Compendium: Handbook 2

Approaches to urban rehabilitation

May 2005, version 1.0
Introduction

This handbook discusses approaches to urban rehabilitation. It examines the context for urban rehabilitation and looks at the administrative and legal systems which operate in European countries. The handbook then examines different types of support for urban rehabilitation – programmes and strategies – and the key characteristics of these initiatives. This discussion includes topics such as: the allocation of funding, community involvement and strategic integration.

The purpose of this handbook is to help you understand different European approaches to urban rehabilitation. At the end, you should have some understanding of the way in which approaches in your country are different or similar to approaches in other member states.

The handbook has two parts. Both parts cover the same material, although they have differing lengths. Part 1 of the handbook provides a short introduction to the subject area, while part 2 is longer and goes into more detail. The longer version of the text is best suited to readers who have some knowledge of regeneration and rehabilitation in urban areas.

Using this handbook

You can use this handbook like a normal book. You can print it out or you can read it on screen. If you read it on screen then you can search the text using the ‘find’ tool.

The handbook includes internal and external links. Internal links look like this. If you click on them, you will move to another part of the document. External links – usually to websites – look like this: www.luda-project.net. If you click on the link it will take you to a web page.

You may find it helpful to consult the compendium glossary. This explains the meanings of specific terms and words, e.g. ‘sustainable development’ and ‘quality of life’. You will find the glossary as a separate document on the compendium web page (www.luda-project.net/comphpage1).

Acknowledgements

This handbook is based on material produced by the LUDA project. The compendium was compiled by the School of the Built Environment, Napier University, Edinburgh.
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1. Introduction

There is great diversity in the approaches that European member states take to urban rehabilitation. Some countries have long experience of tackling urban problems, others are just beginning to recognise and to address deprivation and distress in their towns and cities. The purpose of this handbook is to describe and explain the differences in these approaches.

The handbook begins by examining the context in which urban rehabilitation takes place, looking at the legal, administrative and planning systems in each country. The nature of these systems helps to explain the way in which member states approach urban rehabilitation. For example, in countries with a centralised governance structure, national initiatives tend to be very important, while local action is more important in countries with a more devolved system of government.

The subsequent sections of the handbook explore the nature of the programmes and strategies which exist to tackle urban distress. The text looks in particular at the role of integration in successful urban rehabilitation strategies, before concluding with some observations about future European policy.
2. The history of urban rehabilitation processes and policies

2.1 Legal and administrative background

Four main families or groups of legal and administrative systems can be identified among European countries. The families are identified by the degree of governmental or policy centralisation and the role of the regions and municipalities:

- The **British family** (UK and Ireland) is characterised by a system of case law that has been built up decision by decision. The administration is based on a dual system: a central government with strong influence and local authorities acting as agents for the state, helping central government to implement its policies.

- The **Napoleonic family** (France, the Mediterranean and Benelux countries) consists of centralised countries with a strong municipal level.

- The **Germanic family** (Austria, Germany and Switzerland) is based on Roman law. This is codified, systematic and abstract, placing great importance on a written constitution and decentralised decision-making structures. Regional and municipal self-government is the norm in this group of countries.

- The **Scandinavian family** (the Nordic countries) is characterised by strong relationships between national and regional government. At the local level, there is a tradition of strong local self-government.

In eastern Europe the pattern of administrative and legal frameworks is more complicated. This is the result of the political upheaval and extensive reforms that have taken place since 1989. The **Central and Eastern European family** is less coherent than the other families and still in the phase of transition. However, there is a general trend towards the decentralisation, so that regions and municipalities have a greater degree of power and influence.

The role of regions and municipalities differs considerably across Europe. In the Scandinavian family and to some extent the Eastern European family, there is strong local self government. In the UK and France on the other hand, local authorities are mostly seen as agents for implementing central government policy. Generally speaking however, there is a tendency for central government to become less important, while power is transferred to regions or municipalities. This is true even in the most centralised countries.

2.2 Planning traditions

An analysis of planning traditions in Europe has identified four different approaches:

- regional economic planning;
- the comprehensive integrated approach;
- the tradition of land use management; and
- urbanism.

The **regional economic planning approach** sets broad and wide objectives on social and economic issues. The **comprehensive integrated approach** on the other hand is very
systematic and formalized, synchronising specific tasks across different sectors. The tradition of land use management focuses on controlling land-use change at the strategic and local level, while urbanism has a strong architectural emphasis (urban design, townscape and building control).

2.3 Legal framework supporting urban rehabilitation

The legal frameworks that support urban rehabilitation can be divided into three main groups:

- Countries with a fundamental law which provides a basis for the regulation of building and the preparation of planning instruments. This fundamental law is supplemented by a small number of other laws e.g. concerned with historical monuments, urban renewal or environmental assessment. Those laws are amended from time to time. This is true for the UK and Ireland.

- Countries with a large number of acts, decrees and regulations which make provisions for a specific plan or other instrument or procedure. Those countries are characterised by many different types of planning instruments for special situations. This is true for Italy and Portugal.

- Countries with federalised or regionalised government that develops regional planning laws. This is true for Austria. Germany also belongs to this group as there are regional specifications which are consistent with national and federal law.

France can be classified among the countries with planning laws and complex multilevel contracting. The accession states can not easily be included into these groups due to the reform of their administrative systems and the special situation defining their planning legislation.

Edinburgh, UK
2.4 History of urban rehabilitation in Europe

According to analysis of current approaches towards urban rehabilitation, the way in which a country addresses problems of urban distress depends on the length of its experience in rehabilitation rather than its legal and administrative background or planning tradition. Some countries - such as the UK and France - have greater experience of urban distress and have developed advanced approaches for the renewal of distressed areas. Central and eastern European countries on the other hand have a different history of urban distress, and therefore lack experience of urban rehabilitation.

Three main approaches to rehabilitation can be recognized:

- western European countries with a long tradition of urban rehabilitation (UK, Ireland, France, Germany);
- southern European countries with fragmented legislation (Italy, Portugal and Spain);
- post-socialist countries experiencing economic and social transformation (e.g. Slovakia, Poland).

Analysing current and historical approaches to urban rehabilitation reveals some common trends across Europe. These trends are relevant to the rehabilitation of LUDAs, as follows:

- focusing on social inclusion as a key aspect of urban rehabilitation;
- moving towards larger areas of urban rehabilitation (growing in size);
- the evolution of multi-disciplinary planning approaches;
- the constitution of partnerships;
- employing contracts and negotiations; and,
- use of instruments suitable for pooling resources.

These trends are all positive, although sectoral approaches are still predominant in urban planning.

3. Rehabilitation strategies and programmes

Strategies relevant to urban rehabilitation tend to be formulated at the national level and refer to the principle of sustainable development. These strategies are general in nature, expressing overall objectives, sometimes for the development of society and sometimes with specific reference to spatial development and problems of urban rehabilitation. The strategies analysed set out planning guidance in a general way, and can only be considered integrative if they take into account the principles of sustainable development (with its requirements for the integration of social, economic and ecological aspects). The impact of these strategies on the solution of complex urban rehabilitation problems is limited since they are mostly focussed at a national level.

In spite of their limited impact on the solution of urban problems, national strategies do show the general context for urban rehabilitation in a country. This context influences the thinking
of the stakeholders and their attitude towards urban rehabilitation. National strategies can introduce new ideas, for example: neighbourhood management and empowering residents; they can also encourage public and private organisations to work more closely together. At the same time, it is important that urban rehabilitation strategies take into account the growing complexity of urban problems and the need for more integrated solutions.

Programmes directed to urban development and urban rehabilitation are the most important way of improving the quality of life in LUDAs. In many cases these programmes are sectoral in their scope, focusing on single aspects of urban revitalisation or rehabilitation. Examples include programmes that concentrate on the physical improvement of housing, renovation of individual buildings, improving the urban environment or tackling social exclusion. As a result of their sectoral nature such programmes can have only a limited impact on urban problems. It is noticeable that countries experienced in urban rehabilitation have begun to develop more integrative programmes in recent years: for example, the French ‘Politique de la ville’, the English ‘Single Regeneration Budget’ and the German ‘Soziale Stadt’. In the analysed cases most of the integrative programmes have been developed over time, and follow on from previous sectoral approaches. However these programmes are not without their problems, and still experience difficulties concerning their implementation and the financial resources required to support them.

Generally speaking, rehabilitation strategies and programmes still tend to lack the strategic integration necessary for a successful rehabilitation of large urban distressed areas.

Dresden, Germany
4. Strategic Integration

4.1 Improving Quality of Life through integration

Large urban distressed areas (LUDAs) are not yet a well recognised phenomenon. This is reflected in the lack of adequate legislation on the rehabilitation of such areas. However, legal instruments addressing single aspects of LUDAs do exist in several countries. Nevertheless those approaches do not address the full complexity of the LUDA phenomenon. Comprehensive approaches require inter-institutional and cross-sectoral activity at national, regional, municipal and district levels, although there are few examples of this happening in practice. More specifically, the requirement for strategic integration requires the integration of sectoral policies (housing, urban design, social, etc.), sources of financing, stakeholders, phases of the planning process, and the time scope (short and long-term perspectives).

4.2 Good examples of strategic integration

There are three national programmes which are integrative in multiple ways: the UK’s ‘Single Regeneration Budget’, the French ‘Politique de la Ville’ (urban policy) and the German ‘Soziale Stadt’ (socially integrative city). Although these programmes are set in very different legislative and administrative backgrounds they are similar in their degree of integration. All three programmes are directed at the integration of sectoral policies through area-based approaches. They also focus on the integration of stakeholders and the pooling of finances from different public and private sources. Implementation is a key issue – and problem – for all three programmes.

In spite of the success which these programmes promise, it must be remembered that they are only a first attempt at providing an integrated solution to the problems of disadvantaged urban areas. There are still very few examples of these integrated programmes in Europe, and they tend to have comparatively low budgets. There is as yet, little real experience of implementing these programmes or monitoring their long-term impact.

