EU Fifth Framework Programme

Reurbanisation on the condition of demographic change

Work Package 5 – Economics, Law and Governance

FINAL REPORT: CONTEXT, EXISTING INSTRUMENTS
AND PROPOSED INSTRUMENTS IN EACH CITY

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WORK PACKAGE FIVE OVERVIEW COMMENT

Work package five utilised a range of quantitative and qualitative data sources, principally secondary data and policy analysis and primary interview and actor-network mapping. In addition to the suggested specific tools and mechanisms (as solutions) for the case study cities, the general analytical and conceptual findings of the work package are also applicable to other contexts within Europe. Reviewing the economic and urban-regional policy framework relevant to the four case study countries highlighted the broader predicaments faced by Re-urban’s participating cities/ city regions, and their efforts to produce reurbanisation outcomes.

The importance of the economic, law and governance aspects of reurbanisation is reflected in two principal directions:

- in terms of understanding the regional, national and international socio-economic and policy constraints that frame Reurbanisation;
- as an entry point/ framework for developing policy solutions to urban-regional issues and problems across Europe.

The work package began by understanding the key framing and contextualising factors:

ECONOMICS
The economic analysis of the CSA’s was (and will always be) an ongoing work. Capitalism does not stand still and 'creative destruction' never halts. What is clear from all 4 cities is that the general national economic context, and the specificities at the local/ municipal socio-economic level, are the key factors in reurbanisation. Markets and economic factors underpin, contextualise, frame and sometimes prevent all activities necessary to manage and promote reurbanisation.

GOVERNANCE
Governance in the four cities varies. Most interviewees, commentators and secondary sources in our study have borne out what has been previously been identified by Gissendanner (2003): that time and time again the most powerful reputed actors in our 2004 study of the 4 cities were the Mayor or the Economic Development/ Urban Regeneration Director. This was especially so in Leipzig and in Bologna. Furthermore any urban policy research needs to understand the ability and willingness of actors from public and private sectors to horizontally coordinate policy and to effectively integrate in economic/ urban development (and social/ environmental) projects. In our study for this specific project this currently seems unlikely in both Leipzig and Ljubljana for differing reasons; is a small possibility in Leon due to the institutionally thin set-up there whilst Bologna has and does try (particularly vis-à-vis its third sector cooperative movements e.g. Lego coop) but will require much more involvement and financial capital given its parlous fiscal position.
Therefore what needs greater clarity in the four RUM project cities as they attempt to implement the tools (and for further related urban research/policy proposals in other cities) are clearer understandings of the financial resources available to urban regeneration/leaders/managers/consultants; the kinds of inducements that can be placed before the private sector; the nature and ability (and willingness) to utilise the governing imperatives of demolition/expropriation/enforcement and suchlike where applicable— if these succeed in attracting inward private investment/ in 'turning around' a neighbourhood or community or plot of land or building; and the institutional capacity of the local state and the local community to form and (re)produce partnerships with private and third sector actors/organisations that can drive forward such initiatives and innovations at the neighbourhood and city wide levels.

LAW
In our 2004 study we analysed the legal context of the CSA's in terms of property law, the law of landlord and tenant, legal institutions, and planning law. Clearly these categories overlap and inter-relate. For example, is the power of the state to intervene in rights of individual property ownership (demolition/expropriation to deal with vacant or derelict buildings/plots) an issue of property/land law, planning law, or both? Or is it even one of human rights? It cannot be understated that the scope of implementable instruments (both in this and future urban research projects) will be modified by the legal context. It would not be realistic, to propose instruments requiring changes in the national laws governing the landlord and tenant relationship, nor in the fundamentals of property law.

Two concluding points summarise WP5 views on reurbanisation and reurbanisation potentials:

1. **Reurbanisation instruments will not work** unless they are proposed having considered all economic, institutional and legal contexts and prospects. In the world as it stands today all neighbourhoods of all cities are ultimately dependent upon the global economy—however far away that may seem at some moments.

2. Indeed, if a neighbourhood is located in a city that requires— but does not achieve—economic growth at a city and regional scale and urban regeneration at the sub-city and neighbourhood scale; no manner or degree of physical, environmental or aesthetic improvements/conservation will be sufficient to achieve reurbanisation under any potential operational definition.
EU Fifth Framework Programme

*Reurbanisation on the condition of demographic change*

Work Package 5 – Economics, Law and Governance

THE ECONOMIC, LEGAL AND GOVERNANCE ASPECTS OF REURBANISATION

SECTION ONE: INTRODUCTION
1. INTRODUCTION

The general definition of reurbanisation adopted for the Re Urban Mobil (RUM) project is as follows:

“a process of optimising economic, legal, social, built and environmental conditions to provide vibrant living space within the urban core (encompassing identity and cultural heritage) where individuals and households choose to live and which attracts investment” (UFZ 2003).

We acknowledge the need for such an all-encompassing definition as a general guide-to-analysis and as a jumping off point for each of the many and varied disciplines involved in this project. However, it is necessary to conduct investigations within Work Package 5 through a narrower lens.

Work Package 5 necessarily views ‘reurbanisation’ through the prism of its specific disciplinary specialisms, as do all of the Work Packages. In this sense for us reurbanisation, (given the project-wide ‘general’ definition) will be impossible to achieve without a clear and precise focus on the economic potential of the cities within which the case study areas reside; on the prevailing and potential legal framework for both general urban governance and specific regulation of the property, housing, service and manufacturing markets; and on the linkages that exist (or need to exist) between the case study areas, their cities and the wider regional, national and global economy.

Let us be perfectly clear at the outset of this report: Reurbanisation instruments will not work unless they are proposed having considered all economic, institutional and legal contexts and prospects. In the world as it stands today all neighbourhoods of all cities are ultimately dependent upon the global economy- however far away that may seem at some moments.

Indeed, if a neighbourhood is located in a city that requires- but does not achieve- economic growth at a city and regional scale and urban regeneration at the sub-city and neighbourhood scale; no manner or degree of physical, environmental or aesthetic improvements/conservation will be sufficient to achieve reurbanisation under any definition.
The Chapters of this report

In chapter two we identify the ten key points that for our disciplines frame and guide the working of 'reurbanisation'.

In chapters three through six we clarify the thinking, the concepts and the ideas that frame our analysis, our deliberations and our understanding of RUM change in the case study cities and case study areas. We stipulate both city and area here because it is our view-taken explicitly from the logic of our own disciplinary specialisms- that any investigation, analysis and prescription for areas within cities must, first and foremost, understand the city-wide context within which these microcosms of human and economic life exist.

In chapters seven to eleven we identify the current economic, governance and legal contexts for reurbanisation in the four case study cities and areas, including the existing reurbanisation instruments.

In chapter twelve we identify the major issues thrown up by our work so far. Gaps in the current set of data- which need to be addressed by local RUM representatives in the cities before we can finalise deliverable 2- along with our probable way forward in the next 4 months are identified.

To summarise the working hypotheses of WP5 is as follows:

- Property market imbalances can be caused (or exacerbated) by the failure (or non-presence) of appropriate public policies and institutions (e.g. legal institutions). In this scenario problems cannot be solved without effective institutional change and reform;
- Property market (and urban economy) imbalances can also be caused by the cyclical downturns in activity and income which are a central characteristic of the capitalist system;
- All RUM case study areas (now) exist within such a capitalist economy. In saying that we acknowledge case study cities and neighbourhoods are inextricably linked to the wider city, regional, national, continental (EU) and global economy. In order to understand, predict and prescribe for the social future of the case study areas, the economics of these wider and higher scales must be understood…..and incorporated into any analysis and instruments;
Planning Law systems, Property Law and Property Market relationships impact upon the urban economy in a nature so intrinsic it is essential to understand how urban planning and property markets are working: and can work to the benefit of the city and case study areas both socially and economically.

The starting-point of Indicators for WP 5 are the following:

- Property market dynamics (supply and demand; turnover; prices);
- transaction costs (excluding property) for example starting a new business, operating a business, taking on new staff, taxation of income and profits, regulations that impact upon commercial activity etc;
- tenure breakdown, both current and indications of future direction’
- Nature and scale of transfer financing from regional and national levels of government (both specific and non-specific urban policy expenditure);
- Welfare dependency issues and ways/ means of amelioration;
- Extent of ‘entrepreneurialism’ amongst local population/ “competitiveness” of each case study city.
2. THE CONTEXT OF WORK PACKAGE FIVE: TEN BRIEF POINTERS TO OUR VIEW OF ‘REURBANISATION’

In October 2003 work package five was asked to identify the 10 key aspects it declared are of the most significance both to its work package deliberations and, in its opinion, to the project as a whole.

These 10 points serve as a valid and concise introduction to the varying aspects that have guided Work Package 5 throughout our investigations to date.

1. Re-urbanisation has many facets to its character and needs to be set in its wider context. It involves— to differing degrees and depending on the different locational contexts—urban regeneration, property development, housing market renewal, regulation by the state, participation and negotiation by (and between) a variety of different actors, organisations and institutions.

2. Choices and trade-offs are necessary; re-urbanisation cannot be a ‘utopian’ concept. For instance, the institutional barriers to the development of the property market in Ljubljana actually maintain social mixing in the city centre, while creating problems for financing the refurbishment of architecturally and culturally important buildings. These are quite different to the problems of Leipzig where renting rather than ownership is the dominant tenure, and problems of the financing of heritage and architectural refurbishment are strongly linked to restitution issues and the weakness of the property market.

3. Each city is unique and complex, leading to different answers in different places and different times. Change in cities is a ‘path dependent’ process involving a complex interaction of historical, cultural, legal, political, social, geographical, economic and physical factors. The package of tools, measures and policies proposed by the project team will have to reflect this contextual mix for each city.

4. Re-urbanisation must be placed in the economic and marketing strategic context of the city. A city is not only a place to live it is also a place to work and to create. These economic and business imperatives create the context for both housing and for governance policy-making/ implementation. Each city has its own unique mix of skills, businesses and commercial activities and this ‘offer’ provides the ‘armature’ around which reurbanisation activities must take place.
5. The type of re-urbanisation that can be attempted cannot be decided independently of the source of finance. A strong or weak fiscal base; a positive or poor relationship between the public and private sector; high or low central state subsidy: all of these issues will combine to delineate the financial context of the case study cities. Is it possible to ‘pump prime’ the property market? Is it possible to rely upon a flourishing commercial tax base or a gentrified neighbourhood which boosts local taxation revenues? Reurbanisation cannot be achieved without financing and the source(s) of this finance must be both clearly understood and viable.

6. The role of property rights is crucial in both economic and social terms. Property rights govern decisions about investment, the desire to purchase and to construct/ refurbish. It is necessary to examine the nature and extent of property rights in the four cities, as well as the potential of (and restrictions on) the contribution of property rights to re-urbanisation.

7. A detailed understanding of the way in which the property market operates in each city (legal and financial) is necessary to understanding the process of re-urbanisation in that city. The interaction between different actors and institutions within the context of the property market and the prevailing property and planning laws can determine different modes of living/ differentials in both rents and property values, and any potential for re urbanisation in each of the four cities.

8. ‘Governance’, in contrast to government, is a prerequisite for understanding urban processes. The notion of urban (or local) governance has been developed to describe the fragmented and multi-faceted nature of urban government since the 1980’s. Policy is devised and implemented by a multitude of actors, sectors, institutions and organisations. These ‘complex relational webs’ form different governance ‘maps’ in each city. To develop appropriate tools and measures for each city will require an understanding of these ‘governance maps’.

9. Measurable data will be insufficient to analyse each case study and this must be supplemented by semi-structured interviews to understand structures and processes. Qualitative approaches will often lead to improved understanding: for example the ‘mapping’ of ‘governance’ in the four cities. However, positivist approaches should not be disregarded entirely.
10. The timescale of re-urbanisation will be long and complex due to socio-economic 
inequality and associated problems. The UK experience suggests that the process of urban 
renewal will be slow and that community capacity-building and strategies for social inclusion 
will form essential components of any effective reurbanisation strategy. If inequality is 
ignored in favour of pure ‘gentrification’, it will often (though not always) simply be 
displaced to other parts of each city.

These ten points have to be read in conjunction with our ideas in terms of city types and 
typologies and also in terms of each of the 3 individual scientific disciplines which comprise 
WP5. It is necessary to understand the wider/ general aspects of Economics, Law and 
Governance in order to appreciate the City-specific information which follows. They are now 
dealt with in turn.

Whatever the economic paradigm used to analyse the market, casual observation of the four 
cities reveals substantial differences in the mix of tenures, particularly in the residential 
property market. The private rented market dominates in Leipzig, while in Leon and more 
particularly Ljubljana, home ownership is dominant. These differences cannot easily be 
accounted for by economic analysis, but form part of the social and political cultures, and in 
turn have been influenced by regulatory and planning regimes at a national and local level. 
An understanding of such cultures is fundamental to the next stage of the project, since the 
proposals for policy interventions will be limited differently in each country, by such 
restrictions. Institutional differences in the capital and property market will form part of this 
analysis.
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Work package 5 – Economics, Law and Governance

THE ECONOMIC, LEGAL AND GOVERNANCE ASPECTS OF REURBANISATION

SECTION TWO:
WORK PACKAGE FIVE CONCEPTS FOR UNDERSTANDING AND ANALYSING REURBANISATION
3. ECONOMICS CONCEPTS FOR ANALYSING REURBANISATION

Like nations, city-regions have to face economic issues such as how to retain their existing effective investments and how to build new economies or to maintain competitive positions obtained from their past policies and portfolios. This is particularly so in the post 1980 period.

Four interrelated economic conditions in the post-1980 period have altered the ways in which it is possible to conceptualise and to operate policies in city-region space. Without going into too much detail, these conditions can be sketched out as follows:

1. The demise of the Keynesian aggregate demand management approach caused macro-economic management experiencing revision and diversity. The theory and practice of macro-economic management became more controversial with competitive ideas from advocates of monetarism, 'supply-side' incentives, and neo-liberals who wanted less state intervention in national economies and greater market freedom. City-regions were affected by the specific course of macro-economic changes among nations, by periods of trial and error in new regimes of macro-economic 'orthodoxy', and by an emergent consensus in favour of anti-inflation by mid 1980s. The new anti-inflationary consensus has the following characteristics. It prescribes tighter monetary and fiscal controls; it aims to achieve levels of interest rates which secure savings and protect targeted exchange rates; and in taxation, in public expenditure, and guidance to markets it aims at securing incentives and flexibilities. This has impact in both sectoral and spatial investments, together with localised consumption, employment, and market change.

2. The wide-spread economic deregulation throughout the world in both industrial and developing countries. Although this provides enhancement to markets, it does not reduce the importance of state roles, especially in reforming institutions, creating effective and well defined property rights and regulating the finance sector. One important impact of this change has been increasing competition between the banking sectors and the capital market for funding economic projects. This competition has brought into the fore the question of financial risk management and the development of hedging instruments;

3. The increasing global integration of national and local economies, which has extended and deepened the economic dependence between nations (McGrew, 1992). But the extent, form and pace of globalisation is not uniformly spread across the world, nor across value-added activities. Decisions regarding the location of
economic activities are affected by cost of production, transportation, transaction, plus taxes and duties, less allowances and subsidies. "Besides the availability and cost of factor and intermediate inputs, the main supply-related variables influencing whether a firm concentrates or disperses its asset-augmenting or asset-exploiting activities over space are, on the one hand, the extent to which such activities can benefit from scale economies, and, on the other, the spatially related transaction cost involved" (Dunning, 2000, P 13);

4. The movement of real and finance capital across national boundaries, leading to new constraints and less economic independence at national levels of macro-economic policy making, with profound impact on the internationalisation of property cycles, business cycle and on the asset prices. (Dehesh and Pugh 2000; Renauld, 1995; Schinasi, 1995);

Dunning (2000) made complementary observation and suggested that the following events over the last two decades exerted profound impact on both the nature and composition of global economic activity, on its ownership and on its location, and organisational modes. These are:

1. "The increasing importance of all forms of intellectual capital in both the asset-creating and asset-exploiting activities of firms.

2. The growth of cooperative ventures and alliances between, and within, the main wealth-creating institutions.

3. The emergence of several new major economic players in the world economy" (Dunning, 2000, P 8).

Dunning argued that the business community is increasingly aware that "the core competencies of firms become more knowledge-intensive, yet more mobile across space, so the choice of location in the production, organization and use of those assets is becoming a more critical competitive advantage" (Ibid, P. 7). And in response to the changing demands of the wealth creating sector, the challenge for the national or urban policy makers is "to offer, both to indigenous and foreign-owned firms, the spatially anchored resources and capabilities within their jurisdiction, which are perceived by these firms to be at least as attractive complements to their own ownership-specific advantages as those offered by other countries or regions" (Ibid P. 7).
The foregone observations can lead to some tentative conclusions:

- The demographic and urban transitions in city-regions that adapt to the changing requirements of the international economy can add new labour and capital to production. That is to say, in economic terms these cities (regions) can absorb factors of production, achieve ‘capital widening’ and develop the built environment. They also achieve ‘capital deepening’ and improved factor productivity by benefiting from the agglomeration economies and technology. The built environment aspect expands the construction industry, adding income and employment through sector ‘multipliers’. But if in this competitive process a city-region fails to respond positively, quickly and adequately the process of spiral decline sets in motion;
- Globalisation leads to more rather than less specialisation and this in turn leads to the structural transformation of firms and nations.

Let us now make some general observation about the consequences of these changes for city-region economies. These include:

- the rise of tertiary sector and the fall of manufacturing with their associated employment trends;
- medium and small size firms offering more employment opportunities;
- severity of long term male unemployment;
- worsening disparities in investment and employment opportunities between different cities and regions within countries;
- the long-term persistence of low wages and high unemployment rates in specific social groups and even in particular families in local areas;
- the movement of finance and real capital in search of higher return and lower costs. In the domestic markets these trends have caused suburbanisation of employment especially in the manufacturing sectors;
- the growth of brown sites (derelict and under utilised) in the inner cities and the growth of development projects on the green sites in the suburbs
Bovaird (1994) has made additional observations, although with less consistency between cities and between countries, as follows:

- "increasingly active intervention by local authorities in terms of subsidy to and support for local industries, in all sectors;
- increasing central government interest in and support of local (i.e. urban and rural) economic policies at the expense of urban policy and planning;
- increasing co-operation between public and private sector in local economic intervention;
- increasing attention to local factors in training and retaining policies and programmes." (ibid, p. 15)

Wiegandt (2000) argues, in the context of German cities, that urban development is shifting from "industrial modernity" to "new modernity", with a decrease in the importance of the inner city in favour of the urban fringe. The consequence of this is that the social mixture in cities disappears on the small scale. Wiegandt also argues that the consequences of the increasing polarisation in German society affects urban structure. These tendencies are not confined to the cities of mature capitalism in the West but are also noted in transition economy cities. Gdaniec (1997) describes the way in which Moscow has shifted to a more capitalist residential pattern with gentrification and social segregation. The similarity to the west is muted by reference to the relative lack of control and regulation.

However, this structuralist argument that the pressures of globalisation and market-oriented economies will push all cities in the same direction is questioned. Dunning (2000), as noted above, emphasises an increase in specialisation which may result in different city types. Jacobs (2003), in a comparison of US and Japanese cities, argues that the spatial structure of a city is embedded in its national and subnational context. This assertion of uniqueness in the context of global economic pressures is part of the nesting approach initially introduced by Simon (1973) and applied in the urban context by Child Hill and Fujita (2003) and others. Although not entirely the same philosophically, it results in similar methodological conclusions as North's (1990) ideas of path dependency. Whilst similar global pressures are faced by different cities, their current situation, their history and culture, their institutions and economies, will mean different responses in different places, and different policy prescriptions.
Choice of Paradigm and Policy Formulation

Analysis of the general trends and the choice of strategies for dealing with their consequences depend on the choice of paradigms and their associated, but varied, conceptual frameworks that one chooses to adopt. It is beyond the scope of this writing to go into a detailed examination of competing paradigms in economics, but we proceed with a general introduction. This introduction intends to highlight the main strengths and weaknesses of the competing paradigms, and to offer some explanation and justification for our theoretical approach in this research project.

Burrell and Morgan (1979) classified the competing paradigms along two axes - subjective-objective and regulationist - 'radical change'. The main competing paradigms in the social sciences, which include neo-classical economics, institutional economics; Marxism and neo-Marxism, can be placed in the suggested classification... Both neo-classical economics and Marxism set out to provide close explanatory systems for understanding economic change. The institutional economics paradigm and neo-Marxism, on the other hand, accept that their frameworks can only explain a part of the changing economic and social order- indeed their approach often embody an outright rejection of all 'totalising' theory.

Neo-classical economics: the theoretical framework can be summarised as 'rational individual' decision maker operating within market relations with the 'maximising' objective. In pursuit of this objective, buyers purchase goods and services until what they gain from one extra unit is just balanced by what they have to give up obtaining it. Similarly, producers produce goods and services until the cost of extra unit is just covered by its marginal revenue. Maximization is subject to relevant constraints, and value is linked to unlimited desire and wants collide with scarcity. Prices are the signals that tell economic agents whether their conflicting desires can be reconciled. Neoclassical economics is the dominant orthodoxy in explaining urban change and land use allocation. Amongst the most influential works associated with this school of thought one can cite Alonso (1964), Muth (1969) and Mills (1972).

The pattern of development of large American cities during the 1960s and 1970s created a counter-intuitive pattern of urban land uses, i.e. the poor living on the more expensive land closer to the centre and the rich living on the less expensive land in the suburb. Starting with a number of simplifying assumptions including the infamous featureless plain, monocentric city, homogeneous environment and uniform local taxation, which are not seen as problematic because according to the positivist tradition it is the predictive power of a theory rather than its unrealistic assumption that matters, these authors proceeded by arguing that the unfettered market mechanism allocates land according to the bidding power of different land
users. Consequently land goes to the highest bidder, and the highest bidder is the use that can maximise the return from land in any given location, and the choice of location is determined by the welfare objective function of the user. There is a trade off between rent and transport costs. With increasing distance from the centre transport cost increases, though at a decreasing rate, therefore in order the maximised utility to remain unchanged the rent must decrease with increasing distance from the centre. Here rent is seen as one payment for two commodities, size of space and location, and the location implies cost of overcoming the friction of distance from the centre. Accordingly, a concentric pattern of land uses emerges. The consequence of this bidding process is the formation of a negatively sloped rent gradient.

In determining residential location decisions, the poor are assumed to prefer accessibility to work place, which is assumed to be centrally located, because otherwise increasing transport costs reduce their welfare. Accordingly, they locate on the more expensive centrally located land, but economise on the use of space. The rich, on the other hand, are assumed to prefer space, therefore chooses suburban location. The cost of space is lower farther away from the centre; therefore they can consume larger space, which compensates for the increasing transport costs.

Evidence suggests that the work of these authors did not have good predicting power, nor did they influence government policies. The greatest challenge to this paradigm came in the growing dereliction of the old industrial areas of cities in the USA in 1960s and in the UK in 1970s. These models were not capable of explaining the disequilibria, but because of the dominance of the neo-classical paradigm, problems were first ignored then explained away as temporary which the market processes bring back to equilibrium. The ahistorical nature of the analysis does not relate dynamic change to the specific temporal, spatial and cultural context in which it occurs.

