	79
5.5. Public consultation and participation as an element of management – principles of consultant procedures.....	81
5.6. The pre-consultation case from Olsztyn .....	82
5.7. Monitoring of the urban crisis areas in the regeneration process .....	84
5.8. Conclusions .....	89
<b>Chapter 6</b>	
<b>Conventional sources of financing revitalization</b> .....	<b>91</b>
6.1. Introduction.....	91
6.2. Financing revitalization from local governments in Poland .....	92
6.3. Revitalization in Warsaw .....	94

6.4. Revenues of local governments in Poland .....	98
6.5. Conclusions .....	101
<b>Chapter 7</b>	
<b>Emerging sources of financing revitalization .....</b>	<b>103</b>
7.1. Introduction .....	103
7.2. Public-Private Partnership (PPP) .....	104
7.3. Risk implications in PPP projects .....	109
7.4. Joint European Support for Sustainable Investment in City Areas (JESSICA) .....	111
7.5. JESSICA in the Mazowieckie Voivodship .....	113
7.6. The emergence of green bonds .....	116
7.7. Conclusions .....	119
<b>Chapter 8</b>	
<b>Summary .....</b>	<b>121</b>
<b>References .....</b>	<b>127</b>
<b>Index .....</b>	<b>131</b>
<b>Miscellaneous .....</b>	<b>133</b>

## Publisher's note

We're delighted to bring you the book series prepared by the Authors taking part in the "[Eco-innovations in cities](#)" Project (POKL.04.03.00-00-249/12-00). The series, which is available free of charge, consists of six books:

- "[Eco-cities](#)" by Dominika Brodowicz, Przemysław Pospieszny and Zbigniew Grzymała
- "[Green Project Funding](#)" by Hanna Godlewska-Majkowska, Katarzyna Sobiech-Grabka, Paweł Nowakowski
- "[Green Urban Regeneration Projects](#)" by Marek Bryx, Jacek Lipiec, Izabela Rudzka
- "[Planning and Management in Eco-cities](#)" by Stanisław Lobejko, Anna Stankowska, Mariusz Zabielski
- "[New Models of Urban Entrepreneurship](#)" by Marcin Wojtysiak-Kotlarski, Ewelina Szczech-Pietkiewicz, Katarzyna Negacz
- "[Making the 21st Century Cities](#)" ed. by Krzysztof Jarosiński.

The Project was designed and prepared by Professor [Marek Bryx](#), Deputy Rector of the [Warsaw School of Economics](#) (SGH), and Doctor [Dominika Brodowicz](#). The Project has been carried out within the Priority IV "Tertiary Education and Science", Measure 4.3 "Strengthening the didactic potential of universities in the fields of key importance for the aims of Europe 2020 Strategy". In line with the objectives, the Project is conducted from 1st July 2013 until 31st December 2015.

The main aim of this Project was to create at the Warsaw School of Economics a one-year specialisation entitled "[Eco-innovations in the urban regeneration projects](#)". What is more, the Project's aim is to develop the study offer concerning the area of green and socially responsible eco-innovations in cities regeneration. The main objective of this new specialisation is to enhance students' knowledge

about eco-cities, give them sufficient information and discuss case studies on the subject: how contemporary cities should be planned, developed and managed. As most of our communities exist within the urban environment, the provision of eco-innovations is essential for the well-being of society. This unique educational programme for M.A. students provides information on maximising the benefits of making innovative and creative cities to citizens, local authorities, planners, developers, students, researchers and non-government organisations interested in improving the quality of life in cities.

*MSc Alina Modrzejewska-Kořakowska – Project Manager*  
*Prof. Anna Szelaęowska Ph.D. – Project Methodological Coordinator*

## Introduction

Green Urban Regeneration Project is a book which is one of six that try to show how important is in a temporary world a problem of “eco” or “sustainability” or “green”. We all know that these words mean global challenges. But still for a part of people, it means that it is located somewhere in faraway spaces of the world, and it is not our challenge. Fortunately this approach is changed every day, but still we are not ready to think that these global challenges are threats to our smaller or bigger community.

Our project, under a common title “Eco innovative cities” would show that eco problems are very close to each of us. It was addressed to students of economics in the oldest university of economics in Central and Eastern Europe – Warsaw School of Economics.

“ECO” is the world of the moment, is a buzzword. In the same way we treat a counterpart word “green”. However, they are significant buzzwords. In this book dedicated generally for students, but not only, we try to explain that every city and every society are responsible for doing to be *green* or *eco*.

Our general idea is that there is no investment inside a city space which is not green. This also applies the degraded areas inside the cities. We point out that it is especially important for these areas and their societies because when we have ideas and sources to implement them and finally regenerate these areas we should do this on the high level fulfilling all modern standards. We accept a paradigm that no investment action has sense if it does not face global and local challenges.

Thus in the book we try to explain why these deprived areas came out and how to plan, make actions and finance city activities against them.

*Marek Bryx*



## Chapter 1

# A deprived area as a problem to solve

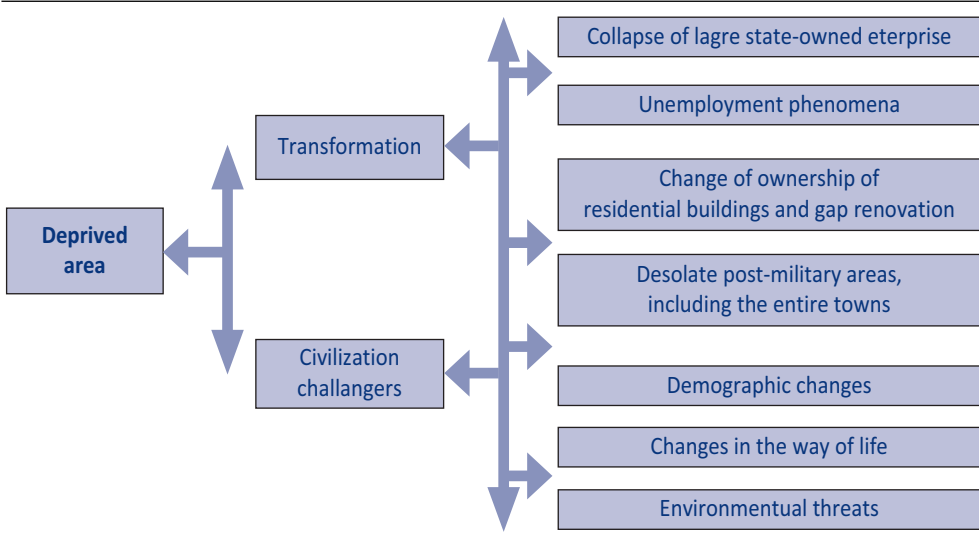
### 1.1. Introduction: Deprived areas – why are they problems?

The first chapter is essential for the understanding of the factors which caused and led to the creation of degraded areas. The reasons for this were many, but they can be classified into two groups of issues, namely:

- a. The transformation from the centrally planned economy to the market-oriented economy and as the results of it:
  - collapse of state-owned enterprises and unemployment phenomena,
  - change of a structure of an ownership, including residential buildings,
  - increase of a gap of housing renovation,
  - occurring brownfields, especially desolate post-industrial and post-military area.
- b. Civilizational challenges, especially environmental threats, demographic changes. These two and other reasons create changes in the ways of people life.

Above the negative phenomena occur to varying extents. Deciding that the area needs revitalization, requires proof that according to the established criteria situation in a particular area is clearly worse than in other areas of the city. From the point of view of the possibility of obtaining funds for revitalization, these criteria have been defined. Delimitation of the area, the basic condition for accession to the corrective action, so that it is possible.

Chart 1.1. The causes of deprived areas



Source: Own elaboration.

Every teaching process should start with a definition of the subject, the identification of its problems, its basic features and relations with the environment, and especially the practical consequences of the chosen approach, and as a result of it – the methods of teaching. In the case of urban regeneration, especially green urban regeneration, a definition trying to include all aspects of these types of processes in towns is rather extensive. However, it must be elaborated because of its importance for the practice and the meaning of the teaching about regeneration processes.

There are two important aspects of the definition that should be assimilated: the transformation process from socialism to capitalism economy and civilizational challenges. In my opinion, these two processes, “supported” by the urban sprawl effect were the primary effects on the regeneration needs in Europe, especially in Poland. They include the following issues, which are shown in Chart 1.

And final question – why are we interested in these areas? Why are the problems? The answer is not simple thus is done in many places of the book. But in this place the first attempt of answering can be done. These areas create more social and economic problems than other spaces in the city. They have bigger unemployment and smaller chance for development because they are also deprived in a technical sense. People living there are rather desperate. More active and creative and better educated of them walked out on these

places. These who live there feel more desperate and hopelessly. This general impossibility of changing the situation causes that the chance for better, more dignity life is expected from outside.

## 1.2. Transformation and its results

To fully comprehend a problem of the regeneration processes everybody must remember that Poland was in transition from central planned (socialism)<sup>1</sup> to market-oriented economy, since the first days of 1990. We can assume that the transformation process was finished when, on 1st May 2004, Poland joined the European Union. In the meantime all the economy was changed and a new market-oriented economy resulted in a lot of new positive, but also negative consequences.

The main negative results were huge unemployment where the average rate reached<sup>2</sup>, at a peak, more than 16 percent. It is worth adding, that there were agricultural regions in which the unemployment rate reached more than 30 percent. But on the other hand, the economy experienced new impulses and impetuses and finally the country walked on the path of economic growth.

To understand why unemployment was a shock for the Polish society, we must remember that earlier, when Poland was a socialist country, the government guaranteed full employment, which was included in the Polish Constitution and realized. As a result of it, and from other circumstances, all economic relations were unmarketable. The idea of full employment was realized in the conditions of the artificial rates of exchange, lower salaries and wages and prices which were not mirrored by the production costs. When the economic relations became marketable many companies could not sell their products with a profit. As the market was opened and accessible to all companies from all over the world, international competitors provided better but mainly cheaper products.

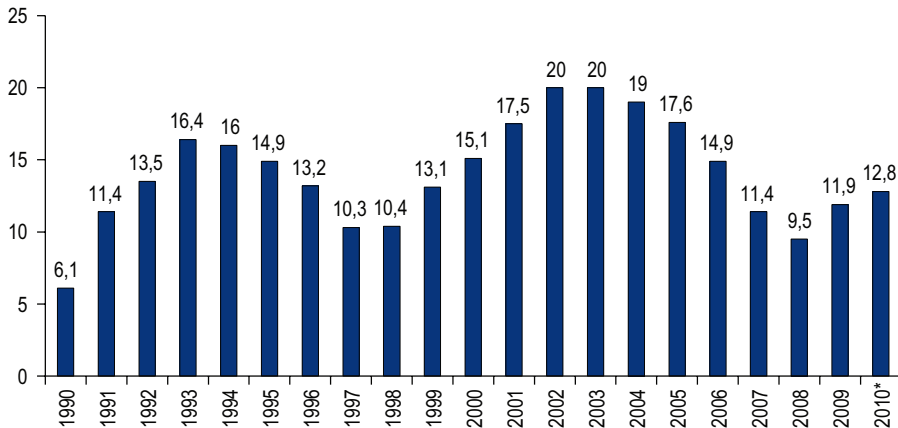
---

<sup>1</sup> In transitional economic literature the term "government-driven economy" is usually used versus central planned economy. I do not prefer the name for the socialism time. I insist that it was rather centrally-planned; an obligation not an opportunity. Government-driven suggests that the government steers or drives or have an influence on the economy, but a company has its own choice and decision, made according to all market signals, including signals from the government. In Poland and other socialist countries before the transformation the government created the economy because it dictated prices, salaries and wages, exchange rate etc. and as a result of it the most economic indicators were artificial not real and the most important – the market was not real. And state-own companies did not create their own strategy.

<sup>2</sup> There are different definitions of unemployment. One of the best known is a definition prepared by the Bureau of Labour Statistics (BLS) as people who do not have a job, have actively looked for work in the past four weeks, and are currently available for work.

Thus many of the Polish state-owned companies collapsed, others were restructured, sold, rented, etc. A particularly difficult situation affected heavy industry in the Silesian region and the textile industry in Lodz and its surroundings, but not only.

Chart 1.2. Unemployment in 1990-2010 (in percent)



Source: [rynekpracy.pl](http://rynekpracy.pl), 03.Feb.2013. Polish State Statistic Office

Thus, the responsible government, the state, local community want to change it by reintegrating a group of excluded people into a normally functioning society, by regenerating their living conditions and creating for them the opportunities for growth and development. These are the goals of the regeneration processes. Why? Because all men are equal before the law and must be treated on equal terms. These people, lived in crisis areas, they are not responsible for the economic changes and the crisis triggered by the new economy. But the governments – central and locals – should feel responsible (partly) for their fate, especially for creating them conditions for their own activity to create their lives better.

The authorities should create an opportunity for them to return to their normal lives, with jobs, with a living salary with the possibility of education for young people but also for adults to help them to be reskilled. It is important for the authorities from the political point of view, but for those people living there it means having a normal life. This is a European traditional glance for the role of the governments. In other countries as for example in the U.S., this would be viewed as socialism. In countries with free-economy market is expected that the private market plays the main role in creating opportunity or job training.

And it works when the US government pulls back companies to the States by encouraging them in different ways. Many countries, including Poland, encourage private sector to participate in these activities through subsidies and other incentives prepared and implemented by their governments. Health market with strong companies is a base to solve the problem of unemployment and next build better future for all these people.

From another point of view, for a city, a region or a state, regeneration means also the elimination of losses that are created because the area provides or produces nothing. And the prosperity of every society depends on the activity and productivity of every unit. It is obvious that if there are areas which produce nothing or create losses the common result of all the society efforts is lesser than it could be.

There were many areas in Poland, in which the only one existing employer or the largest of them went bankrupt, causing high unemployment and socially excluding groups of people.

Unemployment raises a number of different pathologies. First of all – social exclusion and crime. Continuation of the situation preserves bad relationships and creates barriers for the normally raised and the development of young people. They are not correctly educated and prepared for their normal lives. They are in a trap<sup>3</sup>. They are not educated well and therefore they cannot get jobs. Without salaries they cannot live normally and educate themselves and their children.

We can also add that similar problems with exclusions and unemployment other countries whose economy was radically changed encountered, totally or partly, as e.g. Great Britain or Spain, whose leading project was the regenerated area of Bilbao.

There is also another important reason for regeneration projects, which remain from the socialist era. I am thinking of the large lack of renovation of the existing stock of multifamily houses in specific areas called blocks of flats (or residential areas). The socialist economy did not have the sufficient financial resources to solve or moderate the growing renovation needs of the urban area. Although blocks of flats were built mainly from prefabricated concrete in the seventies of the past century are still possible to live in, however they need to be upgraded. Especially, their sanitary facilities, water, central heating or wiring systems should be exchanged. If the unemployment,

---

<sup>3</sup> For example the at-risk-of-poverty rate after social transfer was 17.7% in all Polish population in 2011 but in a group between 0 to 17 it was 22.0%; The average for the EU27 is 16.9%; sources: [http://www.stat.gov.pl/cps/rde/xbcr/gus/wz\\_dochody\\_warunki\\_zycia\\_raport\\_2011.pdf](http://www.stat.gov.pl/cps/rde/xbcr/gus/wz_dochody_warunki_zycia_raport_2011.pdf), Warsaw 2-12, page 144

exclusions and renovation needs meet together in one place the frustration and aggression of people is strengthened.

The problem is not only the buildings of concrete slabs. There are also houses from the interwar period, and even before the First World War. They are still used, but not renovated because of the low rents, and therefore the lack of financial resources from private owners. This was due to the policy of low rents, which did not allow for the collection of the necessary resources for repairs. It concerned both housing cooperatives and private property owners. In socialist times private owners of houses owned their property but had no influence on anything concerning their houses. Above all, they did not decide on who would live in their houses, usually containing several apartments, or how much would be paid for it. As a result, the majority of houses in every Polish city were neglected and in varying degrees fell into deterioration.

In other words, the renovation gap was established primarily as a result of policies which undercut rents, applied throughout the period of socialism and basically in the transition.

Now, when we think about the blocks of flats made from concrete slabs we should remember that most of them were planned as residential areas with public space, playgrounds, shops, schools etc. Thus they were accepted as a kind of life and were even sometimes highly appreciated by residents. Nowadays, developers build similar or worse buildings, usually as a separate structure, because they do not feel responsible for the neighbourhood and the general conditions of the residents' lives. Even if some of them build a residential area they limit themselves to constructing semi-detached family houses and to fencing them. This creates a big difference between a developer who creates houses for profits and cooperatives which created houses (block of flats) for better condition of living.

The situation worsened in the last decade of the past century when companies transmitted their houses to municipalities, and municipalities began to sell the apartments to the previous tenants, with a price reduction of up to 90%. Before the transformation about 35% flats were private (including the rural areas). Now, this share has increased twice and is about 70%. 18 hundred thousand flats were "sold" between 1990 and 2012. A proportion of them were sold to people who did not have enough money to keep them in a good condition. The renovation gap in the transition time deepened and the estimation of 1.6 million flats – is 12% of the existing stocks.

After entering the European Union, Poland, as well as other States joining the EU, received financial assistance for the renovation gap. In Poland in the last programming period (2007-2013) in most provinces there were formed

regional assistance programmes for housing, including the so-called “Concrete Blocks of Flats Programmes”<sup>4</sup>. The intention of the Program was to improve a quality of life inside these big buildings by their renovation. As such the Program have been successful.

The reason for the immense needs of revitalization which is a result of the economic system transformation are many brownfield sites, which include first of all areas of collapsed state-owned companies of different branches of industry (chemical, agricultural, foodstuffs, steel, mining, etc.). In Poland these areas are approximately 8000 square kilometres, it is more than 2.5% of the country’s area<sup>5</sup>.

In Poland there is no one common national programme for all the regions. Regeneration projects are implemented at the level of subsequent communities, often with financing programmes from the European Union. The same regulation applies to every state being a member of European Union<sup>6</sup>.

Special places in revitalization activities are post military areas. There are many of them and some of them were used in socialist times by the Polish and the Soviet armies. And when the Soviet army left Poland finally, there were large areas and even cities that should have been renovated.<sup>7</sup> The majority of them have still been deserted areas requiring restructuring and renewal, for the purpose of reuse.

The Soviet army stayed in Poland as a result of the Second World War using polygons that had been created before World War II within the German territories. At its peak, there were about 400,000 soldiers of the Soviet army in Poland. They occupied at least 70 known garrisons. The command headquarters were located in Legnica, where the Soviet army occupied about one third of the city. The Soviet army finally left Poland in 1996<sup>8</sup>.

<sup>4</sup> 3 National Strategic Reference Framework 2007-2013 , Guidelines of the Minister of Regional Development in the programming activities on housing, [http://www.mir.gov.pl/fundusze/wytyczne\\_mrr/obowiazujace/horyzontalne/documents/wytyczne%20-%20mieszkalnictwo%20-%20aktualizacja.pdf](http://www.mir.gov.pl/fundusze/wytyczne_mrr/obowiazujace/horyzontalne/documents/wytyczne%20-%20mieszkalnictwo%20-%20aktualizacja.pdf), Warsaw, 13.08.2008, 26.02.2014.

<sup>5</sup> [http://www.senat.gov.pl/gfx/senat/userfiles/\\_public/k8/komisje/2012/kgn/prezentacje071112/tadeuszadamski.pdf](http://www.senat.gov.pl/gfx/senat/userfiles/_public/k8/komisje/2012/kgn/prezentacje071112/tadeuszadamski.pdf), 26.12.2014 [http://www.senat.gov.pl/gfx/senat/userfiles/\\_public/k8/komisje/2012/kgn/prezentacje071112/tadeuszadamski.pdf](http://www.senat.gov.pl/gfx/senat/userfiles/_public/k8/komisje/2012/kgn/prezentacje071112/tadeuszadamski.pdf), 26.12.2014.

<sup>6</sup> Regulation (EU) No 1300/2013 of the European Parliament and of the council of 17 December 2013, Regulation (EU) No 1304/2013 of the European Parliament and of the council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006, Regulation (EU) No 1301/2013 of the European Parliament and of the council of December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006.

<sup>7</sup> Very interesting example of solving the problem of brownfields in USA are presented in the EPA Brownfields Program Benefits <http://www.epa.gov/brownfields/index.html>

<sup>8</sup> The number of Soviet troops in Poland, in February 1991, was approximately 53,000; plus 7,000 civilian employees, and about 40,000 of their families. In its armament were 20 launchers operational-tactical missiles, 598 tanks, 23

As a kind of curiosity, though forming very specific socio-economic problems remaining from the Soviet army is the so-called “cities of the spectrum” – small towns created for the Soviet troops<sup>9</sup>. With regards to such locations, in requirement to the whole space fully restored in Poland they belong to, inter alia: Borne Sulimowo and Orzysz.

### 1.3. Civilizational challenges

And there is the second reason for the renewal of the deprived parts of cities. It concerns not only the deprived area but cities as a whole, regions and states, although many times it begins to be solved in these crisis areas. This is a sustainable development matter.

With the development of civilization and from the beginning of creating settlements, cities were a cradle of cultures, science, wealth and growth. However, the biggest changes of civilization in the cities can be observed during the past 200 years. J. Short said clearly: “In the past 200 years there has been an urban revolution. In 1800, cities were only tiny island pinpricks in a rural ocean. Out of every 100 people, only three lived in cities. By 2000, almost half lived in cities.

In absolute terms the urban population exploded. Only about 29 million people lived in cities in 1800, but by 2000 this figure had skyrocketed to 2.8 billion ... In 1800, only four cities had populations of more than 1 million; by 2000, no fewer than 411 cities breached this figure. Not only do more people live in cities, but more people, live in very large cities”. It creates new consequences: urban sprawl, or devastation of an inner-city, but first of all the question – how will a city continue to grow in the conditions of civilization challenges.

The whole world is in crisis and in deep discussion because of limited of non-renewable resources, climate change and its consequences for many areas in the world. Many states signed the Kyoto protocol.

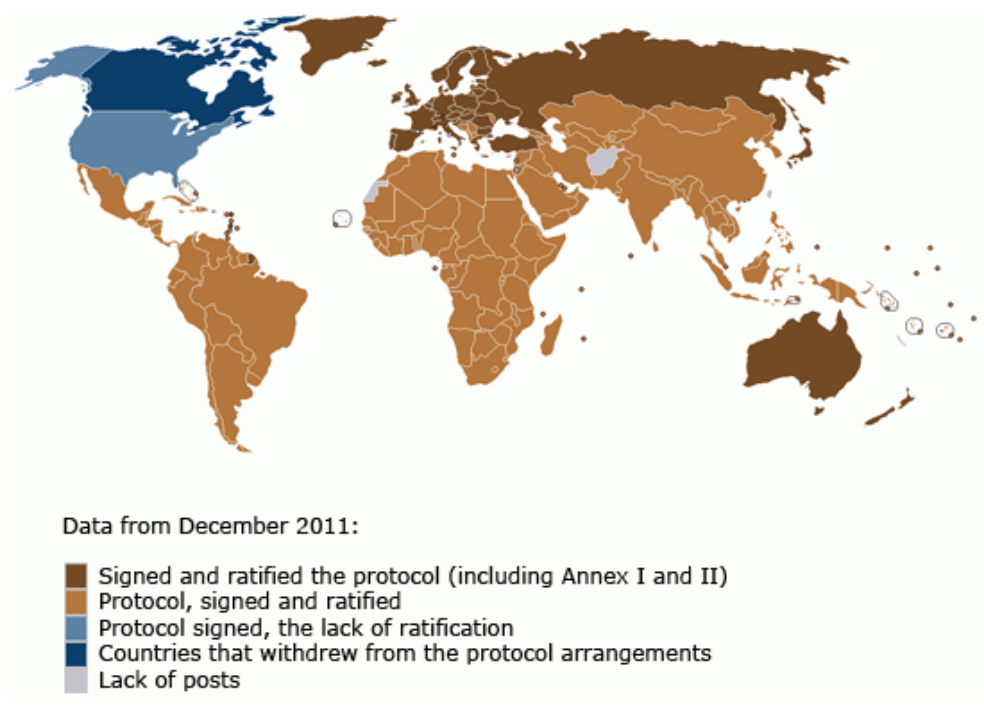
---

bridges accompanying 952 armoured vehicles and 390 guns and mortars, 202 aircraft including 81 carriers of nuclear weapons and 85 helicopters

<sup>9</sup> Cities of the spectrum are former villages, which were more under the jurisdiction of the military authorities of the Russian army than Polish administration. They were just military bases, about whose existence was not publicly talked about.



Chart 1.3. The Kyoto Protocol



Source: [http://upload.wikimedia.org/wikipedia/commons/3/36/Map\\_showing\\_participation\\_in\\_the\\_Kyoto\\_Protocol%2C\\_as\\_of\\_December\\_2011%2C\\_with\\_colors\\_altered\\_by\\_Enescot.png](http://upload.wikimedia.org/wikipedia/commons/3/36/Map_showing_participation_in_the_Kyoto_Protocol%2C_as_of_December_2011%2C_with_colors_altered_by_Enescot.png)

By this act their governments were obliged to reduce greenhouse gas emission which are treated as one of the main reasons for climate change. There are a lot of different methods of lower energy consumption which, on one hand protects resources, and on the other hand decreases the emissions of greenhouse gases. They could be a new kind of engine (hybrid or gas), zero energy buildings and others.

When we discuss or consider green urban regeneration projects it is rather obvious that we think of a way in which a deprived area can be reused and included into a city's normal life. This means that the eco regeneration project makes its way towards an eco/green city. Thus, before we make the next step we should understand what an eco-city denotes.

## 1.4. The Definition of an “Eco-city”

There are a few definitions in the course of “Eco-cities” therefore, for our consideration, we do not need a new detailed definition. But we have to remember the most important features of such a city to understand the idea.

First of all – an eco-city is a human settlement which, as a multi structure, aspires to be a part of the natural ecosystem. “Aspires” means to take a different action to revive, rebuild, protect or implement ecosystems inside a city. It concerns different ecosystems but takes into consideration especially water, air, green spaces, soil. When we think about areas that can be regenerated it means that one or more of these ecosystems must be improved in a regeneration process. All these systems should provide a healthy abundance for its habitants and visitors.

One of the regeneration projects, perfectly known in the world is a High-Line project in New York. It introduced a beautiful piece of greenery to the neglected part of the city and changed fundamentally the situation in this part of Manhattan.<sup>10</sup>

But it is not enough to treat a city as a green city. According to the definition we ought to remember the next aspects of green human settlements. A green city should:

- be producing not more (better – less) waste than it can assimilate,
- be consuming not more (better – less) renewable resources than it produces.

It is also required that not only the city government but especially the inhabitants try to influence a positive impact on the city environment by their lifestyle.

And the last important issue – the inhabitants of a green city must confess to the fundamental principles of fairness and justice.

The last sentence places stress on the human aspects of eco-cities. It reminds us of the chief rule – green cities are not built for the idea but for the society, for human beings to create for them the best kind of life and solutions for development. It also means that an eco-city is against social and other exclusions but for the integrated and cooperative society.

The same goal is faced by regeneration projects. Through the creation of a new function in a deprived area these projects can help to create a new environment, but this means new behaviour, customs and opportunities for all people living in such an area.