Figure 1 (overleaf) sets out some more examples of strategic integration in order to tackle the problems of LUDAs.
Fig. 1: Strategic integration for improving quality of life in LUDA

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5. Conclusions: the need for further European policy

In order to address the problems of LUDAs, policy at the European and national levels requires:

- legal frameworks that take into account the problems of disadvantaged urban areas and provide instruments for their solution;
- more comprehensive approaches that integrate sectors and spatial levels (national, regional, local and inter-municipal);
- incentives for long-term visioning exercises and short-term project implementation;
- involvement of key stakeholders in all phases of the regeneration process;
- the empowerment of communities;
- flexibility regarding solutions in order to cope with rapidly changing circumstances and challenges;
- mixed financial resources (public and private funding) as well as flexible instruments for financing urban regeneration;
- public-private partnerships and involvement of the private sector to channel investment in rehabilitation; and,
- monitoring of the regeneration process.
1. Introduction

There is great diversity in the approaches that European member states take to urban rehabilitation. Some countries have long experience of tackling urban problems, others are just beginning to recognise and to address deprivation and distress in their towns and cities. The purpose of this handbook is to describe and explain the differences in these approaches.

The handbook begins by examining the context in which urban rehabilitation takes place, looking at the legal, administrative and planning systems in each country. The nature of these systems helps to explain the way in which member states approach urban rehabilitation. For example, in countries with a centralised governance structure, national initiatives tend to be very important, while local action is more important in countries with a more devolved system of government.
The subsequent sections of the handbook explore the nature of the programmes and strategies which exist to tackle urban distress. The text looks in particular at: the scope of strategies and funding programmes; coordination and participation; allocation and funding; and, the role of integration in successful urban rehabilitation strategies. The handbook concludes with some observations about future European policy.

2. The history of urban rehabilitation processes and policies
Approaches towards urban planning and rehabilitation in Europe can be differentiated in a number of ways:

- The **legal and administrative background** sets a general frame for urban planning and rehabilitation by providing the context for decision-taking (e.g. legal system, role of national, regional and municipal government).
- **Planning traditions** determine the focus of planning policy and practice as well as the overall organisational structure of planning.
- The legal **framework for urban rehabilitation** determines whether there is integration or fragmentation of urban rehabilitation law. It also determines the roles of national, regional and local level government in regeneration and emphasis given to public and private interventions.
- European countries also differ in their specific **approaches towards urban rehabilitation**. Some countries have a longer history of recognising and working on urban problems and may have different solutions to apply.

2.1 Legal and Administrative Background in Europe
Four main families or groups of legal and administrative systems can be identified among European countries. These are:

- the **British family** including the UK and Ireland;
- the **Napoleonic family**, originating in France and including the Mediterranean and Benelux;
- the **Germanic family** with Germany, Austria and Switzerland; and,
- the **Scandinavian family** of the Nordic countries (*Zweigert & Kötz 1987, Newman & Thornley 1996*).

The families can be distinguished by the degree of governmental or policy centralisation and the role of regions and municipalities. The role of municipalities varies greatly across Europe. In the Scandinavian family and, to some extent, the eastern European family, there is strong local self-government. In the UK and France on the other hand, local authorities are seen as agents, implementing central government policy. There is similar diversity at the regional level of government. As a result, the process and structure of decision-making is very diverse. Often the share of power among different levels creates considerable complexity.
Despite the differences, there are some common features among the administrative systems of European countries. First is the reduction of central government activities and the transfer of power to regions and/or municipalities. This is apparent even in the most centralised countries. Increasingly, municipalities can be seen as focal points of regulatory planning power. However, in many countries they lack expertise and money, as policy decentralisation is not always accompanied by the decentralisation of funding and resources.

In central and eastern Europe the trends are harder to discern. The extensive legal and administrative reforms taking place since 1989 make it harder to analyse the developments. Accession to the EU is also influencing reform in a number of countries, with continuing changes in policy and governance. This is especially true for the new approaches to urban rehabilitation introduced recently. Slovakia and Poland in particular are characterised by regionalisation and the devolution of responsibilities to the municipal level. However, as in other parts of Europe, these extra responsibilities are not accompanied by extra resources.

The British family is characterised by a system of case law that has built up decision by decision. The administration is based on a dual system: a central government with strong influence and local authorities acting as agents for the state, helping central government to implement its policies. In policy terms central government policy has a strong influence on the rest of the planning system through the publication of Planning Policy Guidance notes. Since the 1990's the development plan has gained importance, following a period when they were downgraded. The amount of discretion in making decisions is high. Negotiations are usually conducted in secret and there is often no right for third parties to challenge planning decisions. Scotland and Wales have considerable autonomy over planning matters but generally follow the same model of policy and guidance determined centrally and implemented locally. In Scotland the main difference to the English system is the development of a stronger strategic approach. The Irish case is also centralised and mirrors British planning practice. Planning legislation in the Republic of Ireland has traditionally focused on regulation with local authorities having more restrictive rather than permissive powers. Local authorities produce development plans within which development is controlled and these do not have to be approved by a higher authority.

The Napoleonic family has a considerable amount of internal variation. The legal style has a tendency to use abstract legal norms. In general, the administrative system is based on a centralised national level with strong municipalities. In some countries, like Italy and Spain, substantial amounts of power have been transferred to the regional level. In France on the other hand, central government powers are now shared with local government, although the state still has considerable influence over local government especially for ‘Grand Projets’. Compared to other countries the Portuguese planning system is not yet fully developed. Regional co-ordination commissions exist as branches of central government, while municipalities are the actual centres of regulatory planning power. As mentioned above, these authorities often lack expertise and finances. In Italy national government is responsible for producing planning legislation but shares this power with the regions, while the municipality acts as the principal planning authority. The result is considerable
complexity, with a fragmented planning system and decision-making processes that are difficult to understand.

The **Germanic approach** is based on Roman law. It is codified, systematic and abstract, placing great importance on a written constitution and decentralised decision-making structures. Both Germany and Austria have strong legal frameworks and decentralised decision-making structures. In terms of planning the state level (Länder) has the most crucial role while the federal level sets out the framework of regulations. The result is considerable variation in planning practice between Länder. The local level also has a strong role through municipal self-government.

The **Scandinavian approach** can be characterised as less scientific and more pragmatic. It has origins in the Germanic and Napoleon styles combined with some Nordic variations. Due to similar languages and traditionally close relations, the Nordic countries vary little in their legal and administrative systems. On the one hand, there is a strong relationship between national level and the regions, which are often agents for central government policies. On the other hand, the municipalities are very strong and local self-government is seen as an important cornerstone of the Scandinavian constitution.
2.2 Planning Traditions in Europe

The EU compendium of spatial planning systems and policies (EC, 1997) identifies four different planning traditions in Europe. These are:

- the regional economic planning approach,
- the comprehensive integrated approach,
- the tradition of land use management; and,
- urbanism.

The approaches vary enormously. The regional economic planning approach, for example, sets broad and wide objectives on social and economic issues. The comprehensive integrated approach on the other hand is very systematic and formalised, synchronising tasks across different sectors. The tradition of land use management focuses on the controlling land-use change at the strategic and local level, while urbanism has a strong architectural emphasis (urban design, townscape and building control).

The **regional economic planning approach** is characterised by very broad and wide objectives on social and economic issues. Attention is given to regional disparities particularly in relation to employment and social conditions. Central government has a large role to play in planning and public sector investment. Examples of this approach include France and, to some extent, Portugal.

The second type, **comprehensive integrated approach**, can also be described as framework management. This approach is characterised by a systematic and formalised planning hierarchy from the national to the local level, which coordinates activity in different sectors. This tradition is found in mature systems and requires sophisticated planning institutions as well as considerable political commitment to the planning processes. This tradition is typical for the Nordic countries along with some federal systems, e.g. Germany and Austria.

**Land use management** focuses on controlling land-use change at the strategic and local level. The UK is very typical of this tradition. Regulation is used to ensure a sustainable and continued development. Central government sets objectives and determines policy, while the local level acts as the planning level.

The fourth tradition - **urbanism** - places strong emphasis on architecture, urban design, townscape and building control. Regulation tends to be very strong and is based on rigid zoning, building and design codes. Although regulations and laws are in place, they are not well established within the planning system or with the general public. For this reason urbanism has not been very successful in controlling development. This tradition is typical for the Mediterranean member states.

Analysis shows that these legal, administrative and planning traditions cannot be clearly assigned to each country. France, for example, could be assigned to both the regional economic planning approach and urbanism. All European spatial planning systems are changing, and their development is strongly influenced by the European Union and other
countries (Albers, 1997). The result of these reforms and innovations is a degree of convergence and harmonisation of the different planning approaches across Europe.

2.3 Legal framework supporting urban rehabilitation

The legal framework within a country is defined by the nature of the law, the extent to which plans and policies are binding and the existence of constitutional or other legal rights in relation to land and property (EC, 1997). Some countries have coordinated planning legislation which extends from the state to lower levels of government. This is the case in Germany and the UK as well as countries with a more fragmented, but still hierarchical, system of legislation. Examples of this include as in Italy and France, where different levels of government addressing different issues.

The EU compendium of spatial planning policies and systems differentiates between three general legal systems (EC, 1997):

- Countries with a fundamental law which provides a basis for the regulation of building and the preparation of planning instruments. This fundamental law is supplemented by a small number of other laws e.g. concerned with historical monuments, urban renewal or environmental assessment. Those laws are amended from time to time. This is true for the UK and Ireland.
- Countries with a large number of acts, decrees and regulations which make provisions for a specific plan or other instrument or procedure. Those countries are characterised by many different types of planning instruments for special situations. This is true for Italy and Portugal.
- Countries with a federalised or regionalized government that develops regional planning laws. This is true for Austria. Germany also belongs to this group as there are regional specifications which are consistent with national and federal law.

France can be classified among the countries with planning laws and complex multilevel contracting. During 1960s and 1970s French planning law was oriented towards urban growth management. However, since 1992 there have been three main laws dealing with spatial planning. These provide: legislation for planning at the local level; subordinate spatial planning law; and, arrangements for cooperation between different levels of administration since responsibilities are still very fragmented.