The processes of 'filtering down' and 'gentrification' can both be explained within the trade-off framework. In the former the rich leave the large housing units in more centrally located areas in search of better environment with the view to enhance their welfare. The units which are left behind by the rich filter down to lower income users, but the density of occupation increases leading to deterioration of housing and the living environment. On the other hand, gentrification is the process when, because of unreasonable increases in transport cost (including commuting times) and in order to have easier access to more urban cultural and other amenities, the rich decide to come back to specific run down areas, which have some preferred architectural characteristics, and up grade the area. This process pushes the lower income households out, but because the price of properties in gentrified areas are rising the
proceeds of the sale can bring substantial capital gain for the vendor. Clearly the process may disadvantage the low income tenants in the rented units in the gentrified areas, but this should not be regarded as market failure. One might argue that gentrification is one way of preserving the culture heritage in parts of a large city which is prone to the process, for the rich have the means. Clearly in the market economy it is the rich which have more choices, and when they exercise their choice it sets in motion a chain of events in the housing market which have consequences for prices, quality of the living environment, residential density and other housing indicators. If the cultural heritage is to be saved in an area where the process of filtering down is unfolding then government subsidies may be required. But these subsidies will increase property prices, therefore a system of taxation which siphons back the capital gain to the government must be put in place.

According to this paradigm the property market is conceptualised in the form of four interconnected sub-markets. These are the user market, the development market, the asset market and the land market. The method of approach in this market is predominantly that of 'partial' rather than 'general' equilibrium, therefore the analysis proceeds with the ceteris paribus assumption. The consumers and producers react to prices and the profit motive allocates resources accordingly. From the profit motive investment follows, and in order for the profit to continue innovation is essential. In the model of competitive property market the combination of the development and the land sub-markets generate the supply function for new properties. New building only takes place if property prices rise above replacement costs. Above that trigger point, extra supply is subject to a rising supply price because of diminishing return in the construction industry. The level at which replacement cost is currently set depends on land prices, as well as on construction and other development costs. Land prices are determined by supply and demand in the land market. There is a continuous competitive process amongst land uses for desired land sites. Externalities and public goods, such as agglomeration economies and public transportation infrastructure, enhance the usefulness of any land site to its potential users and the prices bid for the land. Some of the benefits of the existence of those externalities accrue to the landowner as economic rent.

In this model the property market is competitive, and the firm is treated as a 'black box' with no need to look what is inside. How firms function, and the institutional contexts in the competitive model also abstract from any contextual factors in the supply process.

Institutional Economics: Neo-classical economics is to a large degree institution-free in the sense that it is intended to have universal applicability and it has not sought to reflect particular institutional arrangements in its theories. In recent years there have been attempts to
extend neo-classical economics to encompass institutional arrangements, but this has generally taken the form of viewing the institutional arrangements as reflecting the optimising choices of individuals; that is, the institutional arrangements reflect choice. In contrast institutional economics would stress the impact of existing institutions on individual behaviour, and the gradual evolution of institutions, but without any implication that institutions are in any sense optimally designed. Samuels (1987) describes institutional approach as follows:

"Institutional economics assert the primacy of the problem of the organization and control of the economic system, that is, its structure of power. Thus, whereas orthodox economists tend strongly to identify the economy solely with the market, institutional economists argue that the market is itself an institution, comprised of a host of subsidiary institutions and interactive with other institutional complexes in society. In short, the economy is more than the market mechanism: it includes the institutions which form, structure and operate through, or channel the operation of the market. The fundamental institutionalist position is that it is not the market but the organisational structure of larger economy which effectively allocates resources."

When the assumption of perfect competition is dropped, the possibility arises that firms can adopt 'strategic behaviour' with respect to their supply decisions. Strategic behaviour means that firms can adopt strategies in attempts to affect market outcomes for themselves, with a reasonable prospect of those strategies having some positive effect. In this way, firms can hope to earn long-run above normal profit. Once strategic behaviour is admitted as a possibility, the context in which it is implemented becomes important- because a strategic move is likely to be successful if it takes account of the circumstances into which it is introduced. The context of history, geography, culture and institutions, therefore becomes important.

There is diversity in the models which have tried to highlight institutional relationships involved in property development. Each model emphasises its chosen strand of the general theory. This is obviously due to the fact that researchers choose prior theories to understand and examine empirical information about what they regard as important. These theories in turn, close off other forms of analysis. Each of the institutional models, in other words put emphasis on specific piece of empirical information and analyses of it, while down playing others. Nonetheless we can make some general remarks as follows:
• transaction cost minimisation can determine what is done within organisation and what is undertaken through market exchange.
Transaction costs are the costs of designing, of relational contracting, and of enforcing property rights. They tend to be lower in markets, but higher in mixed state-market relationships. The property sector is largely one of mixed market-state relationships in land, finance, taxation and macro-spatial planning;

• According to Williamson (1985), when the costs of writing, executing and enforcing contracts are high, markets fail and hierarchies emerge to take their place. Transaction costs are likely to be high (and therefore markets are likely to fail) when the assets required to accommodate that transaction are highly specific to it, when there is high uncertainty about the relative superiority of known alternatives or belief that new alternatives are likely soon to become available, or when the high frequency of transactions makes it likely that the setting-up costs of governance structure for regulating each transaction will be recouped over time;

• Information constraints lead to theories of moral hazard, adverse selection and signalling. Moral hazard arises when behaviour cannot be effectively monitored, so that someone may break the implicit rule of behaviour. Asymmetrical information means that buyers are faced with uncertain product or service quality, and so adverse selection arises-leading to market failure as good quality is driven out by the bad.

Institutional analysis of property markets is still evolving.

Marxism: in the present context the term Marxism is used to cover authors whose work has to some extent been influenced by Marx. The central element in their writings is the importance of social class and the conflict of interest between classes. Under capitalism the surplus is largely captured by capitalists as the result of their control of the means of production. Capitalism is a dynamic economic system, and it is subject to cycles of economic activities.

Harvey (1973, 1982) demonstrated that the understanding of spatial patterns within cities could not rely on neo-classical economic models. He demonstrated that land-rent pattern did
However, the appropriation of differential rents may serve to enhance competition, by forcing
the proper allocation of capital to land. Harvey’s work led him to the conclusion that the split
in capital between landed capital and finance capital produced severe conflicts of interest in
urban development which normally resulted in urban land rents being unnecessarily high for
industrial producers; i.e. the appropriation of surplus value in the form of absolute rent or
class monopoly rent, in addition to differential rent, reduces the overall rates of production of
surplus value and of capital accumulation and acts as a totally negative influence over the
proper allocation of capital to the land.

The Marxist paradigm rejects equilibrium as a theoretical construct and emphasises
disequilibria.

Having provided a short description of the three paradigms, our adopted theoretical position is
that both definition and the scope of urban economic issues and problems and the way in
which they should be approached and treated should be conceptualised at a societal level.
Therefore, we adopt a holistic approach that recognises the complexity and
multidimensionality of social and economic structures and their dynamic interactions. We
also recognise that policy formulation should be with a view to what is practical at the
societal level and what faces strong opposition which hinders its implementation. We
recognise the hegemony of neoliberal thinking in the post 1980 period and strongly suggest
that any policy which deliberately ignores this fact is doomed to failure from the start. The
reurban project for practical reasons should be placed within the framework which recognises
what is workable.

Among the issues that policy makers should take into account are the following:

- the successful implementation of a city specific strategy necessarily includes
  the reutilisation of the existing economic resources that the city offers, thus creating
  added value by keeping costs low.

However, whilst in theory this is a seemingly sound and straightforward task, in practice it is
fraught with enormous difficulties. For one thing, a balance must be struck between the
spatial needs of the modern economy which is predominately engaged in the production of
private goods and the desirability of preserving urban form, architecture and delicate
historical fabric of these centres as public goods. The two requirements are not necessarily
complementary. On the contrary, and more often than not, they stand at the opposite ends of
the public and private good spectrum. There is the problem of balancing the mainly altruistic interest of the public sector against the mostly profit based motives of the private sector. Creating and maintaining this balance over time is essential because the process of revitalisation cannot be implemented without a degree of co-operation between the two sectors. The difficulty is that the private sector tends to vote by its feet, i.e., if a market based comparable expected rate of return is not achieved the private sector’s resources move somewhere else.

A successful co-operation between the two sectors depends on the correct understanding of the interconnectedness between economic opportunities, investors' (both the public and private sector) required rates of return, which reflect a combination of market based opportunity cost and risk premium, and the working of the price mechanism as a powerful tool for the allocation of resources. It is also helpful to realise that in the context of increasingly dominant deregulated markets real and finance capital have become more foot loose than ever before. This means that the investors’ risk related required rate of return can be influenced by forces beyond the control of the local economy, consequently influencing the pattern of development in the local economy. In view of these and many more contradictory situations and complex problems one inescapable conclusion is that to be successful in managing their cities the city authorities must develop a deep and wide understanding of the working of the market mechanism, and of the reaction of the market system to the imposition of regulations.

In what follows some principles governing the working of the property market in a capitalist system are discussed in order to put forward a general framework for analysis and policy formulation. Further elaboration and policy/tool suggestions will be forthcoming after city specific data are analysed and interpreted.

**Towards creating a strategy and tools**

It must be noted from the outset that the development and implementation of a city specific revitalisation strategy can bring about temporal expected changes only if it is an integral part of the wider city-region economic development strategy. For example, the preservation of the historical fabric of a centre may, in the main, help the tourist industry, but the planned introduction of further mixed land uses is essentially aiming to promote new residential and commercial (retail, office and recreation) interests in the centres. Thus, the determining factor here is the strength of demand for these uses which, in turn, is determined by the state of the city-region economy. The key question is how to create conditions which foster economic
growth in the wider region and then harness the generated wealth to move in and regenerate the centres.

As mentioned above creating a balance between maintaining the historical fabric of the centres and the space requirement of the modern economy, which is increasingly embraces the market system and deploys new technology and modern means of communication, points to the potential need for trade-offs in certain respects.

The extent of the trade-off is determined, inter alia, by the prevailing planning system which underpins land use allocation, and by the legal system which underpins land ownership; and on the other hand, by property users' spatial demand reflecting the size, specification, tenure and access criteria. Keeping this balance may restrict type, quantity and quality of land uses which can be introduced. For example, a modern commercial use which heavily relies on the use of computer technology in order to reduce its cost of production may find refurbished historical buildings with low ceilings unsuitable because of inadequacy of space for laying computer cables. On the other hand the advancing technology has developed computers which do not need cable connections. Further example could include a firm of solicitors that would wish to occupy a prestigious office block in order to make its operation more convincing and attractive to their clients. The location of a prestigious office block in an historical centre would be an added advantage for the firm providing the firm's specifications are met. Another example is matching the supply of residential space with the requirements of the emerging socio-economic class, characterised by smaller and less traditional household structure and by rising purchasing power, who demand modern and avant-garde living space with improved access to urban services.

The need for access is an important economic consideration and is another area where trade-offs may be necessary. Since it would be unlikely that the existing road systems in these centres would be suited to the needs of modern traffic it follows that traffic authorities have also an important input in determining the trade-off.

The space requirements of property users are gradually but surely changing. This gradual change is, in part, a reaction to and a consequence of on going structural economic change that have characterised modern market led economies. Thus, to manage and direct the spatial change for the benefit and well being of the majority the city authorities need to understand the pace and direction of the emerging interface between state and the market. The emerging trends suggest that free market forces in the context of widening deregulation and in response to the process of competitive disinflation are increasingly driving economic activities and
hence property development. It should not be taken to mean that the public sector does not have an important role to play, but that the market is becoming a more dominant institution in the post 1980 period. Consequently we observe more market friendly policies are emerging.

The demand for space must be understood in the context of functions that the property sector performs. These functions, which are interrelated, can be classified as:

1. space;
2. investment;
3. collateral.

**Space**

Property provides the space within which economic activities are carried out. The end result of these activities are goods and services which are either directly consumed by the occupier of the property, or, they are demanded by a much wider range of consumers in the market. In the latter case, demand for property is a derived demand, i.e. it derives from demand for the final product that property in co-operation with other factors of production produces. Basically, as the demands for the goods and services increase, the demand for the space within which these goods and services are produced will also increase. Thus, in a vibrant and expanding economy the demand for appropriate types of property increases, and in a contracting economy it decreases. So we can observe rising rents and property prices, and falling yields in the former and falling rents and property prices, and rising yields in the latter. These variations in the fortune of a property sub-sector and an area in part reflect the changing interest and reaction of the property users and investors.

But, even in a vibrant and expanding economy not all sector and sub/sectors of the economy will experience growth and expansion. The following contemporary examples from the UK can be sited as evidence:

- The large areas of vacant industrial properties and of vacant land in the centre of major urban areas in the early 1980s were the consequence of structural economic changes which led to the closure of many manufacturing firms and factories. The demise of the traditional and inefficient labour intensive industry in response to the process of competitive disinflation, and the increase in the volume of cheaper imports to satisfy domestic consumption have led to substantial reduction in demand for industrial space. On the other hand, the rise of the service sector, and in particular the financial sector, has led to rising demand for office space in major financial centres;
- The pressure for the development of out-of-town shopping centres and retail warehouses in the late 1980s led to a major decline in town centre shopping in some towns (mainly smaller market towns) and has had environmental impacts.

The growth and expansion of any sector depends on changes in the demand for its product(s). In the commercial sector in particular, the more profitable a particular economic activity, the higher the demand for the suitable type of space; similarly, the less profitable an economic activity, the lower the demand for the suitable type of space. And because the value of business property, for example, a commercial office block, is determined by the capitalisation of the total flow of expected future rental income over the expected economic life of the office block, it follows that the higher the rent (or expectation of rise in rent), which reflects the higher demand for the space provided by the commercial office block, the higher the capitalised value of the property. Since rent can be seen as an economic surplus, it follows that the value of the business property is influenced by any factor which affects the profitability of carrying on the business activity for which the property is best suited. It is also important to remind ourselves that there is an inverse relationship between the risks related discount rate and the capitalised value of a property. The higher the discount rate, the lower the capitalised value of the property. The same principles can be, with some modifications, applied to the residential sector, especially to the private rented sector.

The most profitable legal use of land is called the highest and best use. The key question in determining highest and best use is: what use will provide the greatest return to land (residual) after construction cost and operating costs have been subtracted. Market mechanism reinforces the tendency of land to put to its highest and best use.

In expressing their demand for space users evaluate the accessibility, specification and tenure of available accommodation against their own particular needs. Access is the principal determinant of highest and best use in an urban environment. As the accessibility of land to urban goods increases, its productivity and hence, value also increase. In fact, the locations choice involves a trade-off between access to a variety of other locations on the one hand and the cost of real property at a given location on the other. As a general rule, the more accessible a location is to the positive elements in the environment, the more valuable it will be. However, different types of land uses call for access to different things.

Proximity and access are not the same thing. Often, access is limited by social, political and geographical barriers, in addition to distance. For example in the UK, families seek access to
good schools' catchment areas. The fact that housing prices in one school's catchment area are higher than another one means that families living in more expensive houses will likely have higher incomes. This will reinforce the desirability of the catchment area because many parents like to have their children associate with children of higher-income families.

Time and convenience are important elements of access. Modern transportation networks have made access as much a function of urban infrastructure-type of roads, availability of mass transportation, etc. - as simple physical distance. There are also social dimensions to the accessibility concept. Fear of crime, for example, has caused many individuals to feel that areas in centre of city are not accessible to them.

As far as specification is concerned the users will seek the type of property which would satisfy their specific requirements. This matching exercise would reduce the cost of production and would improve economic efficiency of the firm. Users of property also choose a tenure which would suite their requirements. They can rent or buy. Properties which are constructed specifically for letting purposes would have specification which would make them acceptable to wider range of tenants. The tenants can arrange the rented space to fit their accommodation requirements. One of the advantages of renting for the tenants, especially the newly formed small companies who need to get a foot hold in the market before purchasing their premises, is that it does not tie down them down to a specific location. Thus, with renting it would be easier to be foot loose and respond to the changes in the market. Property owners, on the other hand, would like to have flexibility in earning the market rent, and would prefer to sign longer lease, and would like to avoid having periods when their properties remain vacant. Thus, they would prefer to sign longer leases with upward only rent review clauses (a practice in the UK). But the relative bargaining position of the renters and the property owners is very much influenced by the state of the economy at the national, regional and local levels. Generally, when the economy is in the cyclical down swing and there is excess supply in the property market, more flexible terms would be offered by the property owners to attract potential tenants, and some properties may be transferred to owner occupier sector. When the economy is in the cyclical upswing and there is excess demand in the property market, rents will be increased. As a consequence of rising rents new properties will be constructed by developers who expect that the buoyancy in the property market would continue, but at the same time some renters may transfer to the owner occupier sector. If the newly developed properties are financed on debt, the lending source(s) will need to be convinced that the resale value of the property for general use covers the loan.
The above discussion indicates that user demand is highly diverse. This diversity causes a problem; not all users may necessarily find properties which suite their requirements at the cost that they can afford, or, willing to pay, or, at the time which would fit into their time scale. The diversity of demand and the inability of the property market to respond efficiently and speedily cause disequilibria. The cost of property as a factor of production can also influence the competitive capacity of a firm. This is particularly relevant in the present economic climate of prevailing competitive disinflation. The property market can, thus, exert a crippling effect on the state of the economy. An efficient economy requires the support of an efficient property market.

**Investment**
Property is a medium of investment. It attracts potential investors because it can create a net flow of rental income over a given time horizon, and, depending on the conditions of the market, the resulting capitalised market value can also grow. Some analyst also attach an intangible psychic income to property. Property, therefore, competes with the other two major types of investments equities and bonds to attract available funds from major investors. The risk related returns from these investments are regularly being compared to adjust the investment portfolio of large investors with the intention of minimising risk and maximising return. So, it is not the absolute but rather the risk related relative performance of property which would determine its attractiveness to the large and influential investors.

**Collateral**
Property is collateral upon which debt can be raised. The advantage of property as a collateral is that apart from its capitalised value which provides the security against the loan, its net rental income can service debt charges. The value and fluctuations of in the value of property plays a dual economic functions; 1) it influences the ability of the borrower (owner of the property) to raise debt finance, and it also influences the size of debt raised, and 2) while rising property values may encourage an eager lender to increase the size of its lending on the basis of rising property values the collateral, falling property values may pose a threat to the financial stability of the lender if the size of the loan become larger than the falling value of the collateral. The important connection (feedback processes) is between the value of the collateral, the debt service charges and the interest rates. In the event of rising interest rates the feedback is negative, i.e. debt charges increase and property values decrease accordingly. And in the event of falling interest rates the feedback is positive, i.e. debt charges decrease and property values increase accordingly. This is the general trend but exceptions apply.
The above discussion is mainly centred on the commercial property, though the gist of the analysis can be applied to the housing market. However a short discussion of the housing market is also in order.

**Housing market**

In a capitalist economy the housing market can be classified into the private and public sector. This is a very loose generalisation, and the subdivision of the housing market is culturally-laden. The private sector can be further divided into owner occupation and rented sector, and the public sector can be divided into government and non-profit making associations.

- The owner occupier sector tends to dominate most European housing markets; therefore demand and supply are the main forces determining the outcome in this sector. The demand for owner occupation is a function of; inter alia, income, desire for ownership, cost of mortgages, availability of mortgages and price expectations. The last factor indicates that housing market is influenced by the decision of speculators.

- The short run supply of houses is relatively inelastic. In the long run supply can be influenced, inter alia, by cost of production and government regulation.

- The public sector housing should be analysed within specific circumstances of nation states.

**General tools**

The above discussion highlights some of the complexity that characterise the working of an urban economy and the shaping of its physical fabric. The prerequisite for improving the quality of life for the existing and potential new inhabitants of historic centres, (who choose to live, work or invest there), is that these centres must be viewed as components of a wider system. A system can be defined as a set of components that interact with each other. A system can be further viewed as feedback processes which have orderly structure from which its dynamic behaviour arises. In order to understand how a system reacts to external forces, it is necessary to understand the dynamic relationships in the system structure. It is this internal structure which determines the reaction of the system to exogenous influences. In other words the system itself bears a responsibility for the performance it exhibits.
When viewed as part of a system, the strategy for introducing mixed uses should not be based on the expected success of a new big idea. What is needed, as evident from observing relatively successful regeneration strategies elsewhere, is a framework for change which encapsulates a flexible, dynamic and coherent action plan by building in a set of interacting economic, environment and design principles within the wider context of the urban system. The main difficulty here is to get the balance between socially desirable normative objectives and profit motivated market based objectives right and maintain it over time. The key is to postulate a set of priorities which would reflect the aspiration of majority and the demand of market lead economy.

The following general strategic objectives can be considered for the city

1. Promoting and developing city capabilities in order to improve the relative economic advantages and competitiveness the city offers.
2. Developing the city economy in the face of domestic and international competition along the new avenues created by structural economic changes. This means that in addition to having economic resources and utilising them, the city authorities need to predict new economic trends and requirements.
3. Improving accessibility to the city by all modes of transport.
4. Creating conditions which encourage re-use and investment in targeted areas of the city.
<table>
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<tr>
<th>Objective</th>
<th>Tool</th>
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<tr>
<td>Improve accessibility and limit the invasion of private motor car for</td>
<td>Promote the use of public transport by offering subsidies, and demote</td>
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<td>aesthetic and environmental reasons</td>
<td>the use of private transport by road pricing and parking charges.</td>
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<td></td>
<td>Create a high quality, safe and pedestrian dominated core. Create</td>
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<td>access for all.</td>
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<td>Respond to the users' specification</td>
<td>Maintain the facade and change the internal structure (where possible).</td>
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<td>Take advantage of buildings which offer attractive street frontage.</td>
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<td>limit the opening hours for entertainment establishment</td>
<td>Subsidy which can be paid from local specific property taxes</td>
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<td>Attract private sector</td>
<td>Offer sweeteners and subsidies, promote developmental rather than</td>
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<td>regulatory planning systems, and promote market friendly policies.</td>
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<td></td>
<td>The source of subsidies can be central government grants, local taxes</td>
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<td>and EU funds but none of these are bottomless pits.</td>
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<td>Form public-private partnerships.</td>
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<td>Attract higher income groups</td>
<td>Create a balance between building for owner occupation and renting.</td>
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<td></td>
<td>But the rent and property value will rise. Property taxes can be</td>
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<td></td>
<td>increased to siphon-off some of the capital gains. Promote the</td>
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<td>process of gentrification, but provide reasonable alternative for</td>
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<td>the lower income groups who are forced out of the area. Part of the</td>
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<td>cost may be recovered from imposing higher property taxes in the</td>
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<td>gentrified areas.</td>
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<td>Greener environment</td>
<td>Publicly provide and Subsidise the provision of green space</td>
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<tr>
<td>keep the commercial sector in the area</td>
<td>offer subsidies, improve accessibility and</td>
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<tr>
<td>Area of Focus</td>
<td>Action</td>
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<tr>
<td>Transfer power back to people</td>
<td>Promote and facilitate public participation in the local and city decision making processes.</td>
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<tr>
<td>Develop proactive rather than reactive policies</td>
<td>Develop a deeper understanding of the market forces and the unfolding of structural economic changes.</td>
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<tr>
<td>Assist the regeneration of the area</td>
<td>Invest in publicly owned building which can satisfy spatial requirements of the commercial and residential sector. The new investment can encourage a new wave of demand for the area.</td>
</tr>
<tr>
<td>Attract high value uses</td>
<td>Refurbish specific properties and reuse vacant properties. High quality refurbishment can kick start new users demand for the area.</td>
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4. GENERAL FINANCE AND CAPITAL ASPECTS OF REURBANISATION

As we articulate throughout this report, and as is the basis of work package five, ‘reurbanisation’ is an economic as well as a social, legal, environmental and demographic phenomena. In the light of this acknowledgement it is necessary to understand the contexts (and possibilities) for financial activities that support and develop economic based reurbanisation.