---

<sup>10</sup> However it created new problems in the area, especially a phenomena called gentrification.

And, what is more important, a green economy is strictly connected with green jobs<sup>11</sup>. According to the U.S. Department of Labour's draft definition cites "green jobs are jobs involved in economic activities that help protect and restore the environment and conserve natural resources," such as renewable energy, energy efficiency, or greenhouse gas reduction, among other fields. It can even be said, as George Sarrinikolaou, a senior programmes officer at ISC remarked: "usually when we talk about climate change, we talk about cutting back, consuming less, using less, spending less, but with green job creation, we get to create wealth and prosperity at the same time that we reduce our greenhouse gas emissions"<sup>12</sup>.

The last matter concerning the definition aspects is a question: Why do we connect city regeneration with the global problem of sustainable development or climate changes?

The answer is rather simple. If something must be done, reorganised, rebuilt and people in the crisis area wait and require these changes, it is easier to realise such eco projects, start to build a green city and introduce new solutions exactly there. And when realised its effects can be shown to all the citizens and positive changes can be demonstrated and disseminated not only in this specific city but all over the region, country and even globally.

Finally we can say that there are three main goals of the regeneration projects in deprived areas inside cities:

1. The reduction of unemployment and exclusions by educating people, creating new jobs and perspectives for those who live in deprived areas.
2. Improve and refine buildings and infrastructure.
3. Introduce and develop different aspects of the green economy.

And all these goals are closely interrelated and the realization of one of them should support the implementation of the other two.

## 1.5. Definition of regeneration processes (projects)

There are a lot of different definitions of deprived or crisis areas. One of the simplest and most comprehensive is a definition used at the Postgraduate Studies of Finance and Management of City Regenerations, provided together by the Warsaw School of Economics and Jagiellonian University. It has been

---

<sup>11</sup> [http://www.iscvt.org/how\\_weve\\_helped/green\\_jobs\\_cla](http://www.iscvt.org/how_weve_helped/green_jobs_cla)

<sup>12</sup> Ibid.

prepared and accepted by the Scientific Committee of the research project ordered by the Polish Ministry of Science entitled: “The Regeneration of Polish Cities as a Way of Protection of Tangible and Intangible Heritage and a Factor of Sustainable Development”. It stresses five important aspects of regeneration processes in cities<sup>13</sup>:

1. A regeneration process has to counteract the degradation of urban space and other phenomena of crisis. This means a fight against social pathologies, such as exclusion, and economic decline. It is important to prove that both of them are only two sides of the same coin. The growing range of exclusion leads to economic crises, and an economic crisis enhances social exclusion.
2. A regeneration process is an important component of the development policy. Every restoration of a deprived area and the allocation of new services creates new workplaces. It is a key element of local policy in the area of development. However, a development policy should always mean social development also. It is necessary to remind our students about this constantly.
3. The Regeneration process should carry not only economic growth, but should also activate local society and improve the quality of life in the deprived area and its neighbourhood directly and indirectly. For this reason each local society from a revitalised area and its neighbourhood must be included in the decision-making procedure of developing a regeneration process. Especially because they will be the main beneficiaries of the regeneration process. Without local society activity we cannot speak about regeneration but only about the improvement of infrastructure or buildings renovation.
4. The Regeneration process should be provided together with local authorities, local society and other stakeholders. This especially concerns city centres or other deprived urban areas, where local authorities are explicitly responsible for the results of the project and thus they are ready to be the coordinators of these processes. In the cases of brownfields regeneration, these processes require the consultation of local societies but the procedures are simpler than in the first example of the cases. And of course these latter processes are usually enacted by developers/ investors and not by the local authorities. Therefore, the role of private capital and private participants, ready to start with new economic activity in the regenerated area, grows.

---

<sup>13</sup> Bryx M. (editor): *The European Standard for Vocational Training in Urban Regeneration*, SGH, Warsaw 2014. E-book: [http://administracja.sgh.waw.pl/pl/OW/publikacje/Documents/the\\_saturn\\_projekt.pdf](http://administracja.sgh.waw.pl/pl/OW/publikacje/Documents/the_saturn_projekt.pdf)

5. The Regeneration process is complicated and must have a strong leadership. If it is an area of a city with different users and citizens, the local authority undertakes this position. It can be organized in different ways but the local authority must be a leader (and the leader should be personalized) and takes responsibility for the political, economic and social results of the project. If it is a post-industrial or post-army area or another brown field new investor then the developer is the leader.

Regardless of who is the manager of the project the majority of management problems must be solved solely by a leader throughout the entire process. Thus an answer for question:

How is the process coordinated and how are and how could different problems be solved, according to the law? – is crucial.

Some answers will be delivered within the teaching process. It has to be shown to you that there are differences in both these processes, but there are a lot of identities and similarities as well.

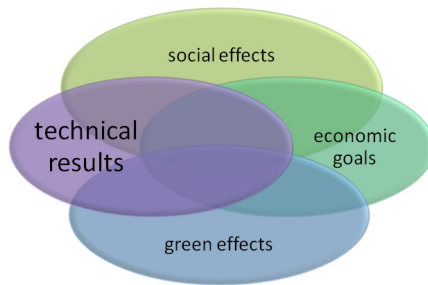
These five aspects of understanding a definition of regeneration processes are particularly important in the context of Polish cities because most of the regeneration activities in our country have been identified at first as technical actions, then economic and at last – as social.

However, there is a one, very important aspect, which is omitted in the definition mentioned above. This is a crucial economic problem: how it should be financed? During our first lesson the problem will only be signalled.

- If there is a brown field project leader, a new owner, a developer, will finance it using their own resources, banking credits and others that are usually used in investment projects. It can also be supported by public money or sub-public funds if the law creates such opportunity.
- If there is regeneration of a part of a city some public money should be used. But there are a few different sources of public money – budgets, special funds which are not homogeneous, at different levels of governance, and a government can create new ones. It will be put forward later.
- And if there is a mixed project all these resources or most of them should be utilized for the best effect of the project.

As it has been mentioned earlier local authorities have to feel responsible for changing deprived areas according to these 4 main goals that have been presented. It is crucial. A full regeneration project ought to achieve and fulfil economic tasks, technical results, social effect and green (eco) effects, as is shown in Figure 1.1. However, in the various projects proportions between the achieved objectives can be different.

Figure 1.1. Results of full regeneration project



Source: Own elaboration.

## 1.6. Delimitation of deprived areas

The definition of the regeneration process in deprived areas of cities, presented above, possess a universal character. It tries to show all the important aspects of this process, however we should remember, which has been remarked upon above also, the meaning of the different parts of the definition may vary significantly and depend on the types of deprived area.

There are two different kinds of such areas:

- brown fields, rather homogenous, because they belonged to one main owner or operator, like the army, industry, railway etc., and
- districts of cities that are mixed-use areas, where diverse activities take place, for instance – different businesses and services, housing and leisure, industrial and service properties, churches, monuments and heritage, with different users, tenants, owners, visitors and tourists, and therefore these areas are more complicated to regenerate and may cause more challenges for the regeneration management team.

Note the fact that the division mentioned above is rather sharp. But in Poland and a few other post socialist countries there is something in between these two categories. Usually it is named in English as a residential area, but more precisely the name refers to an area of a block of flats. This is a specific effect of socialist affordable housing. These areas are much more homogenous than city centres, but, on the other hand, they are not brown fields because they are constantly used according to their earlier assignment. The flats there are still and constantly used but these blocks need to be renovated.

The general rules for determining the areas of crisis, i.e. the subject of revitalization, are strictly defined by the rules of converging. The result of it is

a unified approach to determine areas of potential revitalization within the entire European Union. However there is an exception for those block of flats for new European, earlier socialist, countries. The principles of delimitation, are governed by 4 important European Union Laws: however member countries have their own detailing of these rules.<sup>14</sup>

### 1.6.1. General criteria of defining deprived city areas

In the Polish law, due to the document called “Guidelines for the development of local revitalization programmes”, rules concerning the general criteria of the designation of a crisis area, are included in the regional separate operational programmes<sup>15</sup>. According to the above, urban areas, had to meet not less than 4 of the criteria chosen by the Regional Managing Institution, on the regional level, among them were contained in Art. 47 section 1 of the Regulation 1828/2006, namely:

- High levels of poverty and exclusion;
- High long-term unemployment;
- Unfavourable demographic trends;

---

<sup>14</sup> For example, in Poland these rules reflected in the regulations, namely

1. Act of 6 December 2006 on the principles of development policy (Journal of Laws of 2009 No. 84, item. 712 and No. 157 poz.1241) No. 227, item. 1658, as amended. d.);
2. Guidelines of the Ministry of Regional Development in programming activities on housing (MRR/H/18 (2) / 08/08) of 13 August 2008;
3. Regulation of the Minister of Regional Development of 9 June 2010 on the granting of aid for the revitalization of the regional operational programmes (Journal of Laws No. 117, item. 787);
4. Guidelines for the development of local revitalization programmes under the Regional Operational Programmes. In addition, the area of revitalization should be determined in accordance with the principles of regional policy, in terms of:  
Principles of organization as:
  - a. Principles of programming – rolling programme, subject to updating and completing;
  - b. Rule of partnerships – projects implemented in the area of crisis in the partnership;
  - c. Compatibility rule – complementary projects in three areas: spatial, economic and social, to enable the achievement of synergies;
  - d. Policy of coherence – projects consistent, enabling the achievement of the so-called economies of scale;
5. Principles of regional policy financing:
  - a. Concentration – maximizing spending in the designated area in order to increase the potential effects of revitalization activities;
  - b. Additional rule – potential beneficiaries must spend their resources as part of the required investment. Public sources complement them.

<sup>15</sup> Rudzka I.: Defining of deprived areas. In: Bryx M. (editor): The European Standard for Vocational Training in Urban Regeneration, SGH, Warsaw 2014. E-book: [http://administracja.sgh.waw.pl/pl/OW/publikacje/Documents/the\\_saturn\\_projekt.pdf](http://administracja.sgh.waw.pl/pl/OW/publikacje/Documents/the_saturn_projekt.pdf)

- Low levels of education, significant skills deficiencies and high dropout schooling;
- High levels of crime and violations;
- High level of environmental degradation;
- Low level of economic activity;
- High number of immigrants, ethnic and minority groups, or refugees;
- Comparatively low level of housing value;
- Low levels of energy efficiency of buildings.

### 1.6.2. Block of flats (Residential areas)

The criteria of selecting crisis in a block of flats area also based on Art. 47 paragraph 1 of the Regulation, but these were chosen by the central government, therefore they were exactly the same in every region of the country in spite of the regional differences. Selected and described criteria and indicators for the intervention in residential areas are based on the specificity of Polish determinants and the availability of statistical data reflecting changes in the socio – economic situation and condition of infrastructure and houses. The number of criteria chosen at a governmental level has been limited to the following:

- High levels of poverty and exclusion;
- High levels of crime and violations;
- Low level of economic activity;
- Comparatively low level of housing value;

Important is that the reference values of each indicator are derived from public statistical data, namely: The Statistical Yearbook of Voivodships (data for 2006), other data from The Central Statistical Office, The National Census (data for 2002), police statistics (database “Themis” data for 2006).

In accordance with the principle of addition the rule on subsidizing housing projects funded by the European Regional Development Fund, the activities of revitalization in blocks of flats areas could be allocated to no more than 3% of the ERDF under the operational programme.

The eligibility of expenditure includes:

- Renovation/modernization of multifamily residential buildings (blocks of flats);
- Adaptation of buildings owned by public authorities or other non-profit entities.

Housing revitalization tasks should be part of the designated tasks requiring support for the revitalization of the entire designated area.



### 1.6.3. Brown fields

All brownfields, post military, post-industrial and others, are the simplest to determine as their delimitation should occur due to the defining features of the area. If such a zone finished its activity, it means – there are no jobs and no function is realized, no products were produced or no service was provided, so, therefore, this is a really dead area.

Structures located there are not used and sometimes they are robbed from their parts which are able to be sold, mainly scrap, and fall into increasing disrepair. Although it is a crime, but on the other hand this is the only chance for excluded people to grab some small sources for their living.

Such a zone is clearly delimited and its owner is known. The only chance is to change an owner and create new conditions to count on the fact that a new business idea will be realized there by a new owner. For unemployed people, excluded from the local society, new jobs and the opportunity for income are big chances to return to normal life. Usually this is the only chance to restore them to local society. But these relations between:

- former owner and a new owner;
- local authority and a new owner;

are created in separate but connected processes. Of course the local authority does not need to be passive in the process. They can, or even should, create some incentives for a new owner to make this future business more efficient. In this scope of their powers, local authorities can create these relations freely; however they are under the pressure of their voters.

## 1.7. Conclusions

All these activities presented above should be part of the strategic objectives contained in the development documents of cities.

There is only a reason to undertake regeneration projects. It is – to solve the problems inside these spaces, and these problems arose because of the reasons presented above and worth to be repeated:

- Social exclusions as a result of unemployment and the decrease of economic activities in specific areas,
- The legacy of socialism,
- The requirements of sustainable (eco) developments.

And there is also a detailed definition of the deprived (crisis) area. In the European Union countries some regeneration activities can be financed from public sources if they are predicted in a city's development plans. To obtain some public sources every area must fulfil criteria specified by the government. The essence of understanding the problems of determining the revitalized areas and the importance of revitalization for the entire development of the urban units is that the complexity and consistency of regeneration on correctly pre-designated areas raises the level of local development.

## Chapter 2

# Regional plan and the city strategy of development

### 2.1. Introduction

In this chapter the idea of a region as a geographical and physical area but also interdependencies among cities and a region and the relations and habits among the people living there are presented. It is expected that reader will understand that a city strategy must be built in comparison at least among the local authority, local society and regional authority.

Also shown in the chapter is how global challenges, mentioned in the first part of the monograph should be written in a city strategy. In building such a document it is extremely important and expected to show some unique features, on which the strategy can be built. Is not easy to find such a feature or convert it into a new, specific face of a city. But this is a path on which all cities are following and it will become more important the more globalized the world becomes.

It must be understood, from the content that a local regeneration plan is based on this general plan and it is a part of a general plan but it is limited to the deprived area.

The objectives of the chapter are to explain exactly what “a region” means, how the strategy of a region is built, what is the role of the local authority in creating their own plans, and finally that the local regeneration plan must be a part of an earlier prepared strategy. It must realize the goals of the city strategy at the worst (deprived) city area. The fight against global challenges is also included into the local strategy and in the local regeneration plan.

## 2.2. Definition of a region and its policy

Historically every region was determined by geographical boundaries and most regions today have a name and the legitimate area of such premises. In later times, more and more factors determined the region as a specific area. Every European country is divided into regions. In Poland they have their traditional names “voivodeships”. As a matter of fact, when we think of “a region” first we think about the limited geographical and physical area... and it is generally correct.

However, region means not only a designated area but first of all it means people living there, and all relations between them in every sphere of their lives. Relations are not only personal but also between organizations, companies, societies, between rulers and the ruled, between clients and providers, between salesman and sales companies and buyers. All social, economic, productive, technical, culture relations create customs and the specific features of a region. They also build the power of a region, its image, and place in the country and in the world. These relations are built or created or come up independently or because of some important matters but they remain and are now part of a region’s heritage which is named tradition.

These traditions of regions were built along their geographical boundaries but every region has its own history, specific people, distinct ethnic groups, resources and the way they were used and other distinguishing features such as culture, customs, etc. This resulted in the fact that for many years answers to questions about the causes and methods of regional development brought many different, important responses that created various theories of regional development, such as: the interregional converge hypothesis, location theory, models of special competition and others. An excellent and comprehensive overview of the ideas was presented by Casey J. Dawkins.<sup>16</sup>

In this lecture a more practical approach is presented. The first of them is an answer for a question: why are the regions more important from city regeneration point of view?

Nowadays regions are not developed in an uncontrollable or spontaneous way as was the way in the past. Now they build and implement their own development strategy.<sup>17</sup>

---

<sup>16</sup> Dawkins C.J.: *Regional Development Theory: Conceptual Foundations, Classic Works, and Recent Developments*. CPL Bibliography 370.

<sup>17</sup> Different criteria may be used in subdividing national territory into regions. According to the EUROSTAT , these are normally divided into normative and analytical criteria:

Moreover, the realization of their strategy is financed from public sources – their own and others, including funds from the European Union budgets. According to their strategy they support cities facing their own socio-economic problems. Why is this possible? Because, a region means not only areas and relations between people but also urban settlements in which these people live. Smaller or bigger, more or less important for the region, but being a part of the region, geographically, politically, economically, socially, behaviourally traditionally..., cities are the areas of economic activity and growth. However, as urban agglomerations they also generate troubles, especially when the general transformation of the economy is made.

### 2.3. City and regional strategies and their interdependencies

All earlier mentioned principles and goals of regional strategies concern cities because cities are parts of the region and parts in which most of the regional population live. A region is not an abstract category but is real, physical and all its parts are physically touchable.

However, a regional strategy is not a sum of city strategies, but, as it has been said, that it is a part of the central government's goals, strategy and policy. Even theoretically it is rather unlikely to imagine that a city policy and strategy will be completely different to the regional strategy.

Firstly, because of the main objective which is the same for every level of the government and it echoes the quote: to improve the quality of life of citizens in a sustainable development. Of course different methods of implementation, a different hierarchy of the goals importance etc. can be used, but more or less, rather more, city strategy is closed to the strategy of the region. It is simply impossible to imagine that when the country and its regions have a clear strategy of the possible development roads, there is a city inside the area that try to do something against these objectives and goals accepted by the authorities and

- 
- normative regions – are the expression of political will; their limits are fixed according to the tasks allocated to the territorial communities, according to the sizes of population necessary to carry out these tasks efficiently and economically, and according to historical, cultural and other factors;
  - analytical (or functional) regions – are defined according to analytical requirements; they group together zones using geographical criteria (e.g. altitude or type of soil) or using socio-economic criteria (e.g. homogeneity, complementarities, or polarity of regional economies).

For practical reasons to do with data availability and the implementation of regional policies, The Nomenclature of Territorial Units for Statistics (NUTS) nomenclature is based primarily on the institutional divisions currently in force in the Member States (normative criteria).

[http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-RA-07-020/EN/KS-RA-07-020-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-07-020/EN/KS-RA-07-020-EN.PDF)

societies. If such a city or cities exist, there would be a place to express objections where they can express their opinions in a public debate which would begin a decision making process. In conclusion, we can say that there is no compulsion to do it but according to common sense and profitability, cities try to create their strategy as close to the regional expectations and plans as is possible.

Why is this happening? We have to remember that the strategies are not documents created to lie on shelves, but just to be implemented. Every implementation requires financial resources. The local authority can take money from its own budget, and from external resources. The most important of them are regional and central budgets which predict the financing goals included in regional and central strategies. The municipal government can also use private resources, but one activity does not exclude another. If the sources from the central and/or regional budgets were not utilized by local governments it would also have a negative political consequence for local authorities. The opposition will inform the public about the inadequacy of the local authority and will play the melody until the seizure of power.

To sum up, it should be emphasized that each city is interested in building positive relationships with the capital of its region. A regional authority creates a regional politics and has own sources at its (partial) implementation. This policy is based on the development of certain areas and / or sites. In regard to the cities, it means that they can enter in two ways in regional policy. This also applies to problems of degraded areas. They can be part of a regional policy aimed at clean air, more jobs, etc., or they can be places of special concern for the development as specific places; for example – because of their historical or cultural significance. The more that regional policy fits into the current trends and is based on the potential of the region.

In summary – remarks:

First, detailed: local city strategies are partly similar to regional strategies but must not be subordinated precisely to them.

Second, general: “The term ‘strategy’ is often misunderstood and misused. Planners use the term to mean any large-scale plan, and completely miss the central meaning, which is a means of winning an objective.”<sup>18</sup>

---

<sup>18</sup> Low. N., Gleeson B., Green R., Radovic D., *The Green City*, UNSW Press Book, page 197.

## 2.4. How then are city strategies created?

They are created according to the law which is similar but not identical in every country. Generally in every city hall there is a unit responsible for preparing a city strategy. Similar to business companies, a team/unit starts from the analysis of the current situation in the city.

First of all, it looks through the results of former city activities. Especially the results of the implementation of a former city strategy are investigated. The useful tools are the monitoring and evaluation of a plan (strategy) which is actually being implemented. Conclusions from these and complementary documents create a group of the important suggestions to build a new city strategy and plan of action.

The second area of exploration and data acquisition are the analysis of regional government intentions and plans. The analysis should concern both the former strategy, which has been actually realized, and the strategy which was created and discussed at that time. They are usually published in regional documents but earlier are constructed in open debates where local authorities are invited to participate, make comments and express their opinions. Thus it is not a problem to know and understand the regional intentions, especially if the municipal authorities have an influence on their final shape.

The third field that should be checked in a process of listing goals for future city strategy are promises made by politicians during election campaigns and other meetings with voters. Election promises are not always kept. However, if they were realistic they can be incorporated into local plans. As a result of this, politicians are more credible and their chances for re-election grows. Apart from the political aspects, it is a source of information about what was promised to the local community and what is expected to be done in the city in the future.

The fourth kind of area of obtaining the information on local society expectations are different kinds of meetings with the citizens. Members of the local society also contact parliamentary members or their assistants in their offices to submit demands and requests and express their suggestions concerning the future of the city.

Different statistical data, development trends and challenges which are being faced should be taken into account as well. Especially the challenges. Global, national or regional challenges are also extremely important for the unit preparing a proposal for a city strategy. Responses for parts of them or all of them are included in the national and regional strategy. But even if this is reality it should be checked by the group and any solutions demonstrating the answer to these challenges must be proposed at a local level. For instance: the problem

of climate change and the emission of greenhouse gases can be solved at a central level by suggesting what should be done and what kind of activity (implementation) can be financed, or co-financed, by the government. In the regional strategy some possible and important implementations can be suggested for the whole region. But there is still a place and expectation that the city will submit and implement their own proposals. If these concrete proposals were to fit into a regional or national strategy then they can be financed or co-financed by the central or regional government.

## 2.5. A city strategy and a city space

In many countries cities are not obliged to build their own strategies. According to the Polish law, Polish cities also have no obligation to do this, but, as was shown above, it looks as if it is needed for them. However, according to the law on spatial planning, every local authority is obliged to prepare:

- A Spatial Development Study, which must cover the whole area of the rural or urban community, and
- A Spatial Development Plan which covers only the area(s) which are assigned or used for development.

On the margins – it means that a community which has 30% of its area covered by the plan could have the worst range than another which has only 20% which, however, covers all its development area. How is this possible? Because the first community is more urbanized than the second and needs 50% of its area to be covered by these plans.

What is the main difference between these two documents, of which both must be accepted by the local council?

- A Spatial Development Study covers all the space of a local community and shows different types of areas: agricultural, forestry, waste, industrial, and post-industrial, urban for development or redevelopment. If the area is assigned for development the study also shows their kinds: industrial, service, residential, storehouses, public investment (schools etc.). What is important: a study suggests, but also obliges. It does not allow for other land development than that which is set out therein. Of course, it can always be changed by the authority which accepted it, but in the same long-term procedure.
- A Spatial Development Plan crystallizes ways in which development areas need to be specifically utilized. Thus, it does not cover rural or other areas,



the purpose of which is to be unchanged. So, if in the study there is a suggestion that somewhere there will be a residential area, the plan specifies many details such as e.g. kinds of buildings (height, dimension, kind of materials, type of roofs etc.), streets, pavements, bike paths, parking lots among them, public spaces such as a kindergarten, school(s) or parks etc. And every plan creates obligations not only because it was harmonized with the neighbourhood, agreed with citizens in a special procedure, discussed in a city hall and finally accepted by the local council, but because it is an obligation to execute. There are some commitments that must be realized and there is money in the local budget to finance them. Of course, every plan can also be changed in the same way in which it was enacted. But, a change of plan is often more troublesome and politically complicated than to pass the first version.

At least we can say that a Spatial Development Study is a spatial reflection on local strategy. A Spatial Development Plan is an action plan for local government.

At this moment we should come back to the matter of uniqueness of a city. Most of the studies and plans of cities assess, especially in the neighbourhood of big cities, that there will be created a new residential area. As a result of such thinking, in Poland there is twice more spatial place for residential areas than the country has now. It means that we can build flats for the next 40 million people, but the demographic growth is very close to zero, and there will be almost the same number of people for the next several years. This example shows that spatial planners usually treat every city in the same way. It means that inside a local authority there must be at least one person with a vision of city development, which is based on special feature of a city. This vision can be drawn in details by professionals, but first of all must exist in, at least, one head. Then, it is possible to build the original strategy and plan taking into account the originality and uniqueness of the city.

Reassuring, we can say: cities are not obliged to have a strategy. But they are obliged to have a study, which, speaking very clearly, is a spatial blueprint of development strategy. If the strategy is not a written document, spatial planners create their own vision repeating what was accepted in different cities or what they know or imagine on the subject. Thus sometimes we have results as has been mentioned above but sometimes their experience is perfect enough to create a good vision of space development.

## 2.6. Local (City) Regeneration Plan

As has been said, every city defines a deprived area using a few criteria which were listed in the first lessons. These areas could be classified as:

- Brown fields (post-industrial, post-military post-railway etc.)
- Block of flats – residential area
- City area with mixed functions, heritage, etc.

If any action must be taken in this crisis area it must be written in the city action plan. Each of these kinds of areas require a different method of regeneration and unlike methods of presenting in a city action plan.

Generally, every city is responsible for providing public services, first of all, for their citizens but also for different kinds of visitors. It means that City Hall employs professionals primarily for these tasks. They are responsible for realizing a city policy in these fields and achieve planned results. Regeneration processes and projects are something new for the cities. But because they create a big opportunity to change deprived areas for something new and profitable for the cities, in every city hall in Europe there is a team responsible for it. These teams can be organized in completely different ways, but they have similar goals to achieve.

Mostly there are different approaches to the revitalization projects depending on the kind of area. Brown fields are usually put up for sale by their owners. The scale of the impact of the city is limited here. Usually, the cities are not the owners of such sites. They can only act politically with the owner or trustee in bankruptcy to try to sell an area to an investor having an idea of changing the area and money for its implementation. The city may, however, help to find such investors and provide them special incentives, such as local tax deduction or similar. As a rule, the city tries to persuade brown field owners to go to action and do something positive with the area.

So the brown field can be sold, but City Hall must accept an idea of investment presented by a new owner (developer) in its spatial development plan. To encourage the new developer, City Hall can also plan their own investment supporting the first one, by constructing new roads or sewage system or water pipelines or education, train or retrain people according to the developer's needs or according to the services programmed in the project. All these actions have to be written into the city action plan with specific amounts of costs. When the plan is accepted and approved the city may take an action.

Another situation is in the residential area (blocks of flats). People living there and property managers of these areas are very interested in renovating these houses. They are rather active and they are expected to take action by the

city. To possess money from European Union funds the city has to prepare a Local Regeneration Plan: In this plan, first of all the crisis area must be delimited and meet the criteria for assistance.