The new member states can not easily be included into the groups mentioned above due to the reform of their administrative system and the special situation defining their planning legislation. Analysis shows that rehabilitation measures and instruments are included as parts of the overall planning framework, along with specific laws and regulations to address rehabilitation.

In many European states there is a tendency for the fragmentation of law into many specific instruments covering the environment or urban rehabilitation. Sectoral approaches are still common, with separate policy strands covering issues such as public housing, transport, environment, infrastructure, housing improvement, building conservation and small
businesses. Portugal and Italy in particular are typical of a fragmented legislative framework leading to difficulties approaching an integrative and comprehensive development. Poland and Ireland on the other hand, provide examples of integrated legislation on urban rehabilitation. See for instance, the planned Polish act on rehabilitation (Ustawa o programach rewitalizacji) and the Irish Urban Renewal Act (last revision 1998).

Despite the differences in the legal framework that support urban rehabilitation, some common trends are apparent. For example, as already mentioned there has been some convergence of spatial planning systems among EU member states. The thesis can thus be stated that national spatial planning systems move towards each other in order to adjust the individual spatial planning approaches (Braumann & Elinau, 2003; Cremaschi, 2003). However distinctions remain, and Newman & Thornley (1996) feel it is unlikely that there will be a harmonised system throughout Europe, but, rather, there will be a convergence of planning policies within different legal and institutional settings.

Another common trend is the shift towards regionalisation and subsidiarity, with an accompanying increase in the importance of the local level. This often involves reform of the planning system in order to create easy and flexible legislation. The main challenge is to give guidance about well regulated development whilst being flexible enough to deal with the challenges of urban distress (Albers, 1997). The use of partnerships and public-private cooperation is typical.

Competences in planning tend to be at the local level. This pattern is seen across Europe. Germany is a traditional example of this, although plans have to be approved by a higher state authority. Similar autonomy is given to Austrian communities, with even greater local autonomy in Scandinavian countries. Only France, Great Britain and Spain are distinct. In these countries competences have been given to the local and regional levels only in the last decade (Albers, 1997).

Almost every country has a two-stage planning system at the local level. This includes a preparing general plan (or master plan) and legally binding component plans. The general plan addresses strategic issues while component plans are more detailed. General plans include: the ‘structure plan’¹ (England); the ‘Schéma de cohérence territorial’ (France) and the ‘Piano regolatore’ general (Italy). Examples of detailed plans include the ‘Plan local d’urbanisme’ (France) and ‘local plans’ (England). It is worth noting that general plans often take many years for their development and approval. As a result informal planning mechanisms have evolved in city development.

¹ This analysis does not include the changes brought about by the 2004 Planning and Compulsory Purchase Act.
2.4 Approaches to urban rehabilitation

Three main types of rehabilitation approaches can be recognised:

- western European countries with a long tradition of urban rehabilitation
- southern European countries with fragmented legislation
- post-socialist countries experiencing economic and social transformation

These are discussed in turn below.

2.4.1 Western European countries with a long tradition of urban rehabilitation

The UK and Ireland have a long history of dealing with multiply deprived neighbourhoods and urban rehabilitation. Within these countries rehabilitation strategies have changed from pure economic regeneration to strategies of sustainable neighbourhood renewal and social inclusion. France and Germany have also been implementing strategies of urban renewal for several decades. Here approaches have moved towards inclusive and multi-disciplinary approaches. These are integrated approaches which put emphasis on cooperation and the inclusion of stakeholders and are directed towards a pooling of financial resources. This is a current trend within all of the countries mentioned above.

2.4.2 Southern European Countries with fragmented legislation

Urban rehabilitation strategies in Southern Europe (Italy, Portugal and Spain) currently consist of multi-faceted approaches that tackle the regeneration of historic centres and declining industrial areas, sustainable tourism and the improvement of disordered urban structures. Generally speaking, the recognition of multiple urban deprivation within these countries is still very low. In Italy the main features of rehabilitation processes are cooperation, participation and the provision of adequate organisational structures and financial resources. However, competences in planning are subdivided among many ministries and territorial bodies, although some first reforms are taking place. Planning law in Italy is fragmented and tends to address sectoral problems such as degraded flats and real estate. In Portugal the ‘Recria’ programme also focuses on sectoral issues. Due to the absence of national legislation, urban rehabilitation in Portugal is dependent on local level activities, e.g. Local Agenda 21.

2.4.3 Post-socialist countries experiencing economic and social transformation

As strategies from Poland and Slovakia demonstrate, current rehabilitation approaches in central European countries tend to focus on handling processes of economic and social transformation. Since there are still few national regulations and programmes to promote urban rehabilitation, the success of regeneration processes depends on local activities. While planning laws are still under development, municipalities initiate strategies of sustainable redevelopment and environmental revitalisation. In Poland current rehabilitation activities lack the integrated planning instruments found in some western European countries. Attempts to design such instruments in Poland have failed due to the lack of suitable supporting tools and procedures (Ziobrowski, 2000). In Slovakia on the other hand, the lack of financial resources and interest by the state means that there are few specific instruments for urban rehabilitation. Sectoral approaches deal with housing blocks but without taking...
account of their surroundings. Poland and Slovakia suffer from a decentralisation of power not backed by a decentralisation of adequate financial resources.

2.4.4 Common features of rehabilitation approaches

According to analysis of current approaches towards urban rehabilitation, the way in which a country addresses problems of urban distress depends on the length of its experience in rehabilitation rather than on its legal and administrative background or planning tradition. Some countries such as the UK and France have greater experience of urban distress and have developed advanced approaches for the renewal of distressed areas. Central and eastern European countries have a different history of urban distress, and therefore lack experience of urban rehabilitation.

An analysis of historical and contemporary approaches to urban rehabilitation reveals some common trends across Europe:

- **Focus on social inclusion**: Generally there is a tendency to tackle social exclusion by means of a strategy of social development. In France and Germany there has been a switch from physical improvement towards social development. While in Britain strategies of urban rehabilitation have moved from a focus on economic regeneration to social inclusion: In the past urban development corporations focused on reducing bottlenecks of development through supply-side economics. Today, the current programme - New Deal for Communities - aims to improve job prospects by investing in people, neighbourhood management and the delivery of local services. In Ireland the National Development Plan 2000–2006 and National Spatial Strategy 2002-2020 focus on achieving socially integrated communities in urban areas. In France ‘Dévelopement Social des Quartiers’ emerged in the early 1990s as a way of integrating formerly separate approaches to combat social exclusion.

- **Tendency towards larger areas**: While early approaches of rehabilitation tended to focus on single buildings or smaller districts, current strategies target larger areas. This is true for the European community initiative URBAN, as well as for the French ‘grand projet urbain’, which promotes the co-ordination of municipal planning and metropolitan planning.

- **Multi-disciplinary planning**: Another common focus of rehabilitation strategies is the evolution of multi-disciplinary planning, as demonstrated in the UK’s single regeneration budget, the French ‘Politique de la Ville’ and the German ‘Soziale Stadt’. In Italy a number of integrated rehabilitation measures developed on the back of European programmes. These include ‘programmi integrati’ (programmes for rehabilitation), ‘contratti di quartiere’ (neighbourhood contracts) and ‘programmazione negoziata’ (programmed negotiation) which negotiate local development and support the regulation of the Structural Funds (Cremachi, 2002). Despite these examples of inter-disciplinary working, sectoral planning is still predominant.

- **Partnerships**: Growing consideration is being given to partnerships between the public and the private sector. For example, the Irish policy measure ‘New Life for Your Town’ follows this approach. The German programme ‘Sociale Stadt’ complements the traditional planning approach and the focus on physical renewal with a move towards neighbourhood management. This approach includes social,
economic and ecological issues, concentrating on fostering endogenous potential within the district (Alisch & Dangschat, 1998). The French ‘Grands Projets Urbains’ put forward public private partnerships to tackle the worst social housing estates.

- **Contracting and negotiation:** Along with the growing consideration of partnerships, contracting and negotiation is increasingly become part of rehabilitating urban distressed areas: The French ‘Contrat de Ville’ are formally negotiated agreements between the central and municipal government, while the Italian ‘patto territoriale’ is an agreement between local corporations, social partners and other public and private agencies (Elisei, 2003).

- **Pooling resources:** Urban rehabilitation in large urban distressed areas depends on additional investment and funding. In most countries urban regeneration is supported by funding programmes at a national or European level. In the past incentives were mainly aimed at private investment through tax benefits for example (as in the Irish urban renewal act) or by payments to the occupiers and owners of property. Today strategies focus on pooling resources in order to encourage integrated approaches towards funding in local regeneration partnerships and neighbourhood management (Britain: Single regeneration budget, Germany: Soziale Stadt, France: contrat de ville, grand projet de ville, grand projet urbain). However central European countries currently suffer from a decentralisation of responsibilities not backed by adequate financial resources.

![Edinburgh, UK](image_url)

### 3. Strategies and programmes for urban rehabilitation

The objective of this section is to characterise the strategies and programmes for urban rehabilitation in European countries. Key elements of each approach have been analysed and compared. These elements are as follows:

- the scope of strategies and programmes, including the extent of integrative character, the spatial scope, the time scope and potential for innovation;

- the coordination of strategies and programmes, including their initiation, coordination and management, the role of the municipal level, the importance of stakeholder and community participation as well as private sector involvement;
• the allocation and financing of strategies and programmes, including sources of finance, the allocation of resources, applied instruments and the balance of task assignment and financing.

**Strategies** relevant to urban rehabilitation are mostly formulated at the national level with reference to the principle of sustainable development. These strategies are general in nature and express overall objectives for the development of society. In some cases they refer specifically to spatial development and/or problems of urban rehabilitation. The strategies analysed tend to set out general planning guidance and can only be considered integrative in relation to sustainable development (with its requirements for the integration of social, economic and ecological aspects). The impact of such strategies on the problems of urban rehabilitation is limited since they are mostly focused at a national level. However, it is worth noting that some European countries do not have any overall strategies on spatial development.