Indeed, an appreciation and consideration of the financial aspects of reurbanisation is crucial if practical and achievable toolkits and responses are to be developed in the next year. Certain key aspects of financial and capital support for development (and redevelopment) activities are fundamental.

Here we identify and outline each of these aspects and then later, in each of the city chapters, we articulate the current possibilities with respect to the specific cities where data permit.

**Functioning Banking System**

The objective of promoting a functioning banking system (and also a finance-framework/apparatus) to assist a local development/local reurbanisation approach is to broaden the financial sector and to improve services to prospective clients previously deprived of access. This involves on the one hand granting loans to previously excluded segments of the demand population and providing an opportunity for safe savings deposits, and on the other hand encouraging suppliers to service these needs.

Banks, for example, may need help in the following areas:

- strategy development and business planning
- development/reorganization of branch office networks
- reorganization of loans business
- development of deposit-receipts business
- management information systems
- product development particularly in the retail segment
- human resources programs
- credit lines

(Source: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH ‘Banking for local development cooperation’ report 2004)
Capital Markets
Financial sector involvement in local development can spur capital market development, particularly in transition economies such as Leipzig and Ljubljana. Capital market instruments in these situations have frequently been seen to develop in connection with the privatization (or ‘liberalisation’) of state-owned assets. Although the private sector is the main driving force behind the development and growth of capital markets, the public sector is an essential actor and plays a central role in activities due to its position as regulator and key driver/ manager of any reform process. All capital markets require extensive state involvement in order to function fairly, efficiently and non-criminally. Such interactions between the public and private sector in the sphere of capital markets can take several formats. For example:

- consulting on the drafting of a legal framework;
- imposition of identified legal frameworks for business operation;
- overseeing (policing) the proper conduct by financial actors and institutions;
- setting up and oversight of operation of commission designed to manage and regulate financial activities;
- assistance to securities commissions or equivalent departments in central banks and ministries

Financial Sector Reform and Regulation
A potential (and increasing) subsidiary objective of financial sector reform is to fill gaps in the provision of financial services, particularly for low income sections of the population and in poorly performing inner-urban economies. Self-help initiatives or EU-supported municipal or decentralized financial institutions have proved to be particularly suitable for promoting pro-low income financial infrastructures. Another way of linking financial sector reform to the improvement of financial services for low income populations is to create linkages between traditional LETS-style or credit groups and formal financial institutions. This is an area which needs to be investigated for its suitability and applicability in the Reurban case study neighbourhoods and cities.

Especially in more advanced financial systems, local development policy-friendly financial infrastructures prioritises institution-building at secondary level, including the associations of financial institutions mentioned above (banking federations, associations of microfinance institutions) and/or service institutions for the financial sector.
Potential financial sector reforms and innovations that can assist reurbanisation activities include:

- general reforms such as providing incentives for locally operated financial infrastructures and tax exemptions for external financial operations to expand into target areas; deregulating interest rates, adopting new banking legislation, accountancy guidelines, risk assessment and collateralization of loans, licensing arrangements for new financial institutions, etc.
- rehabilitation of existing banks;
- capital market development through legislation, setting up stock exchanges and markets for financial products;
- establishing banking federations;

(Source: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH ‘Banking for local development cooperation’ report 2004)

**Microfinance**

Microfinance institutions are usually defined as financial institutions whose business focus is on providing microfinance services. They perform an increasing role in local development activities in the developing world and in the USA and, more recently, the UK.

Microfinance institutions may take the form of:

- Formal financial institutions such as banks, usually via specialized departments or in cooperation with ‘downstream institutions’;
- Semi-formal institutions such as cooperatives, NGOs, neighbourhood savings banks. Semi-formal microfinance institutions are authorized financial institutions but are not subject to the same general legislation as formal ones, which are governed by banking legislation. As a rule, there are distinct legal provisions for semi-formal institutions, such as the law on savings and credit cooperatives.
- informal financial institutions such as savings and credit groups, moneylenders- in essence a functioning credit system

(Source: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH ‘Banking for local development cooperation’ report 2004)
Special financial instruments

Examples of special financial instruments or institutions are:

- loan guarantee facilities, such as loan guarantee funds or surety facilities
- closed equity funds
- housing finance institutions
- leasing
- project finance
- environment funds
- funds in the health sector
- project-tied credit funds, for a systemic contribution in the medium term to the financial requirements of target groups

(Source: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH ‘Banking for local development cooperation’ report 2004)
In order to understand the cities and case studies in this study and their capacity for reurbanisation, it is important to understand the legal frameworks of those cities and how these affect their prospects for change. The legal framework acts as a background to, and can be used as a tool for, changing relations between people, organizations, property and policies. In particular, “Property institutions are fundamental to social life, whatever form they take ... Property links between an economic system, a legal system, and a political system.” (Reeve, A., 1986, p7).

How property rights are distributed has important implications. For example, in economic terms, property rights may determine the right to tax incentives or relief on mortgage; rights to secure loan or grant; the right to subsidies for development; to tax breaks for rental income; or to rent control. If property is used for housing, who has a recognised right to occupy it, and/or the right to grant a contract to occupy? In the field of planning, do property owners and/or tenants have the right to be consulted; the right to have their interests taken into account; the right to compensation if the state forces sale or transfer to another dwelling?

Property rights provide the cornerstones on which the economic fabric of a city is based. In each of the four countries under consideration there will be different configurations of property rights, and different problems, although the four cities apparently divide neatly into two groups. Leon and Bologna are in southern European countries which each have a higher rate of owner-occupation than the EU average (Spain 86% and Italy 78%). Leipzig and Ljubljana are from former eastern bloc countries and have experienced a recent and rapid transition from socialist ownership to private property rights. However, this has resulted in very different tenure profiles in eastern Germany and in Slovenia, with Leipzig having only 13% owner-occupation, as compared to xxx% in Ljubljana. One particular issue in former communist states is the restitution of ownership to former owners. This has been a long process, which has led to much uncertainty as to ownership rights. In addition restitution has meant that even where property ownership has been resolved, many of the owners are now absentee landlords, not living in the city in which their property is located.

According to Marcuse (1996), there are a number of urban property ownership issues which remain unresolved in both socialist and capitalist systems of property. First, there may be tensions between development democratically decided upon for the public good, and the rights of private property owners. Second, private interests may conflict; for example between landlords and tenants, buyers and sellers, lenders and borrowers on mortgage, and
between creditors and debtors of secured loans. Third, distributive justice ideals may conflict with the status quo which favours existing property rights. Finally, property tends to concentrate economic power, whereas political power should be widely dispersed in democratic systems of governance.

All of the CSA’s are situated in countries where property law is based on the concept of absolute ownership, which carries with it connotations of absolute control. The absolute owner, in theory, has the right to exclude all others and to exploit and dispose of his/her property as s/he sees fit. Clearly, in practice this is hardly ever the case. Ownership of property also carries responsibility to others; it is usually accepted that use of the owner’s property should not harm others. Further, most states reserve the right to step in to control the owner’s actions in order to prevent harm, and often the right to compulsorily purchase the property for the benefit of wider society. It would therefore be more accurate to say that ownership confers on the owner the "privilege to do anything in relation to his land which the dominant culture allows". (Harris, 1986, pp. 161-2). Property law can be seen as the formal, liberal paradigm of law being general, abstract and articulating individual rights (set out in contracts freely negotiated between equal partners). However, state intervention in property rights, through legislation and fiscal incentives favouring one player over others, often conforms more closely to the social welfare paradigm of law. We have termed this type of law 'housing law'.

Law is the means by which policy initiatives are turned into operational reality. The state may intervene to restrict property rights, for example by giving tenants long-term rights of security of tenure, or by limiting rents through forms of rent control. It may also encourage tenure change through giving tenants the right to buy their home. There are major differences between property law and housing law, broadly the distinction between “momentary and non-momentary systems. ‘The law’ may be the legal situation as at a particular time, or it may comprise dynamic, timeless concepts.” (Harris, 1986, p. 153). Generally speaking, housing legislation defines a particular type of occupation (for example, tenancies of social landlords) and then allocates rights to those who come within that definition. This type of statutory intervention is used as a means of correcting either market failures or the failures of previous legislation (Blandy and Goodchild, 1999, p. 34).

In each of the case study areas it will be important to understand the mix of rights and responsibilities which property rights give rise to, and how easily these can be enforced in practice. The ‘bundle of rights’ theory of property, developed in the jurisprudence of Anglo-American property law, is a useful way of conceptualising the various rights which may co-
exist over the same property, even where ownership is theoretically absolute. It helps to explain the way in which ownership, management and possession (occupation) of property may be separated. This functional separation enables property rights to be used in different ways in the market.

An important feature of many inner-city areas in European cities is that they are characterised by buildings containing flats. The bundle of property rights in such multi-dwelling buildings may be divided in different ways, depending on whether the flats within the building are owned or rented. Where individual flats are owned this gives rise to particular issues about agreement between flat-owners as to investment in the building. While in some countries the arrangements for ownership of flats has developed historically without government intervention, many countries have now adopted statutory systems, which generally incorporate three elements:

- Individual ownership of the flat itself
- A share in the ownership of the common property
- Membership of a managing body or association which has statutory responsibility for managing the scheme
- Statement of the rights and also the responsibilities of flat owners
- Basis for decision-making with regard to the common property.

(Bailey et al, 1997)

There are, of course, multiple interests in any residential property: owners who share collective ownership of communal areas in blocks of flats; the respective interests of landlord and tenant; the interest of financial institutions in residential property for which they have provided loans to the owner. The state has an important role in providing institutions (courts or equivalent) to ensure the resolution of disputes between these potentially conflicting interests. Unless such disputes can be quickly and effectively resolved any private law system of rights and responsibilities will cease to be effective. Another role of the state is to legitimise property rights through provision of a system for registration of property ownership and interests. Where property rights are uncertain this will impact on both the market and accordingly on methods and agendas for urban governance.

A further important aspect to understand is the cultural importance of property and housing rights in each city. A key issue here for each CSA is whether property is understood more in terms of use or exchange value. Immature markets would usually see residential property as
primarily providing a home (i.e. use) rather than as an asset to be realized on sale or through
rental income (i.e. exchange). It may also be a feature of the case study areas where
properties have been restituted or bought under sales policies seeking to transfer ownership
from the state, that there has been little or no awareness of the obligations involved in
individual ownership, or an unwillingness or financial inability to take them on.
There is evidence that some governments have been successful in promoting “general awareness of what flat ownership involves, in order to ensure that those entering flat ownership for the first time had realistic expectations of the commitments they were taking on” (Bailey et al, 1997, 18). This may be necessary not just for flat-owners, but more generally in relation to owner-occupation. The balance of property rights also has an impact on the maintenance and improvement of the fabric and appearance of residential properties. For example, owner-occupiers will make different investment decisions from private landlords, and different again from social landlords.

Property Law: Concluding comments

It is important, for a number of reasons which are outlined above, to understand the different tenure breakdowns in each of the study areas, the legal rights and responsibilities which accrue to the different forms of tenure and the potential for change in the tenure profiles. We have therefore approached the task of analysing the general legal framework (property and housing law) in the four cities by making use of the following structured questions:

1. Concept of property ownership
   - has the legal framework been stable over time or subject to recent changes?
   - are there cultural issues which affect the general view of property ownership?
   - is property seen as having mainly use or exchange value?

2. Landlord and tenant law
   - is this based mainly on private contractual relationship?
   - if there has been state intervention in the contractual framework, has this been broadly in favour of landlords or tenants? (rent controls; limit on power to evict, etc.)

3. Legal institutions
   - does the system of land registration assist in efficient transfers of property?
   - does the court or tribunal system assist in efficient recovery of rent and mortgage arrears, and/or ultimate eviction for non-payers?
Planning systems in Europe

Any analysis of the urban public policy context (including economics), the legal context and the governance context must include an understanding of the systemic operation of the local and national planning framework in each of the four case study countries. It is obvious from our project that Europe contains a great variety of national planning systems. The countries of Europe do not have the same planning system at present - although arguably the European Spatial Development Perspective (ESDP) is an attempt to harmonise methodologies and practices of planning in order that one day we might have a single planning system much like we have a single currency (in the majority of EU countries).

However, despite these obvious differences there are some broad similarities between groups of countries, and several attempts have been made to make sense of the existing similarities and differences between planning systems in Europe. Healey and Williams (1993), for example, differentiated planning system characteristics by identifying and grouping the national, legal and constitutional settings and the country’s administrative and professional culture. This work was further elaborated by Newman and Thornley (see below).

In addition to these legal and administrative foci, there are other criteria which may determine the form of national spatial planning systems and practices. Another study, the EU report *Europe 2000+* (EC, 1994), identified three interrelated questions which can be posed to bring out the essential features of each local planning system:

(1) Is the planning system centralised or decentralised?
(2) Is it reactive or proactive?
(3) Is it mainly regulatory or discretionary?

However, the first major study aimed at a categorisation of similarities and differences between European planning systems is the *EU Compendium of Spatial Planning Systems* (European Commission, 1997). The EU Compendium identified four major traditions of spatial planning in EU Member States:
1. **The regional economic planning approach** embraces a wide definition of what constitutes spatial planning and is related to the pursuit of broad social and economic objectives: especially in relation to inequalities in wealth, employment and social conditions between a country’s different regions. Accordingly, this method relies on a strong central government having an important role in managing development pressures across the country and in undertaking public sector investments.

2. **The comprehensive integrated approach** is characterised by an understanding of spatial planning which is based upon a systematic and formal hierarchy of plans: from national through to local level and a co-ordination of public sector activities across different sectors. This method is in contrast to the regional economic planning approach, in that it focuses specifically on spatial co-ordination rather than on economic development.

3. **The tradition of land-use management** is based upon an understanding of (spatial) planning which is focused on the much narrower task of controlling the type of (developed and/or altered) land use at strategic and local levels. In this method legalistic regulation is the main instrument for ensuring that development and growth are appropriate.

4. **The urbanism tradition** is strongly influenced by architectural aspects and concentrates mainly on issues of urban design, townscape and building control.

Furthermore, (like Healey and Williams) the EU Compendium identified three contextual factors which play a major role in determining the characteristics of spatial planning systems of EU Member States:

(1) Constitutional law;
(2) Government structure and how responsibilities for spatial planning are apportioned;
(3) The legal framework.
These aspects form the basis of the delineation which Work Package 5 will adopt: that of Newman and Thornley.

In their mapping of European planning systems, Newman and Thornley (1996) concentrate on two aspects as main determinants for planning systems which complement the facets mentioned above. Their chosen determinants are the legal and administrative approaches/styles. These two elements involve in turn a number of the aspects already mentioned above. Building on the work of Healey and Williams, they constructed a typology of planning systems in Europe that provides a reasonable typological description for European comparison (one suited to Re Urban Mobil WP5).

They divided Europe into five groups of countries (Figure 1, below). The prevalent ‘strain’ of the pertinent legal and administrative ‘sphere’ was merged to form a typology of national planning systems. That typology is firmly grounded in the country's legalistic style and its administrative system. Taking into account both legal and administrative styles the ‘spheres’ or ‘families’ of planning systems identified are: a Scandinavian, British, Napoleonic and Germanic sphere, as well as a sphere formed by the countries of the former Eastern bloc.

In terms of these geographical spheres of planning types the following map assists in framing understanding.
The planning spheres defined by Thornley and Newman provide an appropriate point of departure, as they are abstract enough to enable us to distinguish certain groups and illustrate to what degree the Napoleonic or the Germanic countries, for example, diverge generally from other European approaches.

The legal system of the **British sphere** is easily identified, as it stands in “splendid isolation” from the others. British Common Law has been gradually developed from decision to decision over the centuries as ‘case law’/ ‘judge-made law’. In this way it exhibits an empirical skew as compared to ‘enacted’ forms of continental law. Ireland and Britain are also described as centralised unitary states; although this has been much diluted in recent years with decentralisation programmes particularly in the UK and regionalisation (to accord a European outlook) in Ireland. However, local authorities continue to lose power and influence in England specifically on account of a drive towards a so-called new localism. This is based upon a suspicion of local authority
(municipal, educational, health) led/ based solutions and a push for ‘choice’ and ‘local’ solutions by a plethora of new organisations. In planning-related activities this is particularly prevalent in regeneration and community development. As far as planning philosophy is concerned, the UK sphere, puts a strong emphasis on the process side restricting (to a degree although plans are important particularly after reforms of 1991) the aspect of preparation of an end state plan or document. In general, the UK system is plan-led and not plan-based, i.e. it is not a zoning system as in many other European countries. Zetter (2001) Tewdwr-Jones and Williams (2001) underline, furthermore, that there is an overriding obligation on the central government to provide the national co-ordination framework (through Planning Policy Statements (PPS), departmental circulars and primary legislation): whilst implementation take place at local levels.

The **Napoleonic Sphere** is named after the legal style which was introduced by the Code Civil (1804) also known as Code Napoleon, which provides the model for all codes of private law within this sphere. It is mainly based on the use of abstract legal principles and theoretical debates and tries to foresee questions of possible dispute in advance in order to prepare a complete system of rules. The administrative structure of the Napoleonic sphere tends towards a centralised administrative solution.

The administrative organisation of the planning approaches in this sphere is more difficult to grasp, as is documented in the EU Compendium (EC 1997), although there is a strong general approach based on the legal system. Usually speaking, their main distinguishing characteristic, in contrast with the British Sphere, is that **this type of planning does not correspond well with a market-led approach**, and that central governments are given considerable importance. This could also explain the stronger politicising of planning in these countries as compared to the Germanic Sphere. This has **major** implications for the deliverables of Work Package 5, given that two of the case study countries are from the Napoleonic ‘sphere’ and a third has a system developing along its lines.

The **Germanic Sphere**: there are not that many distinctions between Romanic and Germanic legislation. Generally speaking, the Germanic approach developed later and is more abstract and intellectual. The main characteristic of the Germanic Sphere is the significance of a written constitution which allocates distinct power to various levels of governance with each level fully responsible. The members of the Germanic Sphere have clearly federal governmental systems, where the federal government level and the “regional” level each have autonomy and legislative power in explicit spheres. (EC 1997:39) The federal government structure and administrative duties create a need for
horizontal consultations and for discussing subsidiarity. The importance of the federal disposition distinguishes this sphere from the previous ones.

The Scandinavian sphere has probably gone furthest in decentralisation, with spatial planning at the national level reduced to a minimum and regional planning only weakly represented. The emphasis lies very much on the municipalities, even if the specific shaping of this competence differs from country to country. (Böhme 2001) There is, nevertheless, a strong relationship between the central government and the regions. Central government usually has its own agency functioning at regional level to implement national policy, staffed by personnel chosen by the centre. At the same time, although local authorities have been reorganised into larger units for reasons of efficiency, local self-government has a long history stemming from the strength of “peasant politics” and in some cases the enormous size of the Scandinavian countries.

The only common feature of the East-European planning systems is their past within the state-centred ‘Eastern Bloc’. After the breakdown of the Soviet Union and its satellites, the countries in this group all went in different directions. Some Eastern European countries are developing Germanic-style systems, some countries left much of the existing soviet era system in place whilst others have abandoned the notion of planning altogether. The huge differences in planning systems within the Eastern European group make it impossible to choose a region that is more or less representative for the group.

Slovenia appears to be moving towards a Napoleonic approach given its lack of a ‘regional’ emphasis (within the Newman-Thornley typology). However this could be due to its small size. More accurately, with the recent spatial legislation focus on a ‘polycentric urban systems’ approach, it is in keeping with the ESDP approach. In addition the 2003 Slovene Planning Act makes Regional administration a legal/ bureaucratic possibility and the planning system is developing a codification based on local plans (see Slovenia report).
Table Two. Groups of national planning systems in Europe according to the typology of Newman and Thornley

1. **'British':** UK, Ireland
   - 'Evolutionary case law' (legal framework for planning is built up gradually, 'decision by decision')
   - No legal protection of local government
   - Strong control / monitoring from national level of local planning actions

2. **'Napoleonic':** Netherlands, Belgium, Luxembourg, France, **Spain**, Portugal, **Italy**
   - Greece
   - Planning 'systematic', with general rules and laws (national law on spatial planning)
   - Planning system is hierarchic, with a clear division of tasks and responsibilities between the national, regional and local level (subsidiarity)
   - National and local level most influential, regional level relatively weak in comparison (although in Italy this has changed in recent 3 years). Note the word 'relatively': Spain also has a rigorous (but fragmented and differentiated) regional settlement- but not strong enough to make it 'Germanic'

3. **'Scandinavian':** Sweden, Norway, Denmark, Finland
   - National (and regional) planning reduced to minimum
   - Local level most important; local governments make very detailed plans

4. **'Germanic':** Switzerland, **Germany**, Austria
   - Planning 'systematic', with general rules and laws (like the Napoleonic countries)
   - Planning system is hierarchic, with a clear division of tasks and responsibilities between the national, regional and local level (subsidiarity)
   - Regional level (Bundesländer, cantons) most powerful
   - Federal government gives 'guidelines' but has hardly any powers to force the regions to follow these guidelines

5. **'East-European':** Poland, Hungary, Czech Republic, Slovakia, Bulgaria, Rumania, Croatia, **Slovenia**, Bosnia, Macedonia, Yugoslavia, Albania, Russia, Belarus, Ukraine, Estonia, Lithuania, Latvia, Moldavia:
   - Identified solely by post-war membership of the Soviet/ Yugoslav Republics
   - Each country is developing in its own peculiar fashion dictated by a variety of factors including:
   - Attitudes, in aftermath of soviet period, of local populace to governmental-based activities such as planning will contribute to effectiveness and actual implementation of planning;
   - Important to understand the degree (or not) of which an unregulated “gangster capitalism” has taken hold of the property and economy development sectors (preventing activities aimed at regulation for the wider public good from being implemented).
It is worth stating here that the ESDP perhaps forms a recent addition to this typology and that gradually—certainly on the continent—there will be a move away from the existing ‘systemic types’ to the ESDP methodology.

The European Spatial Development Perspective (EU, 1999)) is intended to express a shared vision for the European territory as a whole and; accordingly, the main issues addressed are common concerns throughout the continent. Among the themes, which have emerged from discussion, are the enlargement of EU territory and the new spatial context, decentralisation and a balanced European Urban System and co-operation for increased effectiveness in competition, cohesion and sustainability.

The ESDP is, as a legally non-binding document, a policy framework for better co-operation between EU sectoral policies with significant spatial impacts and between Member States, their regions and cities.

The ESDP pursues three fundamental goals:

- economic and social cohesion;
- sustainable development;
- and the competitiveness of the EU territory.

What is new about the process is not the goals themselves but the fact that they aimed to be pursued simultaneously across countries and (more importantly) regions.

Faludi (2000) stresses that the regional economic planning approach and the comprehensive integrated approach are the major driving philosophies in relation to European spatial development policies.