A few important matters that should be shown in a Local Regeneration Plan

1. Assumptions of a revitalization programme, which include:
  - a. general information justifying that the planned revitalization is a reaction to the state of the city
  - b. methodological assumptions e.g. prove that the Local Regeneration Programme is based on a diagnosis of the current state of the city and a SWOT analysis made.
  - c. the conclusions of the diagnosis of the current state of the city
  - d. the timetable of the Local Revitalization Programme
  - e. the impact of the programme on the environment
2. Determination of the areas covered by the programme of revitalization
3. Delimitation of the deprived area
4. Actions (projects) planned in deprived areas including
  - a. project selection criteria
  - b. schedule of activities
5. Financial plan – sources of funding
6. Management of the implementation of the programme
7. Monitoring system and evaluation procedure of the implementation of the Local Revitalization Programme
8. Methods of communication inside the local community

If such a document, prepared by the team in the City Hall, is ready and accepted by the local authority and finally approved by the City Council, this is a good base to demand external resources. Usually, European Funds, The European Regional Development Fund and European Social Fund, cover more than 70% of the costs of the city revitalization programme. Others are covered by the budget of the local authority and owners of the houses.

The third kind of deprived area is the most complicated to regenerate. It is often located in the area of the old town or this is a central market place in small towns. But the most important is that there are many different functions located and there are many different owners and users of infrastructure inside the area. Nevertheless, the procedure is the same as in the case discussed above. The difference lies in the fact that:

- There is a larger number of people involved in the action,
- These people representing different professions, varied views and fluctuated expectations.

These two aspects make public consultations more complicated and longer. We can say that people in the blocks of flats area are also diversified. That is true, but they expect changes only in a homogenous area, so they simply want to live better, in renovated houses and space. In the third kind of revitalization area all people want the same which is expected by people from the second area plus a few other things e.g. better access to their service points, shops etc. They want streets on which someone can stand and look at their shops, come and make a deal or have a rest looking at things on display in the window. They also want parking lots for them and their clients which is really hard to do in old-fashioned streets. And there are usually a lot of different suggestions from them and their demands that are contrary to one another. But what is important for a team preparing the local revitalization plan? The procedure is exactly the same. It only takes more time than in the second case.

## 2.7. Global challenges in a city strategy

As it has been said in the first chapter, city strategies must also provide an answer to the global challenges of our common civilization. This applies to climate changes, but also the need to conserve water, reduce air pollution, health care, and other.

One of the biggest civilization challenges is climate change and greenhouse gas emission. To reduce this gas emission and its influence on climate, regional and central governments could predict the resources in order to finance or co-finance such investments. But in a market-oriented economy the central and regional governments prepare policy and sources but can personally implement nothing. If there is an investment, planned and important for more than one region, usually the parliament or the central government establishes a special agency which is responsible for this action. But generally the implementation of projects that are to be answered to these global, national or regional challenges, is in the hands of the local authority.

Thus, returning to climate change. The local authority can plan concrete solutions, as for example: to build a) solar panels in every house in the city or in the chosen area; or b) a solar energy plant which will produce energy for all or part of the city; or c) a string (cascade) of small hydro power plants; or others. These solutions can be written, as examples of the implementation of the general idea in other strategies (regional or national) and can even be copied by other local authorities, but its final shape depends on the local authority's decision.

A similar issue can concern the problem of clean water. This can be solved exclusively through the construction of sewage plants. And the concrete solution to this, the location, the dimensions of a building, network of connected buildings, etc. must be planned and implemented by the local government.

A slightly different matter is another issue, one of global tendencies called an urban sprawl. This is rather a local problem, although known all over the world, which can be solved (but not always is) by a local strategy. Of course the problem is multifaceted and almost every city suffers from this phenomenon. This is a local decision on how to resolve it. Will roads be built or extended, or will public transport be preferred and supported by the local authority against an individual one? Other locally possible and accepted solutions. And, in which way does one fight against urban sprawl? Will it be supported by a local strategy? By a separate bus lane, or by building a separate tramway or underground lines, or maybe only by subsidizing the prices of tickets.

Each solution has its advantages and disadvantages. How does one resolve it? Especially when all of them are good, suited to the local and national strategy, fulfil all the criteria, etc., but cannot be implemented because there is not enough money to finance everything. So, what then? It suggests that the city has to have its own additional criteria to classify projects. What could the criterion be? This is a way to develop the uniqueness and individuality of the city.

## 2.8. Significance of unique features of a city

So, the very important part of building a city strategy, next the action for inclusion in the regional strategy, or parallel, is to determine what a unique feature of the city is. How should it be developed and used for the city development strategy? These decisions are very crucial for the citizens, city and their common future. Let me try to explain it using an example which is rather typical.

A city has a cultural heritage but also a high rate of unemployment. It can spend its money on creating new jobs. How can it be done? In many ways, but very often some money is given to every company if it employs unemployed people. In this way many times entrepreneurship is supported by the public authorities. But it is very probable that there is no demand for bigger services or production from these companies. If it had been, the entrepreneur would have increased the staff to answer positively to the bigger demand. So it is also very probable that these people, partly paid by the public budget, will be dismissed when the special money finishes.

Another possible way is to put public money in the marketing of the heritage and show it as a tourist attraction. The uniqueness feature of the city. If there really is, it requires only a good marketing campaign to propagate it as a place to be seen (visited). If the action is a success there will be jobs in two areas:

- especially, new products and services for tourists: guides, souvenirs, books, postcards, calendars, but also restaurants, pubs, hotels and others connected concretely to the heritage, and simultaneously enhancing the positive marketing of it;
- in existing services: they can be extended because of bigger demand created by new people in the area (tourists) for example: shops, restaurants, hotels, taxi, and other services and created by new employees working in the area;

And, of course, they can be mixed. A new hotel as a branch of an existing one, new restaurants managed by the same owner as the former ones, etc., etc.

But what is really important difference between above two cases?

These new jobs in an extended marketplace have a permanent base which are intended to last for a long time. So, spending money for rather a completely different task than fighting unemployment, a city can have better results than spending money in an artificial, inconsistent with market principles, way.

The uniqueness of the city is the most important factor that can be used in preparing a strategy. Sometimes it is not easy to say what the uniqueness really is.

Usually we think that it must be something special with real high value. Well, of course, it is true. But Big Ben in London, Wawel and the Old Town in Cracow, Gold Street in Prague, the Old and New Town in Edinburgh, St Stefan's Cathedral in Vienna, Amsterdam, the Statue of Liberty, or even Niagara Falls are perfectly known. But "Nowa Huta", a district in Cracow, built in the fifties of past century, completely from scratch, in the middle of nowhere, with a wonderful urban assumption for working people; it is rather unknown outside Poland. But local architects, urban planners, politicians know that it is unique and should be popularized. In the world there are a lot of positive examples that can be used as encouragement to look at similar ones in other cities.

But is it possible to find some unique features in almost bankrupt cities? What is unique in the deserted mining towns in the Northwest of England, or in the city which is a collection of neglected and deserted residential blocks of flats? Is it possible to use them as uniqueness in the process of building a city strategy? Sometimes it is! The real challenge for spatial planners and for a strategy team of a city is – what positive strategy could be implemented in

such neglected or shabby cities? The two presentations show what is possible and will introduce you to the understanding the problem better.<sup>19</sup> As these examples indicate, the real trick is to find the uniqueness of the city in its weaknesses and turn them into a city strength! This is really a great achievement, which creates a new look for the future.

## 2.9. Conclusions

Every region creates its regional policy adequate to regional expectations and opportunities. This policy is entered into the main stream of national policy, although stresses the differences occurring in the region. Similarly, every city tries to organize its strategy according to the regional policy and stresses its uniqueness. There are a lot of interdependences between these documents.

Preparing a local strategy means first finding sources of information. They are in different documents, but to segregate them and choose the best of them is a really important job. The fight against global challenges is also included into the local strategy and action plan adequate to possible approaches. A special team in every city is responsible for building a city strategy, which should reflect the City Spatial Study. More details included into the action plan reflect the local Development Plan.

All actions in a deprived area must be reflected in the city plans. But to do it means that the local (city) regeneration plan has to be prepared earlier. It is based on its own structure and includes some original ideas connected to the city character and its separateness and uniqueness and people expectations and visions that can be created by people. But even the best visions must be structured according to expectation, and clearly explain the assumptions, steps, timetable, costs etc. Without such a precise instrument, well developed, the city has no chance of getting financial support from the region or from the central government programs.

---

<sup>19</sup> In the e-learning system two presentation will be included to the text:

1. From Closed City to Commercial Capital: the City Strategy of Ekaterinburg (Russian Federation), presented on 28 INTA Congress in Kuala Lumpur in 2004.
2. Holon – the city of children. (The story of the city of Holon, General Strategy, Marketing and Branding) presented on 32 INTA Congress in Riga in 2008.

## Chapter 3

# European city and its responsibility

### 3.1. Introduction

Two reasons have built the uniqueness of a city: geographical location and relationships built over time. They both create the face of a city thanks to activities, passions and efforts of many people living there and supporting the city growth through the ages. Uniqueness is very important in building and implementing a city development strategy.

We can also say that Europe is the continent where there is a network of human settlements, which were created over many centuries. Cities, forming the European City Network, have a classical urban structure and an original heritage. If so, keeping the attractiveness of the European Cities Network should be a strategic goal of the European authorities, national and regional urban policies and authorities of cities and their societies. By the expression “attractiveness” I understand that the existing features of a European city are held and strive for their sustainable (“green”) development both individually and for the network.

Much has been said about corporate social responsibility over the past several years. But the most important is to begin the talk on the city’s social responsibility that has a much longer tradition but has not usually been classified under this title. An expression of City Social Responsibility can be authorized by increasing an analogy between a city and a company, especially by increasing a city activity in businesses.

There is no city social responsibility without the commitment to this policy of all its inhabitants. Thus both parts – citizens and their elected representatives



are responsible for a city strategy and its implementation. The strategy must include deprived areas and the challenges of the XXI century.

The tasks of green regeneration projects are the same as the tasks of responsible city development. They concern the main aspects of the goals of city development (health, education, work, leisure) and the basic components of the environment: air, water, space, urban greenery, but also some social aspects of the regeneration issue.

The objective of the chapter is to draw readers' attention to a phenomena of European Cities which are different to the Asian or American. But all cities of the world are (or should be) responsible for the quality of life of their citizens. To improve the quality, as an objective, local authorities take different actions, tasks and goals which are arranged in a pyramid of the revitalization purpose. The pyramid expresses the general purpose of a green city which are exactly the same for deprived city areas. It must be understood that the changes of the degenerated areas are subordinated to the same rules as the other changes or developments in the city.

### 3.2. Tasks of green regeneration projects

We assume that the objective of a city is an improvement of the quality of life in the city area. The term "quality of life" is used to indicate the general well-being of people and societies. It suggests or shows (not measures) satisfaction or dissatisfaction of people with the different aspects of their lives. And what is important it is rather individual impression or imagination of groups of people, and even in every group people can have their own hierarchy of indicators of quality of life. For some cultural or intellectual is most important, for others – physical and/or mental health. Public spaces, greenery and opportunity to create a positive relationships inside society and a freedom, as the biggest human achievement, is the first on the list for a lot of people. But all these factors, although with different weight for different people, create person's environment that decide on his/her satisfaction of life. It can always be improved, but in a different stage for independent and free people. This is extremely important inside a city where public spaces are not too big and where common rules of using them apply.

Thus the green city is responsible for at least health, education, jobs and the rest of its citizens. Normally, we imagine that the city actions in these fields are related directly to those stated goals, namely:

- Health associates us with support for the sick people, especially with the management of health services in the city area;
- Education we usually associate with the maintenance of schools providing services for people at a different age and with questions concerning free education, and to what age it should be free and for whom?
- Work – associates us with the creation of new jobs.
- Leisure – associates us with special places or utilities.

All this is only fair and refers specifically to the degraded areas. This relationship is visible in short, but especially in the long term. To achieve these goals, other tasks should be fulfilled by the undertaking of specific actions by the local authorities. Let us consider the basic elements of the environment and compare them to these four important goals that should be achieved by the municipal authorities and supported by the citizens.

**Air.** Polluted air certainly contributes to an increase in diseases and their new varieties. Therefore, any action of the local authorities to refresh, or not allowing the pollution of the air, is always directed towards the building of a green city and ipso facto at the same time achieving the main objective of the city. Polluted air does not help in education processes, in creating new jobs (investors are very reluctant to invest their money) and of course in rest or active leisure. Thus some action must be taken by the municipal authority to achieve the goal.

**Water.** We can say that just as air, clean water is one of the bases of a normal life. We need water every day and we usually use it to the excess. So if the city is responsible for the goals mentioned above it must deliver fresh water for all its citizens and guests. This means that a city and its citizens have to save water always when it is possible. Save means not only – “use less potable water” but first of all the means of new technology in the use of less water, or even better learn the use of other types of water, especially rainwater. On the other hand, using water always results in another problem which has to be solved – sewage. That is why often the same unit in the local authority structure is responsible for water and sewage management.

**Space.** Public space is an element of a city, a territory where people can meet, eat, rest, play etc., but first of all – communicate and by this create a community. Such places have a huge influence on health and rest but also on education and work allowing the time for leisure from daily duties or troubles.

**Urban greenery.** It fulfils a similar role as a public space, because usually it is a public space also, but is rather intended primarily for rest and relaxation. What is more, every green area produces oxygen, which is the most important component of air, thus such areas are extremely important in the struggle for

fresh, unpolluted air. It is particularly important for mental health. Greenery is not always properly appreciated. As it clearly does not help create jobs or gain new qualifications or skills, its meaning is more social than economic. For this reason, it is often neglected in regeneration projects, although it is an extremely important link in building a green city.

With the provision of these four components of the urban environment at the appropriate level they are the main necessary components for normal people living in every city. They require different actions carried out by the municipal authorities in various aspects of a city life. Absolutely essential among them are investments and the maintenance of systems: urban water supply, sewerage, streets, urban transport, public spaces, and in recent years a wide access to the internet and through it to a variety of useful applications. All this allows for the achievement of the main objective and other goals of the city.

**Chart 3.1. Pyramid of the revitalization purposes**



Source: Own elaboration.

These actions, tasks and goals are exactly the same for deprived areas although these areas need stronger social components – to educate and train people and finally – to build communication between them and others citizens.

### 3.3. The phenomena of a European city

It is rather obvious that every city is different. It consists of a number of reasons, but the basic and the most important was always location; both in terms of geographical, as well as its historical and cultural relationships. The latter, despite appearances, are extremely important. Two reasons have built a uniqueness of a city: location and time. The historical moment when it was created and time has passed from that moment in its historical and cultural environment. They both create the face of a city due to activities, passions and efforts of many people living there and supporting the city growth through the ages.

As it was said, a uniqueness is a feature of a city which must be cultivated and developed to give a city its own characteristic and recognisability from other cities, not only in the region but all over the world. Everyone is able to identify such unique cities, whose name reminds him/her of something special. Most often it applies to the big cities. Paris, London, Washington, Vienna, Stockholm, Helsinki, Kiev or Warsaw are associated with some selected features. This is due to the facts that they were repeatedly reported in various literature, constituted as a tourist attraction, are the capitals of states and lay out a lot of money on their marketing. Probably everybody can signal unique smaller cities as well. Most of them are capitals of regions as Barcelona (Cataluña), Wrocław (Lower Silesia Region), Bilbao (Basque Country), Florence (Tuscany) or others. But there are small cities also widely known in the world, although not like those mentioned earlier, such as: Billund (Denmark) known as the capital city of Legoland, Salzburg (Austria) the city that is alive with the glory of its most famous citizen, one of the greatest composers in history – Wolfgang Amadeus Mozart. In Poland it could be Nowa Huta (an original urban assumption realized in the fifties of the last century, today a district of Cracow), Wadowice (birthplace of Pope John Paul II).

Uniqueness is very important in building and implementing a city development strategy. Usually, it is not easy to point out a feature or features that can build the extraordinary face of a city. There are too many cities and too small attractive features. And there is a tendency to concentrate attractiveness in one place. Big famous cities have always an advantage over smaller ones; attract more tourists who leave their money they affect more thereby facilitating the development of the city. Every famous city is struggling to maintain its unique position; however, apart from competition, cooperation and collaboration are particularly required. Sometimes a few cities have the same special characteristic, and try to use them together in a managed way, as was said about the European Route of Brick Gothic which has been created by 30 cities from

3 states: Denmark, Germany and Poland, and by which the associated towns promote themselves together. And at least because of their common features they are associated under a common name; they lead unified and common policy concerning their heritage, because they are responsible individually for themselves and for the whole Route as well<sup>20</sup>. It confirms that cities cannot only compete but cooperate as well. To build and implement strategy is not a routine job but a kind of creativeness too.

When we think about or discuss European cities that they are of uniqueness because of their history and locations, as every city in the world. We must also notice and discern that there is a phenomenon called the European City Network. These cities are unique examples of similarities based on the assumptions of planning, the history of European cities, the law, from the Middle Ages and even earlier, specifying the rules of operation and development of cities. We can say that each of them is different and unique but also they are very much alike. And generally they cooperate with each other as much as it possible, although they are located in different states.

We can also say that Europe is the continent where there is a network of human settlements, which were created over many centuries. Most of cities, forming the network, have a classical urban structure and an original heritage. A European traditional medieval city was stretched around a central point, which was the central market square of the city, mostly with a City Hall in the centre, reaching to the city walls. In later times, when the importance of defensive walls of the city declined spill began on an individual basis, taking into account local capabilities. These traditional European cities were built hundreds of years ago or more and a number of them have survived intact. Now, they are tourist attractions because of their urban and architecture uniqueness but also simplicity and friendliness. This tourist movement is an important source of the cities incomes', the economic base for the standard of living of their citizens. Although a lot of changes have been introduced to their (and our) lives, they remain units working according to the similar principles, including rules of co-operation. European cities are (a bit or more) different to Asian, African or American cities, because of all these features, we can say that there is something like a soul of the European city. There is probably also a soul of Asian or Middle East cities, but these souls are a bit different because of their history, religious background, and many other features. That is why we can say also that there is a phenomenon of European cities or a specific European City Network.<sup>21</sup>

---

<sup>20</sup> <http://www.eurob.org/index.php/Cities;3/4>

<sup>21</sup> For instance:

1. North American cities built at different times and having much greater abundance of space, built in accordance with a grid of roads intersecting at right angles. The best example of it is New York, but all urbanized Florida is built

### 3.4. The cities responsibilities

Much is said about corporate social responsibility over the several past years. But most important is to begin the talk on the city's social responsibility that has a much longer tradition but usually has not been classified under this title. An expression of a city social responsibility can be authorized by increasing an analogy between a city and a company, especially by growing city activity in businesses.

On the other hand – the responsibility of local authorities towards their citizens grows independently as well, because the awareness of citizens and their elected representatives increases as well. It concerns not only the citizens of a city but all the people visiting a city (occasionally or regularly). Urban policy which has been created by collecting a few subjects together should be stronger, more expressive, and as a result – more successful. Such a policy is directed not only to the inner towns but also to the suburbs and to the other towns in the search for synergy between them.

Different levels of urban policy can be distinguished, as well as the centres responsible for the creation and implementation of it. At the city level, the local urban policy is directed mainly, but not exclusively, to the inner environment of the city. With each next level a range of urban policy has a wider influence on other cities, on the region and at the European level it concerns all the European City Network, thus a creation of common aspects of the urban policy is one of the most important goals of the European Commission.

It does not mean that responsibility for the cities activities in searching for synergy is pushed towards higher levels. The latter should prepare and implement instruments that enable cooperation between cities, but they are not responsible for the real action on creating and enhancing links between cities. Cities must do it themselves within the available frameworks. The frameworks include not only the activities of local authorities but whole local communities, which could be organised in a different way for different tasks.

Therefore, the main goal of urban policy at the European level is to create frameworks and instruments facilitating, encouraging and supporting the cities

---

almost in the same way. There are some exceptions as usually in life. In Florida it could be a city called Delray Beach which tries to form more attractive city downtown as a centre of cultural life for its citizens.

2. The best example of untypical city of America is Washington, a perfect example of new urban baroque assumption of city space. This is really unique and beautiful city because of its perfectly managed spaces, and of course because of its history and importance for the world. But first of all, it is perfect example of urban assumption prepared by Pierre L'Enfant and his successors. That idea was repeated later in Paris redevelopment, made By Napoleon III Bonaparte and main architect of redevelopment – Georges Haussmann.

cooperation. The main goal of cities themselves is to fulfil the content of the frameworks by using these instruments according to their own strategies and capabilities in accordance with their social responsibility. The status of towns is varied..., but we can say – the bigger significance of the European city the bigger the responsibility, not only for one subject, but for the network as well.

As it was said earlier, the main objectives of every authority is to improve the quality of life of their citizens. This main objective can be divided into a few main goals, but all of them are parts of an idea of a green city which was defined in chapter two. This definition implies and emphasizes that not only the local authority, but all residents are responsible for urban policy, and especially for the care of the green aspects of the city. There is no city social responsibility without the commitment to this policy of all its inhabitants. Thus both parts – citizens and their elected representatives are responsible for a city strategy and its implementation. The strategy must include deprived areas and the challenges of the XXI century.

### 3.5. Gentrification and revitalization

As it has been said, all actions made by the local authority should have, more or less, an influence on tasks posed towards the city and citizens, in helping to achieve goals and the objective. As was reiterated many times, revitalization is to serve the residents, especially those living in deprived areas. The more versatile the preparations and their execution the better the results will be.

As has been repeated many times, social activities, to help prepare people for life in a changed environment, are particularly important. Sometimes, however, local authorities forget these facts. They undertook regeneration actions which were effectively carried out and reached the planned goals, but they also caused an unforeseen effect. It is the exchange of residents living in the revitalized area. In fact, the process of revitalization is carried out for these very residents to improve their standard of living, but ultimately they are often not the beneficiaries of these activities made by the local authority.

The process of change within deprived areas, which successfully has created some kinds of technical action, which resulted in an increase in the value of this area and its various properties, and, as a result of these two elements, there has been a significant or total replacement of the population living in the area, is referred to as gentrification. There are many examples of such situations and there are some actions of local authorities against the gentrification processes which have diverse faces of the revitalization processes.

In countries which they have never experienced a typical socialist economy, gentrification is progressing somewhat spontaneously. The middle class living in the area move gradually to better zones of the city, leaving the places for the lower middle class and working class and families with earnings below the subsistence level and finally the unemployed people also. This translates into a physical situation of buildings in the area where the process is deepened. At the same time the reduction of rent in damaged buildings makes the zone open to residents receiving worse incomes and causes the further physical decline of the housing.

The area of intervention can be changed as follows:

- The local authority conducting the comprehensive process of regeneration or redevelopment;
- A developer, who bought the degraded area and surrendered it to substantial remodelling;
- Spontaneous citizens' actions, rather better financially situated, which may result from the specific attractiveness of the area such as an exceptional location or a beautiful view.
- As a result of it houses are more expensive in the area and the existing residents are forced to move out.

Let us stop for a moment at a case a) which is the only one from the three in which public money is utilized. And, because of that, some other results should be achieved, especially concerning education, job creation etc. We can say, according to previous considerations that if the revitalization process was comprehensive and completed, residents of the regenerated area are beneficiaries of the revitalization project, not only because of the technical improvement but also because of some social activities as well. They should have been. But..., in spite of these successful actions the revitalized area, especially houses, are more expensive than they were earlier and the gentrification process starts. This raises a number of questions:

- Should we prohibit these residents in the area?
- How long should we allow them to live there?
- Who should pay for this?
- Why could we stop them?

And probably a few questions more... The answer to these questions can be extremely different, but generally speaking there is an idea suggested that revitalization projects should not lead to gentrification processes. A justification for this view is that revitalization is done for the residents living there. And in order to improve their quality of life, public money is involved in the project.



*EXAMPLE 1: There is a country in the European Union which decided to keep the same residents for at least the next two years after the moment when the revitalization project was completed. Thus, for those two years, the local authority pays the difference between the previous and the current rent for every family living in the area. It has been estimated as an item of total revitalization costs. After those two years rents are formed at the market value. And what is happened then? Most of those people living there decide to pay the market rent.*

*How is this possible if they were rather poor and had no money before the project started? There are two possible answers.*

*First – they are extremely accustomed to living in the area and do not want to change their place of living and habits and they are ready to pay more for the privilege.*

*Second – the revitalization project achieved other important tasks as well; social not only technical. Thus, the citizens are better educated now and can find better paid jobs...*

*Probably both of these reasons appear together.*

*EXAMPLE 2: There is another example of gentrification. Sometimes a project undertaken in a particular place is not a revitalization project, consistent with our definition, but it changes one or more aspects of the area. However, the result of it has the influence on the increase of land value. For example: General reconstruction of old, unused, aboveground subway lines in New York on a specific, line-shaped but beautiful park changed the face of the passage of Manhattan. It made the area suitable for a normal life. The consequence was the increased traffic development. The old port warehouses are converted into flats, lofts, but also the owners of the existing residential buildings raised the rents. Finally the brilliant change, of a new public green space, became the benefit of completely new people and businesses.*

Is it just a matter of changing prices and/or market behaviour only? Not really, I suppose. High Line is an example of improvements of one aspect of life in Manhattan. It was started as a local social initiative, and had a number of social references, but, as in the previous example, they did not implement a full revitalization project, according to the European understanding. Although there were some elements of education or training for existing residents, but it did not help them to pay the increasing rents. Perhaps, if the project had been more complex with stronger action based on better education or skills the residents might have had better wages and increasing number of them would have covered their new rents. Of course, it is only a speculation.

Photo 3.1. The High-Line Project, New York



Source: <http://prolandscapermagazine.com/wp-content/uploads/2012/09/High-Line-4.jpg>, 04.02.2014.

Gentrification processes are not so evident in the post-socialist countries, which had specific resident areas called block of flats and a specific law protecting tenants from the rent rises. We look at the matter using two different examples – Poland and the East Lands of Germany, earlier called the German Democratic Republic.

**EXAMPLE FROM POLAND:** Blocks of flats are still fully inhabited in Poland. This is due to the lack of quantitative housing in Poland in relation to the existing demand for it. Admittedly, the number of wealthier families moved to new apartments in consecutive years. They were either built independently houses or bought flats in a slightly higher standard provided by the developers. In addition, a few of the new standards of urban settlements are worse than those of the socialist era. If the city, and in fact the owners of these estates which are mainly housing associations, received support for the revitalization of residential blocks, it is usually undertaken without raising rents. Therefore, the social structure in these settlements is fairly stable; in any event, the changes follow slowly.

**EXAMPLE FROM EAST GERMANY (FORMER: GERMAN DEMOCRATIC REPUBLIC – DDR):** In the former German Democratic Republic the situation is completely different than in Poland. About 2 million families left their flats moving to the West Lands. In the East Lands this resulted in an occurrence of

the vacancy of flats. There were blocks with 20% of empty dwellings. The Federal Government of Germany allocated special money for the regeneration of blocks of flats. This programme includes also the demolition of some block of flats. This resulted not only in the rise of the standard of existing flats but also the urban standard of all the area. In the place of the old demolished blocks of flats public spaces were created, playgrounds, parks, community centres etc. So we can say that the gentrification process in East Germany was different, if one can call it gentrification. When the possibility of transferring to the western lands was opened, more active and the mobile part of the population quickly took advantage of this opportunity. For the others better living conditions were created.

### 3.6. Conclusions

There are some specific features of European cities that allow us to say that not only every European city is different, but also we can speak out the European City Network. Every city is responsible for its socio and economic development because its main objective is to provide a better quality of life for its citizens. Not only European cities revitalize or redevelop their deprived areas. But only European Union public money is used on such a large scale, through special programmes at the level of the union, individual states, regions and cities.