Despite their limited impact on the solution of urban problems, national strategies do show the general context for urban rehabilitation within a country. This context influences the thinking of stakeholders and their attitude to urban rehabilitation. National strategies can introduce new ideas, for example: neighbourhood management and empowering residents; they can also encourage public and private organisations to work more closely together. At the same time it is important that urban rehabilitation strategies take into account the growing complexity of urban problems and the need for more integrated solutions.

**Programmes** for urban development and urban rehabilitation are the most important way of improving the quality of life in LUDAs. In many cases these programmes are sectoral in their scope, focusing on single aspects of urban revitalisation or rehabilitation. Examples include programmes that concentrate on the physical improvement of housing, renovation of single buildings, improving the urban environment or tackling social exclusion. As a result of their sectoral nature such programmes can have only limited impact on urban problems. It is noticeable that countries experienced in urban rehabilitation have begun to develop more integrative programmes in recent years, for example: the French ‘Politique de la ville’, the English ‘Single Regeneration Budget’ or the German ‘Soziale Stadt’. In the examples analysed most of the integrative programmes have been developed over time, and follow on from previous sectoral approaches. However these programmes are not without their problems, and still experience difficulties in implementation and the financial resources required to support them.

Generally speaking, rehabilitation strategies and programmes still tend to lack the strategic integration necessary for successful rehabilitation of large urban distressed areas.
3.1 Scope of Strategies and Programmes

Due to the complexity of problems in LUDAs their rehabilitation depends on strategies and programmes that are broad in scope. The scope of existing strategies and programmes can be described in relation to the following four dimensions:

- Extent of integrative character
- Spatial scope
- Time scope
- Potential for innovation

These dimensions are explored in detail below.

3.1.1 Extent of comprehensive approach

The extent of comprehensive character considers whether aspects of urban rehabilitation are addressed in sectoral strategies, policies and programmes or whether they are tackled in an integrated manner. The extent of integration varies among the strategies and programmes.

Analysis of strategies reveals three main approaches:

- first, overall national sustainability strategies which are non-spatial in their scope;
- second, national strategies focusing on spatial development; and
- third, strategies at the regional or local level.

Overall national sustainability strategies are by definition integrative, since they refer to the principles of sustainable development and its social, economic and ecological dimensions. In most cases however, their impact on urban rehabilitation is limited since they put forward overall objectives without a distinctive spatial scope. For instance the German national strategy for sustainable development ‘Perspektive Deutschland’ (2002-2020) (Perspective for Germany) generally aims at fairness to different generations, quality of life, social cohesion and international responsibility.

Other national strategies are directed particularly at integrated spatial development. The ‘Österreichisches Raumentwicklungskonzept’ (2001) (Austrian spatial development concept) is a good example of this. The strategy aims for competitive Austrian regions and pays special attention to cities and urban regions, settlement structures with mixed uses, the integrated development of settlements and open spaces, renewal of core areas within the cities, resource efficiency and environmental protection. Some national strategies even refer to the problems of restoring and revitalising areas in crisis. For example, the ‘Concept of Territorial Development’ for Slovakia defines the task as: restoring and revitalising areas with a high degree of environmental pollution; identifying stress factors in the area and working on their elimination. The strategy also aims to build further on the principles of reconstruction and restoration of existing industrial and construction areas. The Polish ‘Naradowa Strategia Rozwoju Regionalnego’ (national strategy for regional development) among others is directed at counteracting marginalisation of disadvantaged areas and at the revitalisation of economic base for the cities and the revitalisation of urban areas threatened by social and economic marginalisation. The ‘National Strategy for Neighbourhood Renewal’ (UK) focuses on integrated solutions to housing shortages, the poor physical fabric of deprived neighbourhoods and the fundamental problems of unemployment, crime and poor public
services. The strategy also puts in place new ideas including neighbourhood management and Local Strategic Partnerships, both of which attempt to empower residents and get organisations to work in partnership.

Strategies at the regional or local level tend to be more directly relevant to the improvement in distressed areas. ‘The Dublin Local Government Strategy 2002-2012’ for instance, is based on the core principles of sustainable development along with multi-dimensional interventions aimed at multiply deprived groups in distinct geographical areas. The strategy is one of the most proactive strategies prepared for Dublin city to date. In contrast to the Republic of Ireland, some countries - e.g. Italy, Portugal – have no integrative strategies for urban rehabilitation. Even where integrated strategies exist, implementation tends to be problematic.

Programmes directed at urban renewal and urban rehabilitation are the most flexible way of improving quality of life in LUDAs. Recently some integrative programmes have evolved which open up new possibilities for the regeneration of disadvantaged urban areas. At the European level the European Regional Development Fund (ERDF) and the European Social Fund (ESF) support those programmes which are most relevant for the rehabilitation of LUDAs. While the ESF focuses on human resource development, the ERDF aims to promote regional cohesion and competitiveness through the integration of economic, environmental and social activity. The Community Initiative URBAN II, funded by the ERDF, is the most important programme supporting integrative solutions to urban problems. The purpose of URBAN is to encourage innovative strategies for economic and social regeneration in deprived urban areas. The programme presents an integrated approach that furthers equality of access to jobs and training as well as complying with the Community’s environmental requirements at local level. URBAN thus covers economic, social, transport, environmental, security and other issues. Municipalities in the new member states (e.g. Poland) are particularly keen to be included in this community initiative. However the significance of its integrative approach is not matched by its financial strength, and it generally contributes around €500 per resident in the disadvantaged areas.

Current programmes at the national level are moving towards a higher level of integration. Such programmes aim to move away from the funding of isolated, project-based regeneration initiatives and place urban regeneration in a wider strategic framework such as ‘Better Communities’ in Scotland (2002). The Irish ‘National Development Plan 2000-2006’ employs a multi-faceted approach and aims to realise its objectives by means of an expansive investment of €50 billion. The investment is channelled through three national programmes: economic and social infrastructure; employment and resources; and, the productive sector.

In most cases integrative programmes have evolved over time, building on previous sectoral approaches. France is a good example of this. Initial approaches to urban rehabilitation focused on the physical improvement of housing and the urban environment. These were supplemented by social aspects. For instance the programme ‘Palulos’ aims at a social mix of population supported by the reorganisation of housing types. With the ‘Dévelopement
Social des Quartiers’ (social district development) (1983) social policy became a part of urban regeneration, combining housing rehabilitation and public support for community development and training. With the development of the ‘Politique de la Ville’ (urban policy) additional aspects such as connection with the city centre were also considered. Urban rehabilitation is now a combination of social development, housing rehabilitation and economic development. Under its current approach, ‘Redévelopement Urbain’ (urban redevelopment), France integrates housing, social development, urban development and the local co-ordination of public services.

There are few examples of programmes which are integrated in multiple ways. Perhaps the main exception to this is the German programme ‘Soziale Stadt’ (socially integrative city), directed at inter-institutional and cross-sectoral approaches at national, regional, municipal and district levels. The programme combines investment and non-investment activities such as mobilizing local self-organizing forces. A core instrument within the programme is the ‘integrated action plan’ containing long-term and district-based development policies. The programme envisages the pooling of resources from a wide range of sources including: programmes led by different ministries; funds from third parties such as housing associations; European Structural Funds; and, employment promotion programmes. It fosters co-operation between all relevant players and residents within a neighbourhood. Although the programme is a great success, there are still many problems with its implementation. The following are particular issues: the co-operation of municipal staff and grassroots workers; the pooling of resources from different levels; and, the difficulties for municipal governments to provide co-financing (Becker et al. 2003). The UK’s City Challenge Programme (1991-1996) and the current Single Regeneration Budget (1994-2007) both are integrative in a number of ways. For example, they include the whole city, combine planning and action, integrate various stakeholders and encourage strategic planning and long-term visioning. City Challenge was arguably the most promising regeneration scheme so far attempted because of its partnership base, community and private sector involvement, strategic and targeted approach and its implementation by dedicated, multi-disciplinary teams.

Aside from these few examples of integrated programmes, urban rehabilitation is generally tackled through sectoral or specific programmes. Examples include: ‘Sanierungsmaßnahmen’ (urban redevelopment measures) in Germany, ‘Programmi di Recupero Urbano’ (urban retrieval programme) in Italy and ‘Programa Escolhas’ in Portugal, directed at the prevention of juvenile crime.

In many countries there are integrated programmes at all. In Slovakia there are no national and regional programmes dealing with the integrated rehabilitation of disadvantaged urban areas. Similarly, in Poland there is still a need for comprehensive, integrated programmes that connect physical or zoning plans with processes of project participation, suitable organisational structures and financial management of urban planning. Due to the lack of integrative programmes at the national or regional level, revitalisation has been limited to local community initiatives that focus on the improvement of technical infrastructure, residential areas and single buildings within the inner cities. In Portugal existing programmes
only provide support for specific and isolated problems. The focus of state initiatives here is on the physical rehabilitation of housing and the social problems associated with illegal housing. In Italy the ‘Programmi Integrati di Intervento’ (integrated intervention programme), which is designed for an integrated approach to urban rehabilitation, is often used for very specific initiatives. Examples include; the restoration of ancient parts of the town in Sardinia, Liguria and Lazio, and the production of dwellings for fishermen in Sicily. Within the Italian ‘Programmi di Recupero Urbano’ (urban retrieval programme) there is much attention on social targets within the urban regeneration process. However, as these programmes are still in an experimental period, these efforts to tackle social issues are sometimes more declared than effectively pursued.

3.1.2 Spatial Scope

The large size of LUDAs and their multiple interrelations with their city and region, mean that the success of their rehabilitation depends on its integration into a citywide and regional context.

With the growing transfer of competences and responsibilities from the national level to the regions (as seen in Italy, Poland and Slovakia) the regional level is becoming more and more important for the strategic planning of urban rehabilitation. Problems connected with the dispersion and diffusion of settlement structures, which arise due to increases in mobility and accessibility, can no longer be solved at the local level.

In relation to the citywide or regional integration of LUDA rehabilitation strategies, two main issues are apparent: first, the focus on larger areas; and, second the need to take into account citywide or regional strategies.