It is clear that this is a framework which must also be borne in mind throughout the REURBAN project. However its centrality must be questioned to some degree, given the dwindling support— in even the most Europhile countries— for this kind of 'Federalist' solution.
5. GOVERNANCE CONTEXT AND CONCEPTS

In order to understand the cities and case studies in this study and their capacity for reurbanisation, it is important to understand the governance of those cities and how it impacts on their prospects for change. It is also necessary to understand how governance is organised in terms of the orthodox issues of administrative competency and Inter Governmental Relations (see individual city chapters). It is furthermore, important to understand how governance is viewed as operating at the national level. As we stated above, each case study neighbourhood must be examined in the context of its city-wide, regional and national contexts.

This chapter firstly deals with the myriad conceptual context of what we know as governance before outlining a set of general indicators formulated by the World Bank. It then moves onto a typology of governance and a methodology for producing static governance maps.

Cochrane (1999) argues that researchers and practitioners should accept that governance is 'not simply a rational or technocratic process, but rather is one of negotiation, argument and accommodation'. Urban politics and development is made up of a series of these negotiations and settlements linking disparate social actors together including elected governments and their professional advisors/staff, non-elected statutory institutions, non-statutory and private sector organisations along with communities, businesspeople and individuals. The interactions of all these actors are concerned with what Massey (1998) has defined as 'spatialised social power'. These negotiated interactions and collaborations across sectors and between agents lead to changes in the language of policy:

"The term 'governance' is increasingly preferred to 'government' to capture both the potential complexity of these relationships and to indicate that some more or less stable or accepted set of arrangements may arise from them, at least for significant lengths of time" (Cochrane, 1999).

Cochrane expresses the 'problem' for urban governance as being concerned with reaching shared agendas for change and improvement in an urbanised society characterised by differences, tensions and divisions. He cites the work of Mayer (1995) who argues that three main trends can be discerned in the development of urban governance in recent times:
Firstly, urban areas have increasingly prioritised 'the organisation and negotiation of proactive development strategies'. That increased economic growth and maintenance of inter-urban competitiveness are viewed as major priorities by local policy makers and local power elite's leads to partnerships, alliances and coalitions;

Secondly, Mayer identifies the subjugation of social goals in favour of urban governance. This appears to be related to the dynamic of multi-sector partnerships and the ability of business, within these partnerships, to dictate the operational and strategic focus towards a concentration on economic goals;

Lastly, and following on from trends one and two, is the increasing requirement of the local state to involve semi- and non-state actors in its activities.

Other commentators argue in a sense against the shift to governance and a new urbanism. Thrift (1999) argues that governance is really another term for neo-liberal government. By this is inferred the patterns of leadership and management that are emerging as space and time are stretched in the globalised socio-economy. Thrift argues that in this environment, global elite's can exert strong economic disciplines on urban localities - forcing cities to compete, adapt, deregulate, detax their economic base and court internationally mobile businesses. In fact, urban authorities and communities have to attract investment in order to remain economically viable and maintain standards and qualities of life - and they must do this by entrepreneurial approaches to government. Here there is a strong link to the economics discussed above.

Thrift draws on the work of Ros Kanter (Kanter, 1995) and Mike Porter (1995). Kanter believes Cities need to be governed by the 'three C's- Concepts (new ideas and technologies); Connections (international trade); or Competence (high quality products). Therefore cities have to become (and remain) 'good thinkers, good makers or good traders' and in this way can be said to be 'world class' or globally excellent'.

There are 4 main elements involved in this utilisation of the 3 C's as a means of neo-liberal government: government and business; city leaders; management consultants; city networking. These 4 elements of governance are defined as the 'new institutional infrastructure'. Thrift argues that the first element concerns the increasing interpenetration of
business with the business of government. In the UK he cites Clarke and Newman (1997) who have identified a shift from a welfare state based around a line-bureaucracy to a form of managerialism that has ‘arisen, in part, from the application of business ideas to the government of the nation state’.

The table below, sums up Thrifts distinction (drawn from Clarke and Newman) between the old ways of governing and the new (neo liberal) governance.

**Table 3: Old Government and new Governance**

<table>
<thead>
<tr>
<th>Old Government (Welfare/ Keynesian)</th>
<th>New Governance (NeoLiberal)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bureaucracy is:</strong></td>
<td><strong>Management is:</strong></td>
</tr>
<tr>
<td>Rule-bound</td>
<td>Innovative</td>
</tr>
<tr>
<td>Inward-looking</td>
<td>Externally orientated</td>
</tr>
<tr>
<td>Compliance-centred</td>
<td>Performance-centred</td>
</tr>
<tr>
<td>Ossified</td>
<td>Dynamic</td>
</tr>
<tr>
<td><strong>Professionalism is:</strong></td>
<td><strong>Management is:</strong></td>
</tr>
<tr>
<td>Paternalist</td>
<td>Customer-centred</td>
</tr>
<tr>
<td>Mystique-ridden</td>
<td>Transparent</td>
</tr>
<tr>
<td>Standards-orientated</td>
<td>Results-orientated</td>
</tr>
<tr>
<td>Self-regulating</td>
<td>Market-tested</td>
</tr>
<tr>
<td><strong>Politicians are:</strong></td>
<td><strong>Managers are:</strong></td>
</tr>
<tr>
<td>Dogmatic</td>
<td>Pragmatic</td>
</tr>
<tr>
<td>Interfering</td>
<td>Enabling</td>
</tr>
<tr>
<td>Unstable</td>
<td>Strategic</td>
</tr>
</tbody>
</table>

(Derived from Clarke and Newman, 1997- quoted in Thrift, 1999)

Therefore, Thrift argues, cities are being run (or 'operated') more and more like business enterprises. They provide services to 'customers', and co-ordinate collective action issues principally through the vehicle of public-private partnerships where local business people are lauded and seen as integral and of great importance:

"The agenda is clear: the aim is not only to deliver services more effectively but also to create 'urban growth machines'- economic powerhouses that can make it to the top of the urban heap" (Thrift, 1999).
Secondly, city leadership is viewed as highly important for global competitiveness. Rather than the semi-ceremonial figure of the past, the new vision of city leadership is seen as an important focus for world attention. Neo-liberal governance views city leaders as chief executive officers, driving their localities forward as important cogs in the global economic system.

The third element is that of the continuing and extensive use of management consultants. Central and Local government has made regular use of consultants, and their advice has often been implemented. This, more often than not, is disseminated within the orthodox neo-liberal paradigm that sees the public sector as a business, cities as a brand and nation states as superseded by a global marketplace. This is exemplified by Porter (1995) who contrasts 'old' government approaches to inner city urban governance with the neo-liberal conception of a ‘get - up - and - go’ inner city based on deregulation, private investment, trickling down of created wealth and the fostering of an entrepreneurial spirit amongst the poor.

The last element is that of city networking, and we yet again see networks tied up with notions of governance - even where the emphasis has a different focus. In Thrift's conceptualisation of governance as part of the neo-liberal project, there is recognition that cities, although they need to compete, can also compete better if they group together in networks and in strategic alliances. In this way they can utilise each other’s strengths and competitive advantages whilst also learning from each other’s experiences. Thrift argues that European governance especially is moving toward this paradigm of both internal and external networking amongst cities and regions.

Thrift sees all four of these elements of new institutional infrastructure as representing a decisive shift in the spatial economic relations of cities and their populations. Indeed - they can be applied to urban/ sub-urban relations as well:

"They are part of a general shift in who runs cities. What we can see taking place is that a group of business people - especially the managers of large transnational corporations and successful entrepreneurs - and those allied with business people, are being given the means to have a much greater influence than formerly on the way cities are run. This is becoming the age of the 'managerial city'” (Thrift, 1999).
These changes lead not only to a shift in who runs cities, but also different agendas for those cities. Not all cities have shifted to the same extent and this in turn governs the agenda adopted...

One further argument to the emerging discourse on urban governance is the increased importance of place. Healey et al. (2002) argue that an increased concern with environmental factors, which favours grass-roots action, together with stakeholders representing cultural activities and preservation of the built environment combine to emphasise aspects of place quality. These activities, whether emanating from grass roots level or initiated from national or local government “all convert place, whether neighbourhood or city, locale or region, into a significant node of action in urban politics” (Healey et al, 2002, p. 18). They continue:

“However, these ambitions for place-focused governance still run against the grain of the institutional discourses and practices inherited from the welfare state settlement. They also challenge the position of national governments as the prime arena for articulating both urban policy agendas and the institutional design of structures, competences and processes. Any transformation towards more ‘place-focused’ governance is therefore likely to involve all kinds of struggles with inherited centres of power over agenda formation with competing initiatives for transforming governance.”

Healey concentrates on the analytical device of institutional capacity (see below) of governing regimes and alliances to manage these changes and the relationships and strategies they adopt to do this (Healey et al, 1999).

Indeed:

“…Of critical importance is the recognition that state, economy and civil society are not discrete spheres of activity, but continually interpenetrating, through the relational dynamics which evolve as people live their lives, firms conduct their business and agencies perform their activities. Viewed in this way urban governance is about the way ‘collective concerns’ about the qualities of cities, their nodes and neighbourhoods, their facilities and networks, are articulated and translated into specific action programmes and governance routines. In this sense, as is now widely acknowledged, urban governance encompasses more than just what formal government organisations do. It stretches across multiple institutional nodes or ‘arenas’ where actors get together to mobilise for change, or to design and deliver specific programmes” (Healey et al, 1999).
They state that one result of this ‘recognition’ is that “institutional design” (the process by which the agencies and projects of regeneration are configured) and ‘institutional capacity-building’ (related to community power in the sense of a regeneration organisation’s ability to define and deliver its agenda) are of increasing importance in urban public policy. This capacity varies from place to place (making a comparison methodology essential) and is related to place-specific characteristics as well as structural phenomena. This poses a challenge to researchers and policy-makers in terms of comprehending these interrelations between structuring forces and agency interpretation.

Ultimately, the interest of the ‘institutional capacity’ approach is in how far the re-designs of urban governance have the potential to transform practices and whether they are likely to achieve ‘place-focused, inclusionary, pro-active’ urban strategies.

From this conceptual preamble we must now identify ‘governance’ existence and activities at a variety of spatial scales and governmental levels. This means looking at the nation and the urban for a wider perspective upon how this eclectic phenomena can assist in reurbanisation.

**The World Bank: six dimensions of Governance**

One way of conceptualizing ‘Nation-state’ levels of governance has been attempted by the World Bank. The United Nations Development Program developed a set of principles of good governance that appear in much of the literature and seem to deliver some universal values. It has to be stated that these ‘principles’ are geared towards national level analysis - but we have already identified clearly in our earlier writings that an understanding of the wider levels of economy. Law and governance is an essential aspect in our WP5 deliberations. Abridged, the five principles are:

**Government Effectiveness** combines responses on the quality of public service provision, the quality of the bureaucracy, the competence of civil servants, the independence of the civil service from political pressures, and the credibility of the government's commitment to policies.

**Regulatory Quality** instead focuses more on the policies themselves, including measures of the incidence of market-unfriendly policies such as price controls or inadequate bank supervision, as well as perceptions of the burdens imposed by excessive regulation in areas such as foreign trade and business development.
**Control of Corruption** measures perceptions of corruption, conventionally defined as the exercise of public power for private gain.

**Political Stability and Absence of Violence** combines several indicators which measure perceptions of the likelihood that the government in power will be destabilized or overthrown by possibly unconstitutional and/or violent means, including domestic violence and terrorism.

**Voice and Accountability** includes in it a number of indicators measuring various aspects of the political process, civil liberties and political rights, measuring the extent to which citizens of a country are able to participate in the selection of governments.

**Rule of Law** includes several indicators which measure the extent to which agents have confidence in and abide by the rules of society. These include perceptions of the incidence of crime, the effectiveness and predictability of the judiciary, and the enforceability of contracts.

It is possible to construct an index for each of these indicators and for each country that can be considered comparably between our 4 case study countries. This of course is not in any way a final statement on these topics but does provide a certain context for the governance of each. Economics, legal and governance innovations will be marked by the environment within which they are formulated and implemented. In that sense, identifying the current (generalised) extent of say “regulatory quality” is a useful exercise. On the following pages there is represented the current 'governance ratings' for our 4 case study countries, as allotted by the World Bank researchers on the basis of these definitions using a variety of qualitative and quantitative data (Kaufmann et al, 2003). The main sources are:

- Cross-Country Surveys of Firms: *Global Competitiveness Survey, World Business Environment Survey, World Competitiveness Yearbook, BEEPS*;
- Cross-Country Surveys of Individuals: Gallup International, Latinobarometro, Afrobarometer;
- Expert Assessments from Commercial Risk Rating Agencies: DRI, PRS, EIU, World Markets Online,
- Expert Assessments from NGOs, Think Tanks: Reporters Without Borders, Heritage Foundation, Freedom House, Amnesty International
In terms of government effectiveness Italy mirrors somewhat Slovenia which is unusual given Slovenia’s more recent conversions to democracy-parliamentary related government structures. However, it has to be commented that Italy has a rather chequered post war history of destabilising administrations and a high turnover of cabinets and Prime Ministers. Italy's rating has hardly improved in the last 4 years.

Yet again Italy and Slovenia perform significantly worse. For Slovenia the transition to public policy based market regulation and an impartial civil service has required many rapid and drastic changes to the way policy is both formulated and implemented. Italy has flat lined through the entire measurement period- possibly reflecting the lack of attention to effective regulation and public service asserted by many commentators to be one hallmark of the current Prime Minister.
Again Italy fares poorly on this key factor - indeed it has declined throughout the stewardship of the current Prime Minister. In particular the Prime Ministers own record and alleged behaviour will contribute to this low rating. He was originally due to face charges of bribing judges, in a trial in Milan June 2004. This was halted in June by the introduction of controversial immunity laws, but is now expected to resume after Italy's top court annulled the law.
All three of the western European countries are deemed to have become more politically unstable over the measurement period. Only recently democratised Slovenia has steadily improved on this scale. Nine significant framing and constitutional laws have been passed between 19993 and 1998 relating to municipal and department organisation, financing and devolution.

This category relies upon the belief and perception that governance is fair and abides by the rules and that-if need be-can be removed. Germany is way ahead of the other countries on this level: however it would be interesting to take a measurement now on the basis off the mass demonstrations against Chancellor Schroeder’s ‘Agenda 2010’. Quite clearly, a large proportion of the population/electorate are against this set of neoliberal policy reforms but the international marketplace and global elite require them to be implemented.
Yet again Germany leads the way in being considered to have a clearly defined set of laws and a fair and just dispensation of them. Italy continues to be in last place.

These national-level governance facets can be related to the urban governance conceptualisations which underpin much of this project work package. We now have the national-governance context and it is time to turn to the urban governance aspects.

**Towards a Typology of Governance for Reurbanisation**

DiGaetano and Klemanski (1999, see also DiGaetano and Lawless, 1999) suggest that urban regimes are an effective way of perceiving urban areas, and that they can be characterised as having four types of agenda, which in turn have different governing strategies and programmatic tools. These are illustrated in table 2:
<table>
<thead>
<tr>
<th>Governing Agenda</th>
<th>Governing Strategies</th>
<th>Programmatic Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progrowth</td>
<td>Regional capital</td>
<td>Reduce government regulation of businesses, reduce taxes, provide public subsidies and provide necessary services and infrastructure</td>
</tr>
<tr>
<td></td>
<td>Industrial development</td>
<td>Provide educational and/or employment programs to upgrade the skills of the work force</td>
</tr>
<tr>
<td>Growth Management</td>
<td>Growth control</td>
<td>Use planning and land-use powers to regulate the kind and rate of growth</td>
</tr>
<tr>
<td></td>
<td>Environmental Improvement</td>
<td>Develop programs and policies that facilitate improvements in the built environment and or green space</td>
</tr>
<tr>
<td>Social Reform</td>
<td>Community Development</td>
<td>Use a mixture of public and private resources for affordable housing and job opportunities for disadvantaged neighbourhoods.</td>
</tr>
<tr>
<td></td>
<td>Human Investment</td>
<td>Target disadvantaged groups and individuals with educational, training, and employment programs.</td>
</tr>
<tr>
<td>Caretaker</td>
<td>Routine Service Provision</td>
<td>Limit or reduce role of government in development and other strategic decision-making processes</td>
</tr>
</tbody>
</table>

From DiGaetano and Klemanski, 1999, p.7

In terms of structures, DiGaetano and Lawless (1999) identify four different types. First, clientelistic where the governing logic is one of pragmatic exchange among political leaders and constituents. Corporatist structures which institutionalise strategic rather than pragmatic modes of co-operation between governmental and non-governmental elites such as business or community leaders. Managerial structures which are based on formal, often bureaucratic relations among governmental officials and private interests. Finally, pluralist structures involving government as a broker or arena for competing private interests.
A slightly different typology, which combines aspects of both structure and agenda, is provided by Pierre (1999). He again has a four-fold model comprising: managerial, corporatist, Progrowth and welfare. In managerial governance only a minimal role is accorded to elected officials. The emphasis is on output according to private management standards. “Corporatist governance portrays local government as a political democratic system for the inclusion of social groups and organised interests in the urban political process” (Pierre, 381). “Progrowth governance is the structuring of concerted, public, private actions to boost the local economy” (384). “Cities embedded in a passive state policy style and that are characterised by a stagnant local economy are labelled welfare cities. Welfare governance refers to the governance of this particular type of urban and political setting” (386). It is characterised on dependency on central government spending.

Stevens (2004) identified an increasingly non-pragmatic tendency (‘New Privatism’) in urban governance towards a continual and perpetual striving to find private-sector led/ based responses within public policy; “at all costs- be they efficiency, financial, organisational, institutional, political or personal”. Looking particularly at England, but also Germany and Belgium, he asserts that, although defined as a ‘new localism’, we have actually returned to the privatism identified in the 1980’s Thatcherite urban policy period, but that “this time around the local community is being co-opted as willing accomplice on the basis of a manufactured distrust and dislike of ‘the council’, all things political and anything public sector”. The objective is to premium all private solutions- “to fetishise entrepreneurs and the faked idea of success via talent, originality and effort rather than the more often in actuality monopolistic and nepotistic positional advantage”. This objective is prosecuted- no matter how expensively (ultimately the state pays) or impractically-by overturning or discrediting public delivery mechanisms in order to “paint all public action in a neoliberal gloss”. Policies that work such as community business and social enterprise are triumphed as the inevitable logic of the entrepreneurial state whilst failures such as asset based social housing and equity share approaches to welfare are quietly dropped or directed for blame at the municipality (or the council urban planner or the hospital or the education authority or the postal worker or the fire brigade worker etc etc).

Synthesising these various typologies (utilising some categories whilst dispensing with others) leads us to the following typology table- which, based on the governance map explications later we complete for the four cities.
<table>
<thead>
<tr>
<th>Governance Type</th>
<th>Clientelistic</th>
<th>Corporatist</th>
<th>Managerial</th>
<th>Pluralist</th>
<th>Pro-Economic Growth</th>
<th>Welfare</th>
<th>Populist</th>
<th>New Privatism</th>
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</thead>
<tbody>
<tr>
<td><strong>Properties</strong></td>
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<tr>
<td>Policy Style</td>
<td>Covert Decision-making</td>
<td>Pragmatic- “everyone is welcome to help”</td>
<td>Pragmatic Pragmatism as ideology</td>
<td>Pragmatic Ideological Practical is political</td>
<td>Practical is political</td>
<td>Ideology masking as “realism”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nature of political exchange</td>
<td>Covert manipulation</td>
<td>Conflict</td>
<td>Consensus Managerial Consensus</td>
<td>Consensus Conflict Fake consensus</td>
<td>Fake consensus</td>
<td>Covert manipulation/ ‘TINA’</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nature of public-private exchange</td>
<td>Exclusionary</td>
<td>Concerted</td>
<td>Competitive/ Restrictive Interactive/ Restrictive</td>
<td>Interactive Restrictive</td>
<td>Restrictive</td>
<td>Concerted</td>
<td>Restrictive/ Exclusionary</td>
<td></td>
</tr>
<tr>
<td>Local state-citizen relationship</td>
<td>Exclusive</td>
<td>Inclusive</td>
<td>Exclusive Inclusive</td>
<td>Inclusive Inclusive</td>
<td>Inclusive</td>
<td>Inclusive</td>
<td>Exclusive</td>
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<tr>
<td>Governance Type</td>
<td>Clientelist</td>
<td>Corporatist</td>
<td>Managerial</td>
<td>Pluralist</td>
<td>Pro-Economic Growth</td>
<td>Welfare</td>
<td>Populist</td>
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<tr>
<td>Primary contingency</td>
<td>Business people as politicians or public agency actors</td>
<td>Civic leaders/ Mayor</td>
<td>Professionals</td>
<td>Local State and Private Sector</td>
<td>Business</td>
<td>The National State</td>
<td>Private Sector and bourgeoisies (small asset holders and small business persons)</td>
<td>Local and Regional Private Sector in cahoots with compliant National state</td>
</tr>
<tr>
<td>Governance Type</td>
<td>Clientelistic</td>
<td>Corporatist</td>
<td>Managerial</td>
<td>Pluralist</td>
<td>ProEconomic Growth</td>
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<td>New Privatism</td>
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<tr>
<td>Key instruments</td>
<td>Secretive negotiations</td>
<td>Deliberations and Talking</td>
<td>Contracts</td>
<td>Partnerships</td>
<td>Partnerships</td>
<td>Networks</td>
<td>Contracts</td>
<td>Public Policy</td>
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<td>private sector</td>
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<td></td>
<td></td>
<td></td>
<td>actors</td>
</tr>
<tr>
<td>Governing</td>
<td>Particularistic, personalized, exchange</td>
<td>Exclusionary negotiations</td>
<td>Formal, bureaucratic, or contractual</td>
<td>Brokering or mediating among competing interests</td>
<td>Appeasement of and appeal to private sector interests</td>
<td>Formal, bureaucratic, or Contractual/Enforce agenda on all sectors</td>
<td>Inclusionary negotiation</td>
<td>Non- negotiation; private sector based solutions given automatic preference</td>
</tr>
<tr>
<td>relations</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governing</td>
<td>Reciprocity 'kick backs'</td>
<td>Consensus building</td>
<td>Authoritative decision making</td>
<td>Conflict management</td>
<td>Economic boosterism</td>
<td>Public sector led achievement of ‘higher ideals’</td>
<td>Mobilization of popular support</td>
<td>The market/ marketisation is the only solution to perceived public sector</td>
</tr>
<tr>
<td>logic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key decision makers</td>
<td>Politicians and private sector clients</td>
<td>Mayor/ Mayor Kabinet and powerful city actors and institutions</td>
<td>Politicians and regional policy makers</td>
<td>Politicians and organized interests</td>
<td>Key political leader and advisors alongside local private sector representative groupings i.e. chamber</td>
<td>Local Political leadership/ party political leadership and heads of key implementing departments of municipality</td>
<td>Politicians and community movement leaders</td>
<td>Pro-private sector neo-liberal accepting local politicians and local/ regional private sector</td>
</tr>
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<td>---------------------------------------------------------------</td>
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<tr>
<td>Political Objectives</td>
<td>Material/ Power Maintenance</td>
<td>Purposive/ Material</td>
<td>Material/ Symbolic</td>
<td>Purposive/ Material</td>
<td>Material</td>
<td>Material/ Ideological</td>
<td>Symbolic/ Material</td>
<td>Material/ Ideological</td>
</tr>
<tr>
<td>Governance Type</td>
<td>Clientelistic</td>
<td>Corporatist</td>
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<td>Pluralist</td>
<td>ProEconomic Growth</td>
<td>Welfare</td>
<td>Populist</td>
<td>New Privatism</td>
</tr>
<tr>
<td>Most Represented CSA city</td>
<td>Ljubljana</td>
<td>Leipzig</td>
<td>Leon</td>
<td>Bologna</td>
<td></td>
<td></td>
<td>USA/ UK cities</td>
<td></td>
</tr>
</tbody>
</table>
Governance Mapping in the context of Reurbanisation: A tentative methodology

As a way to unpick and identify public policy interactions and potential strengths and weaknesses in each city (that have implications for identifiable or prescribed instruments) we need a methodology for the governance aspect of our work package investigation. This methodology needs to be qualitative with an ability to be rolled out in each city. The method we decided to use is one adapted from several other similar (though not identical) approaches and our means of interpreting the results is original. Here we outline the approach in general: in each of the city-specific chapters the Governance Map is laid out and elaborated.