To undertake a revitalization project a city must build its strategy in which is taken into account all aspects of the city's responsibility. Cities just as companies are really responsible for our future. They consume a lot of resources and produce a lot of waste. The management of these processes in a responsible way requires social responsibility on both parts of every city – policy makers and local authorities from one side and citizens from the other.

There are four main goals in a city social responsibility policy: health, education, employment and rest. There are four important spheres which interact with the level of the fulfilment of these goals. They are: air, water, space and greenery. Each of them have a huge influence on the quality of life and by this become an extremely important factor which has an impact on these 4 general goals. Every revitalization project is a part of city strategy and thus it must have the same characteristics as the whole policy and strategy for urban development.

Sometimes, especially when the revitalization process is uncompleted (according to the definition), there is an unforeseen result of the process

(project). This is a gentrification, which indicates the exchange of the population on a reclaimed area for economic reasons. Revitalization always brings an increase in property values in the area. However, full revitalization gives people a chance to raise their skills and education, better wages and salaries and continue living in the area, although this does not apply to everyone. Constant open questions will always exist: Is gentrification evil and should we expend additional resources to counteract it? If the answer is positive it leads to the next question – where do they take the resources from and how much should the cost be?

## Chapter 4

# The elements of strategies for a city's deprived areas

### 4.1. Introduction

The main objective of city responsibility – the quality of life – is impacted by the environment in which we live. But nothing can be changed in a city's deprived areas without socio-economic analyses made according to the law and financial guidelines.

Modern man wanting to live in the city, in addition to being the primary place of residence or work, needs public space, social and inspiring, which can also contribute to and which is environmentally friendly to them, which can occur in various types of interactions in small groups, and whole collectives. It simply means that man needs a sustainable space. According to the definition of revitalization, degraded areas, do not have such places or there are too few.

There are three different public spaces presented in the monograph: open (classic) space, greenery and buildings where internal areas can be public spaces too. The meaning of these spaces and their influence on people's lives and behaviours are presented in the module.

There is another important element for the strategy of a deprived area – this is a heritage that can be used to build a new strategy and action plan for a city and for the areas that should be revitalized.

The aim of the module is to explain:

- methods of socio – spatial – economic analysis, which have been realized for the needs of housing, specifically for the areas of the housing built of concrete slabs;
- the importance of public spaces in a normal citizens life,

- the importance of a heritage that can be used as an axis for the strategy for a city and for a deprived area.

After reading this chapter it will be understood a need of socio-economic analyses and why

- the extension of public spaces in cities;
- using a heritage in building a strategy and action plan for degraded areas; should be supported.

## 4.2. Socio and economic analysis

A commodity most valued by people is their quality of life as a conglomerate of different factors and phenomena. In addition to the overreaching issues, such as personal or family health or comfort of performing a satisfactory type of work, the quality of life is impacted by the environment in which we live. While we admit that we have an impact on the closest environment – our family, our home, our influence on a further environment is smaller and weaker. Streets, public spaces including parks, houses and also an image of our city are rather beyond the capabilities of our personal direct impact assessments.

In general, the world is steadily increasing number of people living in cities. The population density is also growing by at most cities living conditions are worse. This phenomenon is explained by the fact that cities are a source of wealth: create opportunities for a better life than non-urbanized areas. A better life is, in this case, the possibility of obtaining work and a chance to rise above the previous average. But old citizens and these new as well finally want to live in the city, which meets their aspirations more than a rich efflorescence. Cities, in addition to being the primary place of residence or/and work, should create for their citizens social and inspiring public spaces, in which they can also contribute and which are environmentally friendly to them. There, a man can occur in various types of interactions in small groups, and a whole community. It simply means that man needs a sustainable space.

According to the definition of revitalization, deprived areas, do not have such places, or there are too few, because even if they were located in these spaces they are degraded as well. What is more, the residents of these areas cannot cope with the current challenges of everyday life. This may be a mismatch to the changing needs of the labour market, e.g. inadequate or inappropriate education or the ordinary lack of jobs due to the crisis in the market, consequently leading to increased poverty and social exclusion.

The purpose of socio – economic – spatial analysis, before the revitalization process, is to obtain information on the current situation of the standard of living of the inhabitants. It is essential to recognize what is required by the area.

A useful tool for achieving such an analysis, while legitimate under the Polish law, implements the provisions of EU legislation under the “Guidelines on housing”. The principles contained in these guidelines have been recorded at the regional levels (according to the principle of subsidiarity) in the individual regional programmes, and more specifically in the “Guidelines for the preparation of Local Regeneration Programmes”.

### 4.3. Socio and economic analysis. The Case of Olsztyn

An example of the socio – spatial – economic analysis, which realized the needs for housing, specifically for the areas of housing built of concrete slabs, was the diagnosis for the “Local Revitalization Programme Area of Olsztyn for the years 2007-2015. Measure 4.1. The humanization of blocks of flats”.

The basis for the designation of areas for revitalization, according to the guidelines for residential areas, were pre-selected parts of those urban areas, in which multi-family blocks of flats built from large concrete slabs were located, potentially meeting the requirements of the intervention. This approach allowed at the outset to the elimination of areas which by definition could not be included in the programme, benefiting for support for housing.

In determining the areas that met the criteria to qualify for participation in the implementation of the Programme, it has been hypothesized that the derivation of the areas affected by the dysfunction of the crisis, improve the quality of life of residents of the revitalized area.

It was also assumed that the planned improvement of the technical conditions of buildings constructed from concrete slab technology and supporting measures to strengthen social functions in the area would enhance safety and increase the attractiveness of the residences. As a result, these actions create conditions for reducing the concentration of social and environmental problems within these blocks of flats.

According to the Guidelines for the housing programme for the blocks of flats areas, designated the revitalization area for urban housing estates in Olsztyn. The area has been designated on the basis of the following four criteria for determining the degree of degradation of the area:

- A high level of poverty and exclusion,
- A high level of crime and delinquency,

- The low level of economic activity,
- The comparatively low level of housing value.

Each of the above criteria has been quantified and compared with baseline indicators. Table 4.1 presents a detailed list of criteria and the base indicators.

**Table 4.1. Criteria and the base indicators**

Criterion	Base indicator
<b>Socio-economic sphere</b>	
High levels of poverty and exclusion	The number of families benefiting from social welfare per 1,000 inhabitants of the area
High level of crime and delinquency	The number of crimes per 1,000 inhabitants of the area
Low level of economic activity	Number of registered companies per 100 inhabitants
Comparatively low level of housing value	Ratio of the number of buildings constructed before 1989 / the total number of buildings

Source: own elaboration on the basis of the Guidelines

Delimitation of the areas covered by the Programme was implemented through a comparative analysis of base indicators of the results obtained. For the degraded area requiring regeneration, in accordance with the guidelines of the Regional Managing Institution, it was one for which the base rates for at least three of the aforementioned criteria showed a negative value deviating from the average for the Warmia – Mazury Region.

The analysis included 15 areas reported by two housing associations and housing cooperatives. The analysis ultimately selected the area meeting the criteria set out in the Guidelines. Data for the analysis and the adopted criteria are presented in Table 4.2.

**Table 4.2. Data Analysis of the deprived area in 2006**

Address of the building constructed of large concrete slabs	Population living in the building	Number of people living in the building benefiting from social assistance	Number of crimes recorded in the location of the building	Number of registered companies located in the building	Number of buildings constructed before 1989
Kołobrzaska 14a	260	16	-	0	1
Kołobrzaska 14b	241	17	-	1	1
Kołobrzaska 14c	48	0	-	1	1
Kołobrzaska 14d	36	4	-	0	1
Kołobrzaska 14e	53	1	27,7	0	1
Pana Tadeusza 2	148	8	-	0	1
Pana Tadeusza 4	200	4	-	3	1



Pana Tadeusza 8	197	11	-	2	1
Pana Tadeusza 10	192	10	-	0	1
Pana Tadeusza 12	197	3	-	2	1
Pana Tadeusza 14	153	1	-	0	1
Pana Tadeusza 16	153	8	-	0	1
Pana Tadeusza 18	139	5	-	0	1
Pana Tadeusza 20	141	0	11,6	1	1
Dworcowa 27	290	5	-	2	1
Dworcowa 29	205	3	-	1	1
Dworcowa 41	285	9	18,4	0	1
Dworcowa 36	135	2	-	0	1
Dworcowa 34	97	1	-	0	1
Dworcowa 40	122	2	-	1	1
Dworcowa 42	139	3	-	0	1
Dworcowa 44	216	10	-	0	1
...	...	...	...	...	...
<b>Area 1 totally</b>	<b>28 788</b>	<b>880*</b>	<b>1101,1*</b>	<b>87</b>	<b>156</b>

\* The number of offences was calculated on the arithmetic based on police data, broken down into the streets of Olsztyn

Source: excerpt from the document: *Local Area Revitalization Programme of Olsztyn City for the years 2007 to 2015. Measure 4.1. The humanization of blocks of flats.*

The calculation of the base indicators was made in the way presented in Table 4.3.

**Table 4.3. The calculation of the base indicators**

<b>1. Calculation indicator of high levels of poverty and exclusion</b>
Out of 28 788 inhabitants Area 1 (as of December 31, 2006 a year), there were 880 people benefiting from social assistance benefits, which as per 1000 residents accounted for 30.56 of benefiting from social assistance and was below the reference value for the Warmia – Mazury Region which amounted to 108 persons.
<b>2. The calculation of the indicator of a high level of crime and delinquency</b>
Out of the 28,788 residents of Area 1 there were 1,101.1 crimes; committed as per 1000 residents accounted for 38.24 crimes and was above the reference value for the Warmia – Mazury Region which was 34.3 crimes.
<b>3. The calculation of the low rate of business</b>
Out of the 28,788 residents of Area 1 (as of December 31, 2006 year) 87 companies were registered, as per 100 inhabitants constituted 0.3 operators and was below the reference value for the Warmia – Mazury Region, which was 7.8 entities.
<b>4. The calculation of the indicator's comparatively low level of housing value</b>
Out of the 170 buildings located in Area 1, 156 dwellings were built before 1989, which accounted for 91.76% and was above the reference value for the Warmia – Mazury Region, which amounted to 89.1%.

As it has been shown in the above example, Area 1 met three of the four required criteria and was classified as an area that met the criteria and required revitalization.

A problem in all cities is the lack of precise indicators for quickly checking whether the area meets the required criteria. For example, crime rates held by the police are too aggregated and must be pre-averaged over particular areas, and only after this, is it possible to compare them. Despite the shortcomings of the existing database to calculate these ratios it is possible to use them to identify areas which need revitalization.

Generally, sources from regional funds have been committed and these blocks of flats have been renovated. It, however, turns the attention to the inconsistency between the criteria for evaluation and revitalization activities. The latter were mainly focused on repairs and renewal of residential buildings rather than to improve the social situation of the inhabitants. Of course, living in a renovated building is more enjoyable, but it does not solve social problems. It was the inaccuracy of solutions in the previous programming period, which is to be removed in the coming period.

## **4.4. Public spaces and their role for local society**

### **4.4.1. Some aspects of a definition**

Usually, we use the notion of public space in relation to the places where you can meet someone and spend a few moments with each other or alone or in a group. Such a definition, however, is too insufficient because, a restaurant perfectly fits into this expression, but it is doubtful whether the space of a restaurant is really public. It is privately owned, created and functioning in order to pursue profit to its owner rather than an opportunity to the spontaneous meeting of people, although it allows this to happen. However, for being in it you have to pay for this. Of course, to bring a profit from this kind of activity means that it must create incentives to stay in this space and make full use of the offer. But this is the normal action made by every manager.

It happens that private owners make their space available to a wide audience, without limitation, guided by the principles of non-profit, but rather a desire to share this space and the objects contained there. An example might be a private museum. But sometimes private museum made in the wing of a palace is a source for financing a palace as a whole, and this is a kind of commercial activity.

Therefore, when we are talking about space for the public, the first criterion of the characteristic is the ownership of this space, more precisely speaking – commerciality. Public space is generally in the public domain and thus is available for every person without discrimination against their gender, colour, creed, physical abilities, income, etc. If a private owner provides his/her private space in such a non-commercial way, it becomes a space for the public because of the manner of use.

As we can see, it is difficult to extract unambiguous criterion to distinguish a space for the public. The Polish Law on Spatial Planning and Development exposes the feature of the space utility which specifies as: “an area of particular importance to meet the needs of residents, improve their quality of life and favourable social networking due to its location and characteristics of the functional and spatial, as defined in the Spatial Development Study”<sup>22</sup>. Because of this it is difficult to accept that the public space is a road or roadway. Rather, it will be a pavement, street pedestrian and above all squares and parks.

Public space is defined as a space that is accessible to all citizens, in principle, free of charge and without any restrictions. Maybe it should be added – all free citizens. It may be, however, limited both in terms of its purpose and the access time. Even a public park, accessible to all during the day, sometimes is locked at night. Its purpose is closely defined as a place for walks, relaxation or play area for children, or both, usually in separate locations. Admission to the national park can be paid, but the charge is rather due to the cost of maintaining this space, rather than from a desire to achieve commercial profit. The purposes of public spaces may be different but they must meet the social needs of the public which is clearly inscribed in their role.

The situation is different in private spaces, where public functions or public purposes are carried out. A good example of a private placement is the hall of a shopping centre, which hosts a musical performance or a fashion show. The gallery is still private property, which attracts customers in various ways. The property manager organizes different events there, often very nice, but all of them are in the background clearly commercial in nature. It is a marketing action in a commercial zone.

Commercialism does not have to always be in conflict with the public space. The restaurant located in the public square increases the interest in it, makes it easier to meet people, and so meets the goals of the public space. However, it has a commercial nature, which ought not to dominate this space. The scale of the operation of this restaurant depends on the public space dispatcher. The

---

<sup>22</sup> The Act of 27 March 2003 on Spatial Planning and Development, Art 2, point 6.

restaurant, which is located inside the building in winter, “comes out” exposing additional tables in the summer, is a positive example of the sphere of commercial activity in the public space.

On the other hand, the public area is not always used in a perfect way. There is a public space at the front of Warsaw School of Economics. There are 4 hectares of very valuable urban space which is used exclusively as a place for changing one type of public transport to another and a car park for cars. The only bench is a part of the bus stop. It demonstrates that City Hall does not always know what should be done in the public space or that it does not have enough money to do it. But generally, a private businessman is not the only one who can organize something in the public space. Many events are prepared by the City Hall to make the space attractive for the citizens or to encourage tourists to visit the city and spend some time there. The longer tourists stay in a city, the more money they spend there. This money usually goes straight to private service providers but, by the tax system, it also supports indirectly the budget of a city. In addition, these expenditures, made by visitors, support existing jobs. As a result, expenditures of the city budget for maintenance and attractiveness of public spaces contribute to increased city revenue and of course contribute as well to improving the quality of the citizens' life.

#### 4.4.2. Greenery as public spaces

In the city centres, especially in historical centres there were no places for greenery. Even in Siena a central market had different applications and functions. It was rather normal at the time when cities were not so big. An example of medieval Siena confirms the possibility of living completely without greenery. However, one should remember that just outside the walls of the city succulence and specifically the green fields of Tuscany stretched. The same was the case occurred in Torun or Cracow and other medieval cities.

Nowadays the situation has changed. When cities started to become too large to see greenery behind their walls or too big to reach the countryside and return in a day, they began to feel a need to be more green. Every city has its own history of the development of green areas. But in general, the XIX century brought a new urban ideology, in which new assumptions concerning greenery were included. Green was considered an important element of the construction of the city, enabling life in such a place. At the time, the most famous parks and public places were created such as: Paris rebuilt by Haussmann, Washington designed by Pierre Charles L'Enfant, or Central Park in New York planned and executed by Frederic Law Olmsted.

Nowadays it is rather obvious that the proximity of green spaces is one of the most important features of the choice of housing in the city. Everybody wants to have an access to green places within walking distance. Sometimes we think that it especially concerns young people with children, but retired people or hard working people have similar needs to commune with nature, listen to birds, look at green areas and breathe clean air feel calmness and peace. All of them, regardless of age, would like to spend their time in nice, green neighbourhoods. However, in Warsaw, where there are a lot of different public greenery and parks, in the first place in the citizens' expectations is the proximity to the metro station, which can be reached quickly so as to reach the centre of the city.

Green public spaces in the city are usually not large enough but they determine the quality of life of the residents. They also decide on the value of real estate in the city. Frederic Law Olmsted, creator of Central Park in New York, justifying the purchase of private land for the construction of Central Park, wrote: "If the most beautiful areas are in private hands, so not available for citizens, each resident will have to be subtracted from the value of their real estate, the equivalent of the loss of these areas"<sup>23</sup>. Therefore, if public space created nowadays is not at the same time greenery, at least partially green, it is a misunderstanding of urban ideology and assumption.

The opinions expressed by the author of the most famous American public parks are worth remembering. "As well as being a designer and creator of a few enlarged parks in American cities F.L. Olmsted believed that naturalistically designed parks could play a central role in counteracting what he saw as the debilitating aspects of living in dense cities and serve as an antidote to urban life. In them one could find relief from the stresses they encountered in the city's chaotic and crowded streets and so regain their mental and physical health. In the simplest term, parks would improve city people's physical health and provide open spaces filled with trees, sunlight, and fresh air. In parks, city air would be disinfected by sunlight and foliage. But Olmsted advocated that a properly designed naturalistic park – one with gentle landscapes – would do more. Secluded pastoral landscape, offering views of meadows, pastures, and still water, would be conducive to calm contemplation and so give mental recuperation to park visitors – as opposed to rugged landscapes that would bring effort to mind. Mental recuperation would give people the ability to maintain their temper, be good-natured, and have a healthy state of mind and strengthen them for productive labour in America's fast-paced, rapidly growing, and constantly transformed city. A gently designed natural park would also

---

<sup>23</sup> Quoted from: Michal Beim, Modrzewski Bogusz, Adam Radzimski (2010): If the public space is still needed? International Political Science Review, (Międzynarodowy Przegląd Polityczny) No. 25, pp. 78-86.

educate people of the lower classes, bringing those more refined tastes and a higher moral standard, and have a distinctly harmonizing and refining influence upon the most unfortunate and most lawless classes of the city – an influence favourable to courtesy, self-control and temperance”<sup>24</sup>.

Shocking that all these thoughts were written in 1870. It is shocking that these truths are described by the one and a half centuries ago, are still not common. This is particularly evident in Poland in the first quarter of century of the transformation. However, the move to increase the common space (the public) is becoming clearer. More importantly, there are also good practices in this area.

## 4.5. Heritage as an element of city strategy and regeneration projects

### 4.5.1. Heritage

In daily language any product of human activity, which is a testimony a bygone era (a legacy), having historical, artistic, scientific, or emotional value is heritage. The criterion of the time when it was created, although important, does not prejudge defining heritage. According to the Oxford Dictionary heritage is “valued objects and qualities such as historic buildings and cultural traditions that have been passed down from previous generations”<sup>25</sup>.

In the light of the Polish law heritage is:

- property
- movable property

The objects of heritage are results of the job of man or his another activities, and are testimony to a bygone era or event, and whose preservation is in the public interest because of its artistic, scientific or historical value. It should be written to the heritage register.

In 1964 an international convention of architects set out the principles of conservation and restoration of architectural monuments and announced it as the Venice Chart. Its full name is: The International Bill of Conservation and Restoration of Monuments and Sites. It was adopted in 1964 by the Second International Congress of Architects and Technicians of Historic Monuments in

<sup>24</sup> <http://books.google.com/books?hl=pl&lr=&id=Gb0lkuETiqUC&oi=fnd&pg=PA36&dq=Frederic+Law+Olmsted+Central+Park&ots=LBTofJQu8-&sig=4zJvYkf8uTGZ95ZemS9PKKkWTUc#v=onepage&q&f=false> page 36.

<sup>25</sup> <http://www.oxforddictionaries.com/definition/english/heritage>

Venice and signed by 16 states and two international organizations<sup>26</sup>. Poland was among them.

Heritage (historical buildings, monuments, movable property or culture) can be a base for a local regeneration activity. It is usually attractive enough to attract tourists, and as a result enable residents to give them a job and occupation. In degraded areas heritage owners are encouraged to join in their renewal. Often this involves a change in the current method of use of such a building. It is a long process to do, but it can produce a wide variety of benefits. It is worth remembering, that building a city development strategy or a plan for the revitalization of deprived area is important. Shortly we can say that the heritage can be used as a driver supported regeneration, preservation and development processes in cities.

#### 4.5.2. Tangible and intangible heritage

The World Bank uses the term culture heritage which includes:

- Tangible heritage: the monumental and physical remains of culture
- Intangible heritage: traditional knowledge, local practices and cultural industries

Up to 1980 the World Bank has a policy concerning heritage that can be called "rather do not harm". Generally the Bank avoided damaging cultural heritage assets in infrastructural projects which were financed by it. Later the Bank decided investing on single cultural heritage assets to develop tourism. This period (1980-2000) can be called "specific intervention". After 2000 up to now it is an era of "integrated approach" in which integrating cultural heritage in local economic development is allowed and even required. It is expected that tangible and intangible assets will be comprehensively protected and made available to residents and tourist in a sustainable way. In XXI century the World Bank policy is very clear. Up to it a cultural heritage can be used to fight against poverty and exclusions, especially in these developing countries that are economically poor but endowed with a rich and divers heritage<sup>27</sup>. What is important – it concerns no only developing countries but every country, region or local community which wants to use tangible or intangible heritage to revitalize deprived areas and develop a city, a region or a state.

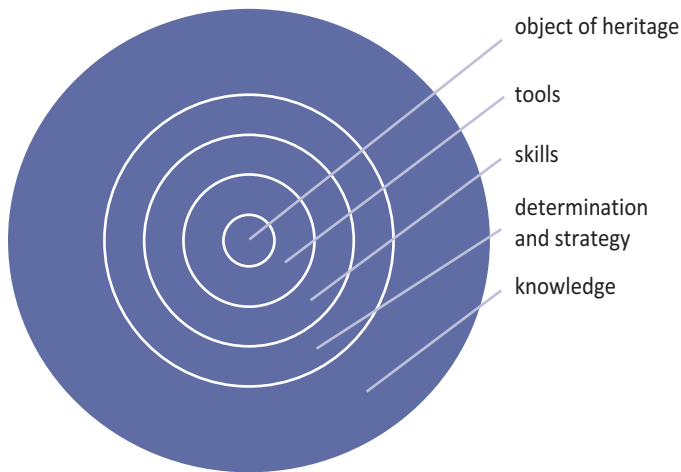
<sup>26</sup> History of Venice Charter: <http://www.international.icomos.org/venicecharter2004/history.pdf>

<sup>27</sup> According to J. Baker, Lead Economist in the World Bank: [http://siteresources.worldbank.org/INTCHD/Resources/430063-1250192845352/Chandslums\\_Oct.pdf](http://siteresources.worldbank.org/INTCHD/Resources/430063-1250192845352/Chandslums_Oct.pdf)

### 4.5.3. Conditions of using heritage as a goal of the development strategy or the regeneration plan of the city

Conditions of using heritage as part of the strategy or the regeneration of the city depend on a kind of heritage, of course, but much more depends on the determination and a few other features possessed by local authority and society. It is presented as on Chart 4.1.

Chart 4.1. Conditions of using heritage



Source: Own elaboration.

#### *Knowledge*

As shown in this chart, a basis to take any action on the skilful use the heritage object in the development (regeneration) plans of the city is knowledge. Knowledge of the monument, about what can be done with it and what is prohibited. How it should be prevented and how it can be highlighted. Knowledge of the historical and unhistorical context combined with imagination suggesting in which way the object can be used in a city strategy and an action plan. I think not only about how to exhibit it, what is really important matter, but also on a method – how to attract it for tourists. What should be done to prevail on people from other cities and from abroad to visit the object and the city. It is not enough to say “we have an interesting heritage object”. Too many cities and rural areas have interesting objects and the UNESCO list of World Heritage is longer and longer.



Knowledge of the best practices from the world facilitates the perception of the monument and allow looking for the best solution. We can say that knowledge supported by intuition allows preparing an idea of using a heritage object in the city strategy of development and revitalization. If this is a property at a deprived area, it can be the most important motive of the revitalization strategy, because such the object can be a magnet for tourists generating movement of people, services for them and finally – incomes for every people engaged in the implementation of the idea.

Knowledge is shown as the biggest circle on a chart 1 because this is also a phase of public debate on development processes in the city, including methods of revitalization of the deprived area, in which a matter of skilful use of the heritage object is one between a lots of others. But it can be the most important. And what is really important, there are no limits in this sphere for different people to present their ideas concerning the problem. The more people get involved at this stage, the more interesting and the more complete ideas can be accepted for execution.

#### *Determination and strategy*

When an idea is selected, or limited to few, agreed and accepted, the next stage is to prepare a strategy, and among the activities associated with it is the most important determination. Without the determination and commitment no idea becomes a strategy. If there is no a strategy that does not have a sensible plan of action, because the plan does not take account of the long-standing determinants. Determination is necessary to transform the idea of the use of the heritage in an important or the most important part of the city strategy, which includes a problem of the deprived area revitalization, and then, in the equally way, it should be an important part of the city action plan.

#### *Skills*

When the action plan of the city will be accepted, it begins to take on the skills of its implementation. In fact – they are needed at the stage of building an action plan on the basis of the adopted strategy. In this circle on the chart shown above, the emphasis on professionalism is clearly put down. Everybody can have a good, useful idea. Very often it is a non-professional, who would rather know how to use this object than know how to achieve this vision. On the stage you look at the usefulness of the heritage professionally trained people are required. Such people can cope with the implementation of the idea. They must present an integrated approach of the idea that could be created intuitively earlier by non-professionals.

## Tools

An integrated approach requires as well expertise concerning tools possible to use to realize a project. Parts of skills mentioned above is the knowledge of tools and methods of their application. Selecting the right tool for the implementation of the action plan is extremely important, especially in cities which have public funds and must be particularly cautious with their spending. It might also be that poorly chosen tools prevent the city from achieving the intended purpose, and to implement another one could be not possible because of lack of financial sources.

But majority of actions achieve success. This is not only because all the procedure shown above is made in a perfect way by professionals but also because the demand for visiting interesting places, well-prepared for tourists needs, and with delightful heritage objects constantly grows in the world global village. This is a big chance for the ambitious cities.

### 4.5.4. Examples of using heritage objects in city development

There are many cities in the world that use their historical objects to build their development strategy or revitalization plans. Leading of them are perfectly known in all over the world. It was mentioned in one of previous lessons. Often a range and significance of heritage objects collected there is so strong that even making mistakes in their strategy these cities will be visited constantly. I think about Rome, Venice, Paris, Madrid, Washington, Istanbul, Krakow and many others.

But there are a lot of cities with amazing heritage objects or the only object they are too small to gather money for an expensive campaign promoting a city and its heritage. This does not mean that it should not take actions to promote the city and its heritage. An interesting example of a well-thought-out strategy of the city is e.g. Kamien Pomorski. Being too small to exist independently on tourist map of Poland, Kamien Pomorski gained an access to two common tourist attractions prepared by different cities. The city is involved in:

- European Route of Brick Gothic
- Polish Roman Route

And in 2005 Kamien Pomorski by a decision of the President of Poland was described at the register of Historical Monuments of Poland.