There are numerous examples of current urban rehabilitation programmes that focus on larger areas. For example, the European Community Initiative URBAN II is targeted at areas with a population of not less than 20,000 inhabitants. Similarly the UK’s ‘Single Regeneration Budget’ funds urban regeneration in areas of around 25,000 inhabitants. The French ‘Politique de la Ville’ (urban policy) on the other hand is based on metropolitan joint action that combines social and public interventions in inner and outer city districts. As a result, the project areas have become larger and larger in scale. ‘Grand Projets de Villes’ (large city projects) are followed by even larger ‘Grand Projets Urbains’ (large urban projects). In Marseille for instance the Grand Projet de Ville covered 2160 ha while the Grand Projet Urbain involved 5 districts covering 5000 ha and 210,000 inhabitants.

To date, very few programmes pay special attention to the citywide or regional integration of LUDA rehabilitation strategies. At the European level the Community Initiative URBAN II is asked to take account of existing strategies for the wider urban area or region. With its programme ‘Priority Partnership Areas for Urban Regeneration’ Scotland sets urban regeneration in a city-wide context. Another Scottish programme ‘Building Better Cities: Delivering Growth and Opportunities’ promotes citywide visioning. While focussing on cities it
is not only cross-sectional, but also conscious of the spatial inter-connectivity of settlements at the regional and national scales.

In most cases programmes focusing on neighbourhoods are directed at problems of disadvantaged urban areas. For example, in England the ‘New Deal for Communities’ focuses on neighbourhoods, while the German Sanierungsgebiete (urban redevelopment areas) are also limited to the neighbourhood level. Similarly the Portuguese ‘Programa Escolhas’ is directed at the prevention of juvenile crime at neighbourhood level.

3.1.3 Time Scope

A strategic process of improving the quality of life in disadvantaged areas requires planning documents with a long-term perspective. Overall or general strategies in some cases provide a long-term framework for urban development. For example, the Irish ‘National Spatial Strategy’ and the German ‘Perspektive Deutschland’ (perspective for Germany) look ahead for 20 years, until 2020. At a local level the Dublin ‘Local Government Strategy’ provides a 10 year framework from 2002-2012. Other strategic planning documents, which define the objectives of urban development more precisely, are much more restricted in their time scope. Examples here include: the Slovakian ‘National Plan of Regional Development’ which covers only 2001-2006 and the Polish ‘Narodowy Plan Rozwoju’ (national development plan) which focuses only on 2004-2006.

Strategies with a long-term framework can become out-dated if they are not revised at regular intervals. For instance the German ‘Raumordnungspolitischer Orientierungsrahmen’ (guidelines for regional policy) from 1993 is based on the assumption of permanent growth in Eastern Germany. It is now fairly out-dated under the current conditions of shrinking cities and regions. To avoid this situation, the Austrian ‘Österreichisches Raumentwicklungskonzept’ (Austrian spatial development concept) is to be reissued every 10 years.

The limited time scope of funding programmes often constrains the development of a continuous regeneration process. In the UK, Single Regeneration Budget projects are limited to 7 years, and this has led to some criticism. Similarly the European Community Initiative URBAN was restricted to 5 years (1994-1999) in its first period. In order to achieve a continuous regeneration process, Portugal made sure that areas participating in the second period (2000-2006) are the same as in the first period, or complementary areas near the URBAN I areas.

Few current programmes of urban rehabilitation give incentives to create long-term visions for disadvantaged areas. In the UK one of the ‘City Challenge Programme’ s’ main goals was to provide long-term visions for the participating areas. Similarly, the English ‘New Deal for Communities’ (1998) is based on the long-term commitment of local partnerships to deliver real change.
3.1.4 Potential for innovation

The success of regeneration in LUDAs depends on the scope for innovation provided by the respective strategies and programmes. An analysis of existing strategies and programmes shows some moves towards greater flexibility and innovation. Examples can be found in the planning and implementation process, stakeholder integration and the integrative consideration of current problems of urban rehabilitation.

The Scottish programme ‘Building Better Cities: Delivering Growth and Opportunities’ promotes the use of community-led visioning and scenario building. However the programme is still very much at the policy stage. As a result little attention has been given to the institutional and organisational aspects of urban regeneration or to the empowerment of communities as a means of delivering the services needed for citizens to participate in work, domestic life and leisure.

Community involvement and empowerment is a major focus in current programmes. These approaches also involve a strong commitment to the partnership approach and the involvement of all stakeholders in the urban regeneration programme. In some cases however, the institutional arrangements for delivering urban regeneration plans and programmes are still missing. The result is that communities are unsure which path to follow in transforming their environmental, economic and social situation. The main success factor in the British government’s programme ‘New Deal for Communities’ was the community involvement and empowerment provided by deep community consultation. The Scottish programmes ‘New Life for Urban Scotland’ and ‘Priority Partnership Areas for Urban Regeneration’ both achieved real community involvement and empowerment of local residents in the urban regeneration programme [see also: Community involvement & participation].

Innovation requires flexibility, and changes in the factors shaping urban development, e.g. the trend towards shrinking cities, require new solutions. The current German programme ‘Stadtumbau Ost’ (urban restructuring in Eastern Germany) accepts the challenge of downsizing. Grants for the elaboration of citywide ‘Integrierte Stadtentwicklungs konzepte’ (integrated development concept) and a competition that rewards the best concepts are the means to further innovation. The Austrian ‘Stadterneuerungsgesetz’ (law for renovation of towns) also funds ideas competitions to prepare urban regeneration. The Scottish ‘Social Inclusion Partnerships’ are innovative in the sense that they are not area based, but cut across the key sectors (for instance education and health) necessary to achieve social inclusion. These partnerships also stress the importance of education and out-of-school learning and are attempting to tackle social inclusion in a special way.

Global contracting is a means of ensuring implementation through a legal agreement. The French ‘Politique de la Ville’ (urban policy) and the Polish ‘Strategia Rozwoju Wojewodztwa’
(regional development strategy) use a contract between stakeholders\(^2\) to define the partners’ responsibilities for planning, for funding and implementation.

Until now few approaches have taken into account the planning, implementation and monitoring of regeneration processes. A good example of programmes that do manage this is the ‘New Deal for Communities’ programme (England). A key feature is the prompt assessment of success. In the first quarter of the financial year each New Deal for Communities Partnership - in association with the relevant government office\(^3\) - undertakes an assessment of its performance. This is followed in October or November by a review of progress in relation to the partnership’s improvement plan. At years 3 and 6, partnerships undergo a more thorough review of progress which involves re-examining their baseline data and targets.

### 3.2 Coordination and Participation

Urban rehabilitation within LUDAs requires strategies and programmes which are coordinated institutionally and sectorally, and which put emphasis on local level action, community participation and the involvement of the private sector. The following observations provide an overview of existing strategies and programmes and their approach to set-up, coordination and management, the role of local/municipal government, the importance of participation and the state of private sector involvement.

#### 3.2.1 Initiating Strategies and Programmes

The initiation of strategies and programmes for urban rehabilitation is dependent on the legal and administrative system of a country and the planning culture which applies there [see: Planning traditions in Europe]. In countries with centralised structures it is likely that urban development strategies will be initiated at the national level, even if coordination occurs at the local level. Countries with decentralised structures tend to feature actions at various different levels.

For strategies, the body initiating action will be determined by the nature of the strategy. National strategies are initiated by national bodies – government departments, ministries or agencies, while regional strategies are the responsibility of regional bodies. However, countries differ in the involvement of lower level institutions (e.g. regions and municipalities) in the elaboration of higher level strategies. Federal countries such as Germany or Austria involve the state, the regional level and sometimes even the local level in the elaboration of federal strategies. For example, the ‘Österreichisches Raumentwicklungskonzept’ (Austrian spatial development concept), was developed by the federal chancellor, the federal ministers, the state governors and the presidents of the Austrian Union of Towns and the Austrian Union of Communities.

\(^2\) For instance between the state, the municipal actors from different sectors and the metropolitan level within the French ‘Politique de la Ville’ or between the state and the regions within the Polish Regional Contracts.

\(^3\) The government office represents central government ministries in the regions. There are 9 government offices, one in each of the English regions.
Spatial development strategies and plans are mostly developed by the government authorities responsible for planning. General strategies on sustainable development or social cohesion on the other hand, are more likely to be the result of interdepartmental action. Such strategies involve several ministries as well as other institutions and authorities. A good example of this is the Portuguese ‘Programa Escolhas’. This programme is a joint effort of five ministries and aims at tackling youth marginality and juvenile delinquency in urban areas.

In relation to the initiation of urban rehabilitation strategies, three main approaches can be identified:

1. Approaches where the national level takes the lead in initiating urban rehabilitation programmes (e.g. ‘New Deal for Communities’ in the UK or ‘Politique de la Ville’ in France).
2. Approaches in which the local level has a strong legal and administrative role in initiating action (e.g. urban redevelopment measures in Germany), and is supported by state programmes and federal government (e.g. ‘Soziale Stadt’ in Germany).
3. Approaches which lack strong support at the national level or which have weak planning systems. The result is that local level becomes responsible for developing its own programmes and measures (e.g. Poland and Portugal).

In general, most countries display growing linkages between levels (vertical integration) as well as between sectors (horizontal integration).

The European level plays a crucial role in initiating policies, strategies and programmes with direct or indirect impact on urban rehabilitation. For example, the European structural funds ERDF and ESF themselves influence urban issues, and they also finance Community Initiatives such as URBAN II and EQUAL which have a direct impact on urban areas. The support of European level programmes is especially important in those countries which lack strong national or regional level support for urban rehabilitation.