But firstly, why? As Cochrane (1999) points out:

“…this looks like a period in which important changes are taking place in the form and shape taken by local politics. For the first time in many years it has become possible to move outside of the straightjacket bequeathed to us by orthodox local government studies. The rise of place marketing and the emergence of partnerships- beyond the institutions of local government- has been widely recognised, as has the move away from direct service provision by councils”.

It is useful to attempt to comprehend the types of interactions that take place; the actors, the organisations, the institutions, the policies, the communities (both of people and policy) and the nature of their ‘web’ like interrelationships. Useful because the govern- ance of an urban area has become- and is becoming- more and more complicated in the neoliberal epoch of the hollowed- out local state: of marketisation, the supplanting of public officials and decision makers often by the local/ regional/ national private sector, but also sometimes by the local populace (e.g. New deal for communities programme in England).

The direct vertical models of Inter Governmental relations are becoming intricate interrelations between vertical and horizontal and diagonal. If one is to suggest policies, tools and instruments to deliver what we call ‘reurbanisation’ one must have some idea of the relevant policy implementation mechanisms and organisations and the key entities: and how things are approximately knitting together.

One way of conceptualising this is to draw a static Institutional (Governance) map.
Conceptualising towards a Governance Map

We argue here that two approaches are necessary to build what can be termed a ‘Governance Map’ - a map which can be used to analyse the functioning of public policy and public-private-community interaction within the four CSA’s.

The first approach I will define as the ‘Institutional Map’ approach and it derives from the work of Murray Stewart et al at the Cities Research Centre University of the West of England.

The second Approach I will define as ‘Analysing Institutional Capacity’ and it derives from the work of Patsy Healey et al at CREUE, Newcastle University.

1) Institutional Mapping

This approach involves identifying the various horizontal and vertical relationships at play in a locality/city. In a UK context, vertical relationships have historically been strong and reflect the functional specialisation built into UK public administration for eighty years since the Haldane Report (Haldane 1918). Little has changed since the Joint Approach to Social Policy (CPRS 1975) addressed many of the same issues as did the Social Exclusion Unit in 1998: both came up against what appear to be many of the same difficulties - Ministerial ambition, departmental survival, rigid boundaries, public expenditure inflexibility (Blackstone and Plowden 1988). Horizontal relationships are those which operate territorially at regional and city levels. In a UK context, they are - conversely, weak - reflecting the centralisation of the British state, the pre-eminence of the Westminster parliament, the dominance of the civil service. The impact of vertical and horizontal relationships will vary from CSA country to case study country but will be necessary to map.

2) Analysing Institutional Capacity

This approach seeks to bring together the joint ideas of institutional capacity and capital:

Institutional capacity focuses on the webs of relations involved in urban governance, which interlink government organisations, those in private sector and voluntary organisations and those who in any way get involved in governance; Institutional capital builds on the perception that individuals are bound to others by relations of reciprocal trust (in families, religious groups, friendship networks, craftwork groups etc.). Healey et al use the term 'institutional capital' to describe three types of capital and to avoid the what they believe to be the often confused and broad use of the term 'social capital'.

Institutional mapping is the concrete development of a diagram; institutional capacity involves an eclectic qualitative contemplation of “what it all means”.

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Institutional Mapping

The institutional map constructed by researchers at UWE illustrates, in a simplified way, the patterns of governance in a city-region (here Bristol). This method can be applied to any of the CSA’s of REURBAN.

The Bristol team method stems from the 'community power’ approach which has developed over several decades in both North America and the UK (though less so in Europe, though it begins to make inroads into Scandinavia in recent years).

There are three principal methods of community power research:

(a) **The Reputational method** pioneered by Floyd Hunter (1953)
Hunter used a methodology which has become known as Reputational. Asking a group of individuals whose job success depended upon knowing and using [networking to] key leaders, Hunter developed a list of leaders in a number of categories: social, business, corporate, political, religious, education, professional. From the lists, he compiled a list of those leaders in each category receiving the most votes- arbitrarily a total of 40. Leaders were interviewed and Hunter states that the economic leaders dominated decision making in Atlanta.

(b) **The Decisional method** which was Robert Dahl’s critical response to Hunter (1961)
Dahl used the decision-making approach, looking at who was involved in making certain decisions, concluding that the mayor was the most important leader. Dahl felt Hunter's approach was limited and many leaders might have reputations as leaders but Hunter had not observed them in action...a good criticism. Hunter, however, felt that Dahl had selected some decisions which were not key, such as the election of the Mayor, urban renewal, election of the school board.

(c) **The Positional method** which has most often been used in national elite studies and which has been the favoured deployment of UWE urban researchers in Bristol (Oatley and Lambert, 2000, Stewart, 2000). Effectively this involves understanding what actors and organisations are relevant/important simply by observing their position in the urban political economy network/ in the urban governance scenario at play.
These three methods are of particular use in the Institutional map component of a Governance map. In essence they are concerned with ‘power’:

**Power as quantity**: formal vs. informal power; coercive power; legitimate power; expert power; personal power (e.g., charm, charisma); reward power; information power; moral power (i.e., **the power inherent in having and supporting inherently good ideas**);

**Power as relationship**: the power to direct attention to this or that issue; agenda-setting power/ non decision-making power; the power of unity within a group of similarly-minded people; **the power of a shared ideology or perspective**.

**Figure 2: Institutional Map of Bristol**

(source, Stewart 2000)
Explaining the Institutional Map

The map identifies power as relationship and power as quantity in the Bristol sub-region.

**Orange**: largely external to the region, are the departments of central government;

**BLUE**: A range of regional institutions notably any regional government structure, but also Central Government Offices for the region;

**PALE BLUE**: A number of advisory groups and other agencies/quango’s of central government not within any specific Central Government Office for the region; regional development apparatus;

**GREEN**: The green band reflects the growing number of sub-regional bodies, interposed and sometimes mediating between the region and the city;

**BEIGE**: A number of ‘umbrella’ organisations – the City Council being the key component but also any private sector groupings/voluntary groupings and partnership groupings operating at the city level.

**PURPLE**: Lastly, the range of Area Based Initiatives that may be operating at the neighbourhood/CSA level. Alongside these any community and residential groupings that are active.

Most if not all of the components of this map can be obtained from secondary sources by a ‘decisional’ or a ‘reputational’ methodology.

A number of questions are posed by this form of analysis:

- How are components of the map designated?
- Are they elected?
- How and to whom are they accountable?
- How joined up are the components of the map?
- How, and to what extent, have ‘cross-cutting, governance issues been incorporated?
Answers (or partial answers) to these questions can be elicited by targeted interviewing of stakeholders from this map whereupon a further ‘positional’ (and more detailed ‘reputational’) analysis can be undertaken in terms of further components of the map that may be missing or assumed to be of lower significance in governance affairs. However, certainly in terms of access to key interviewees, the constraints in terms of time and money mean that often it is only researchers from the actual city who undertake such intensive studies (Gissendanner, 2003).

“The reliance on the list of ‘usual suspects’ to select interview partners opens regime theory in particular to the criticism of European scholars that the US approach is too ‘localist’; the point is not made strongly enough, however, that US localism is not so much a theoretical problem as an empirical one that can be resolved methodologically. (the) need to interview as many persons as possible in order to avoid selection bias makes the method very costly. Stone, for example, interviewed 97 individuals, some of them more than once, over the course of six years. The time required to replicate such a study presents a very high barrier to strategic case selection and comparative-research designs. It is no wonder that many researchers study only those cities in which they live and with which they are already intimately familiar. Similarity, research has been overly concentrated on the one policy area of economic development, where positive findings are most likely.’(Gissendanner, 2003)

Indeed, it has proved methodologically (and practically) very difficult to identify (and arrange to meet) the ‘correct’ spread of interviewees across the four different cities. However, we did manage to make a total of 28 interviews in less than 9 weeks (Stone 67 over four years in the same city) in ALL four of the case study cities: which compares very favourably. But practically, financially and methodologically it was very hard going.

Another practical problem is further commented upon by Cochrane (1999):

“The powerful do not necessarily live in the places where they influence the operation of local politics (and economics). (So) research undertaken on place marketing……..(made) clear that the powerful are not constrained by any pregiven boundaries. Their definition of (a place) is much broader than that of the municipality.”
This has implications for a perspective that is much too focussed on the narrow confines of the neighbourhood within which the case studies reside- economic activity can be place-focussed but unforgiving if inducements and attractants diminish (Stevens, 2000). For reurbanisation to take place there has to be an avoidance of falling into this ‘parochial trap’ of solely concentrating inwards towards the case study neighbourhood: we must look outwards and seek opportunities at upper and higher spatial, economic and governmental levels.

**Analysing Institutional Capacity**

For analysing institutional capacity there are a multitude of different qualitative, observational, contextual and textual methods ranging right up to highly complex and opaque (almost impenetrable) meta-understandings. We have elected to use two stages of analysis having first “drawn” the governance map for the city.

The first can be an account of the institutional setting of Urban Governance: based on secondary sources, existing knowledge within the research team and unstructured preliminary interviews with key actors in the city’s “governance nexus”.

The second task is the ‘mapping’ of the actors involved in an initiative or set of initiatives to at least get the general idea of the city wide map (which has been the case for all four as its been methodologically and practically impossible to identify enough people in each of the four cities to obtain enough specificity to identify an initiative- by- initiative picture). The same sources are used. The aim here is to tap knowledge of key formal and informal structures directly and indirectly related to the case study in order to situate stakeholders in their positions and in relation to one another.

The Governance Map is necessarily contextual and reflects data and information available in each CSA and each city. But in general it will contain:

- Schematic diagram of governance relationships;
- Supporting and descriptive text;

And in Work Package 5 deliverable 2 it will assist directly in;

- Suggestions for innovations/ interventions, regulations and policies that support Governance in pursuit of the REURBAN initiative.
Although the diagrams have a certain complexity (although there is a variation in this—compare Leipzig and Ljubljana on the one hand to Bologna and Leon on the other) the diagrams assist in enabling a better understanding of the 'facts on the ground'. We can see in Ljubljana, for example, that there are still too many public organisations in comparison to private and third sector involvement. And when you factor in that these are not performing or are much too cautious to make bold decisions— it quickly becomes apparent that there are so-called 'governance failure' issues (Jessop, 1998). These will have to be addressed in the proposed set of instruments.

One problematic is that these maps are really **URBAN** (policy) governance maps and in that sense only certain key ministries/ departments (depending upon which city we are investigating) appear. This happens because they are either financing or coordinating urban policy activity or they are a partner in an urban/ regional policy strategy or that they are cited by an interviewee in the reputational/ decisional methodology. The same goes for the private and third sector organisations/ people that appear.

Indeed, it can be critically observed that many ministries/ municipal departments are missing in each of the four governance maps, but in that rationale we could simply draw out every single department that exists!! In these maps some (rough) attempt is made to identify which departments, organisations, actors, firms and institutions are particularly relevant to the 'governance' of an urban space and its economy: and the rest are concomitantly excluded.
EU Fifth Framework Programme

Reurbanisation on the condition of demographic change

Work package 5 – Economics, Law and Governance

THE ECONOMIC, LEGAL AND GOVERNANCE ASPECTS OF REURBANISATION

SECTION THREE:

THE WORK PACKAGE FIVE CONTEXT FOR REURBANISATION IN LEIPZIG, BOLOGNA, LEON AND LJUBLJANA
7. UNDERSTANDING REURBANISATION IN TERMS OF CITY TYPE: AN ECLECTIC APPROACH

The approach taken in this study recognises the absence of a universally accepted theory, but draws on the strength of individual approaches considered above in an eclectic way. The importance of path dependency (North 1990) underlies the typologies which will be used, stressing the uniqueness of each city. Given the dominance of neo-liberal policies and the increasing role of the market in the world and national economies, the neoclassical approach to the analysis of markets provides a powerful assessment of the case study areas, but on its own is unable to solve the problem of reurbanisation because of the clear absence of an equilibrium situation. The concepts of market failure, developed by Pigou within the neoclassical framework, go some way towards indicating the role of the state, or voluntary organisations in intervening in, or supplementing, the market. However, the effects of globalisation and the shift to more neo-liberal policies has led to the more business / strategic approaches identified in the governance section above, typified by Kotler's (199?) analysis of place marketing, Porter's concentration on the role of clusters and more recently Florida's (2002) ideas on the development of tolerant, diverse and creative cities to attract mobile and innovative individuals. This shift in economic paradigms is reflected in the shift from government to governance in the political sphere, as discussed above.

The development of such business-oriented governance processes is constrained however by the national legal context, and cultural and institutional aspects of the property market, as outlined above. Each city displays a unique set of characteristics.

This assertion of uniqueness appears on the face of it to militate against analysis, but as noted below in the discussion of urban governance, a typological approach can yield useful insights (DiGaetano and Klemanski 1999; Pierre 1999). An example of such a typological approach may be found in Grammenos and Mason (2001) who suggest a range of interventions to halt urban decline in their study of Canadian cities, but argue that a different mix will be needed in each case (although they stop short of developing a full conceptual and diagnostic framework).

Because of the uniqueness of the CSA’s and the cities in which they are located, a typological approach will be taken at two levels. At the level of the city, the broad city typology will be used to categorise cities within a framework which will help both with diagnosis and policy formulation. This typology is explained in more detail in the next section. At the level of the CSA a descriptive framework (SPAGHETTI) is used which could be adopted by all work packages as an audit tool, but the use of which will be restricted at this stage of the project to those areas relevant for work package 5. This framework is also enlarged upon in the next section.
The approach taken in analysing the case study areas and their urban and regional contexts will therefore take the following form

- The location of the cities within a broad city typology developed for the study (discussed below)
- A partial use of the SPAGHETTI audit tool in the case of Leipzig
- An analysis of the national legal context
- An empirical study of the governance maps of the cities in which the CSA’s are located
- A discussion of the property market in each CSA where data is available

**Levels of typologisation**

Typologisation is necessary at different levels and on different aspects of the problem of reurbanisation, in order to identify different solutions appropriate to very different situations. This is consistent with the principle of path dependency established at the Bologna meeting of the Urban Mobil project. The Broad City Typology has been developed by wp5 and is specific to the problems presented by this project.

The Broad City Typology provides the context in which reurbanisation is to be attempted in relation to economic and demographic structure, location and economic system. This contextual approach alerts the investigator to the types of problems likely to be encountered, not only in the CSA, but also in the city which contains it.
The Broad City Typology

This gives information about the history and type of city being considered. Each of the characteristics which go together to construct the typology give clues as to the nature of the likely problems e.g.: 

The **emigrant** city will suffer from excess supply of property (vacant); demographic imbalance; a deterioration of some of the building stock; some areas where decline is particularly extreme. A distinction should be made between cities where migration is to the suburbs and surrounding region and those where migrations is further afield.

The **de-industrialised** city will suffer from high unemployment, particularly structural unemployment; poor image; a possible lack of entrepreneurial and work culture; inner city decline is likely.

The **transition city** will suffer from problems of adjustment from command to market oriented economic activity. Like the de-industrialised city, this may initially result in unemployment, but the main problem is the establishment of a framework of law and the development of a culture appropriate to capitalism. This impacts on the property market with restitution problems and tenure problems, both of which may have an effect on investment. It should be noted that tenure problems will often persist in more established capitalist economies.

The **post-industrial city** has achieved the transition from a mainly manufacturing economic base to greater involvement in tertiary and quaternary sectors. The pressures of globalisation which are partly responsible for this shift also tend to create an underclass of those who are unable to compete effectively in the new environment.

The **successful city** is likely to suffer from high property prices, even in relatively poor areas, congestion, pressure on essential services, air pollution; pressure on green spaces. The economic growth of a successful city will often also attract inward migration from less successful areas. There will be strong competition between alternative uses for key urban spaces.

The **peripheral city** usually has lower property prices, difficulties in attracting investment, particularly from the newer faster growing industries.

The **historic city** may have conflicts of use, particularly in the centre, between tourism, entertainment and residence.
**Combinations** of the above characteristics will provide more complex background situations for each city. Each of the cities will now be classified using this typology. The combination of characteristics creates a different problem of re-urbanisation for each city. The function of the typology is to identify the nature of the problem facing re-urbanisation in a given city. A more detailed audit of the city and its national context (the SPAGHETTI audit) will then be needed to identify opportunities and constraints to the re-urbanisation process. The SPAGHETTI audit is beyond the scope of WP5 since it encompasses aspects of other work packages. It is explained in more detail after the broad city typology section below, and an example is given in principle of how it might be implemented giving the example of Leipzig, which is first analysed using the broad city typology.

**Leipzig: A de-industrialised emigrant transition historic city** which is characterised by problems of unemployment, excess supply in the property market, inner city decline, property restitution issues including deteriorating stock, structural unemployment, deficits in entrepreneurial culture and ability, problems of image in relation to inward investment and demographic imbalance. The nature of the German residential property market means that discussion has to centre on the rented sector. The reunification of Germany has placed Leipzig within an advanced capitalist legislature despite its transition status. Classifying the city as an emigrant city is historically correct, although recently some increase in population has been recorded. There has been a combination of outmigration to the suburbs and migration to other regions. Much of this can be ascribed to the difficulty that the East has experienced in competing with the West. It should be noted that much of the funding for the investment in the east originates from the state in contrast to development in Ljubljana.

This combination of characteristics can be depicted on a table. The historic city characteristic is omitted as it applies to all cities in the RUM project. The case of Leipzig is more complex than the other cities because four of the characteristics apply. It therefore appears in three of the boxes on the table, rather than just one as in the other cities.
Table Six: Broad City Typology: the Position of Leipzig

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<th>Successful</th>
<th>Emigrant</th>
<th>Transition</th>
<th>De-industrialised</th>
<th>Post Industrial</th>
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<td>Successful</td>
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<td>transition</td>
<td>Leipzig1</td>
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<td>Leipzig3</td>
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<td>Peripheral</td>
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<td>Leipzig2</td>
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</tbody>
</table>

1. Emigrant, but some recent increases in population
2. De-industrialised, but some industry transferring from the west
3. Transitional, but adoption of mature capitalist legal framework

The CSA's in Leipzig are both inner city areas, which suffer from all the problems outlined for the city as a whole. Some of the reasons for this concentration are outlined in the SPAGHETTI audit of the CSA’s below.

**Bologna: an historic successful post-industrial city**

It would appear at first sight that being described as post-industrial and successful is a complimentary combination of characteristics, but success brings its own problems. Success may be measured in terms of growth in the economy, but this nearly always also means demographic change, both in terms of low birth rates and increased immigration. External costs of economic success may create environmental problems, and these may fall disproportionately on those who are least well off. This also applies to pecuniary externalities in the property market. Policies designed to protect the historic core of Bologna may push the impact of increased pollution, and higher population density, to the inner city around the centre.

The problems of a **post-industrial successful city** may include high property prices, even in relatively poor areas; congestion; pressure on essential services; air pollution; pressure on green spaces; and the development of an underclass of those who are unable to compete effectively in the new environment, in some cases immigrants to the city.
Table Seven: Broad City Typology: Position of Bologna

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<th></th>
<th>Successful</th>
<th>Emigrant</th>
<th>Transition</th>
<th>De-industrialised</th>
<th>Post Industrial</th>
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<td>Emigrant</td>
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<td>de-industrialised</td>
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<tr>
<td>Post-industrial</td>
<td><strong>Bologna</strong></td>
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<td>Peripheral</td>
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</table>

The CSA’s in Bologna are also inner city areas, but suffering from very different problems from those of Leipzig. Congestion, air pollution, lack of green spaces, high rental and property prices (relative to income) and immigrant groups are among the issues that must be addressed, which will inevitably lead to a very different set of policy proposals at a later stage of the RUM project.

**Leon: an historic peripheral emigrant city**

Leon is a good example of an historic city which has conflicts of use in the centre between tourism, entertainment and residence, and indeed one of the case study areas is located in the centre rather than the inner city.

Although classified as an **emigrant** city, the demographic data from WP3 reveal a more complex picture, with population movements out of the main city, but increased population in the suburban areas which has drawn population both from the centre and the surrounding region. The region as a whole is, however, declining in population. Nevertheless, Leon suffers from excess supply of property in some areas, a demographic imbalance in these areas and some deterioration of the building stock. It would be more correct to say that the historic centre and some parts of the inner city of Leon is suffering from these problems, rather than the city as a whole. The **peripheral city** usually has lower property prices, greater difficulty in attracting investment, particularly from the newer faster growing industries.
Table Eight: Broad City Typology: Position of Leon

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<thead>
<tr>
<th></th>
<th>Successful</th>
<th>Emigrant</th>
<th>Transition</th>
<th>De-industrialised</th>
<th>Post Industrial</th>
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<td>Successful</td>
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<td>Emigrant</td>
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<td>de-industrialised</td>
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<td>Post-industrial</td>
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<tr>
<td>Peripheral</td>
<td></td>
<td>Leon1</td>
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</tbody>
</table>

1. The movement of population is complex in the case of Leon as discussed above.

There are interesting contrasts with the Ljubljana central CSA. The second CSA is in the immediate inner city.

**Ljubljana: An historic successful transition city**

Unlike Leon, where the commercial centre has developed separately from the historic centre, in Ljubljana commercial developments, residence and tourism/entertainment compete for space. The transition status of the city differs from Leipzig in that the form of socialism was very different and encouraged a more entrepreneurial culture, with less dependence on state funded development than in Leipzig. The housing market is also very different in that ownership dominates in comparison with the rental sector dominance in Leipzig. The low level of activity is however an indication that the property market is not yet fully developed, and transactions costs are high.

These contrasts show that the broad city typology provides an indication of the type of problem to be expected, but without a more detailed SPAGHETTI audit, the nature of the problem cannot be fully determined.

Nevertheless, Ljubljana exhibits typical features of a successful city with an overheated property market which creates difficulties for certain social groups (in this case the young), increasing central congestion and associated pollution, and competition for urban space between different uses, which may require strategic direction from the city if the outcome of the market is considered unsatisfactory. In the case of Bologna, measures to protect the historic centre has influenced market outcomes. In the case of Ljubljana a strong strategic decision remains to be taken.
The Broad City Typology: a consideration of the empty boxes

Although only four cities have been considered by the RUM project, the number of meaningful empty boxes in the table is quite small. A large number of them represent unlikely or less likely combinations which can be largely discounted. These boxes are highlighted in the table below. The remaining empty boxes, not covered by the case studies, lie in the peripheral row. More case studies of such peripheral cities would have improved the completeness of the approach. An understanding of a city's position in the matrix provides a starting place for the appreciation of the nature of the problem with respect to re-urbanisation, but a more detailed SPAGHETTI audit is necessary before detailed policy proposals can be made.