Apart from this, Kamien Pomorski has many other attractions such as clean water spill actively being conducive to relaxation on the water. On account of its salt springs and layers of mud, the city has also a health-resort status. So it is

very clear that Kamien Pomorski actively uses all the advantages given to it by history in its development strategy.

A different example of a very small city (about 2,000 citizens) is Radzyn Chelminski. The city has also very interesting history. Sometimes it is said that Radzyn was the first capital of Teutonic State. In 1234 the first Teutonic fortress of bricks was build there. The castle brick built in Radzyn at the turn of the thirteenth and fourteenth century was the second largest after the one in Malbork, the capital of the Teutonic State. For many years passed from the hands of the Teutonic Knights to Polish hands and vice versa. Finally, after the partition of Polish deteriorated in 1772 it began to be dismantled. Today, it is in a permanent but still fascinating ruin.

During the transformation the castle was sold to private businessman. In this way the city deprived itself of the opportunity to use the heritage in the process of building its strategy. Of course historical and economic potential of Radzyn Chelminski cannot be compared with Kamien Pomorski, but on the other hand it was not easy to find an attractive message about the city and the castle in internet. Fortunately, a situation has been changed recently, but messages that not only inform but encourage to visit the castle and the city are not easy to find. Radzyn is not at the European Route of Brick Gothic although it could be. Thus mainly people driving there and having a surplus of their free time stay there and can admire the place.

## 4.6. Conclusions

Summarising these considerations of the elements of strategies for a city's deprived areas, the purposes of the public space or heritage must remain. Besides the positive effects on people's health, physical and mental, mentioned by Olmsted, that are confirmed by modern day medicine, it should be emphasized that providing opportunities for people to communicate are essential. Citizens need to have a place where they can easily meet and exchange ideas or just talk or relax.

As M. Castells said "the public sphere is the space of communication of ideas and projects that emerge from society and are addressed to the decision makers in the institutions of society"<sup>28</sup>. It needs a place to be emerged, discussed and crystalized. But also the public spaces create an opportunity and lead to

---

<sup>28</sup> M. Castells: *The new public sphere: Global Civil Society, Communication networks, and Global Governance*. Downloaded from [ann.sagepub.com](http://ann.sagepub.com) at FLORIDA ATLANTIC UNIV on March 4, 2014

spontaneous, unplanned meetings and organize a framework in which a lot can happen. What and how this will happen depends on the initiatives of people, but the space has to create a framework for them. This is the role of an architect or/and spatial planner and developer to build in a way where results allow the achievement of the goals.

## Chapter 5

# The management of a revitalization project in a city area

### 5.1. Introduction

There are procedures at every City Hall that must be fulfilled before the revitalization project can start. Each step must be done according to the law. There is an obligatory duty for every City Hall to prepare a Spatial Development Plan and a Spatial Development Study. There are differences between these two documents, although the procedure of their approval is very similar. Regeneration areas and projects must be written inside the plan.

The City Hall can organize any procedure in different, but similar ways. However, each of them have to ensure that the goals of the City Hall activities will be fulfilled. This remark also applies to the city hall unit responsible for the processes of revitalization in the city. There is full freedom of shaping the entity but the effectiveness of its actions must be ensured.

A public participation and consultation in building and realizing the city plans is crucial. It is extremely important in the transition from the government to the governance, this means – in building new kinds of relations between the authorities and citizens.

The objective of the chapter is to bring readers closer to the different aspects of city management that are important from the revitalization point of view: direct or indirect management and changes between the authorities and citizens that can be introduced in the city management methods.

After reading this part of the monograph it will be able to:

- Assess the advantages and disadvantages of the City Hall structure,
- Understand the idea and methods and outcomes of public consultation and participation.

## 5.2. Procedure of planning of development in municipal offices

As was said earlier:

- There is no single way to manage the projects of revitalization in cities;

There are procedures at every City Hall that must be fulfilled before the revitalization project can start. These procedures are strictly connected with the law of each country. Usually there are acts concerning spatial planning rules, city development methods and local authorities' duties. According to the Polish Parliamentary Act of Spatial Planning the local community requires two documents:

- A Spatial Development Study
- A Spatial Development Plan

which have to be prepared very clearly and then every local authority must follow them.

As it was said earlier<sup>29</sup>, the Local Regeneration Plan must be included into the city development strategy and in the city action plan. To prepare these documents a special team inside a structure of the City Hall must work on it collaborating with a few other departments. Finally, the team responsible for preparing these documents, for their complexity and compatibility, submit their final version for acceptance to the board of a city. When the board accepts them, the documents are sent to the local governing council who must approve them. Then the Spatial Development Plan is sent to the regional authority which must approve it as well. With all these approvals, the documents begin to be acts of local law and must be realized by the city board which has all the employees in City Hall to support the board in this work. This means *inter alia* that the regeneration project(s) can also be activated.

The team preparing documents is different in each local authority. It depends on the significance of the meaning attributed to these documents at the level of the city board. Sometimes all these actions are directly in the hands of one of the deputy mayors. Sometimes a director of the planning or strategy department is responsible for and in an extreme case of which I know the only person called a specialist or main specialist. These issues concern planning methods and procedures which are discussed in other places of the curriculum, here, they are only mentioned and worth remembering that they exist, they are presented in a suitable Parliamentary Act, they are well-known in every City Hall and useful and applicable.

---

<sup>29</sup> Look at the page 21

There is a problem of how to manage these projects when they are approved and there is money to realize them, which means that a project has arrived at the implementation phase. Due to the location of the management team and its relations with the city management board it is possible to divide the two main methods of management of regeneration projects in a city:

- Direct management, when the team realizing a project is located inside the City Hall;
- Indirect management when the management team is located outside the City Hall.

Both of them have various varieties and each of them has its own advantages and disadvantages.

In fact, it is difficult to tell from what actually the difference depends on between the organization and location of the project management team and it is rather a secondary matter. Most importantly is that each of these various ways must allow for the achievement of the regeneration goals effectively.

Regardless of the location of the project management team, responsibility for the final results of these projects always has been borne by a municipal authority. A range of sources involved in it are different in different types of project management, but no one will release the city hosts from the responsibility for the final results of actions initiated by them.

### 5.3. Direct management of regeneration projects in a City Hall

The biggest advantage of the location of the management team of the revitalization project(s) inside the internal structure of the municipal authority shortens the decision making process through direct subordination to the City Board. On the other hand it means that a city board must decide on many of the details of every project. This means that according to the scale of the project a City Hall must employ a great number of relevant professionals to organize them due to the tasks of the project, etc., etc. This strictly means – to build a structure adequate to the needs of the project and to the efforts that can be put into realizing a project.

According to the scale of the revitalization projects City Hall has to employ a few or many more people who will realize the subject. *For example: In Leipzig, whose city centre was totally rebuilt and which had a big problem with its blocks of flats areas and where the revitalization process has been continued since the early nineties, the management team realizing these processes has up to 200*

*people working on it. And it is worth adding that they cooperate with many other companies using them as contractors or subcontractors. Taking into account that in Leipzig the revitalization projects started 20 years ago and are still being continued, building and training such a big team was the right decision. This team has not only the knowledge learned, but experience, acquired over the years of the implementation processes and at the same time teaching the staff. This team is able to not only be effective for individual projects, but also to ensure coherence and consistency between the different projects implemented both in parallel and in sequence.*

The revitalization project management team must demonstrate not only having the right set of professionals, but most importantly, hold the effective skills of their cooperation.

On the other hand, such a great unit located in the structure of a city office may undermine the proportions in the tasks assigned to the Office of the city. In addition, often officials, subject to other procedures than the employees of commercial companies are not good managers and their mentality is not always suitable for project management activities. This situation is changing, and the example of Leipzig shows that a well-structured, built and trained for years, professional team can work as effectively as private specialists. However, it is not an easy task to achieve a team under the conditions when the team constitutes of clerical workers employed in full-time jobs. Thus after several years of creating relationships inside the team, and looking at positive results of the team jobs, we can treat such a team as a special value inside every City Hall.

In Germany where the range of regeneration activities has been very wide, there are a number of facilities for municipalities undertaking regeneration activities. Besides the specific financial solutions and specific revitalization funds which will be discussed later, the German government also established the principle of the cooperation of private companies undertaking the revitalization activities on behalf of cities. The law defines what kind of professionals a company must employ, what qualifications they must have in order to be entered in the company register at a regional (state) level that will be able to carry out regeneration projects. These companies do not have to obtain a licence to operate, but they must prove their professional preparation to implement such projects. Verification of these data takes place through the process of including the company to the state register.

The city management board, looking for management of different revitalization projects, does not have to every time announce a tender to select a contractor and worry whether he will cope with this task, and how to check whether it is properly prepared for such tasks. It can simply choose one of the



companies enrolled in the state register to sign an agreement with it. It is possible because every company has previously been verified by officials at the state level. The idea of a special state register for these companies is very helpful for every city realizing their goals and tasks in a revitalization area.

#### 5.4. Indirect management of regeneration projects in a City Hall

An indirect management of regeneration projects in a City Hall is the inverse of the solution mentioned above. The assumption here is reversed. The local authority does not want to manage the processes of revitalization by its own officials, but look for professional companies on the market which can be ready to undertake such professional actions. *Ipsa facto* the city board management restricts their employed officials, which should allow for the achievement of the efficiency in the managing of the whole city. As a result, the board of a City Hall typically employs a dozen or so employees, whose task is to prepare a contract with an external company to execute the project of revitalization, then the supervising and monitoring of the implementation of the agreement.

Such proceedings also have advantages. First of all, it allows for the employment of a smaller number of officials. However, it requires high-class specialists in the preparation of projects, negotiators and supervising the project implementation; both from the economic, technical and social points of view. Therefore, contrary to appearances, a City Hall management team should not consist of too many lawyers, but also specialists in all areas that are important to achieving the objective of the project as the engineers of various industries, financiers, sociologists, project managers, etc. The physical implementation of all tasks specified in the revitalization project is undertaken by the contracted revitalization company. However, city officials must supervise the process. This is the local management responsibility for the city's revitalization process on one hand and for the way of spending public money on the other. As was said, regardless of the method of operation of the local authorities in the revitalization projects no city board releases them from responsibility from this task.

A solution of supervising rather than managing the revitalization project is easier to implement when there is the state record of the companies that have the power to manage regeneration projects. This allows municipal authorities for the appropriate treatment of all other tasks set before them. This also makes easier the process of the optimization of employment in the city office and focuses the attention of the officials on the effects of working professionals, correcting any deviations, revising some assumptions, etc.

The advantage of this solution is that City Hall keeps their distance from the methods of implementation of the revitalization project, which allows for the evaluation progress of the implementation in a peaceful and equitable assessment. Maybe even a soulless but professional assessment, based on previously prepared plans and the contract signed with the revitalization management company. For this reason it is probably the most appropriate form of city management of the implementation of regeneration projects in city areas.

As it was said earlier, the form of the management of regeneration projects by a City Hall depends on different circumstances. Sometimes it is better to build its own big team which is responsible for every step made in the long process of city revitalization. Sometimes it is better to take the post of an evaluator or a reviewer of the process. It depends on the internal circumstances.

A project from the first group (brown field) demands a smaller activity from a City Hall. Of course it is a general rule. But if City Hall really wants to change a brown field it has to engage itself much deeper than the rule suggests. There are no obstacles for city officials' activity which are larger than usual. It depends mainly (sometimes only) on their openness to cooperation and joint creation of the future of the city with a developer. Sometimes, when it is a brown field which was managed by the Russian army and was outside City Hall jurisdiction, it is such a huge undertaking that it is impossible to do something without deep and ambiguous engagement of the city authorities and without strong support from regional and central government.

If there is an area of blocks of flats (second group) in Poland, it has a property manager who is mainly the owner of a part of these flats. This is a local cooperative which built these structures years ago. Although a number of flats have been sold to tenants, a cooperative is still the main flat owner and property manager of all the area. Thus the cooperative must be responsible for the management of revitalization projects in the area. The influence of city authorities on the management of these projects is rather not so big. However City Hall is really interested in the adequate utilization of European sources from many political, social and economic points of view. This causes that a city management board is interested mainly in investigating, supervising and evaluating these kinds of regeneration projects. To do this a city management board usually organizes a small unit in its structure or gives the competence of this to one person.

The most complicated projects are from the third group. These relate to a complex tissue functioning, the living organism, that is the city in question. As was mentioned in the first lecture, in this area there are a variety of purposes, which must be achieved in the revitalization project(s). The problems of such

an area are often so complicated and interrelated that any developer is interested in seeking solutions to them. Only the local authority is able to include various necessary aspects of revitalization into the project and have control over its implementation. This explains why in Leipzig, 200 people were included in implementing these revitalization projects.

## **5.5. Public consultation and participation as an element of management – principles of consultant procedures**

In general, we can say that public consultation is a part of the process of decision-making by the public authorities, which acquires and utilizes the opinions of citizens and members of the community who will be affected by the decision. Usually public consultation procedure refers to the most important strategic decisions, such as a city action plan, a revitalization plan, etc. This is due to laws that make the process mandatory for such activities undertaken by the municipality. Of course, there is no prohibition in consulting other decisions prepared and taken by the City Hall. Politicians who want to be close to their voters and know their views try to use this form as much as possible, or even constantly using modern techniques of communication. However, this is always the problem of the time and money needed to implement the consultation procedure.

The authorities' consultation with citizens is one of the changes in city management that have taken place in recent years. The path of city management has changed in recent years, essentially going the way described as a new form of government called governance. The latter means mainly the citizens' participation in the procedures of city development management, especially in city answers for the biggest challenges, particularly in a period when a plan or other decisions are being created.

The main difference between government and governance comes down to the relationship between the city officials and citizens. In the form of government, citizens carry out official orders while in the governance citizens participate in decision making processes.

Thus, the local authority now feels more accountable to the community, whose adult representatives vote in the local authority elections, for its decisions. Earlier, local power was responsible to the higher level of authorities. The change is the result of the transformation that a local authority is not the lowest level of the state power but an independent local government responsible for the results of their work in the area of its power in front of people living in

the area. In other words, governance means an accountability to local voters (citizens).

In this new approach to city management, former important principles of the cooperation of each power, which must comply with the procedures and rules of law, are still important and used. However, in the new form of power it means also the effectiveness of the results achieved, in a transparent and open action. Similarly, as every power is expected to be impartial and professional, in the new approach this is extended to include new methods of cooperating with the local community.

Public consultations should be a permanent form of cooperation between the local authority and the public in a new form of exercising the power. Historically, the primary form of communication between the local authorities and the citizens was a transmission of information. This feature has not lost its importance, however, it has been transformed into a consultation, which means a two-way exchange of information and ideas. It is about a reciprocal transmission, by both parties, with full information and conditions regarding the decisions and all mutual expectations.

As mentioned above, the new approach to city management consumes more time and resources than traditional management. On the other hand, it involves residents in the decision-making processes of why the whole management process began to be much more open and ultimately effective. Especially, if we take as a criterion of effectiveness of governance a measure of citizen satisfaction – the effectiveness of not only economic efficiency. It is, in fact, a socialization process of urban management as well.

If as a result of these consultations, the creation of the final version of the document or decision, demands and suggestions of both parties have been used, we can discuss the mutual understanding, compromise and ultimately the co-decision of society and power.

## 5.6. The pre-consultation case from Olsztyn

Public consultations are therefore to achieve a situation where the exchange of ideas and opinions will take place, and then applications from it will be used to reformulate the project proposals prepared by the officials. Public consultations are held by various techniques, among which the most important are, however, the active contact with the locals during which they express their opinions.

To obtain the citizens' opinion, the local authority should involve them in the whole decision-making process and it requires their real participation. In order to make a process effective it must be properly organized, stable, supported by specific techniques and procedures of cooperation. Otherwise, the effort taken by both parts of the procedure will be wasted.

Of course, in the era of the internet accessible to all, using the existing opportunities and techniques is fully recommended, however, it should be complementary to the action of meetings with residents. Personal meetings are also the opportunities to educate the public, in terms of the decision-making process, its conditions, legal and technical issues such as the location of a particular investment, financial or others which may be unknown by locals. Thanks to this every consultation, this process becomes more complete and the results of it are more understandable for all. An example of the inclusion of the educational function of the consultation process is the pre-consulting process for social development the Dragoon Barracks Area in Olsztyn.

Due to the complexity of the issue and the objective pursued, the choice of tools and techniques of consultation was also very diverse. A variety of forms, active and passive, were used to inform and educate the Olsztyn society.

In the City of Olsztyn an interdisciplinary team was created by the city President, delegated to work on the project consultation Dragoons Barracks Area. The first team meeting was designed to collect and systematize the information on the Barracks Area (history, issues, etc.). The team worked on developing a model that fell outside the broader issue of obliged consultation. It developed a formula "pre-consult activities" which, apart from the typical activities as consultative ways, contained in it a broad education mission, associated with the development and revitalization of the city, and above all, of the old Barracks Dragoons Area. The uniqueness of the place was shown off and they sought an equally unusual but practical way to use that space.

Completed were three open meetings in which some presentations were prepared by the team. They contained information on the Barracks Area, good revitalization practices from Poland and abroad, the history of the place and the means of communication between people. Cases were also presented of other specific places around the world that were transferred into uniqueness areas.

Meetings led by known world-renowned experts and after them there was always a time for joint discussions. As additional invitations to the meetings were always sent to industry and specialized professional organizations of experts, such as the association of architects, the Olsztyn fan association, the urban planner chamber, etc., these discussions were rather meant as brainstorming meetings.

Apart from these activities there were introduced and constantly updated topics on the Dragoons Barracks Area on the special website of public consultation.

The realisation of a pre-consulting process allowed for the achievement of the aims which had been stated – an extensive educational campaign to motivate different groups of people (adults, students, teenagers) to work together and engage in a dialogue and introduce the issue of sustainable development and environmental conditions of the area by experts from various fields of revitalization and city development was completed, including those outside of Olsztyn.

In particular, these successes of the process can be considered:

- revitalization issues were brought closer to citizens;
- good practices of the revitalization project were presented to the public;
- locals were informed and educated;

The Olsztyn society was encouraged to discuss the possibilities of the future of the Dragoons Barracks Area:

- professionals from leading universities and institutions in Poland and abroad invited to discuss the subject presented creative visions not burdened with local habits and customs;
- communication barriers between the officials and residents were mainly overcome;
- the pre-consulting process enabled residents and non-residents to meet this historic and picturesque area located in the city centre;
- it also enabled the collection of materials for the next steps – preparation of the project and further proceedings.

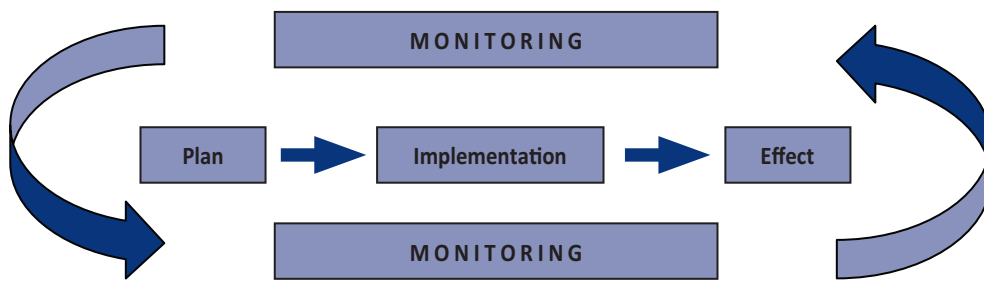
Thus in general, we can say that the case of the Dragoons Barracks Area in Olsztyn was a successful procedure in the social sphere, the extensive project made by the City Hall of Olsztyn, or rather by a few enthusiasts among its employees, the effects of which were finally ignored by local politicians. But the effects of this truly participatory process are collected and available in internet and can be used when the city hall decides to do the next step in this field.

## 5.7. Monitoring of the urban crisis areas in the regeneration process

Monitoring is the process of systematically collecting and analysing quantitative and qualitative data of specific aspects of an implemented project (Fig. 5.2). Monitoring is an internal mechanism for the management of every project, and it is also a tool to implement each of the stages of a developing project.

Monitoring as the process of collecting data and configuration can function as an excellent manner of control and be a part of the control process. The data collected during the monitoring, is the basis of the material for the implementation of the evaluation studies.

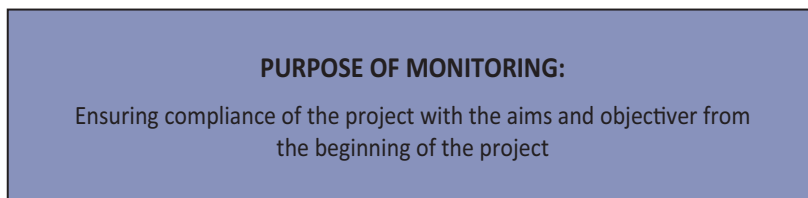
Figure 5.1. Monitoring of the management process



Source: own.

The purpose of monitoring is to ensure the compliance of a project with the aims and objectives accepted in the project documents. The monitoring of the implementation of the tasks for the effectiveness of the monitoring process should be carried out at every stage of their implementation.

Figure 5.2. Purpose of monitoring



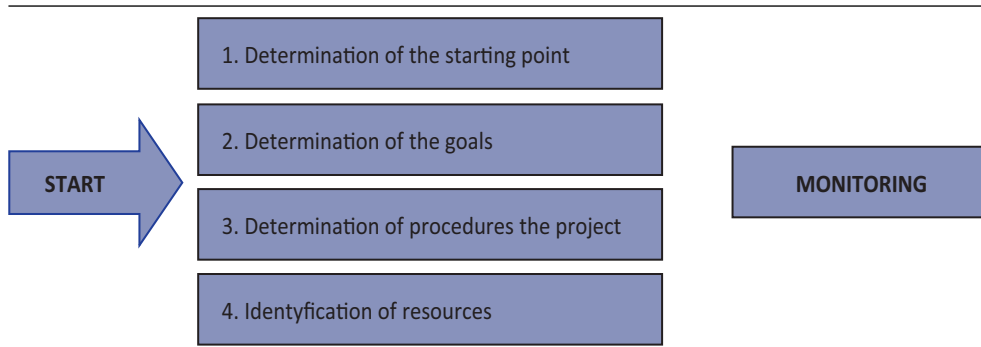
Source: Own.

According to the Regulations of the Council of the European Union and the European Commission's guidelines<sup>30</sup>, both the monitoring and evaluation are integral parts of the management process for implementing the use of EU funds (that is, among other things, the sources of funding regeneration projects). The monitoring system is the primary source of obtaining primary data necessary to carry out the evaluation process.

<sup>30</sup> [http://ec.europa.eu/regional\\_policy/sources/docoffic/cocof/2006/cocof\\_06\\_0010\\_00\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/cocof/2006/cocof_06_0010_00_en.pdf)

Achieving the planned effect of a project in the monitoring process, requires, first of all, the correct questions during the initial phase of the project, and then to obtain a precise answer for them. In other words, we need to ask ourselves what we want to achieve (what problem we wish to solve, and determine how to accomplish this task, in the context of specific conditions and resources (Fig. 5.3).

Figure 5.3. Monitoring – key areas of the initial phase



Source: Own elaboration

*Determination of the starting point* – you must define a complex environment to be studied to further the phenomenon.

*Determination of the main and secondary partial goals* – you should formulate all overall long-term goals and the so-called auxiliary purposes of the project, e.g. by applying the commonly used method of SMART.

*Determination of a procedure inside the project* – you ought to describe the various stages of the process necessary to achieve the objective.

*Identification of resources* – you need to have a clear evidence of resources already available and allocated to the project.

The project monitoring system consists of:

- Strictly defined “found” indicators (quantified data of a problematic area, secondary statistical data);
- Information and quantitative data collected during the project (which should also be quantified by a pre-approved system);
- Indicators set as a goal of the project
- Contextual indicators (defined at the first stage and adopted as a comparative basis for assessing the degree of implementation of the goals).



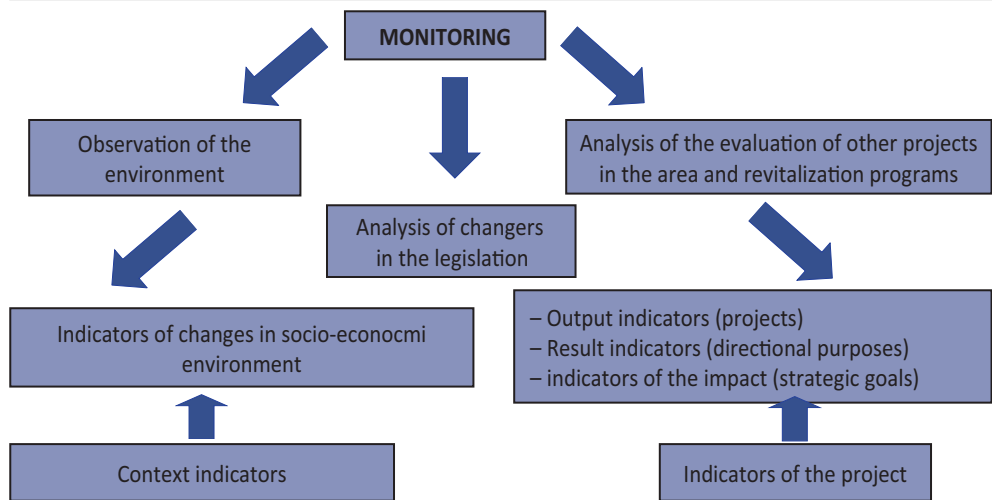
Due to their functions, monitoring indicators are divided into:

- Input indicators (in put) – indicators of involved resources,
- Output indicators (out put) – indicators of physical effects,
- Outcome indicators (come out) – indicators of functional effects,
- Impact indicators (in come) – indicators measuring qualitative changes which are results of the actions undertaken in the project.

To make the process of monitoring effective in the entire area, and to use it in the intervention policies, it should be based on research and observations related to the changing environmental conditions, immediate and remote (Fig. 5.4). In particular, the attention in a monitoring process should be paid to:

- Changes of the external environment;
- Recommendations arising from the evaluation studies of previous projects or programmes.
- The changes in determinants and regulations of legislation.

Figure 5.4. The monitoring mechanism, including the accompanying actions



Source: Own elaboration.

### ***Schematic revitalization of a project monitoring procedure***

1. Definition of the problems occurring in the problematic area and an attempt to quantify them.
  - 1.1. Describing the current socio – economic-spatial and the legal situation (including ownership).