### 3.2.2 Responsibility for coordination and management

While the responsibility for initiating strategies and programmes appears to be clear, their coordination and management is much more complex. To simplify matters an initiative or programme might be coordinated mainly at the national, the regional or the local level. However, reality shows that there are many possible combinations, and it is difficult to give any definitive statements about how this is done. The following is a first attempt to classify the possible approaches:

- The national level (e.g. a ministry) initiates a programme. Coordination of the programme is carried out by an existing government agency or a newly established agency. The programme is directly oriented to the eligible district or area, as a result the municipalities do not play a major role in coordinating and implementing the action. An example is ‘Prêt d’amélioration à l’habitation’ a loan programme for housing improvement in France. The programme is administered by two ministries and the government agency ANAH (Agence Nationale pour l'Amélioration de
l'Habitat). The financial support is directly oriented towards the residents of older city districts.

- The national level initiates a programme. Coordination of the programme is carried out by an existing government agency or a newly established agency. Municipalities and other local institutions are involved in the process to a larger extent, e.g. following cooperation between a municipality and state authorities. An example from the UK concerns the ‘Neighbourhood Renewal Fund’. The fund is administered by the Neighbourhood Renewal Unit, a central government entity, which works in close partnership with the government offices for the regions. At the local level the ‘Local Strategic Partnership’ (LSP) plays a key role as a multi-agency body that aims to bring together the public, private, community and voluntary sectors.

- The national level or the regional level or both together initiate a programme of urban rehabilitation. A municipality applies or competes for a place in this programme. The coordination is mainly a local task, supervised by, or in consultation with, higher level authorities. An example is the ‘Soziale Stadt’ programme (the socially integrative city) in Germany, a joint venture between the federal government and the states (Länder). Municipalities can designate inner city areas or large single-use residential areas and apply for funding from the federal and state level. The approach is coordinated at the local level which also defines specific objectives. A necessary precondition is the preparation of an ‘integrated action plan’.

- The local level has the right and power to initiate urban rehabilitation. The coordination of the programme is a local level affair, although implementation may be controlled by regulation or law. An example is the ‘Städtebauliche Sanierungsmaßnahme’ (urban redevelopment measure) as established in the German ‘Baugesetzbuch’ (federal building code). These measures are implemented in a redevelopment area designated by the municipality. Financially, the activities might be supported by urban development grants as joint efforts of the local, state, and federal level.

The analysis of urban rehabilitation strategies and programmes in European countries allows further conclusions to be drawn.

In general, the more complex a programme appears the more institutions at different levels are involved in coordination and implementation. Simple, single-issue programmes may still be administered by a single agency. Comprehensive approaches, as needed for the rehabilitation of LUDAs in Europe, require inter-institutional and cross-sectoral activity at the national, regional, municipal and district levels. Despite their differences, approaches like ‘Politique de la Ville’ and ‘Redéveloppement Urbain’ in France, ‘New Deal for Communities’ in the UK and ‘Soziale Stadt’ in Germany all follow this pattern.

Activities are increasingly coordinated within strategic plans and concepts. This is especially true for the comprehensive approaches mentioned above, for example, the community strategies in the ‘New Deal for Communities’ programme or integrated action plans in the ‘Soziale Stadt’ areas. The elaboration of strategic concepts in urban regeneration means that
city-wide and regional issues are being taken into consideration alongside the problems of single districts.

Whereas some programmes only allow coordination by government authorities, more complex approaches require the involvement of non-government public entities and private sector institutions (e.g. within the Soziale Stadt Programme in Germany or Local Strategic Partnerships in the UK). Housing companies in problem areas are playing an increasingly important role in the coordination of activities. For example, the public housing companies OPHLM and SAHLM in France.

The participation of residents and further private sector activities are described later [see: community involvement and participation; private sector involvement].

3.2.3 The role of municipalities

What is the role of the local level – particularly municipalities - in coordinating and implementing rehabilitation processes? Are they reactive receivers or proactive players? As mentioned above, the role of the municipal level strongly depends on the varying administrative systems of European countries.

In recent years, municipalities and regions have become more important in the coordination, administration and implementation of complex programmes. This is not only the case in countries with a tradition of strong local government but also in countries where the local level has not played a major role in urban rehabilitation in the past. Although the national level still has a crucial role to play, the right of determination for municipalities has improved in countries like France, Italy, Ireland and the UK. In the early 1990s British local authorities were often bypassed in urban regeneration, although they have since gained a much stronger position. Some accession countries have recently introduced local self-government. However, the need for coordination in metropolitan areas might require the transfer of activity from municipal level to inter-governmental, regional bodies.

It should be noted that greater responsibility at local and regional level does not always go hand in hand with additional resources. In the accession countries the decentralisation of tasks has not often been linked with decentralisation of expertise or finances. The result is that municipalities in some Mediterranean and CEE countries are simply overstretched. Without central government support or action, municipalities are forced to start their own small programmes or projects. This is often the only way to react to a particular problem, although it is likely to remain inefficient.

3.2.4 Community involvement and participation

The extent of local community participation in urban rehabilitation programmes and processes varies from ‘simple’ forms of hearing and consultation involving discussion and debates to ‘true’ involvement with specific rights and duties. Participation also depends on various factors:
the different traditions of participation in planning processes;
regulatory requirements for participation; and, in particular
the characteristics and objectives of the rehabilitation programme itself.

In some cases, the participation and involvement of affected parties (tenants, property owners, leaseholders etc), in plan-making and rehabilitation strategies is regulated by law. For example, in Germany by the Baugesetzbuch (federal building code) requires certain things, although this regulated participation is not always sufficient. Therefore, new approaches such as ‘Soziale Stadt’ encourage more comprehensive and advanced self-organizing forces within the local communities.

Planning regulation in other countries does not always require participation. The discretionary system in the UK with negotiations usually conducted in secret has no right for third parties to challenge planning decisions. However, this does not mean that participation plays a minor role in the UK planning system, where there is a strong commitment to community involvement. Participation is encouraged by such initiatives as Local Strategic Partnerships (mentioned above) and Community Empowerment Networks which bring together community and voluntary sector groups, including marginalised groups such as some ethnic minorities.

A key factor influencing the extent of participation is the character and objectives of the rehabilitation programme itself. Social programmes often have strong community participation linked to the nature of the programme objectives. Physical rehabilitation programmes on the other hand are less likely to involve residents and other affected groups. Current comprehensive planning approaches which link physical rehabilitation with social issues put greater emphasis on the topic of participation.

The mobilisation of residents required by the ‘Projet de Ville’ attempts to build mutual agreements between residents, users, developers and municipalities. The ‘Soziale Stadt’ approach in Germany is fostering the mobilisation of neighbourhood residents and the cooperation between relevant players to encourage self-organizing processes. New strategies and programmes in the UK reflect the fundamental principle of participation. It has been stated that local people know best what the priorities and needs of their own neighbourhoods are. However, true participation and community involvement is not always a reality. Not all programmes require the participation of residents and affected groups, e.g. the Portuguese ‘Programa Recria’ for housing improvement. In some new member states community involvement is still something new, and people need to be empowered and informed about their rights.

### 3.2.5 Private sector involvement

Private sector involvement is an objective of many recent urban rehabilitation programmes. With decreasing public budgets on one hand and the growing need for urban rehabilitation on the other, this is an inevitable necessity. However, it remains difficult to say anything definitive about private sector involvement. There is often only a vague distinction between public, quasi-public and private activities. In addition, it is often hard to show whether private
activity has been achieved within a programme or outside a programme. Lack of information is a key barrier here.

Private sector involvement is mainly seen as a way of accessing further financial resources for urban rehabilitation. However, the private-sector also has other resources to offer, such as: general know-how, coordination, implementation and management. Examples of private sector involvement include: quasi-commercial companies responsible for (re)development; housing companies working on rehabilitation; and, banks which finance rehabilitation measures. With regard to investments of other private enterprises no clear statements can be made at the moment.

A common way of coordinating and implementing (re)development measures is to assign them to development companies or corporations. These companies have the legal status of private enterprises but have public owners or shareholders. Examples include: Sanierungsgesellschaften (redevelopment companies) in Germany and urban development corporations (UDCs) in the UK prevalent in the 1980s and early 1990s. UDCs combine private-sector money with public grants, and aim to attract further private investment. They can thus be seen as using public-sector investment to maximise a positive market response. However, as they by-passed local authority powers, UDC’s were criticised as being unrepresentative and, in some cases, unsympathetic to local communities. More recently urban regeneration companies (URCs) have been developed, representing a coordinated approach to regeneration with better community representation and involvement of local authorities.

The involvement of public and private banks is often a necessary condition of financing urban rehabilitation measures. In cooperation with the national government and other public authorities some banks offer specific low-interest loans to rehabilitation programmes. An example is the PAP (Prêt d’accession à la propriété) programme in France, a joint effort of the Ministère de l’Equipement, the Ministère des Finances and the banking system Crédit Foncier to encourage homeownership. Another example is the German Wohnraummodernisierungsprogramm (home modernisation programme) of the Kreditanstalt für Wiederaufbau (KfW), a public bank at the federal level.

Quasi-public and private housing companies play a major role in urban rehabilitation as they own a considerable proportion of the building stock in distressed areas. Thus, these companies are not only important stakeholders but also investors, developers and managers of urban rehabilitation projects. In France the main owners of housing units are: OPHLM which is under municipal control and SAHLM which has private status. In cooperation with the central government and to a varying extent with the municipalities, these companies lead the implementation of rehabilitation measures. Although not every country has such strong single players in the field of housing, (public) housing companies are seen as crucial actors at the district and local level.
3.3 Allocation and funding

LUDAs experience a quality of life below the city average and far below a situation which can be called sustainable. To raise their quality of life financial resources are required. This section examines: current sources of finance; the criteria for distributing resources; the allocation of financial resources; and, the balance between task assignment and distribution of finances. As public funding becomes more scarce, it is important that there are procedures and instruments to distribute these resources fairly and efficiently.

3.3.1 Sources of finance

Urban rehabilitation is generally financed using public investment from European, national, regional or local sources alongside private investment. An analysis of planning regulations shows that public funding dominates in the rehabilitation of urban areas.