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Table Nine: Broad City Typology: Position of Ljubljana

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<th></th>
<th>Successful</th>
<th>Emigrant</th>
<th>Transition</th>
<th>De-industrialised</th>
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<td>Successful</td>
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<td>Emigrant</td>
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<td>transition</td>
<td>Ljubljana</td>
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<td>Post-industrial</td>
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</table>
### Table Ten: Broad City Typology: empty boxes

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<th></th>
<th>Successful</th>
<th>Emigrant</th>
<th>Transition</th>
<th>De-industrialised</th>
<th>Post Industrial</th>
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<tbody>
<tr>
<td>Successful</td>
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<tr>
<td>Emigrant</td>
<td>Unlikely</td>
<td>Leipzig</td>
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<td>transition</td>
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<tr>
<td>de-industrialised</td>
<td>Unlikely</td>
<td>Leipzig</td>
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<tr>
<td>Post-industrial</td>
<td>Bologna</td>
<td>Less likely</td>
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<tr>
<td>Peripheral</td>
<td>Less likely</td>
<td>Leon</td>
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</table>

#### Describing the ‘city type’

We have a broad city typology but it is also necessary to understand how each city fits into a general framework of characteristics. This descriptive stage of the research process is proposed here.

By utilising an acronym (SPAGHETTI) WP5 conceived an approach that assisted in describing the attributes of each city when applied directly to that city.

**Strand**

<table>
<thead>
<tr>
<th>Attribute/ Characteristic Descriptors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
</tr>
<tr>
<td>• Type’ of CSA</td>
</tr>
<tr>
<td>• Potential for Gentrification</td>
</tr>
<tr>
<td>• Household statistics: income; ethnicity; employment; regularity of dwelling change</td>
</tr>
</tbody>
</table>
Planning system

• What typology/sub typology?
• Residents’ rights in development applications?
• Property sector involvement/representation in planning policy making

A system geared towards state or market activity?

Architectural

• Heritage
• Current value (both pecuniary and aesthetic)
• Financial potential
• Value to present and future generations

Governance

• Richness/complexity of organisations and institutions involved in the CSA
• Impact of the thickness/thinness of these webs of interactions
• Policy Agenda? Corporatist; Entrepreneurial; Interventionist; Environmentalist; Pragmatic; Dogmatic

Economic history

• Decline
• Recovery
• Urbanisation
• Deurbanisation
• Property Market cycles
• Economic growth changes
• National context
Environment

• Air Quality
• Transport
• Public Transport
• Recreational issues
• Conflicts between environment issues and other objectives?

Tenure

• Spread of different tenures
• Comparisons with City, Regional and National picture
• Legal aspects of owning, renting, buying and selling property

Type of land use

• Mix of uses in CSA
• Compatibility of new uses
• Desirability or otherwise of eradicating some existing uses
• Ability to bring new land or land uses into operation

Investment

• Inward Investment
• Institutional Environment
• Fiscal Policy
• Flexibility of financial mechanisms available to property investors
• Availability of financial mechanisms available to property investors
• Variety of financial products?

Data Collection Methodology for Each Attribute
Each component of this attribute generator methodology relies on certain data collection methods, or even the efforts of the other work packages. For example:

S  city questionnaires ; local statistics ; demographic workpackage

P  semi-structured interviews / legal analysis
Conclusions

1. Re-urbanisation cannot be discussed independently of city characteristics

2. A broad city typology can be used to identify the nature of the problems to be expected in each category of city which affect the process of re-urbanisation

3. The chosen case studies cover most of the probable combinations of characteristics in the broad city typology

4. The SPAGHETTI audit is proposed to reveal a more detailed picture of each city down to the level of the CSA’s, but is beyond the scope of WP5 to implement in full, although aspects of it can be found in each of the city sections, below

5. Re-urbanisation can be described as a "wicked problem" which cannot be solved by the application of any single discipline, nor resolved by recourse to formulaic procedures which are applicable to all cities.
Administrative-Government Structure of Germany

The Federal Republic of Germany is a federal State. Its administrative apparatus has three levels: federal, Land (state), and local. The federal and Land administrative authorities are considered institutions of “direct” State administration; while the local authorities which, from a legal point of view, form independent bodies of self-government, are considered institutions of “indirect” State administration. Germany is composed of 16 Länder. There are 13 territorial Länder and 3 “city-states” (Berlin, Bremen and Hamburg) which are both a Land and a local authority.

Local government falls into two levels: municipalities (Gemeinden) on the one hand, which may be organised as unitary municipalities (Einheitsgemeinden) or as a kind of association of municipalities (Ämter, Verbandsgemeinden, Verwaltungsgemeinschaften) and, on the other hand, the counties (Kreise) consisting of the municipalities within the county territory. Bigger towns may be non-county municipalities (kreisfreie Städte) - i.e. independent of a county and thus combining the two levels of local government.

The powers of each level are as follows:

Legislative and administrative responsibilities of the Federation (Bund)
Exercises legislative authority solely in those areas assigned to it under the Basic Law (Articles 70 and 73), inter alia in those areas which are the prerogative of a sovereign State; foreign policy, defence, currency, public services. According to Article 87 of the Basic Law, the exercise of executive powers by the federal authorities is limited to a few areas such as foreign affairs and federal finances.

Legislative and administrative responsibilities of the Länder (federal States)
- The Länder exercise the powers and carry out those tasks of government devolved to them by Article 30 of the Basic Law; they are thus responsible for implementing federal legislation.
- The Länder have the right to legislate in all areas which are not vested solely in the Federal Government by the Basic Law.
- Federal and regional powers sometimes overlap in areas such as justice, social welfare, civil law, criminal law, labour law and economic law.
- The Länder have their own legislative powers with regard to culture, education, universities, broadcasting/television, local authority matters and the police.
Administrative responsibilities of the district authorities

Complementary, "supra-municipal" powers, involving a type of mandatory cooperation between local authorities:

1. Mandatory powers (under federal and Land legislation)
   - building and maintenance of secondary roads
   - spatial planning at district authority level
   - maintenance of nature parks
   - social welfare and youth welfare
   - building and maintenance of hospitals
   - building and maintenance of secondary schools and technical colleges
   - household waste collection and disposal

2. Optional powers (in accordance with the principle of local self-government)
   - support for cultural activities
   - construction of pedestrian areas and cycle lanes
   - support for pupil exchanges
   - construction and maintenance of public libraries
   - promotion of economic activity and tourism
   - management of adult education colleges (Volkshochschulen)

Administrative responsibilities of the local authorities

Local authorities have general responsibility for town planning and routine administration:

1. Optional powers
   - incentives for local economic activity
   - incentives for housing, establishment of social welfare infrastructure
   - building and maintenance of public transport infrastructure
   - cultural affairs and sport facilities
   - management of energy supply utilities
   - twinning arrangements with municipalities in other countries
2. **Mandatory powers (under federal or Land legislation)**

- town planning, construction and maintenance of the local authority road network
- construction and maintenance of primary schools
- maintenance and management of waterways, sewage disposal
- social welfare and youth welfare
- construction of recreational and leisure areas
- urban development and regeneration

3. **State powers devolved to urban municipalities and medium-sized towns**

- registration of births, marriages and deaths, issuing of identity papers
- running of elections
- census taking and registration formalities for non-Germans
- urban traffic management
- supervision of food quality, hotels, restaurants and public houses

It is important to understand all of these varying powers and responsibilities so that our advice on instruments is practical and achievable where related to government activity.
Economic Context for Reurbanisation in Germany and Leipzig

The changing economic and spatial planning circumstances in the post-1980 Germany

In addition to experiencing the consequences of globalisation and Europeanization the FRG has also implemented the arduous process of unification, an experience absent in the other three states of Italy, Spain and Slovenia. An insight into the economic policies and consequences of the process of unification is a prerequisite for understanding the socio-economic and political contexts in which the city of Leipzig implements reurbanisation policies in the CSA’s.

The model of ‘Rhineland capitalism’, or the ‘German Corporatism’, which encompassed West Germany’s basic institutional components, territorial organization and political system during the post war period until the late 1970s, produced a remarkable economic success and made the West German economy the third largest economy in the world after the US and Japan. Economic factors which made this success possible included: the Marshall Plan, prudent fiscal and monetary policy, good relations between social partners and the focus on reconstruction after the devastation of the Second World War. The adopted economic model was the Social Market Economy (SEM), which was inspired by the Freiburg School of economists on the belief that a socially responsible free-market economy was to produce political freedom, economic efficiency and social equity.

The macroeconomic goal was to consolidate national welfare, and it geared to stabilizing the wage relations through rising investment and state subsidies to promote full employment and mass consumption. The growth strategy was underpinned by an elaborate framework of corporatist negotiations through which capital, trade unions and state institutions continually renegotiated the national redistribution of total output (Esser, 1998). The funding for the growth strategy came from the banking sector and allowed companies to concentrate on long-term objectives and insulated them from short-term fluctuations in share prices, although it additionally insulated managers from effective control.

According to Streeck (1997) the model contained constraints that prohibited low-cost production in favour of quality production, thus provided opportunities for strategic upgrading by directing the export oriented Germany economy towards quality-competitive markets and away from cost-competitive markets.
Three basic structural preconditions were central to the successful operation of this corporatist, consensus-based model of capitalist growth. These were as follows:

- sufficiently large global markets to sustain domestic employment through the production of quality-competitive rather than price-competitive goods;
- product innovation in quality-competitive goods within the German economy;
- adequate supply of trained labour for the production of quality-competitive goods.

The centrality of these conditions to the success of the Rhineland model implied that the German economic growth depended heavily on the health of the world market, and on the world's demand for German products. Clearly, the recessionary circumstances of the world markets during the 1970s posed a serious threat to the stability and competitiveness of the post-war German economy.

The other significant characteristic of the Rhineland capitalism was its concentration on the national spatial scale, as the primary unit of economic growth, for economic development and political consensus. A main goal of the state was to promote a nationally organised spatial equilibrium by establishing and managing an institutional framework capable of spreading industrialisation and urbanisation through the national territory. The assumption behind this goal was that a replication of formally homologous patterns of industrial growth and socio-economic governance within the Länder, regions and cities would lead to balanced, equilibrated growth on a national scale. Thus, the national territory was the chosen scale for industrial development, administrative organization and spatial planning. In achieving this goal, subnational political and economic units were regarded essentially as building blocks within a larger, nationally focused system of administration, industrial growth and sociospatial cohesion.

The Rhineland model, however, began to unravel during the 1970s as a result of the prevailing inflationary conditions, the demise of Keynesianism and the collapse of the Bretton Woods Agreement. The post-war extensive social protection and a high tax wedge on labour income reduced the incentive to work, and high non-wage costs, rigid employment protection and persistently weak domestic demand depressed the demand for labour. The West German economy entered the 1980s with these debilitating structural economic problems which reduced the competitiveness of the German economy at a time when the resurgence of neoliberal economic policies particularly in the US and the UK shifted the emphasis further towards cost cutting considerations and fostered competitive disinflation in order to improve profitability and accumulation.
During the 1980s we observe abandonment of policies of full employment, of social distribution and economic growth in favour of supply-side intervention to finance industrial growth, to secure structural competitiveness of German capital. The administration of chancellor Kohl introduced, on the one hand, some deregulations which were designed to improve profitability and accumulation by lowering costs, improving productivity, reducing the burden of taxation on the business community, decreasing social expenditures, removing some labour protection laws and introducing a more flexible wage structure and working conditions. On the other hand, the administration embarked on a various forms of technology policy and investment in R&D. These reforms were drawn from a mixture of traditionally fiscal-conservative, pragmatic conservative and neoliberal ideologies. The post unification policies can be viewed as an extension of this mixture.

One of the spatial consequences of these economic and political changes was that during the 1980s new forms of interspatial competition and uneven development started emerging within the German urban and regional system as a whole. Associated with these changes were a number of political and institutional shifts that preserved many of the basic institutional features of the Rhineland model of capitalism while nonetheless subtly redefining some of its political-geographical foundations (Herrigel 1996, Streeck 1997). Germany's local states were increasingly transformed from local social welfare agencies into instruments of "entrepreneurial" policies that attempted above all to enhance the competitive positions of their territories. This was, on the one hand, the end of the process of forcing municipalities to adapt to central state macroeconomic policies and, on the other hand, the beginning of forcing localities to fend for themselves by attracting financial resources and external capital investment to the locality. In other words the task of establishing the social, infrastructure and territorial conditions for capital accumulation was increasingly transferred downwards from the central state towards Länder and the municipalities. The intension was to promote "the kind of flexibility at the local and regional level for governments to respond and develop independent policies for the particular regional economic problems they confronted" (Herrigel 1996, P 279).

The promotion of endogenous growth based on "self-reliance" on the subnational level signalled the demise of the policy of spatial equilibrium at the national level. The endogenous growth within the Länder and the municipalities has increasingly represented ways and means of enhancing the territory-specific productive capacities of localities, cities and regions in the post-1990 period. The German Institute for Economic Research has shown sympathy with the view that the politics of uniformity of life conditions must give way to diversity of regional life conditions. The promotion of uniform life conditions should not be pursued as a corrective to market processes. Rather, it should occur through the process of competition in which each region promotes its comparative advantages.
Jeffery (1999) has aptly described the policy of endogenous growth in terms of a "Sinatra Doctrine of the Länder" in which each land is increasingly forced to "go its own way" in providing the infrastructure and other preconditions for external capital investment. As Jeffery observes: "Cooperative federalism is being undermined by new patterns of pursuit of Länder self-interest and diminishing cross- Länder solidarity. This does not necessarily mean that the Länder are thrusting themselves into unbridgeable conflict with one another at the expense of the whole post-war tradition of cooperative federalism. What it does mean is a rather more fluid and differentiated set of interactions within which shifting coalition of Länder will form around specific issues. This might be termed a 'Sinatra Doctrine' of the Länder, with each land doing it 'my way', sometimes with, sometimes without the support of others" (Jeffery, 1999 P 340).

A logical extension of the endogenous growth policy is that the success or failure of a city-region in promoting economic growth and enhancing the quality of life for its inhabitants depends partly on obtaining and maintaining economic resources, and on adapting market friendly policies which improve the position of the city-region as an attractive location for capital.

The state of post-unification German economy should be placed within the context of new political priorities and new economic strategies which includes cost-cutting measures, deregulation and institutionally loaded reforms. Notwithstanding that the post-war priority of "equalisation" still remains a basic constitutional requirement within the German federal system; the promotion of national spatial solidarity has been increasingly subordinated to, or reformulated in terms of, the priorities of local and regional economic growth, self-reliance, and structural competitiveness during the post-unification. The nationalising politics of solidarity, redistribution or socio-spatial equalisation has been gradually but steadily replaced with intensifying inter-organisational competition on subnational scales in response to the dictates of neoliberalism and competitive disinflation.

The Agenda 2010 encompasses reforms which aim to address the structural weakness in the German economic system. These include tightening of conditions for entitlement to unemployment benefits and reducing non-wage labour costs, restructuring of social welfare system, in particular public health insurance, and a liberalisation of the croft sector. (Most of the measures were approved, albeit with some modification in December 2003). Further reforms of the tax system and health cares financing are expected.
The economic reality of unification: an overview

The German Economic, monetary and Social Union (GEMSU) which came into effect in 1 July 1990 was viewed by both the West and the East German authorities who ratified it as a decisive first step towards introduction of "rapid" and "full" political union. To ease the political process of unification and to halt the flow of immigration from the east the idea of a currency union was endorsed by the administration of chancellor Kohl. The varied applied rates of exchange were clearly a compromise between economic logic and political expediency. Moreover, the entire structure of high wages and mandatory social benefits of the West Germany was imposed onto the East German economy that had practically collapsed. On the political side the policy was seen as an incentive to get the unification referendum's yes vote from the East Germany. This policy was implemented in order to stop the movement of labour force and capital from the east to the west and from the west to the east respectively.

But the imposition of the DM on the East German economy was insufficient in itself to activate economic reconstruction of the GDR. The GDR economy had suffered from years of neglect, under investment and inefficiencies associated with a planned economy. Thus, it could neither compete with the far superior export oriented FRG economy, nor could it cope with the rapid introduction of capitalist models of growth and development into an economy devoid of the discipline of market forces. The GDR economy was incapable of introducing the SEM without prior introduction of necessary structural changes and institutional reforms, which under normal circumstances would have taken many years of gradual implementation. Consequently, the catching up process of change and adjustment in the east went badly wrong. Increases in the GDP were negligible, employment declined and productivity gains stagnated. Because of complications with the process of restitution and of discriminatory practices against outside capital, the private sector and international capital did not show much enthusiasm in the potential investment opportunities in the GDR's changing economic condition. Therefore, the bulks of investments for revitalising the economy of the east came from the state in the FRG and were spent mainly on improving the infrastructure and on social benefit. Moreover, due to the speed and size of incoming funds there were a large number of eye-catching, but economically inefficient, projects that did not contribute to the economic recovery of the GDR.
The following quotation paints a grim picture of reality in the east during the 1990s:

"The GDR constituted 30% of the new DM area and its share of total population was 20%. Industrial production in the east rapidly declined to one-third of its former level within a year of the introduction of GEMSU. By 1993 its GDP was only 9% of united Germany, while its share of industrial production had contracted to 5% of the German total. By 2000 only 20% of employees were located in the east, but the region accounted for 35% of unemployment. In the second half of the 1990s, GDP per head in East Germany was about 55% of that in the west. This not only resulted in a relative deficiency in aggregate demand in the east: there was also increasing anecdotal evidence of a high drift by newly qualified persons to the west. On the other hand, the ratio of social budget to GDP was 80% larger than in the west, while average male retirement pensions had been equalised. Indeed, average female retirement pensions were 35% higher than in the west. In both cases, eastern pensioners had a higher average number of qualifying years. This also gives a good indication of the cost of integrating the various supplementary schemes in existence both before and after the fall of Berlin wall, especially given that the state standard pension (based on 45 contribution years) was still only 87% of that of Western Germany. Finally, because of transfer under fiscal equalisation, the 'tax power indicator' in the east was increased from 30% of the west to a slightly greater level (Western Europe 2003, P 259)."

The decision of full and rapid unification has been costly, uneconomical, and the economic consequences of early promises of 'blooming landscape in the east' and 'costless integration' will haunt politicians who have to deal with the grim economic reality of unification.

The pattern of change and development has been varied across the east, and despite disappointing outcomes in relation to the high expectations of earlier times, many positive developments have taken place. Evidence from Deutsche Bank Research clearly shows that productivity in the eastern states has, in 2003, reached 70% of the West German level, up from 35% in 1991. In the same period per capita GDP has climbed from 40% of the West Germany figure to 60%. However, if the input of construction industry is taken out of the GDP, the East German growth rates remain more than twice as high as the West German figures in the second half of the 1990s. Deutsche Bank reports indicate that;
"Since 1996 gross value-added of the German construction industry has contracted by around 8.5% per year. During the same period, employment in the sector dropped nearly 50% to about 220,000 people (2002). This raises the question how long the building sector is going to remain a drag on overall growth. On the other hand, construction investment per head in the east is rapidly falling towards the West German level - implying that the recession in the industry will soon tail off. On the other, the ratio of construction investment to the GDP is still more than twice as high in the east of Germany as it is in the west. The pace will differ between the individual segments. With over 1.2 million dwellings standing empty in East Germany, the demolition of residential premises has become an important issue. While there is still a need for more individually owned homes, residential construction as a whole will probably continue to lag the average. Much the same goes for commercial construction - in many East German towns over 20% of office space stands vacant. The legacy of large-scale subsidisation in the early 1990s shows up starkly here." (Deutsche Bank Research, February 3, 2003, p. 3)"

Unemployment presents a serious problem. The average job less rate in 2002 was close to 18%, but it varies across the eastern states. There is also high hidden unemployment in the new states. Office work still accounts for a much lower proportion of jobs in East Germany than in services-oriented West German states.

"The east is still quite heavily dependent on transfers from the west. Between 1991 and 1999 it received net transfers totalling more than DEM 1,200 bn (EUR 613 bn), equivalent to some DEM 135 bn (EUR 69 bn) each year. That was over 4% of West German GDP. Transfers to the east will remain necessary, and they are to be provided via the fiscal equalisation systems for the whole Germany and "solidarity pact II" (EUR 156 bn from 2005 to 2019). These funds ought to be used primarily to narrow the infrastructure gap, estimated at EUR 80-150 bn, which is one of the greatest curbs on productivity. In view of the very long timeframe, clear priorities need to be set. They should be based on evaluation criteria that can be monitored "(Ibid, P 4)."
It is noteworthy that not all problems can be overcome by financial assistance. The institution of the market, the development of the enterprise culture and the appropriate regulatory frameworks, the three pillars of capitalism, need time to take roots. The nurturing period also helps to improve management of enterprises, and to integrate the eastern companies into corporate networks. Solutions to problems of adaptability cannot be found and implemented in the short-run. It requires long-term strategy and appropriate tactics.

The second 15-year financial assistance plan is due to start from the year 2005. It is expected that the massive injection of funds to the east will promote economic, political, demographic, sociological and cultural convergence with the west. When this expectation is set against the prevailing pessimism in the east, which is prompted by the wide gap between expectation and reality of the past 14 years and above all by the fear of unemployment, the one inescapable conclusion is that it is an uphill struggle that requires massive culture shift for it to work. For the unification to succeed it needs to reach the "mind".

This cultural shift should be placed at the heart of the re-urban project in Leipzig.

**The Leipzig context**
Together with the city of Halle (pop.:270,000), Leipzig forms the heart of an extended industrialised region which is characterised by a relatively high population density.

The Leipzig administrative district is, alongside Dresden and Chemnitz, one of the three administrative districts in Saxony. Approximately 1.08 million of the 4.35 million inhabitants of Saxony live in the Leipzig administrative district, of whom approximately 495,000 (46%) live in the city itself. Between 1990 and 2002 the city lost 11.7% of its population. This is an ongoing process caused by out-migration (especially of young and qualified people) and decline in birth rates since unification. Consequently the population pyramid is becoming top heavy with profound implications for the economic future of the city.

The region’s economic structure has been largely shaped by the industrialisation of the first half of the 20th century. In this period, a large cluster of chemical industries developed at several sites near Leipzig (Böhlen, Espenhain to the south of Leipzig, Bitterfeld, and Leuna and Schkopau to the south of Halle) (Nuissel and Rink, 2003). Furthermore, opencast mining became increasingly widespread in the region. These activities gave the region a distinct economic profile and also led to the reputation of Leipzig- especially in DDR times- as a polluted region.
Overall, the region of Leipzig and Halle (like the rest of eastern Germany) must be regarded as economically underdeveloped compared to the German and also the EU average (Nuissel and Rink, 2003). The gross national product (GNP) per capita of the Free State of Saxony is not 70% of the West German average, and population loss, empty residential and commercial properties are widespread. On the contrary however, the Leipzig-Halle region is among the most privileged urban regions in eastern Germany, having generous assets in terms of both infrastructure and human resources and is located in a beneficial position within the Central European transportation network. Hence, compared to other regions in eastern Germany its economic prospects are relatively good (Nuissel and Rink, 2003).