- 1.2. Assigning a value to individual negative phenomena in the area on the basis of statistical data (degradation of the area and buildings, poverty, security, unemployment, unexploited places, environmental degradation).
- 1.3. Quantification of the main goals of the project.
2. Determination of: what kind of information is collected, how to collect it, the frequency and source of collecting. Selection of appropriate measures.
  - 2.1. The diagnosis and the ability to quantify the situation in the revitalized area allows the definition and the limit of the sources of the necessary information to conduct the monitoring activities (e.g. if the unemployed is rated at 30% of the inhabitants within the area – changes in the area of unemployment are monitored).
  - 2.2. The size of the project, a planned period of implementation and specificity of the project allow the determination of the frequency of data collection (e.g. in a year-long project, data is collected quarterly, in projects with longer perspectives – once a year or every few years).
  - 2.3. Basic data, necessary for monitoring, are included in the project itself (e.g., the number of people who have been employed, cubic metres of renovated building, etc.). Complementary data are collected and held by public institutions (Statistical Offices, State Office of Social Security, MOPS, etc.)
3. Comparison of collected and quantified data with accepted quantified partial goals (short-term), and finally, after the implementation of the project, with the main goals.
  - 3.1. Comparison of the contribution (we examine the effectiveness – expenditure/effort to effect).
  - 3.2. Comparison of the products (quantitative and qualitative measures – number, length, cubic metres or square metres, etc.).
  - 3.3. Comparison of the results of GOALS (define what has changed in the revitalized area, e.g. a number of people who have received a job, a number of people who retrieved themselves from homelessness, etc.).
  - 3.4. Comparison of the impact of GOALS (we examine the external effectiveness, the so-called effects of synergy).
4. Constant observation of the environment, legal verification, the analysing of the evaluation of the program for the deprived area and the other projects in the area.

## 5.8. Conclusions

The implementation of every regeneration project requires a decision by a city council concerning the Spatial Development Plan in which the project must be included. When it is approved, a City Hall can manage and supervise the project in a different way. There are expected concrete results of the projects not its concrete structure that can be built according to the City Hall's possibilities.

It is more comfortable for the local authority to have a choice of companies accepted earlier by the regional (land) government as these are the ones which can provide these projects. Unfortunately in Poland such a list and such specialized companies have not existed yet.

A very important element of the procedure of implementation of any project is consultation and pre-consultation. In the era of the internet, accessible to all, using the existing opportunities and techniques is fully recommended, however, it should be complementary to the action of meetings with residents. Personal meetings are also the opportunities to educate the public, in terms of the decision-making process, its conditions, legal and technical issues such as the location of a particular investment, financial or others which may be unknown by locals. Thanks to this every consultation process becomes more complete and the results of it are more understandable for all.

To investigate the progress of project implementation and the verification of executed different revitalization actions in the project realized in deprived area, monitoring is essential. A monitoring process can only be expressed when it concerns concrete and individual projects. It consists of the quantified data, namely:

- pre-accepted indicators (context),
- indicators (ratios) obtained in the monitoring process of the project (quantity, products),
- the goal indicators (result, impact).

Indicators obtained from the monitoring of a project are complemented by other external indicators: environmental, legal, quantified information from the evaluations of the revitalization programme in the regenerated area and the information derived from the evaluation of other revitalization projects implemented within the same deprived area.

## Chapter 6

# Conventional sources of financing revitalization

### 6.1. Introduction

The aim of this chapter is to discuss revitalization efforts of cities with outlining the most common sources of financing – municipal budgets. In essence, many cities intend to revitalize their deprived areas to satisfy increasing housing needs, however, finding adequate financial resources could be challenging.

The worldwide overpopulation has led many city officials to reconsider a spatial planning in a way to find additional areas to be settled. As a consequence, cities opted for revitalization of available areas (brownfield) or adapting unused areas (greenfield). In general, the latter option usually is more expensive as it incurs financial resources required to build real estates from the scratch. In essence, a brownfield revitalization focuses on reviving existing estates, e.g. abandoned factories or polluted areas. Brockton Brightfield in Brockton, Massachusetts may be a good example of how a brownfield area was turned into one of the largest solar power plants.

One of the most important constraints in revitalization is insufficient financing. It is necessary to learn how city revenues are generated. In particular, this means being acquainted with acts that are relevant for cities and budgetary rules. In addition, transfers from state to local governments may strongly support revitalization efforts.

The case of revitalization in the City of Warsaw has been presented in this part of the monograph. First, the budget and its revitalization components have been considered. In addition, readers will find the detailed information on the category of revitalization projects used in Warsaw with corresponding expenditures.

After reading this module it will be possible to diagnose city financial resources needed to revitalize deprived areas and to relate these resources with budgets.

## 6.2. Financing revitalization from local governments in Poland

The principal financing of revitalization comes from local government budgets. In essence, a local government budgeting is a projection of annual revenues and expenditures including related administrative units. Each city has to balance its projected expenditures with projected revenues. A city's revenues stem from:

- property tax,
- motor vehicle in-lieu tax,
- sales tax,
- utility users tax,
- permits and licenses,
- communication fees
- issuance of securities,
- credits and loans
- EU funds.

On the other side, cities have their own needs that are financed by revenues, i.e.:

- public safety services (police, fire),
- public works,
- community development,
- parks & recreations,
- product grants,
- earmarked grants,
- grant-in-aid,
- employment,
- debt repayment.

Some of the city's revenues are used for compensating an urban blight and revitalization efforts as housing renovation or improvement to be less carbon intensive.

A local government is obliged to complete both its own assignments and state government ones. As of details to be included in the budget, they were regulated in the article 184 of the Act on Public Finances. As a consequence,

revenues and expenditures should be categorized as current items and real estate. Budgets should also include projected investment programs. In particular, expenditures on programs shall reach out for two consecutive years. Plans of budget revenues and expenditures of organizations and administration units have also to be included.

There are some rules that local governments have to meet. Every government has to adopt *structurally balanced budget*. This means that ongoing revenues shall balance or exceed operating expenditures. If any imbalance occurs then a plan to balance a budget need to be implemented. In case of a deficit, governments have to define sources of coverage while in case of surplus a destination. The *unity rule* which applies to local governments assumes that overall revenues are expended on overall expenditures. This means that individual items in revenues and expenditures do not have to match. It is important to note that only overall revenues have to match to overall expenditures.

The Polish Parliament obligates competent authorities to set local governments' budgets based on two acts: (1) on local government<sup>31</sup>, and (2) on the public finances<sup>32</sup>. These two acts play a two-fold role in local economies. First, a cooperation among different departments of a local government is required. Second, the content of financial budget has to be agreed upon. As a consequence, these obligations are transferred to local councils which have to close budgets on the last day of December. In addition, local councils may make any amendments to budgets throughout the year. Local councils make budget decisions based on adopted strategy, spatial planning or investment priorities. They also have to take into account regulations of the Minister of Finance, in particular those related to revenues and expenditures made abroad<sup>33</sup>. ALG assumes a self-taxation of citizens as a source of additional revenues for local governments. However the self-taxation may be only imposed as the result of the referendum in favour. The direct responsibility for local budgets rests on borough leaders (Article 60 of the ALG) who submit budget proposals as regulations. The regional clearing chambers supervise finances of local governments.

---

<sup>31</sup> Act of 8 March 1990 on the Local Government (ALG), article 18.

<sup>32</sup> Act of 30 June 2005 on the Public Finances (APF), article 182.

<sup>33</sup> Some expenditures were regulated by other acts: Act of 23 July 2003 on grants for the maintenance and restoration of protected monuments, Act of 18 January 1996 on physical culture including grants on physical activities and Act of 24 April 2003 on public benefit and volunteer work.

Currently, the revitalization projects in Poland may be financed from the following sources (Jessica Evaluation Study in Mazowieckie Voivodship, p. 22):

- Own resources of Local Self-Government Units
- Resources of private investors
- Commercial bank credits
- Grants and loans from Voivodship Fund for Environmental Protection and Water Management

In addition, there are some institutions that may allocate funds for revitalization, e.g. the Voivodship Fund for Environmental Protection and Water Management (WFOŚiGW) that offers loans, grants and subsidies for environmental projects.

### 6.3. Revitalization in Warsaw

The Revitalization Resolution for Warsaw was agreed on 8 May 2008. As a consequence, the Local Revitalization Program has been launched with the objective to revitalize blighted areas in 2005-2013. This is the main document which regulates the revitalization process in Warsaw however it was the second one adopted by the Council of Warsaw after the Simplified Local Revitalization Program (SLRP) for Warsaw for 2005-2013. The latter program does not have the execution power as it only outlines the revitalization strategy for Warsaw. The resolution assumed that the revitalization projects would be mainly financed from the City budget. In the framework of the SLRP, overall 23 projects were financed worth of 53 million PLN with the multiplier 5:1 (City financing to beneficiary)<sup>34</sup>. According to the budget classification, the revitalization projects targeted these activities:

- Transport and communication (600), mainly communal public roads,
- Housing economy (700), mainly:
  - various units of housing economy services,
  - land and real estate management,
- Education (801):
  - primary schools,
  - gymnasias,
  - general education secondary schools,

<sup>34</sup> Grochowski M., Dudek-Mańkowska S., Jadach-Sepiolo A., Zegar T. (2012), *Ewaluacja postępów w realizacji Lokalnego Programu Rewitalizacji na lata 2005-2013*, Raport wykonany na zlecenie Biura Polityki Lokalowej Urzędu Miasta Stołecznego Warszawy, p. 33.

- Welfare (852):
  - support centres,
  - welfare centres,
  - Educational social services (854), mainly extra-school education centres,
- Communal economy and environmental protection (900)
  - landscape maintenance in towns and communes,
  - protection of atmospheric air and climate,
  - environmental Protection and Water Economy Fund,
- Culture and protection of national heritage (921)
  - libraries,
  - museums,
  - culture homes and centres, day rooms and clubs,
  - protection and preservation of historical monuments,
  - physical education and sports (926), mainly sports facilities.

These activities exhibit that revitalization expenditures in Warsaw were widely dispersed ranging from public roads to sport facilities. This proves that municipalities made up their decision strictly according to local needs. However, it is worth noting that the bulk of revitalization projects fell into three major categories as of 2010:

- Housing economy (700) – 7,3 million PLN
- Culture and protection of national heritage (921) – 2,9 million PLN
- Transport and communication (600) – 2,8 million PLN

Below in the Table 6.1 we present the budget of the city of Warsaw in which all these three categories are included.

**Table 6.1. Revenue and expenditure of the capital city of Warsaw budget by division**

**1.3. REVENUE AND EXPENDITURE OF THE CAPITAL CITY OF WARSAW BUDGET BY DIVISION**

SPECIFICATION		Revenue		Expenditure	
		in thous. zł	in percent	in thous. zł	in percent
TOTAL	2011	11 268 509,5	100,0	12 268 789,2	100,0
	2012	11 941 031,1	100,0	12 612 689,3	100,0
of which:					
Electricity, gas and water supply	2011	3,4	0,0	3 594,0	0,0
	2012	24,1	0,0	2 745,6	0,0
Transport and communication	2011	1 683 811,7	14,9	4 035 999,8	32,9
	2012	2 172 306,6	18,2	4 465 397,6	35,4



Tourism	2011	105,3	0,0	5 386,5	0,0
	2012	26,9	0,0	5 340,9	0,0
Dwelling economy	2011	1 701 350,0	15,1	1 325 970,6	10,8
	2012	1 803 043,9	15,1	1 275 912,4	10,1
Service activity	2011	18 898,4	0,2	49 507,2	0,4
	2012	15 222,2	0,1	48 575,8	0,4
Public administration	2011	40 170,1	0,4	824 912,0	6,7
	2012	41 360,0	0,3	890 413,3	7,1
Public safety and fire care	2011	86 112,6	0,8	253 715,4	2,1
	2012	97 466,3	0,8	247 512,4	2,0
Income taxes from legal persons, natural persons and other organizational units without legal personality and expenses associated with their intake	2011	5 693 168,5	50,5	2 825,7	0,0
	2012	5 680 728,8	47,6	-	-
Public debt servicing	2011	-	-	319 664,8	2,6
	2012	-	-	353 369,5	2,8
Miscellaneous settlements	2011	1 439 615,9	12,8	918 290,6	7,5
	2012	1 527 755,0	12,8	830 242,5	6,6
Education	2011	70 256,3	0,6	2 259 244,6	18,4
	2012	87 122,5	0,7	2 380 046,5	18,9
Higher education	2011	-	-	1 827,5	0,0
	2012	-	-	1 548,3	0,0
Health care	2011	49 421,0	0,4	261 806,3	2,1
	2012	30 432,3	0,3	190 999,7	1,5
Social assistance	2011	280 119,8	2,5	648 445,9	5,3
	2012	287 846,5	2,4	677 670,3	5,4
Other tasks in sphere of social policy	2011	32 892,5	0,3	101 513,5	0,8
<i>Educational care</i>	2011	8 677,5	0,1	282 524,4	2,3
	2012	8 339,2	0,1	297 795,7	2,4
Municipal economy and environmental protection	2011	100 857,4	0,9	270 266,2	2,2
	2012	59 079,1	0,5	279 065,0	2,2
<i>Culture and national heritage</i>	2011	10 720,5	0,1	461 167,3	3,8
	2012	42 007,1	0,4	382 986,9	3,0
Botanical and zoological					
<i>gardens and nature protected objects</i>	2011	12 436,3	0,1	36 782,0	0,3
	2012	14 414,5	0,1	38 623,1	0,3
<i>Physical education</i>	2011	36 897,0	0,3	192 821,2	1,6
	2012	28 666,1	0,2	120 924,9	1,0

## 1.4. EXPENDITURE OF THE CAPITAL CITY OF WARSAW BUDGET IN SELECTED DIVISIONS

Specification		In thous. zł	In percent
<i>EDUCATION</i>			
<b>TOTAL</b>	<b>2011</b>	<b>2 259 244,6</b>	<b>100,0</b>
	<b>2012</b>	<b>2 380 046,5</b>	<b>100,0</b>
of which:			
<i>Primary schools<sup>a</sup></i>	2011	659 786,3	29,2
	2012	705 661,2	29,6
<i>Nursery schools</i>	2011	522 921,4	23,1
	2012	548 599,3	23,0
<i>Lower secondary schools<sup>a</sup></i>	2011	346 969,3	15,4
	2012	356 923,7	15,0
<i>General secondary schools</i>	2011	310 052,8	13,7
	2012	317 134,3	13,3
<i>Vocational schools<sup>a</sup></i>	2011	180 936,4	8,0
	2012	200 088,4	8,4
<i>HEALTH CARE</i>			
<b>TOTAL</b>	<b>2011</b>	<b>261 806,3</b>	<b>100,0</b>
	<b>2012</b>	<b>190 999,7</b>	<b>100,0</b>
of which:			
<i>General hospitals</i>	2011	143 225,6	54,7
	2012	85 809,0	44,9
<i>Out-patient health</i>	2011	18 765,0	7,2
	2012	12 154,1	6,4
<i>Counteraction to alcoholism</i>	2011	40 122,4	15,3
	2012	38 180,4	20,0
<i>MUNICIPAL ECONOMY AND ENVIRONMENTAL PROTECTION</i>			
<b>TOTAL</b>	<b>2011</b>	<b>270 266,2</b>	<b>100,0</b>
	<b>2012</b>	<b>279 065,0</b>	<b>100,0</b>
of which:			
<i>Sewage management and water protection</i>	2011	60 933,2	22,5
	2012	67 087,9	24,0
<i>Municipal waste management</i>	2011	33 307,5	12,3
	2012	36 101,6	12,9
<i>Maintenance of green areas</i>	2011	29 951,9	11,1
	2012	27 023,1	9,7
<i>Lighting of streets, squares and roads</i>	2011	66 040,6	24,4
	2012	75 960,1	27,2

<sup>a</sup> Including special.

Source: Revenue and expenditure of the Capital City of Warsaw budget, Central Statistical Office, <http://warszawa.stat.gov.pl>, 24.11.2013.

It is evident that the revitalization projects in Warsaw focus mainly on housing, culture and national heritage and transport and communication. The expenditures for these projects consume around half of the total city's expenditures.

## 6.4. Revenues of local governments in Poland

Revenues of local governments may stem from different sources in Poland based on the administrative division levels. They were regulated in the act on revenues of self-governing units (SGU)<sup>35</sup> with respect to three division levels that are in force in Poland since 1999: (1) Voivodship (Local State), (2) County (Powiat) and (3) Municipality or Commune (Gmina). The Act of Revenues of SGU proposes two categories of revenues: (1) revenues for all division levels, (2) revenues specific to each division levels.

Local governments use three main categories for revenues according to the Act on SGU<sup>36</sup>:

1. Own revenues.
2. General purpose grant
3. Specific grant from the state budget

In general, local revenues come from local taxes, fees for services and revenues from properties (dividends, rents, sales of real estate etc.). These items fall into two categories of revenues:

1. Own revenues, and
2. Revenues from properties.

Own revenues will have to be delivered to local governments in a total transfer and be disposed without time limits. Only when these conditions are met they are categorized as revenues. Local governments may also increase the local economy by supporting local entrepreneurship efforts. These efforts bring more benefits to local economy than purely cash inflows as they give employment and contribute to the overall increase of local economies. In addition, with growing local economy authorities gain a mandate for election. It is worth noting that local governments in Poland have a right to influence their revenues by exempting/increasing a taxation base or imposing fees for specific services. See the below table for details.

<sup>35</sup> Act of 13 November 2003 on Revenues of Self-Governing Units.

<sup>36</sup> Swianiewicz P. (2011), *Finanse samorządowe. Koncepcje, realizacja, polityki lokalne*, Municipium S.A., p. 31.

**Table 6.2. Own revenues of communes, counties, voivodships**

<b>COMMUNE</b>	<b>COUNTY</b>	<b>VOIVODSHIP</b>
<b>Revenues from taxes and fees based on related acts</b>	<b>Revenues from fees based on related acts</b>	<b>Revenues from fees based on related acts</b>
39,34%* stakes in revenues from personal income tax of commune inhabitants	10,25% stakes in revenues from personal income tax of county inhabitants	1,60% stakes in revenues from personal income tax of voivodship inhabitants
6,71% stakes in income taxes from corporates and businesses without legal entity headquartered in the commune	1,40% stakes in income taxes from corporates and businesses without legal entity headquartered in the county	14% stakes in income taxes from corporates and businesses without legal entity headquartered in the voivodship
5,0% revenues from the state budget to complete the state's assignments and other assignments enforced by the acts unless overridden by resolutions	5,0% revenues from the state budget to complete the state's assignments and other assignments enforced by the acts unless overridden by resolutions	5,0% revenues from the state budget to complete the state's assignments and other assignments enforced by the acts unless overridden by resolutions
Revenues from budgetary communal units and receipts from budgetary companies headquartered in the commune	Revenues from budgetary county units and receipts from budgetary companies headquartered in the county	Revenues from budgetary voivodship units and receipts from budgetary companies headquartered in the voivodship
Revenues from communal properties	Revenues from county properties	Revenues from voivodship properties
Interest from communal cash reserves on bank accounts	Interest from county cash reserves on bank accounts	Interest from voivodship cash reserves on bank accounts
Inheritances, endowments, donations	Inheritances, endowments, donations	Inheritances, endowments, donations
Interests on granted loans by the commune	Interests on granted loans by the county	Interests on granted loans by the voivodship
Interest on overdue receivables that may be categorized as communal revenues	Interest on overdue receivables that may be categorized as county revenues	Interest on overdue receivables that may be categorized as voivodship revenues
Specific grants from other self-governing units	Specific grants from other self-governing units	Specific grants from other self-governing units
Revenues from penalties and fines regulated by acts	Revenues from penalties and fines regulated by acts	Revenues from penalties and fines regulated by acts
Other revenues to commune on the basis of the related acts	Other revenues to county on the basis of the related acts	Other revenues to voivodship on the basis of the related acts

\* Note: The stake of communes in the revenues from personal income tax shall be decreased by percentage points calculated as 3,81 percentage point multiplied by the indicator calculated for the country. This indicator is calculated as the number of social service residents registered before January 1, 2004 taking as the basis headcount from January, 30 divided by the number of residents registered before January 1, 2004 as of the December 31, 2003 (author's translation).

Source: Jastrzębska M. (2012), *Finanse jednostek samorządu terytorialnego*, Wolters Kluwer, pp. 111-112.

There are two types of transfers that local governments receive as their revenues:

1. General purpose grant.
2. Specific grant.

A *general purpose grant* is a transfer that has a general purpose and local authorities make decisions on the spending goals. However the SGU act discerns the following spending purposes: educational and compensative for all division levels. *Specific grants* (or alternatively conditional grants or earmarked grants) have defined goals on which financial resources should be transferred to. These goals must not be changed without a prior consent of the benefactor. As an example, the state budget transfers specific grants for maintaining fire brigades and inspection centres, supporting cultural events, etc.

Other sources of revenues for local government are transfers from the state government and other local governments. In addition, debt financing may be a supplementary source of revenues. Local governments may take loans, credits or issue municipal bonds to increase their budgets. In Polish terminology they are categorized as other revenues of governments and their role rests on balancing a deficit.

Scandinavian countries exhibit the highest stake of local revenues in relation to GDP: local government revenues in 2010 in Denmark accounted for 37.3% out of overall revenues, in Sweden 25.8%, and in Finland 22.2%. On the contrary, in Holland they equalled 16.5%, in Italy: 15.3% or in Great Britain: 14.0% which means that a low proportion of budgetary revenues are transferred to local governments. In consequence, state governments play a central role in these countries. In Poland these transfers accounted for 13.8% which means that the governmental power is also centralized.

Let's take a look at budgetary practices in the United States. There are the following budgetary levels in the United States: federal state and states with counties (with townships in some states) and municipalities (with cities, towns, boroughs, and villages) (see Table 6.3). The combination of the state government units depends on the appropriate jurisdiction. In addition, local government units may extend beyond municipalities when they perform any special assignments as fire protection or school supervision. The Tenth Amendment to the US Constitution which was ratified on 15 December 1791 emphasizes the role of local governments in the following words: "*The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people*".

**Table 6.3. General and special purpose governments in US**

Total	General purpose governments					Special purpose governments		
	Total	County (1)	Subcounty governments			Total	Special districts	Independent school districts (2)
			Total	Municipal	Town or township			
90,056	38,910	3,031	35,879	19,519	16,360	51,146	38,266	12,880

(1) Excludes areas corresponding to counties but having no organized county governments.

(2) Excludes school districts operated by a state, county, municipal, or township government.

Source: U.S. Census Bureau, 2012 Census of Governments: Organization Component Estimates, <http://www.census.gov/govs/cog/>, 2 November 2014.

The revenues of local governments in US reflect the structure of the state government however they have been granted a lot of autonomy. As a consequence, there are fifty states which may have their own specific revenue systems. In addition, these systems may also vary within states thus only a concept of generating revenues may be outlined. Therefore major revenues of local governments come from the following sources:

- Intergovernmental revenue
  - General revenue from own sources
  - Taxes
- Charges and miscellaneous general revenue
- Utility revenue
- Liquor store revenue
- Insurance trust revenue

Local governments project their revenues on the basis of multiple parameters. Revenues may be derived from demographic data of residents and their needs. In addition, they may reflect business needs of municipalities or their desire to grow. All these parameters influence the local revenues and reflect local needs and challenges.

## 6.5. Conclusions

To finance a revitalization process one must start with a diagnosis of city revenue and expenditure statements. It is important to know budgetary rules and relevant acts that set the framework for the revitalization process. In this

context, city budgets play the most important role in the financing of revitalization process as they are the primary contributors to revitalization expenditures. In fact, only a tiny proportion of finances for revitalization projects comes from UE funds or sources other than city budgets. In addition, the primary role of the city rest on a preparation of revitalization projects and after then searching for finances.

Municipalities may have both diversified sources of revenues and expenditures that fit to a local society's needs. In addition, some revenues and their amounts (rates) are specific to the administration level. In Poland this relates to communes, counties and voivodships.

It is important to note that a vast amount of money is delivered to local governments through transfers. In general, two types of transfers are made on behalf of governments: general purpose grants and specific grants. The difference is in the purpose, i.e. the latter ones have to have a predefined purpose of spending.

As it turns out, financial needs for revitalization projects in cities seem to be insufficient. This is why city officials try to find any other sources.

## Chapter 7

# Emerging sources of financing revitalization

### 7.1. Introduction

The aim of this chapter is to exhibit the emerging sources of financing revitalization, in particular Public-Private Partnership and Joint European Support for Sustainable Investment in City Areas (JESSICA). In addition, we introduced a new category of bonds – green bonds – that are of a growing interest among environmentally aware investors.

These additional sources may substantially complement municipalities' financial resources to address revitalization needs.

The real challenge with revitalization is to find financial resources. Municipalities may use different sources to support revitalization processes. The primary source is a municipality budget. If revitalization expenses exceed budgetary limits then municipalities may recourse to market actors. This is a room for Public-Private Partnership that was addressed by the European Union with setting up the Joint European Support for Sustainable Investment in City Areas (JESSICA).

This module focuses on the two emerging and important sources of financing revitalization, i.e. Public-Private Partnership and JESSICA. Some projects may require financing beyond city budgets thus a cooperation with privately held companies could be an option. In fact, many cities recourse to this form of financing. In addition, JESSICA program may be used by municipalities. JESSICA may help in improvements of urban infrastructure, cultural sites, brownfield developments or energy efficiency to name a few.



After reading this module it will be possible to understand the principles behind Public-Private Partnership and Joint European Support for Sustainable Investment in City Areas (JESSICA) as the two substantial sources of additional financing of municipalities. In addition, green bonds were outlined as the emerging source of financing cities' budgets.

## 7.2. Public-Private Partnership (PPP)

Expenditures on public infrastructure have become inadequate to support societal and business needs. These needs were particularly necessary in Central and European Countries due to their underdevelopment and undercapitalization, thus almost all developing countries have engaged in the PPP projects since 1990. In particular, firms need efficient infrastructure to invest in the long-term. Many municipal budgets do not have enough cash surpluses to invest in the advanced infrastructure thus they begun to consider teaming up with private partners. In UK the stage for allowing private partners to participate in public projects was set in 1981 by Sir William Ryrle what became known as The Ryrle Rules. These rules have assumed that<sup>37</sup>:

(i) decisions to provide funds for investment should be taken under conditions of fair competition with private sector borrowers; any links with the rest of the public sector, Government guarantees or commitments, or monopoly power should not result in the schemes offering investors a degree of security significantly greater than that available on private sector projects;

(ii) such projects should yield benefits in terms of improved efficiency and profit from the additional investment commensurate with the cost of raising risk capital from financial markets.

Interestingly, that although these rules were formulated in 1981, the UK Government was reluctant to accept private partnership projects before 1989.

The long-term orientation of municipalities has led city planners to make necessary investments in improving public facilities as roads, public transportation, hospitals and schools among others. In the aftermath of the latest crisis of 2008-2009 many countries has implemented stimulus packages (e.g. 2009 American Recovery and Reinvestment Act) to improve public infrastructure. An inadequacy of financing has called municipalities for accessing the credit markets. In addition, local governments realized that some

<sup>37</sup> Grahame Allen, *The Private Finance Initiative (PFI)*, Research Paper 01/117, 18 December 2001.

tasks may be efficiently completed if transferred to the private sector. A typical cooperation between public and private partnership may be executed through concessions, where private partner becomes concessionaire. The concessionaire delivers services and/or products by its own equity, debt and management skills while public partner supervises the service and transfers payments for this service.

This thinking has led to privatization of some social, economic and public activities that prior to that pertain to the domain of governments. The European Commission defined PPP as *“a partnership between the public sector and the private sector for the purpose of delivering a project or a service traditionally provided by the public sector”*<sup>38</sup>. On the other hand, the US National Council for Public-Private Partnerships defines PPP as: *“A contractual agreement between a public agency (federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility”*.<sup>39</sup> There are a lot of advantages that PPP may bring.<sup>40</sup>

- Acceleration of infrastructure provision
- Faster implementation
- Reduced whole life costs
- Better risk allocation
- Better incentives to perform
- Improved quality of service
- Generation of additional revenues
- Enhanced public management

PPP may work under different schemes (see Table 7.1 for details). The choice of a scheme and proportion of public and private involvement should be structured in such a way that lead to a maximization of public value.

