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Initiatives and policies to promote investment in old town and brownfield rehabilitation for sustainable urban redevelopment



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Issues and challenges faced by cities in economic transition:

- Factories relocating or closing down
- leaving behind urban soil, water and air pollution
- lack of investment and investors
- urban under- or unemployment and poverty
- inadequate infrastructure or public services
- inadequate urban water supply and sanitation
- inadequate (public) transport systems
- ... problems of blight in urban areas

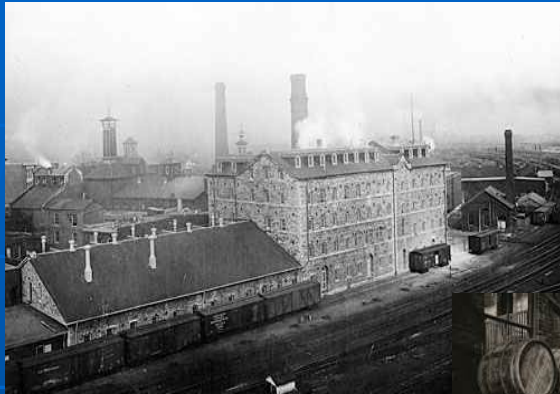
Continuing issues: urban blight



Important actors in urban renewal, rehabilitation and (re)development:

- Private investors and real estate (re)development companies
- Social entrepreneurs (neighborhood associations)
- Public-private partnerships
- Municipal / Public Corporations and Authorities
- National and International Financial Institutions
- ... among others

Private Investment in urban brownfield redevelopment: Example 1: Distillery District, Toronto, Canada



1860 : Gooderham and Worts – largest distillery in the world
– +7million litres of Whisky / annum, mostly for export
1910-1920 : affected by World War I and Prohibition
1927: Purchased by Hiram Walker & Sons Ltd. but
production gradually shifted to Ontario
1957: Distillery changed from Whisky to Rum
1990: Distillery ceased operation
Temporary use as film studio



2001: Site purchased by Cityscape Holding Inc, partnering with Dundee Realty Corporation
2003: reopened as pedestrian friendly arts, culture and entertainment center
source: <http://www3.thedistillerydistrict.com>

Contribution of social enterprise to urban renewal: Example 2: Don Valley Brick Works, Toronto, Canada



1890 : Don Valley brick Works is one of Canada's pre-eminent brick factory (43 million brick annually)

1904 : bricks used to re-build Toronto after large fire

1980s: quarry largely depleted, site transferred to new developer, but local opposition by "Friends of the Valley"

Expropriation by Toronto and Region Conservation Authority (TRCA)

Landfill & Weston Family Quarry Garden



2002: Social enterprise Evergreen began re-vitalization and redevelopment of site

Today Evergreen Brickworks is Canada's first large-scale community environment center

source: <http://ebw.evergreen.ca/about/social-enterprise>

Public-private Partnerships and urban renewal: Example 3: Corporación Antiguo Puerto Madero S.A., and private sector partners, Buenos Aires, Argentina



In 1989, the Government of Argentina passed a comprehensive reform laws. New legislation governing State property prepared the way for initiatives to upgrade and revitalize the city center. The Corporación Antiguo Puerto Madero S.A. was created on November 12, 1989.

CAPMSA belongs jointly to the Federal Government and the City of Buenos Aires.

Its principal objective was the urbanization of the area surrounding the old port.

One hundred and seventy hectares of State-owned land were assigned to the Corporation.

The city, in turn, committed itself to preparing an innovative project for urban rehabilitation.

<http://www.corporacionpuertomadero.com/>

Government institutions for urban renewal: Example 4: Urban Renewal Agencies (URAs) in the US

Objectives and philosophy:

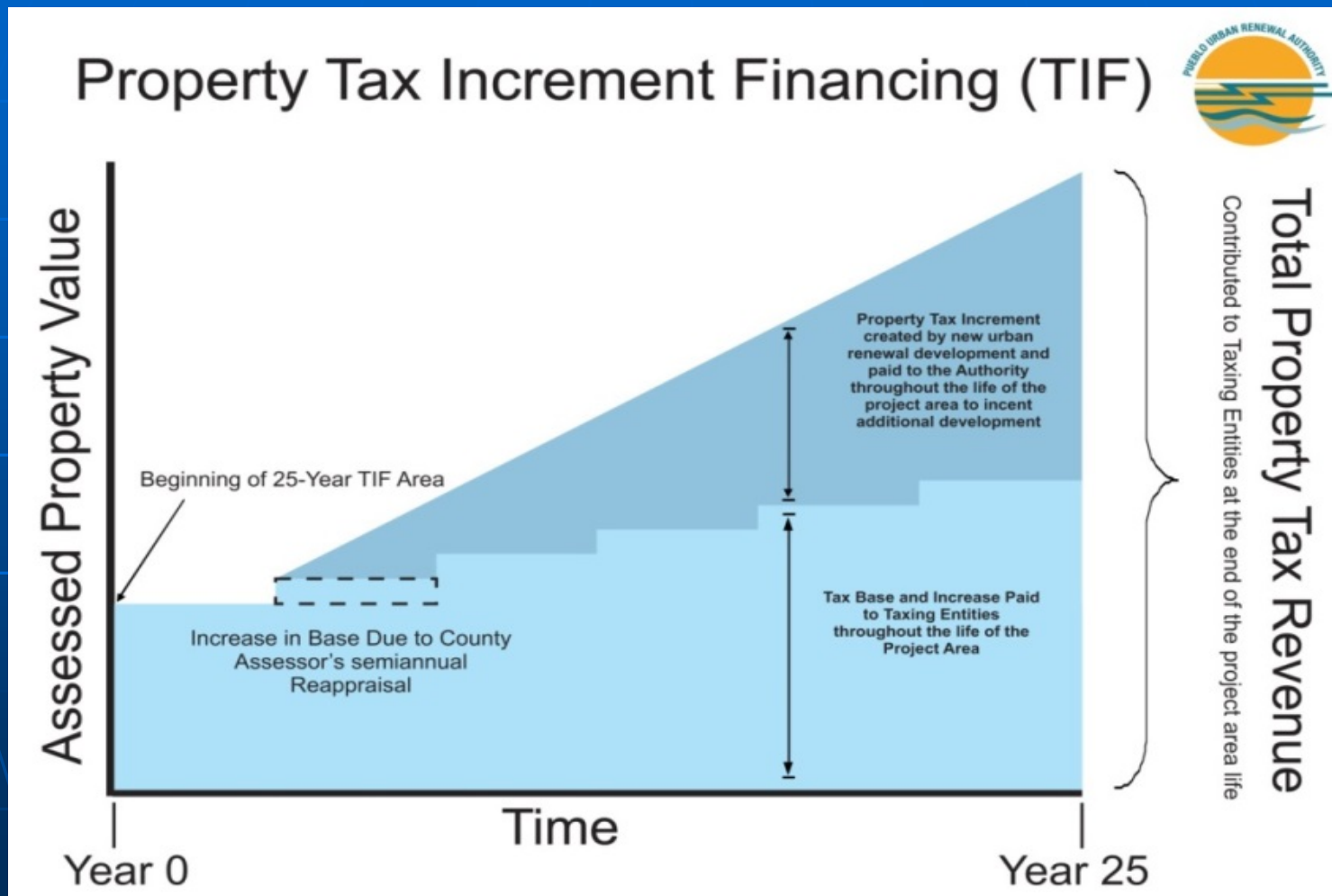
- Cure blight
- Promote projects which provide public benefit
- Project participation where private market has not or cannot work
- Create quality sustainable places
- Raise standards of living and urban development
- Create jobs
- Promote public art
- Promote affordable housing

Government institutions for urban renewal

Example 4: Urban Renewal Agencies (URAs) and Brownfield Redevelopment Centers (BRCs) in the US

- URAs are typically managed by a board appointed by the Mayor and approved by City Council. There is a fixed term for each member.
- URAs are independent of any other budgeting entity.
- URAs use tax increment financing (TIF) as an incentive and financial mechanism. TIF captures the net incremental property taxes that are created when a vacant or underutilized property is redeveloped.
- Projects that generate sales tax revenue may also include the tax increment with the approval of the City Council.
- A long-term redevelopment agreement **between URA and the developer is negotiated.**

Government institutions for urban renewal: Example 4: Urban Renewal Agencies (URAs) in the US



Source: Pueblo Urban Renewal Authority, Pueblo, United States

Government institutions for urban renewal: UR Agencies and Programmes around the world



Hongkong, China



Presidential URA ,South Africa



Singapore



Seoul, Rep. of Korea, Urban Renewal Programmes (Cheonggyecheon & Bukchon Village)¹

Government institutions for urban renewal

Example 6: Old town renewal in United Kingdom

Several local governments in the United Kingdom have launched programmes aimed at (i) encouraging people to move back to live in historic buildings,(ii) a regeneration of the retail heartland of central business districts.

These programmes provide (in)direct support to home owners and investors through tax incentives for works performed to refurbish residential and retail buildings to bring them up to habitable standards.



- Blaenavon's Industrial landscape became a World Heritage Site in 2000.
- It is a landscape shaped by human hand, dating from the early days of the Industrial Revolution - when the iron and coal industries of South Wales were of global importance.

<http://www.visitblaenavon.co.uk/en/Homepage.aspx>

Government institutions for urban renewal

Example 6: Old town renewal in United Kingdom

- pre-investment cost-benefit analysis

Costs:

Tax incentives provided in the start year / period (temporary)

- Consider shadow price of public funds (100++%)
(the higher the assumed shadow costs, the lower the net public benefit)
- Consider opportunity cost of labour
(the higher the assumed opportunity costs, the lower the net benefits)

Benefits:

- Property price benefits / Construction benefits + Multiplier impact from construction
- Tourism benefits (initial) + Multiplier impact from tourism

Net Benefits:

Calculate difference between sum of economic costs and sum of economic benefits

@ net present value / depreciated value

Only projects / programmes / locations with high public benefit returns should be supported

Conclusions and Recommendations

- Each city and each urban renewal project is unique. Therefore, there is no “one size fits all” solution or recommendation.
- Each local authority has to decide on its own urban development plans, and its own strategy, tools and implementation arrangements.
- Urban renewal requires a pro-active role of government, including (i) a conducive regulatory framework, (ii) an effective local institutional authority, and (iii) tangible financial incentives for investors;
- Private sector initiative and financing remains crucial for urban renewal projects. Social enterprises and local civil society groups can also play an important role.
- Multi-stakeholder consultations and participatory decision making is essential for successful urban renewal programmes.

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