Figure? overleaf illustrates the scenario that has developed since 1989. The end of the soviet regime (1989) and German reunification (1990) appeared to offer opportunities to modernise the city’s industry and to start large-scale renovation projects of the (long term) decaying housing stock. This initially large amount of major construction and renovation activity both resulted from and strengthened this optimistic view of the future of East Germany. Leipzig, in particular, exhibited this hyper-optimistic post ’wende’ sentiment and in the first half of the 1990s major investments occurred.

These included the new trade fair complex at the northern city edge, the expansion of Leipzig-Halle airport, several new shopping centres around the city and the transformation of the central railway station into a multifunctional complex including the inner city’s largest shopping centre (Grundmann et al., 1996).
AltLindenau CSA is a part of ‘Leipziger Westen’/ Neustadt CA is a part of ‘Leipziger Osten’
Another key aspect of this ‘post wende optimism’ was the large number of suburban housing developments constructed on the city periphery within a very quick time period. The motivation for this was the vast population flow out of the city from 1990 leading to private developers stampeding to provide suburban housing supply at a time when former DDR Planning regulations were yet to catch up with the old Lander. Overall the early nineties was a halcyon era of high investment based on subjective positivity and greed. The city’s marketing slogan of those days, ‘Leipzig kommt!’ clearly expresses the optimism of the local government. Objective reality: the specificities of the capitalist ‘business cycle’ combined with the varying illogics of the ‘bubble’ in the context of the underlying fundamentals, came back with a vengeance in the latter nineties.

The switch from a soviet to a “democratic” capitalist economy (and society) was much more problematic than had been anticipated during the ‘freedom’ marches of 1989. A traditional pillar of the urban economy, the industrial complex of Plagwitz, was hit hard by plant closures and mass unemployment. 75% of the local industry was closed down within a few years of German reunification (Bontje, 2004). The ‘spin-off’ effect of small companies taking over parts of state enterprise activities had only a negligible impact (Bontje, 2004). Even the opening of the large new factories of Porsche and BMW at the northern city edge in 2002 and 2004 could only compensate for a minority of the manufacturing jobs lost in the transition-to-capitalism clearout (Berkner, 2000).
Employment and Business Location

Table Eleven: The 11 largest plants and workplaces in the Leipzig labour market office district (excluding public services; 1999)

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Employees obliged to make social security</th>
</tr>
</thead>
<tbody>
<tr>
<td>DB Netz AG</td>
<td>Leipzig</td>
<td>1,774</td>
</tr>
<tr>
<td>Quelle Schickedanz AG</td>
<td>Leipzig</td>
<td>1,621</td>
</tr>
<tr>
<td>Siemens AG</td>
<td>Leipzig</td>
<td>1,537</td>
</tr>
<tr>
<td>Allianz Versicherungs AG</td>
<td>Leipzig</td>
<td>1,400</td>
</tr>
<tr>
<td>Dresdner Bank AG</td>
<td>Leipzig</td>
<td>995</td>
</tr>
<tr>
<td>Mitteldeutsche Braunkohle</td>
<td>Espenhain</td>
<td>820</td>
</tr>
<tr>
<td>RWS Dienstleistungen GmbH</td>
<td>Leipzig</td>
<td>802</td>
</tr>
<tr>
<td>Bayrische Hypo-und Vereinsbank</td>
<td>Leipzig</td>
<td>681</td>
</tr>
<tr>
<td>Buna SOW Leuna</td>
<td>Böhlen</td>
<td>659</td>
</tr>
<tr>
<td>Dussmann AG &amp; Co. KG</td>
<td>Leipzig</td>
<td>598</td>
</tr>
<tr>
<td>598 Isolierungen Leipzig GmbH</td>
<td>Leipzig</td>
<td>590</td>
</tr>
</tbody>
</table>


The largest plants in Leipzig are basically branch offices of west German companies (Table 3). However, according to the city of Leipzig, the economic structure of Leipzig is characterised (more optimistically) as five different clusters (City of Leipzig, 2002: Leipzig economic region. Economic advancement strategy for a strong region. www.leipzig.de).

1. 1. Cluster: Automotive and supply industry
2. 2. Cluster: Media/communications technology/IT
3. 3. Cluster: Health/biotechnology/Medical technology/Life Sciences
4. 4. Cluster: Energy- und environmental technology
5. 5. Cluster: Cross-sectional technologies and services (handicrafts, other processing industries, logistics, services and trade, fairs, congresses, tourism and culture combined with the hotel industry).
Table Twelve: Municipal Statistics 1998 for Leipzig

<table>
<thead>
<tr>
<th>employees obligated to pay social insurance at their place of work on 30 June 1998</th>
<th>Leipzig, stadt</th>
<th>Free state of Saxony</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>172078</td>
<td>1596167</td>
<td>10.78</td>
</tr>
<tr>
<td>Male</td>
<td>86921</td>
<td>852208</td>
<td>10.19</td>
</tr>
<tr>
<td>Female</td>
<td>85157</td>
<td>743959</td>
<td>11.44</td>
</tr>
<tr>
<td>Registered unemployed on 31 December 1998</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>34935</td>
<td>370052</td>
<td>9.4</td>
</tr>
<tr>
<td>women</td>
<td>17401</td>
<td>204434</td>
<td>8.5</td>
</tr>
<tr>
<td>foreigners</td>
<td>1001</td>
<td>6106</td>
<td>16.4</td>
</tr>
<tr>
<td>youth (under 25 years)</td>
<td>3521</td>
<td>37156</td>
<td>9.47</td>
</tr>
<tr>
<td>aged 55 years and older</td>
<td>8700</td>
<td>81072</td>
<td>10.73</td>
</tr>
<tr>
<td>long-term registered unemployed</td>
<td>10855</td>
<td>128356</td>
<td>8.45</td>
</tr>
<tr>
<td>seriously disabled persons</td>
<td>1097</td>
<td>8025</td>
<td>13.67</td>
</tr>
</tbody>
</table>

Table Thirteen: Municipal Statistics 2003 for Leipzig

<table>
<thead>
<tr>
<th>Employees obligated to pay social insurance at their place of work on 30 June 2002</th>
<th>Leipzig, stadt</th>
<th>Free state of Saxony</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>196239</td>
<td>1421235</td>
<td>13.8</td>
</tr>
<tr>
<td>Male</td>
<td>93025</td>
<td>722615</td>
<td>12.87</td>
</tr>
<tr>
<td>Female</td>
<td>103214</td>
<td>698620</td>
<td>14.77</td>
</tr>
<tr>
<td>Registered unemployed on 31 December 2002</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>45376</td>
<td>395938</td>
<td>9.4</td>
</tr>
<tr>
<td>women</td>
<td>19872</td>
<td>197106</td>
<td>10.08</td>
</tr>
<tr>
<td>foreigners</td>
<td>2098</td>
<td>8430</td>
<td>24.88</td>
</tr>
<tr>
<td>youth (under 25 years)</td>
<td>5165</td>
<td>43546</td>
<td>11.86</td>
</tr>
<tr>
<td>aged 55 years and older</td>
<td>7083</td>
<td>57805</td>
<td>12.25</td>
</tr>
<tr>
<td>long-term registered unemployed</td>
<td>18524</td>
<td>161859</td>
<td>11.44</td>
</tr>
<tr>
<td>seriously disabled persons</td>
<td>1285</td>
<td>8058</td>
<td>15.94</td>
</tr>
</tbody>
</table>
A comparison of the two tables on the previous page reveals the interesting results.

- Whilst the actual number of employees paying social insurance in the city has increased from 172078 to 196239 persons, the corresponding figures for the state of Saxony show a decrease.

- The ratio of male and female employees paying the social insurance change from 50.5% male and 49.5 female to 47.4% male and 52.6% female. The corresponding figures for the state of Saxony show that 53.39% male and 46.61% female ratios have changed to 50.84% and 49.16% respectively. One probable conclusion is that the labour market participation for women is rising faster than for men in both the city and the region.

- The level of female unemployment for the city dropped from 49.8% in 1998 to 43.79% in 2002. The corresponding figures for the region were 55.24% and 49.78% respectively. This fall in the unemployment figures corresponds with the rise in employment opportunities.

- The youth unemployment both in the city and the region is on the rise, and so are the corresponding figures for the long-term registered unemployed.

- The unemployment figures for aged 55 and older for the city are 24.9% in 1998 and 15.6% in 2002. The corresponding figures for the region are 21.9 and 14.59%. Clearly there have been large decreases in this age category.

Obviously, a more reliable interpretation of these results requires further detailed analysis, but for the time being it is reasonably safe to conclude that the employment base of the city and region is changing.

These figures paint a general picture, and hints at the changing employment situations at the city-region level. The rise in both female employment and the aged 55 and older category might be taken as a sign of growth of service based low wage economy. But at this stage we cannot make any meaningful comparison with CSA's because corresponding figures for the CSA's are not available. However we can make a helpful observation as follows:
The survey which is conducted by the UFZ indicates that only 19% and 12% of respondents in Neustadt-Neuschonefeld and Altindenau respectively travel a distance of up to 2 Km to get to work. This implies that only a very small number of jobs taken by the respondents are locally based, therefore the bulk of jobs are located in the city centre and beyond. The land use patterns in the CSA's suggest that they are predominantly residential areas, and that the commercial and industrial uses, which are expected to produce job opportunities, are not significant in terms of size, type and number to offer large job opportunities to make the areas attractive for potential newcomers who seek employment. However, to make these areas attractive to newcomers, in order to kick start the process of reurbanisation, two sets of policies must be simultaneously implemented. The first is to create employment opportunities at the city-region through improving economic competitiveness and, the second is to improve the environmental, physical and housing qualities of the CSA's. In order to improve the economic competitiveness of the city-region cost cutting measures, including lower wages, must be introduced. But these measures may lead to a declining disposable income and to a lower level of social protection than currently exists. The consequential disparity with the west may cause political unrest. Also, the accumulative cost of improving housing and physical environment may require a level of subsidy by the federal state that might push the budget deficit beyond the EU permitted level of 3% of GDP. These are practical problems that require careful consideration and sensitive handling, and may put the preservation of architectural heritage of the city against some more pressing economic choices that must be made by the federal, land and the city.

It should be clear by now that the intellectual and strategic orientation of the WP5 with regard to the CSA's in Leipzig is that problems and solutions must be placed on the wider scale of city-region. The main problem facing the CSA's are primarily economic, and needs to be analysed within an economic development context.
Finance and Capital aspects of Reurbanisation in Leipzig

Functioning of the Banking System
The special feature of the German banking system compared with most other industrialised countries is the dominant position of ‘universal banks’. While they differ considerably in terms of legal form, ownership, size, administrative organisation and business structure, the great majority of credit institutions conduct every conceivable type of banking business under one roof: hence ‘universal’ motif. These banks may be grouped into three broad categories:

- the private banks
- the public savings banks and their central banks;
- credit cooperatives (e.g. Volksbanken and Raiffeisenbanken) and their central banks
(Source: The German Banking System, BankVerlag, Cologne/Germany)

These are laid out more clearly in the table below.

Although the private banks, the savings banks and the credit cooperatives all have different business priorities; there is no division of activities among them as such. Neither are there any significant differences regarding their operations in the market place, even though, unlike the private banks, the savings banks and the cooperative banks do not seek - at least not formally - to maximise profits but to achieve a reasonable surplus and provide support to their members. All three banking groups rely on making profits to safeguard their existence in the long term, which is why profit earning, together with security and liquidity, (the so-called "magic triangle" of banking policy), is their prime corporate objective.
**Table Fourteen: The Banking System in Germany**

<table>
<thead>
<tr>
<th>UNIVERSAL BANKS</th>
<th>SPECIALIST BANKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector functioning banks</td>
<td>Cooperative banks</td>
</tr>
<tr>
<td>Big branch banks</td>
<td>Credit cooperatives (Volksbanken and Raiffeisenbanken)</td>
</tr>
<tr>
<td>Regional banks and other A functioning banks</td>
<td>Cooperative central institutions</td>
</tr>
<tr>
<td>Private bankers Branches of foreign banks</td>
<td>Housing associations with savings facilities</td>
</tr>
</tbody>
</table>

(The German Banking System, BankVerlag, Cologne/Germany)

**Capital Markets**

The German system of capital finance is dominated by:

1. Firms that finance expansion through existing profits, and

2. Banks that finance expansion based on loans to firms whose credit-worthiness has been determined by evaluating past performance. Neither of these options offers good sources of capital to start-ups or individual would-be entrepreneurs in inner urban areas such as our two CSA’s - individuals or potential enterprises who have neither track records nor existing profits (Abramson, et al., 1997). In addition there are under-funded, decentralized public and semi-public financing
instruments. These include long-term loans for young companies with no track record through semi-public investment banks, the Kreditanstalt für Wiederaufbau (KfW) and the Deutsche Ausgleichsbank (DtA), and a range of semi-public equity stock companies for small and medium-sized enterprises (mittelständische Beteiligungsgesellschaften), which are funded by regional banks and Chambers of Industry and Commerce. Further work in the coming months is required to identify if these instruments are actively engaged by the Leipzig Chamber.

The long-term loans subsidized by the KfW and DtA require a ‘Hausbank’ to sign on as a partner and assume risks (Vitols, 1996). Importantly, the banks have historically been unresponsive to requests for “high risk venture” loans (Abramson, et al., 1997).

**Microfinance**

Since the German local- and micro-finance sector is in a very early development stage, there is also hardly any public-sector support for micro-finance (Evers and Jung, 2004). One problem has been that, up to now, there has not been a common definition of local- and micro-finance among public officials, practitioners, banks and academics.

The public-sector support for start-ups in Germany is dominated by guarantees and counter-guarantees, specific credit schemes with subsidized rates of interest and, in some cases, direct subsidies. It is still very much based on the Hausbank principle and therefore is not contributing much to the development of a local- and micro-finance sector (Evers and Jung, 2004).

It is not yet clear what role the institutional setting, with its broad variety of non-private banks as outlined above, will play in the future expansion of micro-finance. These organisations may block all innovations by denying that the market need for such services exists (“We already do that!”); they may also identify this as a market for themselves and develop and implement appropriate schemes; or they may actively cooperate with emerging local- and micro-finance organisations (Evers and Jung, 2004). For example, Deutsche Bank has published a brochure highlighting their refinancing activity in micro lending. Similarly, the Bankakademie, the main training centre for private banks in Germany, holds workshops on "Mikro-Banking." (Evers and Jung, 2004).

With the emergence of the microfinance sector as a sub-sector of national finance in Germany, these aspects of financial activities can possibly be tapped to assist in the Reurbanisation process. Here, capacity-building is an important criterion for the successful deployment of microfinance based initiatives. Potential proposed instruments could include the development of understanding and skills in this type of enterprise financing.
Property and Housing Law in Leipzig

Germany as a whole has a low rate of owner-occupation: 42% compared to the European Union average of 64%. The city of Leipzig has only 13% owner-occupation, and in the CSAs the rate is even lower, at less than 10% owner-occupation.

Before 1989 Eastern Germany maintained high levels of house construction, which together with out-migration from the city, has caused an over-supply of housing in Leipzig. Despite this, there are problems of homelessness and squatting. Apartment blocks are the predominant building type, as single family homes provide only 2% of residential property. In Leipzig, rates of vacant properties are as high as 50% in some areas, and there is considerable disrepair. However, these empty and/or derelict properties open up the potential for restructuring of whole blocks.

The following sections are based on the interviews with key actors in Leipzig, and on the work of Friedrich (2004) and Wurmnest (2004).

1. Concepts of property ownership

Eastern Germany could still be described as in transition from a socialist concept of ownership and property; “the privatisation of public housing implies the systematisation of private law in civil codes or statutes of contracts and obligations, as well as reallocation of regulatory powers.” (Cafaggi, 2004, p.8). The Civil Code, the Bürgerliches Gesetzbuch (BGB) now applies to Eastern Germany as well as the West. The BGB is extremely comprehensive and enshrines the principle of absolute ownership. This principle means that there is no concept of compulsory purchase of individual privately owned properties by the state or municipality. The BGB permits shared housing with a co-operative structure (Wohnungseigentum) as another variant of ownership.

The transition from state ownership also affects cultural attitudes towards the occupation and use of property. In particular, the idea of property having exchange value rather than just use value is only slowly becoming accepted by East Germans. However, on reunification, many Western Germans saw low property prices in Leipzig as an investment opportunity. In Germany as a whole, house prices increased by 37% between 1990 and 1998, so in general owning property to rent out is seen as a good investment. (Wall Street Journal, 2003). After 1989 long-term renters in East Germany were in danger of displacement by ‘real estate speculators’ (Marcuse, 1996). According to Leipzig interviewees, these absentee owners present a real problem, particularly if the property is managed for them by a professional agent based in Munchen or Stuttgart. Most owners of rented property
are non-local, and many property transactions take place between non-locals who have connections with each other outside Leipzig, thus further weakening the development of a local property market.

Restitution claims can delay property dealing indefinitely. However, the municipal housing company sometimes searches for owners and registers their ownership even when they do not want the property back.

2. Landlord and tenant law

Although tenancies are defined in the BGB as contracts rather than as property rights, residential contracts are regarded as ‘shelter’ and thus occupiers are protected through constitutional rights. Sale of the landlord’s interest in the property will not bring the tenancy contract to an end, and most tenancies carry a right of succession.

The autonomy of parties to enter into a contract is not completely free; today a tenancy might better be described as a ‘publicly regulated social owner-and-user relationship’ (Wurmnest, 2004). Around 90% of tenancies in Germany as a whole are private and are governed by general tenancy law, which imposes standards in terms of rent control, duration and termination of contracts. The most recent changes to the BGB were effected through the Tenancy Law Reform Act (Mietrechtsreformgesetz) which has been in force since 2001, and subsequently the Act to Modernise the Law of Obligations (Schuldrechtsmodernisierungsgesetz) in force from 2002.

A tenancy agreement entered into for a period longer than a year must be in writing (s. 550 (1) BGB), mainly to alert potential purchasers of the property to the existence of a tenancy. Oral tenancies are deemed to be for an indefinite period (s. 550 (2) BGB). For either type of tenancy there are four grounds of termination:

- Expiry of fixed term
- Mutual agreement
- Assignment to a new tenant accepted by the landlord
- Notice by the landlord or tenant

This last ground is extensively regulated by the BGB, which distinguishes between ordinary, immediate, and specific notice. The regulation does not apply to contracts for temporary use only, or where the tenant lives in part of the landlord’s own home, or where the landlord is a public organisation or one which promotes social welfare.
Ordinary notice is usually only applicable to an indefinite contract, does not have to be based on a particular reason, and must usually give three months (up to nine months, depending on how long the tenant has lived in the property) before taking effect. The landlord can only give ordinary notice if he can prove in court a ‘legitimate interest’ in the termination of the contract. These are defined by statute; for example, the landlord needs the property for use by himself or his family, or if the tenancy is preventing him from making an economically justifiable use of the premises, which would include major reconstruction of the property. An ordinary notice can be defended by the tenant on hardship grounds. Tenants do not have to have particular reasons for giving ordinary notice, generally of three months.

Immediate notice must be based on a specific reason, usually breach of contract by the other party. Specific notice can only be given in special cases prescribed by law, for example a tenant can terminate when the landlord increases the rent. This can only be done in the restricted circumstances set out in S. 558 of the BGB, which requires rent increases to be notified in writing, giving reasons for the increase. Rent increases may be based on

- expert advisory opinion,
- three sample rents for comparable properties in the same area,

or

- rental tables (statistical measure of rents issued by the municipality and approved by both landlord and tenant associations).

The tenant has two months to consider a rent increase demand, and if it is not paid in the third month the landlord can take the tenant to court.

The landlord may increase the rent following modernisation or reconstruction of the premises. This type of increase is limited to 11% of the invested building costs allocated to the yearly rent. (s. 559 (1) BGB). The Economic Criminal Code (WiStG) can be used to punish landlords who charge rents of 20% or more above the customary local level, and the tenant can reclaim the overpaid rent.

The package of tenants’ rights means that in practice they cannot be asked to move to enable the owner to carry out property rehabilitation. Although rents are no longer falling as they did in the 1990s, the rate of return is so low that owners cannot be forced to carry out repairs and maintenance. Many smaller owners are in difficulties in servicing loans taken out to make improvements.
10% of tenants in Germany as a whole are governed by special public law rules on social rented housing. The LVB has apartments available for rent at a subsidised amount for certain income levels. They will not accept tenants with a record of outstanding arrears, or those who have been guilty previously of anti-social behaviour. If these problems occur, the tenant will be evicted or moved elsewhere – to an individual building, rather than to a ‘sink estate’, to avoid concentrating the problems.

3. Legal institutions

Without formal registration in the Land Register, property rights cannot be enforced. (Grundbuchordnung, the Land Register Act). Normal tenancies cannot be registered, although rights of residence (Wohnrecht) based on a sales contract must be registered.

The process of purchasing a property takes at least six to nine months. The first step is to check that there is no restitution claim, and the city administration plays a central role in assessing the financial arrangements. There are two values, the official one and the market value which is often 30% or so lower.

If the owner of a property gets into arrears on their loan, the bank will typically negotiate for one or two years before taking steps to repossess the property. Then it will be put up for auction, on three separate occasions if necessary. At the first date the property will be sold if there is an offer at 75% of the official value; at the second, for 50%, and on the third auction the property will be sold for the highest offer. Inevitably, there are few properties sold at auction on the first two dates.

If a tenant gets into arrears with the rent, the court process takes between three and six months before an order of repossession is granted, but it can then take a year before the tenant is evicted as the court has power to suspend the possession order in case of hardship. The tenant can apply to the social welfare services for assistance. As a last resort, municipalities may require a landlord to allow a tenant to remain in their property despite a valid termination, if the tenant would otherwise become homeless and the municipality has no accommodation to offer.
Planning Law in Leipzig

The Federal Government, the 16 Federal States, 114 regions and 14,000 municipalities are the responsible bodies for spatial planning in Germany. The detailed specification of basic principles and ideas, developed in the upper levels of government, follows in the respective lower levels, the federal states and municipalities. Despite the dependence upon legislation and financial resources, the German Basic Law provides municipalities with far-reaching independence in urban planning by the communal self-government guarantee.

Planning activities within Germany are divided into many different kinds of planning instruments. The formal legal frameworks for regional and urban development are the Federal Regional Planning Act (Raumordnungsgesetz ROG) and the Federal Building Code (Baugesetzbuch BauGB), providing the overall instruments for the federal states and municipalities, and outlining the general objectives and guiding principles.

Due to the distribution of legislative powers between the Federal level and state level, further regulations have to be considered:

- supralocal planning: the laws of spatial planning and regional planning,
- sectoral planning: corresponding sectoral planning acts of the federal level,
- Building Regulations on the federal states level, which set out standards for the structural conditions of buildings, especially from the safety aspect, and which regulate procedures for obtaining building permissions,
- construction regulations in other Federal and states laws (e.g. environmental protection acts)
The basic interactions are identified in the following diagram:

Figure Four: Planning process in Germany

(Source: FRD 2000)
The German Federal Regional Planning Act from 1997 provides the guideline that "the overall concept ... is that of sustainable regional development which will bring the social and economic demands made on an area into line with its ecological functions and result in a stable order which will be well-balanced on a large scale." Further guiding issues are: self-fulfilment within the community, responsibility to future generations, protection of natural resources, economic development, land use possibilities shall be kept open in the long term, diversity of individual regions, similar standards of living, regional and structural imbalances shall be eliminated and cohesion on the European scale.