In a traditional scheme, public agencies sign up service contracts, e.g. procurement or maintenance of equipment. In the build-operate-transfer (BOT) scheme all activities are delegated to a private partner. These contracts are used by many governments and widely termed as “turnkey”. Another type of PPP encompasses an array of activities from design and building to finance and

<sup>38</sup> EC (2003) Guidelines for Successful Public – Private Partnerships, p. 16.

<sup>39</sup> The National Council for Public-Private Partnership, Testing tradition. Assessing the added value of Public-Private Partnership, 2012, <http://www.ncppp.org/resources/research-information/white-papers/>, 2 November 2014.

<sup>40</sup> Ibid., p. 15.

operating (DBFO) while a private partner operates under a concession. In general, concessions are granted for the long-term, i.e. 25 or more years. Because it is a long-lasting partnership, governments establish monitoring entities, e.g. special purpose vehicles (SPV). In particular cases governments may want to divest some assets either to local government or private partner.

**Table 7.1. Partnership options under consideration**

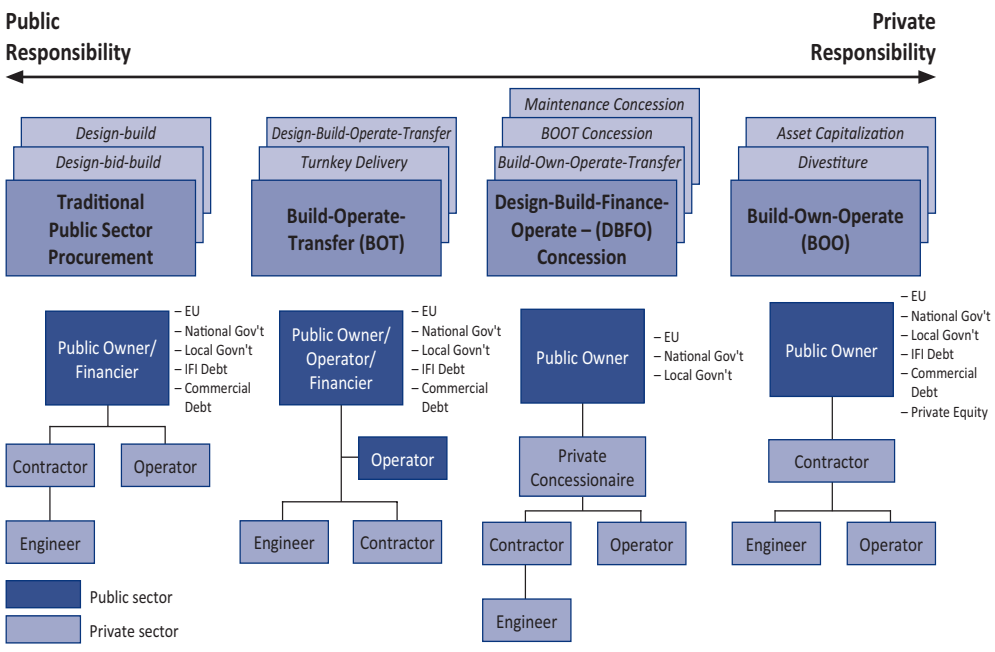
Partnership structure	Description
Traditional Procurement	<ul style="list-style-type: none"> <li>• The government owner contracts with a design engineer to develop the project design documents (drawings, quantity estimates and specifications).</li> <li>• The construction contractor is selected through a competitive tender, with the contract awarded to the lowest bidder. Ongoing operations and maintenance are managed and provided either directly by the public sector or by subcontractors.</li> </ul>
Design-build	<ul style="list-style-type: none"> <li>• Design and construction are bundled together and tendered as a whole.</li> <li>• Contracts are usually awarded based on lowest price, but “best value” evaluations are also possible.</li> <li>• The two key reasons to choose this approach over traditional procurement are to reduce capital costs through innovation in a competitive process, and to gain certainty by transferring design and construction cost risk from the public sector owner to the private partner. Similar to traditional procurement, post construction services are provided separately by the public sector.</li> </ul>
Design-build-operate-maintain	<ul style="list-style-type: none"> <li>• The private partner is responsible for designing, building, operating and maintaining the asset over a long period of time (such as 25+ years).</li> <li>• The motivation behind this type of partnership structure is to transfer the full life-cycle and operating cost risk of the asset to the private partner. The operations element needs to be of an appropriate scale to drive a real performance penalty regime because all construction funding is provided by the Authority in advance of operations.</li> </ul>
Design-build-finance-operate-maintain	<ul style="list-style-type: none"> <li>• Similar to a design-build-operate-maintain model, with the additional provision that the private partner finance all or part of the capital cost.</li> <li>• The repayment of the capital cost, financing costs and operating costs are rolled into a series of performance payments made by the public sector owner to the private partner over a long period of time.</li> <li>• Capital costs are not paid to the private partner when they are incurred but rather are financed and paid back over time, much like a lease payable based on performance.</li> <li>• Full life-cycle cost risk is borne by the private partner.</li> </ul>

Source: Partnering for value Structuring effective public-private partnerships for infrastructure, A Deloitte Research study, 2010, p. 19.

PPP in Poland operates under the framework of two legal acts: (1) on public-private partnership<sup>41</sup>, and (2) on concession for construction works and service<sup>42</sup>. PPP has become an important type of partnership in motorway constructions that were regulated by the a act on toll motorways and the National Road Fund<sup>43</sup>.

Different project procurement options exist in Public-Private Partnership (see Figure 7.1). In traditional partnership, a public owner exerts a majority ownership and take on leading role. The role of private sector is to execute assigned tasks. Typical projects under this partnership include energy or water supplies among others. On the other hand the Build-Own-Operate partnership projects have merged where the private sector yields the whole control (these projects undergo full privatisation process).

Figure 7.1. Project Procurement Options



Source: EC (2003) Guidelines for Successful Public – Private Partnerships, p. 18.

<sup>41</sup> Act of 19 December 2008 on public-private partnership.

<sup>42</sup> Act of 9 January 2009 on concession for construction works and service.

<sup>43</sup> Act of 27 October 1994 on toll motorways and the National Road Fund.

The Build-Own-Operate scheme is particularly used in financing greenfield projects (see Table 7.2)<sup>44</sup>. The private partner takes on the risk. However the political risk may be shared with the public partner. The difference between BOO and BOT schemes rely on the ownership structure where in the latter scheme the ownership is shared.

**Table 7.2. Characteristics of Main Types of PPPs and Index of Private Participation**

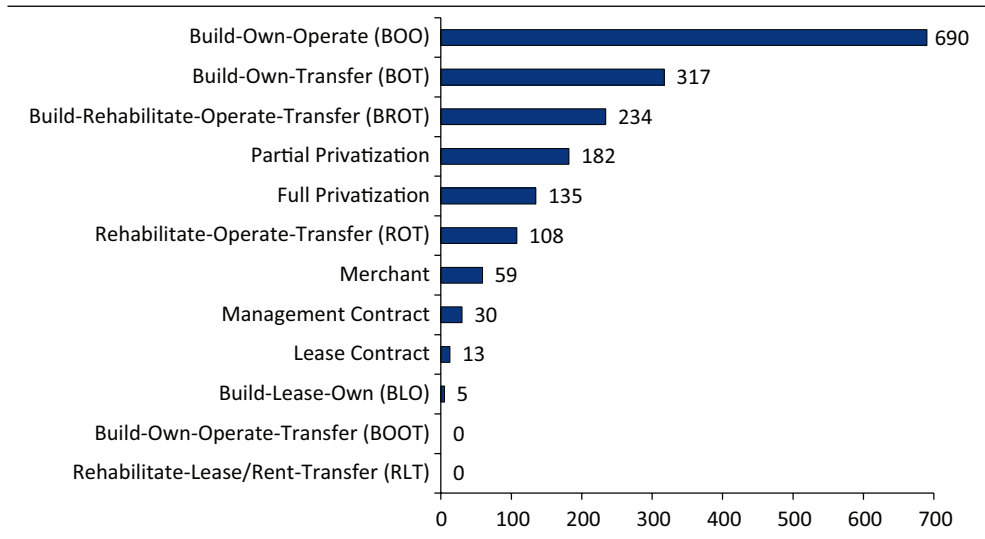
Index	Types of PPPs	Acronym	Mode of Entry	Operation and Maintenance	Investment	Ultimate Ownership	Market Risk	Duration (years)
1	Management contract		Contract	Private	Public	Public	Public	3-5
2	Leasing		Contract	Private	Public	Public	Semi-private	8-15
3	Rehabilitate, Operate and Transfer	ROT	Concession	Private	Private	Public	Semi-private	20-30
4	Rehabilitate, Lease/Rent and Transfer	RLRT	Concession	Private	Private	Public	More-private	20-30
5	Merchant		Greenfield	Private	Private	Public	More-private	20-30
6	Build, Rehabilitate, Operate and Transfer	BROT	Concession	Private	Private	Public	Private	20-30
7	Build, Own and Transfer	BOT	Greenfield	Private	Private	Semi-private	Private	20-30
8	Build, Own, Operate and Transfer	BOOT	Greenfield	Private	Private	Semi-private	Private	30+
9	Build, Lease and Own	BLO	Greenfield	Private	Private	Private	Private	30+
10	Build, Own and Operate	BOO	Greenfield	Private	Private	Private	Private	30+
11	Partial Privatization		Divesture	Private	Private	Private	Private	30+
12	Full Privatization		Divesture	Private	Private	Private	Private	Indefinite

Source: Hammami M., Ruhashyankiko J.-F., Yehoue E.B. (2006), "Determinants of Public-Private Partnerships in Infrastructure", IMF Working Paper No. 66/99, available at <http://www.imf.org/external/pubs/ft/wp/2006/wp0699.pdf>, p. 22, 2 November 2014.

According to the World Bank's Private Participation in Infrastructure database<sup>45</sup>, the vast majority of PPP contracts are signed under Build-Own-Operate (38.9%) where the ownership rests in hands of the public institution (see Fig. 7.2). The Build-Own-Transfer is the second most frequently used PPP scheme (17.9%).

<sup>44</sup> The findings refer to the World Bank's Private Participation in Infrastructure (PPI) database (see M. Hammami et al. (2006) for more details.

<sup>45</sup> Ibid.

**Figure 7.2. Number of Projects by Types of Contract**

Source: Hammami M., Ruhashyankiko J.-F., Yehoue E.B. (2006), "Determinants of Public-Private Partnerships in Infrastructure", IMF Working Paper No. 66/99, available at <http://www.imf.org/external/pubs/ft/wp/2006/wp0699.pdf>, p. 24, 2 November 2014.

### 7.3. Risk implications in PPP projects

Every PPP project is exposed to risk. There are some potential sources of risk that projects may face. Initially risk may appear during a development phase where modification to the design have to be considered. They may emerge from environmental issues or political concerns. Next, a construction risk may emerge due to the required project modifications and cost overrun. Cost overruns (e.g. geological problems) may threaten a feasibility of a project, even leading to a concession cancellation. Essentially, private partners bear these risks, even if the leading partner is a public institution. In PPP partnership some risk may stem from financing problems. This relates either to any adjustments resulting from slippages or interest rate changes that may impact project valuation negatively. In addition, projects may be jeopardized by inflation, political conflicts (e.g. leading party substitution), foreign exchange or embargoes. A foreign exchange risk may be particularly painful when a government demands an involvement of foreign parties. However, this type of risk is limited in Eurozone countries. Almost always these risks are borne by a private party. On the other side, the private party becomes incentivized to complete a project on time when bearing risk.

There is a risk in PPP projects that result from supply and maintenance problems (see Table 7.3). For example, it may occur that PPP was set up for sewage operations were given assets of a lower quality than expected. PPP projects are exposed to operations risk. This is the most fundamental risk and may result from unmet revenue streams or a quality of services/products provided. Therefore two factors are critical in assessing revenues: tariffs and utilisation levels. For example, PPP may misjudge revenue streams from tolls or quality of assets transferred for operations.

**Table 7.3. Typical Risk Transfer Scenario Under PPP Arrangements**

	Responsibility for Risk		Transferred?
	Public/DBB	PPP	
<b>Development Risks</b>			
Performance	Public	Private	X
Interface	Public	Private	X
Design Risks			
Scope	Public	Shared	X
Errors and Omissions	Public	Private	X
Interference/Coordination	Public	Private	X
Life Cycle	Public	Private	X
<b>Construction Risks</b>			
Performance	Private	Private	
Schedule	Public	Private	X
Cost Overruns	Public	Private	X
Changes in Scope	Public	Public	
Force Majeure	Shared	Shared	
<b>Financing Risks</b>			
Schedule Slippage Additions	Public	Private	X
Interest Rate Risk	Public	Private	X
<b>Vehicle Supply Risks</b>			
Supply/Performance Risk	Private	Private	
Financing Risks	Public	Private	X
Defects	Private	Private	
<b>Maintenance and Life Cycle Risks</b>			
Maintenance Level	Public	Private	X
Deferred Maint/Repair/Repl	Public	Shared	X
Defective Components	Private	Private	
Residual Value	Public	Shared	X
<b>Operations Risks</b>			
Revenue	Public	Shared	X
Service Level and Quality	Public	Shared	X

Source: *The National Council for Public-Private Partnership, Testing tradition. Assessing the added value of Public-Private Partnership*, 2012, p. 16, <http://www.ncppp.org/resources/research-information/white-papers/>, 2 November 2014.

As a general rule, risk in PPP projects should be managed by the most experienced party. Therefore, risk is managed by the private party in majority cases. Prudent investors analyse all types of risk underlying potential projects. In addition, investors should sense a public opinion on projects that may particularly deteriorate living conditions of residents. For example, when such projects are environmentally sensitive, then opponents may obstruct them.

#### **7.4. Joint European Support for Sustainable Investment in City Areas (JESSICA)**

The Member States of EU and the European Parliament insisted on launching financial instruments which would support a regeneration of urban areas. As a consequence, the European Union in its 2007-2013 cohesion policy has decided to launch J-instruments with the cooperation of international financial institutions. These instruments were:

- JESSICA – Joint European Support for Sustainable Investment in City Areas
- JASPERS – Joint Assistance to Support Projects in European Regions
- JEREMIE Joint European Resources for Micro to Medium Enterprises

The principal parties in executing this policy were EU Directorate General for Regional Policy and the European Investment Bank. JESSICA is a joint initiative of the European Commission (Directorate General for Regional Policy, DG Regio) and the European Investment Bank that intends to support investments in sustainable urban developments. JESSICA should encompass a broad perspective both in terms of concerning issues and administrative contexts. The concerning issues revolve around urban, social, economic and legal issues among others. The administrative context includes national, regional and city level.

The investments supported by JESSICA are coordinated by the Urban Development (UD) Funds and optionally by the Holding Funds and may take the form of equity, loans and/or guarantees. Although not required by EU, the Holding Fund may be helpful in implementing JESSICA by working out investment criteria, recommending and monitoring UDs and undertaking other monitoring activities. The European Investment Bank may take the UD role, if requested by a member country. The rules of application for JESSICA funds are similar to those of Structural Funds and their role is to support integrated and sustainable urban development plans. The word “*integration*” is crucial in this

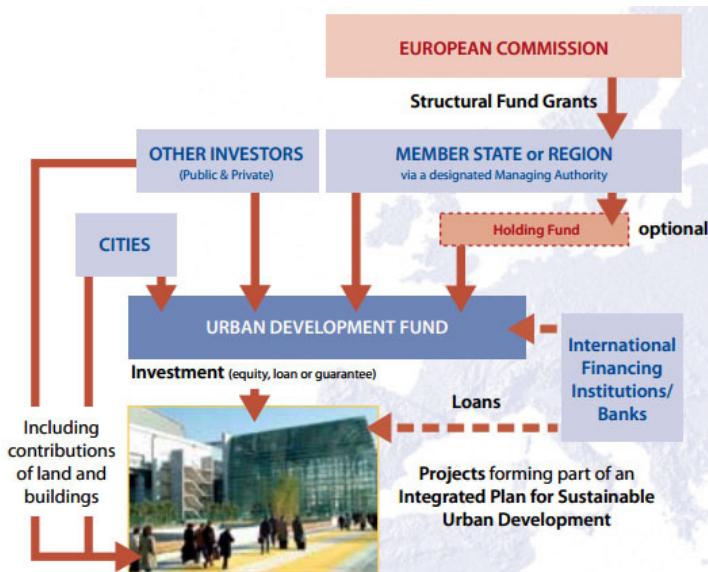


program as it emphasizes a cooperation of many local actors to bring about the synergy that otherwise would not be probably achieved. To satisfy the integration requirement, funds from other public and private sources may be combined to run larger projects. In particular, JESSICA funds may be used for the following projects (Source: JESSICA):

- urban infrastructure, including transport, water/wastewater, energy, etc.;
- heritage or cultural sites, for tourism or other sustainable uses;
- redevelopment of brownfield sites, including site clearance and decontamination;
- office space for SMEs, IT and/or R&D sectors;
- university buildings, including medical, biotech and other specialised facilities;
- energy efficiency improvements.

The core of JESSICA structure centers around the Urban Development Fund (UDF) or optionally the Holding Fund (HF) (see Fig. 7.3). The Holding Fund collects funds from the member states that are subsequently channeled into the Urban Development Fund. Then the UDF invests in public private partnerships and becomes a shareholder. In addition, the UDF may lend funds to PPPs and/or provide guarantees.

Figure 7.3. How are JESSICA funds channeled?



Source: JESSICA. A new way of using EU funding to promote sustainable investments and growth in urban areas, European Investment Bank, p. 3.

JESSICA mechanism has inaugurated a new way of using EU funds, i.e. repayable investments instead of grants. The projects have revolved around sustainable investment which meant constructing something as asset backed vehicle. In particular, the member states were encouraged to be involved in joint initiatives with private sector to work on urban projects. This was institutionalized under the public private partnership.

## 7.5. JESSICA in the Mazowieckie Voivodship

JESSICA funds were operationalized in the Mazowieckie Voivodship under the Regional Operational Programme for the Mazowieckie Voivodship for 2007-2013. In particular, the Priority Axis V “Strengthening the role of cities in the development of the region” applies directly with its measure 5.2 focusing on the revitalisation of degraded urban areas. In addition, two other axes strengthen JESSICA: Priority Axis IV “Environment, prevention of threats and energy” with its Measure 4.3 “Air protection, energy” and Priority Axis I “Creating conditions for development of innovation potential and entrepreneurship” with its Measure 1.6 “Supporting cooperative relations of cross-regional importance”. The fund allocations for each of these axes were as follows:

**Table 7.4. Priority Axis of Regional Operational Programme for the Mazowieckie Voivodship**

<b>PRIORITY AXIS V Strengthening the role of cities in the development of the region</b>		
Measure 5.2 Urban Revitalization	Contribution from EU funds	74 800 000
	Contribution from National public resources	13 200 000
	The anticipated volume of private resources	132 000 000
<b>TOTAL (PLN)</b>		<b>220 000 000</b>

Source: *Detailed Description of Priority Axis of Regional Operational Programme for the Mazowieckie Voivodship for the years 2007-2013*, Marshal’s Office, Warsaw 2010, p. 162.

**Table 7.5. Priority Axis of Regional Operational Programme for the Mazowieckie Voivodship**

<b>PRIORITY AXIS IV Environment, prevention of threats and energy</b>		
Measure 4.3 Air Protection, Energy	Contribution from EU funds	49 895 000
	Contribution from National public resources	8 805 000
	The anticipated volume of private resources	88 050 000
<b>TOTAL (PLN)</b>		<b>146 750 000</b>

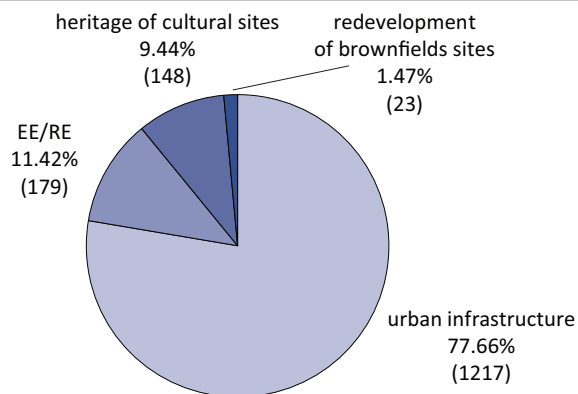
Source: *Detailed Description of Priority Axis of Regional Operational Programme for the Mazowieckie Voivodship for the years 2007-2013*, Marshal’s Office, Warsaw 2010, p. 141.

**Table 7.5. Priority Axis of Regional Operational Programme for the Mazowieckie Voivodship**

<b>PRIORITY AXIS I Creating condition for development of innovation potential and entrepreneurship</b>		
Measure 1.6 Supporting Cooperative Relations of Cross-Regional Importance	Contribution from EU funds	21 675 000
	Contribution from National public resources	3 825 000
	The anticipated volume of private resources	750 000
<b>TOTAL (PLN)</b>		<b>26 250 000</b>

Source: *Detailed Description of Priority Axis of Regional Operational Programme for the Mazowieckie Voivodship for the years 2007-2013*, Marshal's Office, Warsaw 2010, p. 78.

The vast majority of funds for local revitalization programmes were spent on improving urban infrastructure (77,62% of all projects). Around every tenth project was dedicated to the energy efficiency (EE) or renewable energy (RE) and heritage of cultural sites. Only a few projects were dedicated to the redevelopment of brownfields sites (1,5%).

**Figure 7.4. Types of projects**

Source: JESSICA Evaluation Study. Implementing JESSICA Instruments in Mazowieckie Voivodship, Poland, Inception Report, February 2011.

Projects are evaluated based on the five criteria: (1) Compliance of the project with Regional Operational Programme for Mazowieckie Voivodship, (2) Project implementation (expenditure of available funds) by 2015, (3) Ability of the project to generate revenues, (4) Inclusion of the project to the Local Revitalization Programme, and (5) Project maturity. The application of JESSICA to revitalize of Jaracz theatre in Otwock was provided below as an example. The Jaracz theatre was founded in 1926 in Otwock (see Photo 7.1).

Photo 7.1. Jaracz theatre



Source: Wikimedia Commons, the free media repository, [http://commons.wikimedia.org/wiki/File:Teatr\\_im.\\_Stefana\\_Jaracza\\_w\\_Otrocku.jpg](http://commons.wikimedia.org/wiki/File:Teatr_im._Stefana_Jaracza_w_Otrocku.jpg), 15 November 2014.

Table 7.6. Revitalization of the Jaracz theatre

Revitalization of the Jaracz theatre and development of the adjacent surroundings		
Compliance of the project with Regional Operational Programme for Mazowieckie Voivodship	✓	The project has been presented by the Otwock City Hall as consistent with the Priority Axis V, Measure 5.2. The project consists of revitalization of Jaracz theatre in Otwock, as well as development of the adjacent surroundings. The Otwock City Hall is a project promoter, however it is possible to implement the project in the PPP formula. The Otwock City Hall is the owner of the building required for the project. The whole financing will come from the City Hall (will not exceed 15% of the project value), private investor and EU grants or JESSICA mechanism. Total value of the investment is estimated at PLN 9,000,000 and according to the information received from the project promoter the project will be implemented by 2013.
Project implementation (expenditure of available funds) by 2015	✓	
Ability of the project to generate revenues	?	The project has a potential to generate revenues from ticket fees. However, at this stage of project preparedness it is unknown if the project is capable to fully repay JESSICA loan. Profitability of the project depends on the available commercial space.
Inclusion of the project to the Local Revitalization Programme	✓	The project is included in the current Local Revitalization Programme. However, the level of its readiness for implementation under JESSICA mechanism is low. All necessary documentation (i.e. technical documentation, feasibility study etc.) is under preparation.
Project maturity	–	
<b>Value of the project</b>		<b>PLN 9,000,000 (EUR 2,250,000)</b>

Source: JESSICA Evaluation Study. Implementing JESSICA Instruments in Mazowieckie Voivodship, Poland, Inception Report, February 2011, p. 73.

The Jaracz theatre exists since its inception however with changing fortunes. The adversities which impacted theater demanded financial resources for its refurbishment. Such an opportunity had appeared with Jessica program and the Otwock City hall has decided to capture this opportunity (see Table 7.7).

A contribution to PPP projects through JESSICA mechanism should terminate at a given time and be regulated in a business plan. The Article 43.2(i) of the Commission Regulation 1828/2006 states that “The business plan shall specify at least the following:...(i) the winding-up provisions of the financial engineering instruments, including the reutilisation of resources returned to the financial engineering instrument from investments or left over after all guarantees have been honoured, attributable to the contribution from the operational programme”. The Urban Development Fund may distribute surpluses to the partners and wound up on a voluntarily termination. In addition, the winding-up provisions should be included in the funding agreement.

## 7.6. The emergence of green bonds

We mentioned in the Chapter 6 that local governments may recourse to an issuance of bonds to increase their revenues. In particular, bonds may attract investors because low market returns offered by stocks have prompted them to look for alternative investments. The opportunity has come from bonds and particularly green bonds for those investors who are environmentally aware. Municipalities may use proceeds from green bonds on green investments.

The market for green bonds is relatively new. It has emerged in 2008 as the joint cooperation of the World Bank and the Swedish Bank – Skandinaviska Enskilda Banken AB (SEB). Other big financial institutions have grasped this opportunity, i.e. the European Bank for Reconstruction and Development, the European Investment Bank or the Asian Development Bank. In US green bonds are issued by the US Treasury under the framework of the Clean renewable energy bonds (CREBs) program.

Green financing and emerging green bond markets aver very important for the climate resiliency as highlighted by the OECD. According to the OECD, greenhouse gas emissions will increase by 50% if no actions are undertaken (OECD, 2012). In consequence, this will lead to unalterable climate changes and ubiquitous poverty.

The green bonds merge two worlds of the environment and the finance to meet the climate challenges. Della Croce et al. (2011) define green bonds as: “fixed-income securities issued (by governments, multinational banks or

corporations) in order to raise the necessary capital for a project which contributes to a low carbon, climate resilient economy”. This definition refers to different issuers of the green bonds. These are primarily big financial institutions including banks that paved the way for green bonds. Governments and corporations have followed suit and use proceeds from green bonds on renewable energy supply or energy efficiency use. Sweden is at the forefront of this market trend with the SEB as the key player, the City of Gothenburg or SCA. The purpose of the green bonds is to contribute to low carbon and resilient economy. Therefore there are two main categories of green investments:

- (1) investments in climate mitigation,
- (2) investments in green adaptation.

Simply put, there are investments in mitigation projects or adaptation projects. Green bonds refer to the latter category while climate bonds are used in climate mitigation projects. The International Bank for Reconstruction and Development (2014) provides some examples of projects to be classified as mitigation and adaptation. The mitigation projects include:

- rehabilitation of power plants and transmission facilities to reduce greenhouse gas emissions,
- solar and wind installations,
- funding for new technologies that permit significant reductions in GHG emissions,
- greater efficiency in transportation, including fuel switching and mass transport,
- waste management (methane emission) and construction of energy-efficient buildings,
- carbon reduction through reforestation and avoided deforestation,
- and adaptation projects may be as follows:
  - protection against flooding (including reforestation and watershed management),
  - food security improvement and stress-resilient agricultural systems which slow down deforestation,
  - sustainable forest management and avoided deforestation.