At the European level, the main sources of funding for urban rehabilitation are the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The community initiative URBAN is also important as this provides €700 million (2000-2006) for integrative approaches to urban rehabilitation. However, with around only €500 per inhabitant in the affected areas, the budget is quite limited. The initiative is funded 75% by the ERDF and needs 25% of municipal co-financing.
New member states in particular are incorporating European funding into their strategies to improve the quality of life in disadvantaged areas. For example the Polish ‘Sektorowy Program Operacyjny Rozwój Zasobów Ludzkich’ (2004-2006) (sectional operational programme human resource development) is financed mainly by the European Social Fund: €1270 million will come from ESF funding and €485 million from national public funds, including €31.6 million from municipal government. Private funding will amount to €26.4 million.

Generally speaking, specific national programmes are the main source of funding for urban rehabilitation. The Irish National Development Plan (2000-2006) for instance plans an investment of €50 billion, with €40 billion from the Irish exchequer and €10 billion from the Community, public private partnership and private investment. The UK also provides massive public investment for urban regeneration: City Challenge (1991-1996) £1.16 billion (€1.67 billion); Single Regeneration Budget (to date) £8.5 billion (€12 billion); New Deal for Communities (1998) £2 billion (€3 billion); Neighbourhood Renewal Fund (2001) £1.88 billion (€2.7 billion). In Italy €2006 million has been spent on the ‘Programmi di Recupero Urbano’ (1994-1998) (urban retrieval programme) and €442 million on the ‘Programmi Integrati di Intervento’ (PII) (1994-1998) (integrated intervention programmes).

In many cases urban rehabilitation is funded by a mix of different sources, as in the French system of urban rehabilitation for example. The allocation of funding depends on the specific situation within the deprived areas. In areas with low market values the state provides housing developers with public loans, while it takes the main responsibility for financing urban rehabilitation in cities which cannot provide any funding. A general evaluation of the provision of funds for rehabilitation in 1993 identified the allocation of funding as follows:

- building rehabilitation: 31% state funding, 7% regional funding and the rest (61%) from others such as developers and banks;
- improvement of public space: 40% state funding, 12% regional funding, 30% city funding and the rest (12%) from others;
- in Germany Städtebauförderung (urban development support) is funded one third by the national level, one third by the states (Länder) and one third by the municipalities (Commissariat general au plan, 1993). In 2001 the German federal government provided approximately €435 million for urban development support.

In the UK in particular, private investment is an important source of funding for urban rehabilitation. Urban development corporations and the more recent urban regeneration companies work with finance from private stakeholders as well as public grants and tax incentives designed to encourage private investment. Public investment is seen as a means of stimulating private investment.

In some cases there is no public funding from the national level, so municipalities create their own revitalisation programmes. A good example of this is seen in Poland, where municipalities have created their own programmes for physical improvements and improvements to infrastructure. However, lack of funding means that these programmes are...
very limited in their scope and success depends on the level of engagement of local stakeholders. In the absence of national programmes, Portuguese municipalities define rehabilitation areas within their urban master plans and finance their rehabilitation from the general municipal budget.

3.3.2 Allocation of programmes and resources

As discussed above, specific programmes at the European, national and regional level are used to channel public investment. These programmes are directed at:

1. renting or ownership support for single people e.g. Aide Personnalisée au Logement (French private support for renting);
2. the physical improvement of neighbourhoods, city districts, blocks of flats e.g. Städtebauförderung (urban development support) in Germany, Palulos in France; and,
3. pooling resources for the integrated renewal of deprived neighbourhoods, e.g. City Challenge in the UK, Soziale Stadt (socially integrative city) in Germany and Politique de la Ville (urban policy) in France.

One major criterion for the allocation of finances is the level of deprivation. In England the 88 most deprived areas (as determined by the index of deprivation) set up Local Strategic Partnerships and receive resources through funding programmes such as the Neighbourhood Renewal Fund and New Deal for Communities. In Scotland indicators are used to identify the most socially deprived city areas and channel funds into them (for example: the former Priority Partnership Areas and new social inclusion partnerships for urban regeneration in Scotland). According to the Polish ‘Naradowa Strategia Rozwoju Regionalnego’ (national strategy for regional development) funding will be provided for the revitalisation of urban areas threatened by social and economic marginalisation.

Competition for funding is another way of allocating financial resources. In the UK both the City Challenge Programme (1991-1996) and the Single Regeneration Budget (1994-2007) involve competition between cities. The funding is thus allocated to the best proposals. However, these programmes have been criticised for depending too greatly on the success/failure of the property market and ability of the real estate sector to lead urban regeneration programmes. The current German programme Stadtumbau Ost (urban restructuring in Eastern Germany) provides funding for the best citywide integrated development concepts.

The relevant level for the allocation of funds is the regional level. This is often used to redistribute funding from the national level according to specific regional needs. For instance Ireland distributes the money provided by the National Development Plan (2000-2006) through two regional operational programmes. In Germany the Federal state allocates funding for urban development to the German Länder (states). Municipalities apply for these funding and the respective state ministry responsible for urban development decides on the distribution of urban development support. In Poland the regions apply for funding according to the Naradowa Strategia Rozwoju Regionalnego (national strategy for regional
development). In Italy, the transfer of competences from national to regional government which took place in 2001 means that the transformation of territory is now managed by regional government.

Due to the general lack of funding, new strategies are evolving:

- **Co-ordination and pooling of funding from various sources**: to achieve a more efficient use of scarce resources some countries have programmes which pool funding from different sources. However, this pooling is connected with some implementation problems. One major aim of the Scottish social inclusion partnerships is to co-ordinate funds and tackle the worst excesses of social exclusion. In France funding from various resources can be combined: ‘Palulos’ subvention is the supply basis of the rehabilitation process. It has to be supported and attended by ‘Aide Personnalisée au Logement’ (supporting the affordability of household) and by ‘Dévelopement Social des Quartiers’ (supporting the public space, social life in the area). In Germany the programme Soziale Stadt (the socially integrative city) aims to pool resources from the programmes of different ministries (urban development and housing construction support, housing, transport, employment and training promotion, safety, women’s issues, family and youth welfare, economic development, environment, district culture, leisure). Furthermore it also includes funds from third parties such as housing associations, European Structural Funds and employment promotion programmes. In Italy activities in northern Milan are financed by URBAN, Contratti di Quartiere (Quarter Agreements) and INTERREG III.

- **Initiating private investment**: strategies directed at the mobilization of private investment are used to complement public funding. The UK strategy of supply-side economics focuses on private investment by removing bottlenecks in the allocation of resources and nurturing the enterprise culture needed for the market to regenerate urban areas. This implies: reclamation of derelict land; the decontamination of sites; consolidation of land; provision of sites and services needed for economic development; relaxation of planning controls; de-regulation of development; and the provision of grants to property developers contributing to urban regeneration. Urban regeneration companies (England) and urban development companies (Scotland) use public sector investment to add value to urban regeneration programmes by tackling decline head on. It is estimated that the current Single Regeneration Budget attracted £8.6 billion of private investment using only £5.7 billion of public funds.

- **Flexibility within the allocation of resources/grants**: due to changing conditions in urban development and the general lack of funding, flexibility within the process of allocating financial resources is required. For this purpose the Irish National Development Plan is designed to be flexible in nature. Priorities and resource allocations reflect current assessments, but if priorities change during the life of the plan, there is enough flexibility to switch resources if necessary. In France approaches exist to make the system of public funding for housing rehabilitation more flexible (programme PLUS). This includes a diversification of loans for households with different income (low income, middle income) as well as flexibility in regard to the level of rehabilitation (whole renovation, partial renovation).
3.3.3 Instruments of funding and financial control

Across Europe a variety of instruments exist which provide funding for urban renewal and which execute financial control. The traditional approaches are grants, credit or loans, and tax benefits. Current rehabilitation approaches also include contracting as a means of allocating funding. Integrative approaches also exist, which deal simultaneously with the distribution of resources and the monitoring of success.

Grants or funds are direct financial support to investment in urban rehabilitation. According to the UK’s Local Government, Planning and Land Act (1980) grants can be provided to property developers taking urban regeneration actions. The English New Deal for Communities allocates funding to local strategic partnerships which bring together local authorities with other public services, residents and private, voluntary and community sector organisations. In France grants are provided to households to enable them to pay higher rents for refurbished dwellings (Aide Personnalisée au Logement). These grants are aimed at low income families and have the potential to burden the state through exponential growth. The German programme Stadtumbau Ost (urban restructuring in Eastern Germany) provides grants for: the development of integrated urban development concepts; the demolition, physical improvement and acquisition of private housing property in inner city areas; and, capital investment subsidies for rented accommodation in inner city areas with old buildings and monuments.

Tax benefits can act as an instrument to channel private investment into disadvantaged areas. In the UK, enterprise zones have special status including exemption from rates and tax allowances. Within the French ‘Zones Franches’ (free urban zones) income taxes are reduced. This is a national project that helps with the creation of jobs by exempting employers from social and fiscal charges for 5 years. It encourages enterprises to settle in areas which have few existing businesses or have low levels of commercial, professional and craft enterprise. In the Irish Tax Incentive Areas designated by Urban Renewal Schemes (1986, 1994, 1999) occupants and investors are granted tax incentives. Initially, these incentives were blunt and there is evidence that some of the projects would have gone ahead even without the incentives. However, the incentives are capable of delivering major development with substantial economic gain. The schemes have also been criticised because designated areas receive favourable treatment over other areas in greater need of rehabilitation. Although this criticism may be justified, the transformation of Dublin Docklands from a derelict wasteland into a competitive international and financial business centre in only one decade demonstrates the success of such an approach.

Credit or loans are another way of stimulating private investment. These credits/loans are usually granted by national level public banks. For instance the National Residential Fund created by the Polish Bank of National Economy provides credit to residential societies for investment in the technical infrastructure of housing areas. Similarly, the Polish Bank of Ecological Preservation distributes preferential credits for environmental protection measures. In France various programmes provide loans to enable occupants, owners or investors (particularly public and private housing companies) to undertake housing rehabilitation and refurbishment. The ‘Prêt d’amélioration à l’habitation’ (subsidised loan for
building rehabilitation) is granted to apartment owners so that they can improve the quality of their building. The programme ‘Palulos’ distributes loans with low interest rates to public housing agencies. It focuses on districts with a large proportion of degraded housing stock. The loan is delivered under conditions of the resulting prices, with limit of €12,800/housing (1991). The state authorities pay part of the interest on the loan, reducing the financial liabilities of the public housing company. The ‘Palulos’ intervention covers 25% to 40% of the investment and is usually completed by low rate of public banking (Caisse des Dépots et Consignation (CDC) 15 years, 5.8%). These loans have been very successful at increasing rehabilitation in public housing. This has risen from 60,000 houses per year in the 1980s to 150,000 houses per year in 2000.