There are different motivations that attract investors to invest in climate resiliency (see Table 7.8). In addition, these investors may come from different investment fields, including SRI (Socially Responsible Investing) funds or ESG (Environmental, Social and Governance) funds. The table below recapitulates investors’ motivations and considerations of green investments.

Table 7.7. Motivations for Green Investing

Financial considerations	Extra-financial considerations	Reputation	Compliance and fiduciary duty
<ul style="list-style-type: none"> <li>Standard return criteria – expected returns of green companies or assets</li> </ul>	<ul style="list-style-type: none"> <li>ecological</li> </ul>	<ul style="list-style-type: none"> <li>reputation of the investor and the investee companies</li> </ul>	<ul style="list-style-type: none"> <li>domestic law and regulation (e.g. in the form of SRI policy, ESG disclosure)*</li> </ul>
<ul style="list-style-type: none"> <li>Standard risk criteria – volatility, downside risk, value-at-risk (VaR), default risk, etc.</li> </ul>	<ul style="list-style-type: none"> <li>scientific</li> </ul>	<ul style="list-style-type: none"> <li>pressure by politicians, media, NGOs, etc.</li> </ul>	<ul style="list-style-type: none"> <li>international conventions (e.g. UN Global Compact)</li> </ul>
<ul style="list-style-type: none"> <li>Standard diversification criteria – (possibly lower) correlation of green assets with other assets</li> </ul>	<ul style="list-style-type: none"> <li>ethical, religious</li> </ul>	<ul style="list-style-type: none"> <li>“intangible asset”, e.g. „community investing”</li> </ul>	<ul style="list-style-type: none"> <li>voluntary industry codes and principles (e.g. UN PRI, Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI))**</li> </ul>
<ul style="list-style-type: none"> <li>Long-term risk consideration – non-standard risk criteria, (e.g. integration of tail-risk or black swan events, reduction of catastrophic risks by reducing long-term carbon emission)</li> </ul>	<ul style="list-style-type: none"> <li>political, social</li> </ul>	<ul style="list-style-type: none"> <li>marketing tool</li> </ul>	<ul style="list-style-type: none"> <li>disclosure regulation</li> </ul>
<ul style="list-style-type: none"> <li>Internalization of (negative and positive) externalities (or “universal ownership”)** – via taxes and subsidies – via collective action of investor groups</li> </ul>	<ul style="list-style-type: none"> <li>other “norm-based”</li> </ul>		<ul style="list-style-type: none"> <li>good governance codes for institutional investors and companies; corporate social responsibility (CSR).</li> </ul>
	<ul style="list-style-type: none"> <li>“double bottom-line” or “triple bottom-line”</li> </ul>	<ul style="list-style-type: none"> <li>part of fiduciary obligations.</li> </ul>	

\* National SRI legislation for pension funds is reported to exist in at least eight countries in Europe: United Kingdom (2000), Germany (2001), Sweden (2001), Belgium (2004), Norway (2004), Austria (2005) and Italy (2005). France (2001) and Denmark (2008) have ESG reporting requirements for companies. Spain is working on SRI legislation. Elsewhere, Australia (2001) and Canada (2008) can be added.

\*\* See Appendix 2 for more detail on investor initiatives.

\*\*\* The Universal Owner hypothesis is based on the idea that there is „no place to hide. as (negative) externalities of investee companies will affect portfolio returns sooner or later in some form, e.g. taxes, insurance premiums, inflated input prices or the physical cost of disasters. See, e.g. Urwin (2011), PRI (2011a).

Source: Inderst, G., Kaminker, Ch., Stewart, F. (2012), “Defining and Measuring Green Investments: Implications for Institutional Investors” Asset Allocations”, OECD Working Papers on Finance, Insurance and Private Pensions, No.24, OECD Publishing, p. 16.



Green bonds are secure investments because most of them are rated as prime securities (triple A). This feature may allow placements of green bonds with a very long maturities. The detailed characteristics of green bonds may be retrieved from the World Bank's dedicated website<sup>46</sup>. The longest maturity bears the green bond due on 2045 issued by the World Bank and Zurich Insurance Group. After analyzing green bonds issued under the supervision of the World Bank we see that vast majority of them (80%) are fixed-income with coupon from 0.25% to even 10% (average 3.5%) marked as triple A.

We provide an illustration of green bond by providing an example of Vasakronan<sup>47</sup> which is the leading property company in Sweden. In 2013, Vasakronan has issued the first green corporate bond worth of SEK 1,3 billion in the cooperation with SEB. The terms of this bond are the same as used by this company, however, it is expected that the financial gain will include lower borrowing costs. This issuance is in line with the company's environmental policy which aims at having certified climate neutral operations. In this respect Vasakronan seems to be leader in the industry because it consumes around 50% less of energy than peers. It is an important achievement for the country where properties consume around 40% of all energy use in Sweden. Proceeds from the bond are used for new construction and renovation projects that meet high environmental certification requirements (LEED, BREEAM, Miljöbyggnad). The example of the green investment is the Garnisonen District in Stockholm. It is the largest office building with 100,000 square meters dedicated for offices. This building required energy-saving installations to be more energy efficient as it was built in the 1970s. The energy use went down by 44% mainly due to the investments in stairwell fans with heat recovery, automatic control system and radiator thermostats. Vasakronan is very progressive in achieving green orientation because it offers its tenants green leases to have a thorough impact on the environment.

## 7.7. Conclusions

The Public-Private Partnership has emerged as a strong and potential source of financing public initiatives by private investors. This partnership brings value for both partners. Public party receives services that otherwise would not be

<sup>46</sup> <http://treasury.worldbank.org/cmd/htm/GreenBondIssuancesToDate.html>, March 18, 2015.

<sup>47</sup> <http://vasakronan.se/pressmeddelande/vasakronan-ger-ut-varldens-forsta-grona-foretagsobligation>, 12.02.2015.



able to deliver due to lack of know-how. On the other side, private party delivers this know-how for which is remunerated.

It is important to underline that PPP may operate under different schemes, as BOT, BOO, DBFO, SPV etc. This type of partnership may be mutually profitable both for public administration and private firms. However, public private partnership projects may not be suitable to every infrastructure project. Projects that are vulnerable to public opinion may be exposed to risk.

The Joint European Support for Sustainable Investment in City Areas (JESSICA) may be treated as the major supplementary source of financing revitalization. In addition, JESSICA by its financing instruments and objectives has strengthened public-private partnerships. The case of Mazovian Voivodship exhibits how these funds may be channeled to support the revitalization processes in its municipal districts.

City officials should also consider issuing green bonds for reaching environmental needs. Cities may consume proceeds from green bonds on climate mitigation or increasing efficiency in the energy consumption. The leading role of the World Bank and the Swedish Skandinaviska Enskilda Banken AB in the green bond issuances has pioneered this field. Swedes also lead in the use of proceeds from green bonds in cities (e.g. Gothenburg, Stockholm), institutions (e.g. Vasakronan) and businesses (e.g. SCA).

## Chapter 8

### Summary

This monograph is an attempt to present procedures and ways of thinking of city revitalizations having contemporary understanding of “green” as a very broadly defined environmental issues but also social life in cities.

The monograph begins with an attempt to answer the question, what are the degraded areas, how were created and why they are problems for cities. Most of the activities in the city are routine. The hosts of the cities do care about their cities and when there are opportunities to refine upon them they use to do. These opportunities, however, are running out quickly in the case of degraded areas. The scale of the necessary changes in deprived spaces exceeds the financial possibilities of cities. Despite this, every city must be involved to make changes in these neglected areas. Being prepared to carry out the revitalization of the procedural side, they can expect to attract additional funds from different sources.

In Poland and other socialist countries, but also in other European countries such as Spain and Portugal, the crisis of these areas was the result of urban and economic transformation, which is a long process that brings a variety of effects. The main positive result of the economic transformation is to bring traders to the level of development to facilitate effective competition in the global market. Unfortunately, not all companies can meet this challenge. Those of them that have fallen in the new market-oriented conditions contributed to the collapse of the cities and the formation of degraded areas. This applies both to the place where these plants were located, as well as those areas where the factories’ workers lived, and after their downfall – the unemployed.

In addition, modern cities have to deal with some of the phenomena that can be described collectively as the challenges of civilization. The most famous of these is the greenhouse effect, which forces all of us, also in the cities, to be restricted on carbon dioxide emissions. This in turn relates to the whole

conglomerate issues related to the production and use of energy. Therefore, the modern branch of construction under the slogan “zero-energy-building”<sup>48</sup> are constantly developed. But there are also issues related to access to clean water and, consequently, sewage systems, population health, etc. Others, more of a social nature, are the possession and use of the common areas, including the creation and preservation of green spaces etc., etc. The first section of the monograph shows these issues. For the purpose of these considerations the concepts of eco-city and revitalization project are defined. A method of determining a problematic (deprived) areas are presented too. These paragraphs prove that these phenomena can and should be solved together, taking into account their interdependence.

These problems presented in the first chapter allow for a discussion of the most important activities of the municipal authorities and the local community in order to create a project that would be “Green”. It is worth noting that the word “green” is a word like buzzword, similarly as words “modern” or “contemporary”, etc. It is not fully defined, but it rather refers to certain feelings in the field of ecology, society and governance. “Green”, in the case of each city may, or even imply, a slightly different concept. The “green” means to take into account a range of local, specific development conditions. Thus, these projects must be different, but they must also be similar to each other, because they fulfill most of the same criteria.

The same uncertainty relates to the main purpose of urban renewal and development strategy, which is an improvement of the quality of life in cities. Quality of life is a conglomeration of various important purposes, which together are designed to provide residents of the subjective feeling of an improvement in their quality of life. Thus, for each city severity of the individual factors that make up this quality will vary. At any given time these needs are met, to varying degrees in different cities. Create revitalization projects that should be part of the urban strategy must take into account all these differences but also everything what is common.

Building revitalization projects and city development projects start with entering the city’s development strategy in the region’s development strategy, in the region where a city is located. Regional policy pursued by the regional authorities, sets specific requirements of local programs. This is particularly true concern revitalization programs and projects that may be funded or co-funded by the regional authorities. Donors, however, form the criteria by which the regional sources will be distributed and expect the city documents will be consistent with regional equivalents.

---

<sup>48</sup> This particular issue has been omitted in this study, as it is discussed in detail in the monograph: *Innovative Cities*.

So, municipal authority builds its local regeneration projects, taking into account the criteria set by the region. Usually, the cities do not have difficulties to adapt to them, because they are also regional problems among their troubles. If, for example, regional criterion is to reduce unemployment in the region, it is also a criterion of every town in the region. A bit less or a bit more important for concrete city. However, other factors resulting from global challenges, may have more difference of intensity at different places of the region. Therefore, as mentioned above, urban strategies are not identical, but similar. The more that these programs need to be taken into account the specific characteristics of particular urban areas.

The responsibility of the city is concern about the fate of its people, the voters of the local authority. The green city is responsible for at least health, education, jobs and the rest of its citizens. To achieve these main objectives, the city cannot be indifferent of areas of activity such as clean air, clean water, green areas and public spaces. Their achievement requires a pro-active city for green transport, possession of flats available and other public services to which the city is required, including the action of regeneration in deprived areas.

A move to preparing and then implementing the revitalization strategy of a city is the need to identify areas that can be considered as degraded. Clearly defined by the European Union criteria help to determine the boundary of these areas in the cities. Areas designated on the basis of these criteria can count on support from EU funds, which are divided at the level of the central government to the regions of the country. Therefore, the regional authorities may dispose them supporting urban regeneration projects.

Urban regeneration strategy is not a simple renewal of an earlier state of crisis areas. New conditions, especially the elimination of some workplaces and rising unemployment, and pose new challenges for cities to define a new development strategy for them, as a whole, and in particular – for the degraded areas. The basis for creating such a strategy is to look for the unique features that can make the strategy more effective and attractive. This applies, for example, the use of existing monuments in a preparing strategy as a magnet for tourists and a chance for the employment of citizens in the new services. It includes the construction of new public spaces, the introduction of clean transport, expansion of urban green areas and others, as they make should contribute to improving the quality of life in the city.

The monograph also highlighted that the urban regeneration activities are directed to areas which are degraded, neglected, and unpopular, with the concrete structure of population living there. At the completion of the revitalization projects, areas become new, modern and well-maintained. Their

popularity is growing. As a result, real estate prices and rents for housing grows as well. This causes often unpredictable move of citizens. New people come into the earlier neglected areas and old ones move out as they cannot allow themselves to pay new prices for rents. Thus, revitalization brings about gentrification processes inside regenerated areas. From the city point of view, which makes the degraded area more attractive and thus improve their condition, it does not really matter, because users of the area are still residents of the city. However, the structure of the population has been changed, a bit or more. Finally, the beneficiaries of the changes may be other people than those who lived there and for whom these changes were dedicated and implemented. This is one of those issues that should be researched systematically.

Revitalization processes and projects are managed by a city hall and can have different characters. This may be direct management by the City Hall itself (Deputy Mayor or one of directors of department), or it may be indirect, if the city hiring a professional company that performs all activities. Each solution has its advantages and disadvantages, and the choice must be made at the level of the city management board. However, regardless of the adopted formula of management of revitalization process, the city authorities are responsible for the final results of regeneration actions. Even if the private developer acquires property from the trustee of the bankrupt factory, the city has since always influence, more or less, on the way to the development of degraded area.

In the process of urban regeneration, especially in investing activities, an important part is a procedure of public consultation of planned and implemented changes. Providing support of local society is a principled requirement of effective implementation of planned changes in the chosen areas. Effectiveness of the consultation depends on the actual involvement of municipal authorities. The latter is not always easy to achieve if the local authority adheres to the principle of “government” rather than “governance”. More and more, however, there is evidence from various cities in Poland, real and honest cooperation between local authorities and local communities, which also means involvement in regeneration processes by residents.

When a deprived area is designated and the city wants to revitalize it, and knows what the results of their action are expected, and also knows the way in which rests the strategy of revitalized area will be implemented, including the residents acceptance, etc., it’s time to ask a question – where are funds for these plans?

The primary source of funding for the all actions made by a city, including the development and revitalization projects, is city’s budget, resulting from taxes, fees, donations and income of their own. In various proportions the budget depends on

the detailed law of the country, and streams of income. From its budget, however, the city must fund all current expenses of city running. Thus there is not too much money for the investment or regeneration projects. Sometimes cities have not got sources at all. Cities can, however, get into debt, but it is always a risky way. In Poland, according to the law, a city debt limit is set at 60% of annual revenue and the cost of debt service, is a maximum of 15% of revenue.

Well prepared regeneration projects for degraded areas can count on funding (for the most part) from the outside of the city budget. In Poland, they are mainly European Union aid, transferred by the central government to regional authorities, and from there to the cities. Regardless of the mechanism can be used by the cities a public-private-partnership is promoted as well. And a feedback, but low-interest, JESSICA fund is also available. Cities can also issue their own bonds, which raised funds to spend on their independently chosen goals. In particular, green bonds for financing environmental city needs have emerged in the most recent times.

One of these non-public opportunities, propagated most recently, available methods of financing is a public-private-partnership. The most difficult task in this method is the precise statement of purpose, which is expected to achieve by the public authority, and the associated allocation of risk and benefits of the project between private partner and public authority.

It is worth noting that a large revitalization project may use a variety of methods for financing specific investment projects in the revitalized area. However, what is most important – is to attract private capital to invest in common. In Western Europe, there were used a variety of methods of financing revitalization projects. In the UK, private capital is the main source of financing almost all the revitalization projects. In Germany, a city played a major role as a creator of regeneration projects. The local, regional and central governments spend a lot of money for these processes. However, private capital involved in the revitalization actions is 3.5 times higher than public capital. This is possible because of the great consistency in the activities of revitalization. Cities received even the right to expropriation of private property owners, if necessary to achieve the objective of the revitalization. Thus, private capital, who wants to get involved in the implementation of the revitalization project is confident that the project in the deprived area will be finished. It is a key element for private developer to decide whether to invest in the revitalized area or not.

This monograph presents ways to address revitalization action. Always remember, however, that taken regeneration projects should be “green”, it means – to be the most ecological, and also to give the greatest possible satisfaction to residents and all stakeholders of the projects.

In conclusion, it is worth to mean that the term “Eco-City” not just requires the expenses of a desire to improve the quality of life of the inhabitants, that is, the pursuit of “green” city, but also the ability to create new jobs in the fields of ECO, producing equipment to deal with urban environmental. In other words, the revitalization of the city aims to develop of deprived areas and makes city residents wealthier. Great if this is done by using eco-industries located in the city or created during the project implementation.

## References

- Baker J., Lead Economist in the World Bank: Chandslums\_Oct.pdf
- Beim M., Modrzewski B., Radzimski A. (2010). *If the public space is still needed? International Political Science Review*. Międzynarodowy Przegląd Polityczny, No. 25, pp. 78-86.
- Bryx M.(editor): The European Standard for Vocational Training in Urban Regeneration, SGH, Warsaw 2014. E-book: [http://administracja.sgh.waw.pl/pl/OW/publikacje/Documents/the\\_saturn\\_projekt.pdf](http://administracja.sgh.waw.pl/pl/OW/publikacje/Documents/the_saturn_projekt.pdf)
- Castells M. (2014). *The new public sphere: Global Civil Society, Communication networks, and Global Governance*. Downloaded from ann.sagepub.com at FLORIDA ATLANTIC UNIV on March 4, 2014.
- Dawkins C. J. (2003), *Regional Development Theory: Conceptual Foundations, Classic Works, and Recent Developments*. CPL Bibliography 370.
- Grahame A. (2001), *The Private Finance Initiative (PFI)*. Research Paper 01/117, 18 December.
- Hammami M., Ruhashyankiko J.-F., Yehoue E.B. (2006), *Determinants of Public-Private Partnerships in Infrastructure*. IMF Working Paper No. 66/99, <http://www.imf.org/external/pubs/ft/wp/2006/wp0699.pdf>.
- Grochowski M., Dudek-Mańkowska S., Jadach-Sepiolo A., Zegar T. (2012), *Ewaluacja postępów w realizacji Lokalnego Programu Rewitalizacji na lata 2005-2013*, Raport wykonany na zlecenie Biura Polityki Lokalowej Urzędu Miasta Stołecznego Warszawy, 2012.
- Jastrzębska M. (2012), *Finanse jednostek samorządu terytorialnego*. Wolters Kluwer.
- Larice M., Macdonald E. (eds.), *The Urban Design Reader* (Routledge Urban Reader Series). Routledge, 2012.
- Low N., Gleeson B., Green R., Radovic D., *The Green City*, UNSW Press Book, 2005
- Swianiewicz P. (2011). *Finanse samorządowe. Koncepcje, realizacja, polityki lokalne*. Municipium S.A.
- Act of 6 December 2006 on the principles of development policy (Journal of Laws of 2009 No. 84, item. 712 and No. 157 poz.1241) No. 227, item. 1658).
- Act of 8 March 1990 on the Local Government.
- Act of 18 January 1996 on physical culture including grants on physical activities.
- Act of 27 March 2003 on Spatial Planning and Development.
- Act of 24 April 2003 on public benefit and volunteer work.
- Act of 23 July 2003 on grants for the maintenance and restoration of protected monuments.
- Act of 30 June 2005 on the Public Finances.



- Act of 19 December 2008 on public-private partnership;
- Act of 9 January 2009 on concession for construction works and service.
- City of Langford, Official Community Plan, Bylaw No. 1200, 2013.
- EC (2003) Guidelines for Successful Public – Private Partnerships.
- EPA Brownfields Program Benefits <http://www.epa.gov/brownfields/index.html>.
- Closed City to Commercial Capital: the City Strategy of Ekaterinburg (Russian Federation), presented on 28 INTA Congress in Kuala Lumpur in 2004.
- Guidelines of the Ministry of Regional Development in programming activities on housing (MRR/H/18 (2) / 08/08) of 13 August 2008.
- Guidelines for the development of local revitalization programmes under the Regional Operational Programmes.
- History of Venice Charter: <http://www.international.icomos.org/venicecharter2004/history.pdf>
- Holon – the city of children. (The story of the city of Holon, General Strategy Marketing and Branding) presented on 32 INTA Congress in Riga in 2008.
- International Bank for Reconstruction and Development (2014). Issue of EU R 550,000,000 0.250 per cent. Notes due 20 March 2017 under the Global Debt Issuance Facility.
- JESSICA. A new way of using EU funding to promote sustainable investments and growth in urban areas, European Investment Bank.
- JESSICA Evaluation Study. Implementing JESSICA Instruments in Mazowieckie Voivodship, Poland, Inception Report, February 2011.
- Local Revitalization Programme Area of Olsztyn for the years 2007-2015. Measure 4.1. The humanization of blocks of flats.
- Partnering for value Structuring effective public-private partnerships for infrastructure, A Deloitte Research study, 2010.
- The National Strategic Reference Framework 2007-2013 , Guidelines of the Minister of Regional Development in the programming activities on housing, [http://www.mir.gov.pl/fundusze/wytyczne\\_mrr/obowiazujace/horyzontalne/documents/wytyczne%20-%20mieszkalnictwo%20-%20aktualizacja.pdf](http://www.mir.gov.pl/fundusze/wytyczne_mrr/obowiazujace/horyzontalne/documents/wytyczne%20-%20mieszkalnictwo%20-%20aktualizacja.pdf), Warsaw 13.08.2008, 26.02.2014.
- The National Council for Public-Private Partnership, Testing tradition. Assessing the added value of Public-Private Partnership, 2012, <http://www.ncppp.org/resources/research-information/white-papers/>
- Regulation of the Minister of Regional Development of 9 June 2010 on the granting of aid for the revitalization of the regional operational programmes (Journal of Laws No. 117, item. 787).
- Regulation (EU) No 1300/2013 of the European Parliament and of the council of 17 December 2013.
- Regulation (EU) No 1304/2013 of the European Parliament and of the council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006.
- Regulation (EU) No 1301/2013 of the European Parliament and of the council of December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006.
- Revenue and expenditure of the Capital City of Warsaw budget, Central Statistical Office.
- U.S. Census Bureau, 2012 Census of Governments: Organization Component Estimates.

<http://www.amsterdamny.gov/business/neighborhood-revitalization-projects.php>,  
2014.11.02.  
[http://ec.europa.eu/regional\\_policy/sources/docoffic/cocof/2006/cocof\\_06\\_0010\\_00\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/cocof/2006/cocof_06_0010_00_en.pdf)  
<http://www.oxforddictionaries.com/definition/english/heritage>  
<http://www.rynekpracy.pl>, 03.02.2013.  
[http://www.stat.gov.pl/cps/rde/xbcr/gus/wz\\_dochody\\_warunki\\_zycia\\_raport\\_2011.pdf](http://www.stat.gov.pl/cps/rde/xbcr/gus/wz_dochody_warunki_zycia_raport_2011.pdf).  
[http://www.senat.gov.pl/gfx/senat/userfiles/\\_public/k8/komisje/2012/kgn/prezentacja071112/tadeuszadamski.pdf](http://www.senat.gov.pl/gfx/senat/userfiles/_public/k8/komisje/2012/kgn/prezentacja071112/tadeuszadamski.pdf), 26.12.2014.  
<http://www.kyotoprotocol.com>.  
<http://prolandscapermagazine.com/wp-content/uploads/2012/09/High-Line-4.jpg>,  
04.02.2014  
[http://www.iscvt.org/how\\_weve\\_helped/green\\_jobs\\_cla](http://www.iscvt.org/how_weve_helped/green_jobs_cla)  
[http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-RA-07-020/EN/KS-RA-07-020-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-07-020/EN/KS-RA-07-020-EN.PDF)

## Index

<b>A</b>		<b>H</b>	
advantages of PPP	105	heritage	68
analytical (or functional ) regions	33	<b>I</b>	
<b>B</b>		Indirect management	77
brown fields	26	Intangible heritage	69
<b>C</b>		integrated and sustainable urban development	111
city's social responsibility	45	<b>J</b>	
cultural heritage	69	JASPERS	111
<b>D</b>		JEREMIE	111
Definition of a region	32	JESSICA	103
Deprived areas	13	<b>K</b>	
Direct management	77	Kyoto protocol	20
<b>E</b>		<b>L</b>	
Eco-city	22	local revenues	98
European City Network	50	<b>M</b>	
<b>G</b>		Main Types of PPPs	108
<i>general purpose grant</i>	100	mixed-use areas	26
gentrification	53	<b>N</b>	
goals of the regeneration	23	normative regions	33
government budgets	92		
green bonds	116		
green regeneration projects	46		

**P**

Partnership options	106
public consultation	81
Public-Private Partnership	104

**R**

residential areas	28
risk in PPP	110

**S**

socio - spatial - economic analysis	61
Spatial Development Plan	36, 76
Spatial Development Study	36
<i>structurally balanced budget</i>	93

**T**

Tangible heritage	69
The Ryrie Rules	104
types of deprived area	26

**U**

<i>unity rule</i>	93
Urban greenery	47

**V**

voivodeships	32
--------------	----

## Miscellaneous

Chart 1.1. The causes of deprived areas.....	14
Chart 1.2. Unemployment in 1990-2010 (in percent) .....	16
Chart 1.3. The Kyoto Protocol .....	21
Chart 3.1. Pyramid of the revitalization purposes .....	48
Chart 4.1. Conditions of using heritage .....	70
Figure 1.1. Results of full regeneration project.....	26
Figure 5.1. Monitoring of the management process .....	85
Figure 5.2. Purpose of monitoring.....	85
Figure 5.3. Monitoring – key areas of the initial phase.....	86
Figure 5.4. The monitoring mechanism, including the accompanying actions.....	87
Figure 7.1. Project Procurement Options .....	107
Figure 7.2. Number of Projects by Types of Contract.....	109
Figure 7.3. How are JESSICA funds channeled?.....	112
Figure 7.4. Types of projects .....	114
Photo 3.1. The High-Line Project, New York .....	55
Photo 7.1. Jaracz theatre .....	115
Table 4.1. Criteria and the base indicators .....	62
Table 4.2. Data Analysis of the deprived area in 2006 .....	62
Table 4.3. The calculation of the base indicators .....	63
Table 6.1. Revenue and expenditure of the capital city of Warsaw budget by division .....	95
Table 6.2. Own revenues of communes, counties, voivodships.....	99
Table 6.3. General and special purpose governments in US.....	101
Table 7.1. Partnership options under consideration.....	106
Table 7.2. Characteristics of Main Types of PPPs and Index of Private Participation .....	108

Table 7.3. Typical Risk Transfer Scenario Under PPP Arrangements .....	110
Table 7.4. Priority Axis of Regional Operational Programme for the Mazowieckie Voivodship .....	113
Table 7.5. Priority Axis of Regional Operational Programme for the Mazowieckie Voivodship .....	113
Table 7.6. Priority Axis of Regional Operational Programme for the Mazowieckie Voivodship .....	114
Table 7.7. Revitalization of the Jaracz theatre .....	115
Table 7.8. Motivations for Green Investing.....	118