Some countries – for example France and Poland - use contracts between the stakeholders to manage the planning, implementation and financing of a project. Within the French ‘Politique de la Ville’ (urban policy) ‘Contracts de-Villes’ (city contracts) are agreed by the state, the regions, the departments and the cities. The allocation of funding very much depends on the local situation. The funding allocation for the Valenciennes Politique de la Ville (2002-2006) was agreed as follows: state €17 million, region €22 million, Department du Nord €17 million. Normally cities should contribute 10% to 50% of the funding given by the state and the region. However, as cities like Anzin and Beuvrage have low levels of income, they begin with a 10% contribution in the first period and raise their contributions over time. Regional contracts are also part of the Polish ‘Strategia Rozwoju Wojewodztwa’ (regional development strategy) (2001-2003). The contracts are formed between the Polish government and the regions, and determine the regions’ responsibilities as well as the national funding for regional development. Scope, timeframe and conditions are defined for tasks supported by the national budget as well as for tasks supported by the regional administration unit. Because of financial support from the national budget the contracts have a positive effect on the financial situation within the regions. However the high number of tasks included in the contracts, leads to dispersion of financial support. Furthermore the amount of money provided is low in relation to the assigned tasks. In Italy ‘Contratti di Quartiere’ (quarter agreements) aim to secure a mix of public and private funding and co-ordinate funding from different levels and sectors.

Contracting is a first step towards approaches that integrate urban planning, funding, implementation and monitoring. In most cases however there is still a need for comprehensive, integrated instruments that connect the solutions set out in plans with procedures guaranteeing project participation, the selection of suitable organisational structures and access to funding. One of the main requirements in the Slovakian ‘Programmes of Economic and Social Development’ is the consideration of the financial and administrative provision for set tasks. In the UK, the Neighbourhood Renewal Fund includes mechanisms for permanent financial monitoring. The fund can be spent in any way that

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4 CDC is the main institution in France providing low rate loans to support the rehabilitation of public housing.
3.3.4 Balancing task assignment and funding

Improving the quality of life in LUDAs is often restricted by a lack of funding and resources, particularly at the local level. This is particularly true in the newest member states, where there are few national laws and programmes supporting urban rehabilitation. In Poland there is still a lack of coordination between urban planning and financial management, while Slovakian rehabilitation lacks active economic instruments in territorial planning.

The lack of funding at the local level is not only relevant for accession states. In Germany the restricted budget of municipalities is one of the main factors limiting the success of urban rehabilitation. Most programmes require a municipal co-financing of one third of the total amount of funding. Recent downturns in business tax revenue and high spending on social security mean that it is becoming more and more difficult for municipalities to provide the required amount of co-funding. There is thus a discrepancy between the right to municipal self-government on the one hand and the resources required to fulfil municipal tasks on the other hand. In Italy the financial limitations of the public sector are affecting the overall capacity of urban rehabilitation programmes.

One of the main causes of financial shortage at the municipal level is the mismatch between the decentralisation of government responsibilities and the decentralisation of funding. In Slovakia, decentralisation has created regional level self-government. However the decentralisation of responsibilities was not linked with the decentralisation of funding. Poland has also experienced the decentralisation of public responsibilities, obliging regions and municipalities to elaborate regional and local development plans. In many cases the reassignment of responsibilities has not been accompanied by adequate financial resources. Due to limited tax-raising powers of the Irish local authorities, financial control remains with the central government. Nevertheless the municipal level is responsible for urban planning.

A further worry for the rehabilitation of LUDAs is the implementation of the European bank accord ‘Basel II’ in 2006. Once implemented, the accord will further diminish the incentives for banks to invest in disadvantaged urban areas. Given the additional cost and risk of investing in LUDAs, private banks and investors normally depend on additional public funding to meet the cost of restructuring. The new Basel II accord will bring new conditions for credit lending. Basel II aims to make the capital requirements equivalent to the economic risk. This means replacing an overall risk measurement with a differentiated one. Therefore low risk creditors will get loans with better interest conditions and high risk creditors will have to deal with higher credit prices. Consequently a risk and return orientation becomes more and more important for private banks. Risk profiles will be checked separately for different loans. Therefore high risk lending will not be subsidised by more profitable loans of the banks.

*tackles deprivation in the most deprived neighbourhoods. Where possible funds are directed at floor targets and local targets set out in the ‘local neighbourhood renewal strategy’.

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5 Floor targets set out minimum standards for social issues and services in regeneration areas. They operate in the same way as a minimum wage, and mean that very poor areas are not hidden by statistical averages.
portfolio any more. This risk and return orientation is stimulated by share-holder value standards concerning return on equity and in particular by the preparation for Basel II.

Basel II will effect on the financing of urban restructuring in Eastern Germany, amongst other things. Here housing societies have to content with high vacancy rates, low yields and liquidity problems. Basel II does not intend to differentiate between good and bad customers, but between risk categories. Nevertheless up to normalisation of the housing market development in East Germany and an improvement of the economic situation of housing societies, they might be confronted with credit price conditions above average.

4. Strategic Integration

4.1 Improving quality of life through integration

Large urban distressed areas (LUDAs) are not yet a well recognised phenomenon. This is reflected in the lack of adequate legislation on rehabilitation of such areas. However, legal instruments addressing single aspects of LUDAs do exist in several countries. Nevertheless those approaches do not address the full complexity of the LUDA phenomenon. Comprehensive approaches require inter-institutional and cross-sectoral activity at national, regional, municipal and district levels, although there are few examples of this happening in practice. More specifically the requirement for strategic integration requires a number of things:
as LUDAs are the result of a multi-causal spiral of decline, their rehabilitation requires the integration of sectoral policies including: housing, urban design, social, environmental, economic and other policies;

as many problems have to be tackled at a higher level than the area being considered, the importance of spatially integrated approaches is growing. Planning at the urban district level, the municipality and the region require stronger integration. Policies referring to urban rehabilitation should be integrated from the European towards the local level.

as public budgets decline, there is an increasing need for private-sector financial involvement in many programmes. The search for supplementary funding is also a necessity given the growing need for urban rehabilitation. In times of economic recession, scarce public finances and uncertainty, it is important to have multiple funding sources or pooled funding to ensure a continuous regeneration process. Instruments are needed which guarantee the most effective use of scarce resources.

stakeholders: while some programmes only allow coordination by government authorities, complex approaches require integration of non-government public entities as well as private sector institutions. A key issue is the extent of community empowerment and involvement, and the development of mutual agreements between residents, users, developers and municipalities.

the complexity of LUDA rehabilitation processes requires the integration of different phases of the planning process, such as: situation analysis, programme formulation, project implementation, monitoring and evaluation.

the limited time scope of funding programmes often constrains the continuity of the regeneration process. In addition, more integrated approaches and the stronger involvement of stakeholders call for long-term commitment. The need for long-term strategies and programmes is essential for urban rehabilitation in distressed areas. However, flexibility and regular reviews of long-term goals and implementation should not be neglected. It is important to have integration between long-term planning and visioning and short-term implementation.

4.2 Good examples of strategic integration

The legal frameworks of the member states are a puzzle of law and instruments which attempt to address the complexity of urban distress. At the European level the Community Initiative URBAN - although equipped with a minor budget and time-frame - combines sectoral policies, area-based and citywide strategies with the mobilisation of different stakeholders.

There are three national programmes which are integrative in multiple ways: the UK’s ‘Single Regeneration Budget’, the French ‘Politique de la Ville’ (urban policy) and the German ‘Soziale Stadt’ (socially integrative city). Although these programmes are set in very different legislative and administrative backgrounds they are similar in their degree of integration. All three programmes are directed at the integration of sectoral policies through area-based approaches. They also focus on the involvement of stakeholders and the pooling of finances.
from different public and private sources. Implementation is a key issue – and problem – for all three programmes.

In spite of the success which these programmes promise, it must be remembered that they are only a first attempt at providing an integrated solution to the problem of disadvantaged urban areas. There are still very few examples of these integrated programmes in Europe, and they tend to have a comparatively low budget. There is, as yet, little real experience of implementing these programmes or monitoring their long-term impact.

Figure 1 (overleaf) sets out some more examples of strategic integration as a means of tackling the problems of LUDAs.

5. Conclusions: the need for further European policy

This handbook has discussed common deficits in current legislation, strategies and programmes which tackle the problems of LUDAs. Adequately resourced programmes at the national and European levels are particularly important in those countries which lack strong national or regional support for urban rehabilitation processes.

In order to address the problems of LUDAs, policy at the European and national levels requires:

- integrated approaches, including horizontal integration (between sectors) and vertical integration (between different spatial levels: national, regional, local and inter-municipal);
- legal frameworks that take into account the problems of disadvantaged urban areas and providing instruments for their solution;
- incentives for long-term visioning exercises and short-term project implementation;
- the involvement of key stakeholders in all phases of the regeneration process;
- the empowerment of communities;
- flexibility in solutions in order to cope with rapidly changing circumstances and challenges;
- mixed financial resources (public and private funding) as well as flexible instruments for financing urban regeneration;
- public-private partnerships and involvement of the private sector to channel investments in rehabilitation; and,
- monitoring of the regeneration process.

It is not necessary to standardise and unify European approaches to urban rehabilitation, but it is important that there are flexible approaches that can be adapted to specific national and regional situations.
Figure 1: Strategic integration for improving quality of life in LUDAs

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# Annex: Analysed Strategies and Programmes of Urban Rehabilitation in Europe

## Strategies

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## Programmes

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