The Federal Building Code from 1997 provides the principle that “land-use plans shall safeguard sustainable urban development and a socially equitable utilisation of land for the general good of the community, and shall contribute to securing a more humane environment and to protecting and developing the basic conditions for natural life”. Further attention in the preparation of land-use plans has to be paid to the issues of: living and working conditions, housing requirements, social and cultural needs, existing local centres, built heritage, religious organisations, environmental protection and renewable energies, economy, defence and other planning measures.

Being responsible for the detailed local specification, municipalities and cities can draw up local land use plans, accordingly the preparatory land-use plan (entire territory, intended type of land use) and the legally binding land-use plan (type, extent and areas of development, local traffic infrastructure), where objectives of sustainability can be implemented. To secure the consideration between nature conservation and urban development, it is committed that the local government does assess anticipated interventions in the environment and decides on avoidance, compensation or substitution measures.

Despite the existence of such a brought field of regulations, sustainable development is still not an issue to be generally considered in Germany. Even the recognition within the legal frameworks in form of guiding principles or guidelines is no guarantee for the fulfilment of sustainable planning. This is one reason why there are further economic instruments corresponding with the legal frameworks mentioned above. They support certain developments only under the objective of sustainable development.

As can be seen here (and below in the instruments section): there is a great deal of opportunity in the planning legislation to enact reurbanisation possibilities.
The Leipzig Case Study Areas

The following section will require additional input from the Leipzig local representatives in the period between now and the delivery of proposed instruments. It has been very difficult to obtain actual or, when obtained, meaningful information particularly at a CSA level but also for some aspects at a city level. These gaps in the information need to be filled in the next period.

Please refer to the concluding comments chapter for more details of data requirements.

Figure Five: Leipzig and context of CSA1/ CSA2 and city centre

The two Case Study areas are relatively central- in many ways ideally placed to benefit from locational advantages both for living and for working. However, suburbanisation of both
commercial activities and of residential populations has deleteriously impacted upon both the economic and the social fortunes of the two case study areas.

**CSA 1 Alt-Lindenau**

According to the Leipzig Municipality statistical office “Alt-Lindenau is an ancient and composite district made of trade and residential buildings, settlement of craft firms, factory owners’ villas, an historical grown workers’ living quarter around the Lindenau’s square and blocks built by the publisher Herman Meyer. Its western boundary is formed by the Eltser basin, the small exhibition centre, a sports field and a Motodrom. The district centre is Lindenau’s square”.

**Table Fifteen: CSA 1 Alt-Lindenau**

<table>
<thead>
<tr>
<th>Reurbanisation</th>
<th>CSA 1 Alt-Lindenau (AL)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Problems</strong> (i.e. Vacancy, image, dilapidation, labour market, open space, pollution)</td>
<td>- Underdeveloped qualities and attractiveness of the existing housing stock and its surrounding</td>
</tr>
<tr>
<td></td>
<td>- Environmental challenges</td>
</tr>
<tr>
<td></td>
<td>- Inflated real estate prices (lots)</td>
</tr>
<tr>
<td></td>
<td>- Insufficient local economy for resident population (stores, employment)</td>
</tr>
<tr>
<td><strong>Potentials</strong> (i.e. Location, available space, prices, historic value, public investment, access to green areas)</td>
<td>- Concentration of City activities on the area (funding, image, structural improvements) to build on the existing qualities</td>
</tr>
<tr>
<td></td>
<td>- Charm and qualities of the Gründerzeit housing stock</td>
</tr>
<tr>
<td></td>
<td>- Dense and vital urban form</td>
</tr>
<tr>
<td></td>
<td>- Potentials for the development of new attractive housing projects due to high vacancy and vacant lots</td>
</tr>
<tr>
<td></td>
<td>- Proximity to the important park/wood area Auewald</td>
</tr>
<tr>
<td></td>
<td>- Good infrastructure (schools, public transportation)</td>
</tr>
</tbody>
</table>

(Source: RUM- various)
CSA 2 Neustadt-Neuschönefeld

According to the Leipzig Municipality statistical office Neustadt-Neuschönefeld “is a residential district close to the city centre, predominantly developed as a workers’ living quarter, known in the twenties and thirties as a part of the so-called “red East”. Neustädter Markt is composed by simple “Gründerzeit” buildings (period of industrial expansion in Germany from 1871 on ). Neuschönefeld has a composite structure made partly of ancient buildings and post-war architecture”.

Table Sixteen: CSA 2 Neustadt-Neuschönefeld

<table>
<thead>
<tr>
<th>Reurbanisation</th>
<th>CSA 2 Neustadt-Neuschönefeld (NNS)</th>
</tr>
</thead>
</table>
| Problems                          | **Problems**  
(i.e. Vacancy, image, dilapidation, labour market, open space, pollution)                    |
|                                   | - Underdeveloped qualities and attractiveness of the existing housing stock and its surrounding |
|                                   | - Large share of dilapidated buildings and vacant lots                                           |
|                                   | - Environmental challenges                                                                       |
|                                   | - Inflated real estate prices (lots)                                                             |
|                                   | - Insufficient local economy for resident population (stores, employment)                        |
| Potentials                        | **Potentials**  
(i.e. Location, available space, prices, historic value, public investment, access to green areas) |
|                                   | - Concentration of City activities on the area (funding, image, structural improvements) to build on the existing qualities |
|                                   | - Charm and qualities of the Gründerzeit housing stock                                           |
|                                   | - Existing parks and green areas to be expanded                                                  |
|                                   | - Dense and vital urban form                                                                     |
|                                   | - Potentials for the development of new attractive housing projects due to high vacancy and vacant lots |

(Source: RUM- various)
The following two pages provide data on the number of firms/household income and a snapshot (May 2004) of the rental scenarios in the two case study areas. As the renting figure is over 90% in both CSA’s this is by far the best indicator for the functioning of the property market.

Indeed, MUCH more longitudinal and extensive data on this indicator must be obtained from local reps.

Some points can be made now however:

- Clearly the economic performance of Leipzig generally, and both the case study areas needs to improve;

- Vacancies and lower than average level rents illustrate a residential property market in need of a stimulus to attract newer and different market sectors
Table Seventeen: Basic economic data for the CSA's

<table>
<thead>
<tr>
<th></th>
<th>Leipzig</th>
<th>Altlindeanau</th>
<th>Neustadt-Neuschönewald</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of firms</td>
<td>25,797</td>
<td>617</td>
<td>406</td>
</tr>
<tr>
<td>Rate of Unemployment</td>
<td>12.9</td>
<td>18.4</td>
<td>18.2</td>
</tr>
<tr>
<td>Rate of People on Social</td>
<td>26.322</td>
<td>1.288</td>
<td>1.059</td>
</tr>
<tr>
<td>Security Per 1000</td>
<td>55</td>
<td>116</td>
<td>133</td>
</tr>
<tr>
<td>inhabitants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross national product</td>
<td>10.426 Mio. €</td>
<td>/ no data</td>
<td>/ no data</td>
</tr>
<tr>
<td>per capita</td>
<td>39.078 € (per employees) (year: 2000)</td>
<td>/ no data available</td>
<td>/ no data available</td>
</tr>
<tr>
<td>% of tenants</td>
<td>86 %</td>
<td>/ no data</td>
<td>/ no data</td>
</tr>
<tr>
<td>% owner-occupied</td>
<td>13 %</td>
<td>/ no data</td>
<td>/ no data</td>
</tr>
<tr>
<td>(incl. single family house)</td>
<td>(2 % + 11 %)</td>
<td>/ no data available</td>
<td>/ no data available</td>
</tr>
</tbody>
</table>

(source: Reurban WP2)
Neustadt-Neuschönewald
The main issues for Leipzig— as considered by its inhabitants and the professionals, commercial people who are working there—are summed up by the following quotes from interviewees:

- “Does it make sense to live in these parts of Leipzig anymore? How do we take advantage of the disadvantages—renewing where it makes sense allowing other uses where it does not?”

- “To enable private individuals to renovate/use empty buildings”

- “The biggest challenge is, and will survive some years longer, is that there is no economy in Leipzig. This brings a lot of problems with most of all unemployment see, we can see in Leipzig loss since 1990 about a hundred thousand inhabitants.”

- “She's saying the greatest challenge would be from her view the urban design aspect, making the city liveable. She's saying there are many old historic buildings, residential buildings that are deteriorating and that cannot be made habitable again. And she's saying that she herself is a person who has left Leipzig to live in the suburbs for that reason. Because then when she left there hadn't been concepts to revitalise in the urban areas yet. So she left then because she really didn't like the way the city looked then. She's saying the city needs a lot of programmes to deal with the empty, the vacant housing in substance right now”

- “He’s saying that the large challenge is to stabilise the economy and to get people in jobs so they have, increase their buying power in, for the city”

- So he is saying that this, this area (Neustadt), has, historically had the reputation of being a working class area of low class, of not a great living environment and that's why, to the state if they’ve got to, when it was founded, also during the GDR and now to this day, and that's the reason why, even though it’s so centrally located it doesn’t have the reputation or the desirability for people to locate here so.”

- “To solve the problem of revitalisation: and get economic revitalisation and to find a way to invest in high technology in the street (Broadband)”
• “It’s to **combat the loss of population in Leipzig**, to stop it and hopefully increase the population again and, of course, to **create employment for the population here**.. in the general area like BMW or other big employers who create production”. work... **Only if people are employed will there be a lively Leipzig.**”

• “So the greatest challenge for this area is (Neustadt) to **maintain the existing building stock and to keep it from further deterioration** which means not only the every day owner, who is a big owner in the area, but also the **private owners need to invest**, need to become active in saving the buildings... He says only if people will inhabit the street also will it become a lively area again.”

• “One very big challenge is **your own house in the middle of the city**, because normally if you want to have your own house you have to go to the suburbs, and in Leipzig it’s possible to have your own house in the centre, nearly in the centre of the city. But very, that are very interesting surroundings, urban qualities and green qualities at the same time. This is my opinion, one very big challenge.”

• “Okay. I think biggest **problem is to help the economic basis**, it’s not very well, and not.. it’s very simple, there are not enough jobs and this question is open how to.. if it was possible to create all the jobs we would need to have work, (...) that would be the main challenge”.

• “Certainly the **sandwich situation of the smaller business areas (her Altlindenau) between the very strong city and the very strong shopping centres outside**. Of course, if you have small shopping areas, the mix of shops is not as big as in the city and it is not as big as in the shopping centres. Therefore the opportunities for shopping are more limited. And the urban situation is marked by very dense building, very dense, densely, so you don’t have much space. For instance, if you need a supermarket or so, in order to get more frequency, customer frequency, you often don’t have the space to make a settlement like that because you have old buildings, you have small business capacities within these buildings, so the chances of making a settlement is limited. It is a big problem, and of course the image of those areas is sometimes bad. **Everybody knows it’s a problem area, and who would open their business, or his business, in an area with a bad image when you have the chance to go somewhere else with a better image. So the only chance to get somebody there is low rents.”
Governance in Leipzig

- How are components of the map designated?

Most of the prevailing governance nodes identified in this exercise are municipal, federal or related to the public sector in some regard. This “institutionally thick” (Amin and Thrift, 1995) scenario (similar to the Ljubljana situation but absent in the other two southern European cities) constitutes a high dependency level within Leipzig on externally derived public sector funding. The private sector and the community are involved but the finance comes from the state.

- Are they elected?

Ultimately, as the majority of the nodes are state-derived then the responsibility rests with elected personnel. The implementation is achieved by professionals and sometimes in partnership with non-state actors. A major figure in Leipzig is the Major- cited by the majority of interviewees as most powerful and influential. He is, of course, elected.

- How joined up are the components of the map?

Because the majority of the nodes are State-derived there is a degree of joined up nature about the scenario depicted in the map. Indeed, the apparatus seems to be set up quite well and in a highly organised manner: when in Leipzig I have attended 2 very well populated meetings with community and small business people. Both have clearly been well prepared by the organisers. But the question is still begged: where is the investment from outside Leipzig and where is the non-Leipzig private sector?

- How, and to what extent, have ‘cross-cutting, governance issues been incorporated?

The organised nature of urban governance illustrates a high degree of state cross cutting activity.
EXISTING INSTRUMENTS IN LEIPZIG

Leipzig, and the German Lander and Federal Government has a raft of measures that already exist that can and are being used to progress reurbanisation.

Below is a tabulated list of measures and, following that, a more detailed explication of a selection of activities that can currently be undertaken in Leipzig. Furthermore, at the end of this section there are some Case Study area specific mechanisms identified.

**Table Eighteen: Current German Instruments**

<table>
<thead>
<tr>
<th>Name</th>
<th>What Is It For</th>
</tr>
</thead>
<tbody>
<tr>
<td>The historical German Urban renewal programme</td>
<td>Began in 1971: After reunification it was cut back drastically in the old Lander and is now almost exclusively concentrated on projects in the New German Lander. For 1999, this programme will provide 41 Million Euro for urban (physical) renewal measures in the old Lander, and 266 Million Euro Federal Government resources for those type of measures in the East German Lander</td>
</tr>
<tr>
<td>(Städtebauförderung)</td>
<td></td>
</tr>
</tbody>
</table>
| Social City Program                            | Leipzig East (including NNS): This national programme was rolled out in 1999. Its main focus is Job Subsidy; Unemployment reduction; Community and Business Engagement; Linking the social and the economic together via projects and investment. There are four “areas of action” within which projects are funded and subsidies provided
  - Field of Action A – Economy and Employment
  - Field of Action B – Urban Renewal and Reconstruction
  - Field of action C – Social life in the Quarter
  - Field of action D – Area Management/ Co-operation
  On SME grant aid and job subsidy alone there are 2.3 Million Euros available between 2003-2008. Plus active and well attended forums in all ‘fields of action’ |
<table>
<thead>
<tr>
<th>Name</th>
<th>What Is It For</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leipzig Municipal Development Plan</td>
<td>Main statutory development plan for zoning land use and identifying strategy.</td>
</tr>
<tr>
<td>Leipzig 2020 Concept</td>
<td>For Leipzig East- framework for economic, social and environmental regeneration.</td>
</tr>
<tr>
<td>URBAN 2 Program</td>
<td>Leipzig West (including AL) for objective 2 status urban areas. To encourage regeneration.</td>
</tr>
<tr>
<td>City Urban Development Plan</td>
<td>Strategic and site specific proposals for development and socio-economic activity</td>
</tr>
<tr>
<td>STEP (see further detailed examples below)</td>
<td>Some subsidies are available but cannot be directed on a spatial/site basis.</td>
</tr>
<tr>
<td>Demolition Subsidy/New Open Space scheme</td>
<td>Power to temporarily demolish a structure for green space whilst awaiting further use.</td>
</tr>
<tr>
<td>Subsidy to encourage owner occupation “self user” projects</td>
<td>Scheme to assist in purchase of property. Funds dependent upon economic scenario and take up rate dependent upon confidence in the property market.</td>
</tr>
<tr>
<td>District Centre Management</td>
<td>Similar to PPG6 approach but on smaller scale.</td>
</tr>
<tr>
<td>Subsidy to SME</td>
<td></td>
</tr>
<tr>
<td>Job Training programme</td>
<td></td>
</tr>
<tr>
<td>Neighbourhood Forums</td>
<td></td>
</tr>
<tr>
<td>According to the so-called Maßnahmengesetz (law of planning measures), binding development plans can be developed by private investors</td>
<td>Allows private actors to directly develop spatial zoning plans that the municipality must then implement. Requirements for participation and consultation but theoretically more powerful tool for private sector than any equivalent under UK planning system</td>
</tr>
</tbody>
</table>

**Leipzig and Housing**

The City of Leipzig has formal and informal instruments to influence the development of housing supply in the city. Formal instruments are those identified by federal construction law (“Baugesetzbuch”): the building lead planning (“Bauleitplanung”) is legally binding for the owner and/or investor (responsibility of City Planning Office).
1) Land Use Development Plan
Has been drafted for the entire urban area and identifies possible land use for each part of the city (i.e. housing, commerce, industry, transport).

2) Construction Plans
Are only drafted for parts of the urban area. They define legally binding the usage, methods of construction, size of developments, green spaces, etc.

3) Construction Law (§ 34 of Baugesetzbuch)
If no construction plan is available, new constructions are permitted if they fit to the surrounding urban environment.

All formal instruments are used to steer growth, urban sprawl and new constructions of the city. As the City of Leipzig is currently shrinking, informal instruments are more important. The most important one is the aforementioned City Development Plan (STEP) Housing Construction and Urban Renewal (drafted by Office for Urban Development and Housing Support together with City Planning Office and approved by city parliament in 2000 and 2003). The STEP is of direct importance to the work of the municipality but not legally binding to owners and investors.

Current Housing Instruments
- Strategies to increase the competitiveness of quarters with old tenant houses and to deliver a demand-oriented supply according to the needs of different social groups
- Strategies to renovate quarters of significance for urban development
- Strategies to refurbish urban quarters
- Spatial priorities for the use of public resources
- Transparency and co-operation for the awarding of public funds
- Strengthening the local economy
- Promotion of district identity building measures
- Increase of the quality of both housing supply and housing environment
- Promotion of individual ownerships of different housing types

In addition, the municipality runs an URBAN II project in the West of Leipzig and another ERDF-funded project in the East of Leipzig.
**Leipzig and the Reuse of Brownfield sites**

As most Brownfield’s are in private ownership, legal powers for the municipality are limited: 1) to buy the land and to develop the area (the land) or 2) to conclude a co-operation agreement with the owner. If an agreement is reached, the owner allows the municipality to clear the area and to redesign it. For such an agreement to be signed, the owner has to guarantee public access for 5 to 10 years. (Revitalisation of Brownfield’s is a common duty with the offices for Environmental Protection and Economic Development).

**Current Brownfield Instruments**

- To set priorities, the Environmental Protection Office has developed a catalogue of all Brownfield sites. All areas are also evaluated for their possible re-usage.
- ERDF-funding has been obtained
- Private-public-partnerships are encouraged and sought to develop Brownfield’s
- Actions to implement a maintenance service for the concerned areas (f. ex. by winning residents for such tasks)

**Leipzig and fostering Entrepreneurship**

- The **UGB** is a co-operation between the Economic Development Office and the local Sparkasse/ business association. Entrepreneurs receive individual consultation, help to draft their business plans, and support to receive credits. Training is organised and connections to existing businesses are created.

- The **BIC** (Business Innovation Centre) is a municipal service company that gives innovative new enterprises further support (office space at low costs, facility management, support to acquire funds for research and networking).

- The Leipziger Beteiligungsgesellschaft GmbH & Co supports businesses by becoming their shareholder. The company is an offshoot of the Leipzig Foundation for Innovation and Technology Transfer. The foundation aims also to support research.

- The City of Leipzig economic development department is fostering and implementing a cluster approach. The areas of focus are automotive, environment & energy, health & wellness, etc.). Measures to support new technologies, to increase demand and to develop locations are always concentrated on the clusters. Details and results are contained in the Economic Report (“Wirtschaftsbericht”)

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LEIPZIG: CONCLUDING REMARKS

Pulling together all of the information above a set of criteria is developed which leads to a forecast of the likely format of the reurbanisation instruments to be propped in January.

Table Nineteen: CONTEXT AND ISSUES TABLE FOR LEIPZIG

| CITY TYPE          | • Transitional  
|                   | • Emigrant  
|                   | • De-industrialised  
| PLANNING TYPE     | • Germanic  
| GOVERNANCE TYPE   | • Corporatist  
| NATIONAL ECONOMIC CONTEXT | Average- Poor: Germany in recession; Agenda 2010 creating public discord; unemployment relatively greater than other parts of Germany and Europe  
| MUNICIPAL FISCAL PROSPECTS | Medium-Poor: local tax base unhealthy: urban project funding from others sources within/ without Germany  
| CITY-WIDE ISSUES TO ADDRESS | • Capital Investment  
|                   | • Employment  
|                   | • Retailing and commercial activity back to city  
|                   | • Wage and Benefit Costs  
|                   | • Business Confidence  
| CASE STUDY AREA ISSUES TO ADDRESS | • De population  
|                   | • Unemployment  
|                   | • Few facilities  
|                   | • Vacant sites and plots  
|                   | • Commercial activity departing/ Insufficient local economy  
|                   | • Unattractive housing stock  

<table>
<thead>
<tr>
<th>LIKELY FOCUS OF REURBANISATION INSTRUMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Incentives for Urban Redevelopment</td>
</tr>
<tr>
<td>• Attraction of new Business</td>
</tr>
<tr>
<td>• Incentives for Inward Investment-Promoting and developing city capabilities in order to improve the relative economic advantages and competitiveness the city offers.</td>
</tr>
<tr>
<td>• Developing the city economy in the face of domestic and international competition along the new avenues created by structural economic changes. This means that in addition to having economic resources and utilising them, the city authorities need to predict new economic trends and requirements.</td>
</tr>
<tr>
<td>• More involvement of community, third sector and private sector in formulation and implementation of projects</td>
</tr>
<tr>
<td>• Improving Environmental Quality</td>
</tr>
<tr>
<td>• Capitalising on existing building stock where it makes sense to preserve it</td>
</tr>
</tbody>
</table>
9. BOLOGNA

Administrative-Government Structure of Italy

The structure of territorial governance in Italy has undergone profound transformations during the last 10 years. A swathe of central government powers and functions have been conferred on regional and local authorities; the electoral system has been changed significantly, and administrative structural alterations have reformed the government apparatus. For the operation of reurbanisation policies by the municipality two key reforms stand out.

The first of these was the introduction of the direct election of mayors. Mayors are responsible for the administration of the municipalities and are elected for a five year term and cannot serve more than twice. The municipal council is responsible for strategy and political and administrative control of the municipality and governs fundamental actions of the municipality (including the adoption of urban plans). This reform had a series of effects on local governance and helped to strengthen processes that were already in progress (EU PLUS 2002). Local authorities gained greater credibility and decision-making capacity whilst municipal-citizens interactions were strengthened... Mayors also gained a degree of independence from the party system to set down local priorities which often leads to a 'highly personalised' local political debate. (EU PLUS 2002) guidelines with local politics becoming highly personalised.

In 1992 a second important reform was introduced: the municipal tax on property (ICI) which now covers a significant proportion of municipal budgets. This tax is levied directly by municipalities and may vary within a range decided by central government. Together these reforms contributed to great changes in relations between local and central government with previously uninfluential mayors and presidents of regions becoming major collaborators or combatants. Mayors are often very visible at the local level because they are felt to be directly responsible for the results of the public administration of their cities.

In 1997, a broad programme of “delegislation”, deregulation and simplification was launched. In 2000 – through constitutional modification – the direct election of regional presidents was introduced. This major reform of local autonomy was completed between 1997-1999 when the power and role of local authorities were strengthened.
This new allocation of functions has implied a re-distribution of resources and strengthening of the revenue-raising capacity of local governments. However, it has also reduced the funds that are directed downwards through the governmental levels. This has meant- in Bologna's case for example- that local administrations are faced with a fiscal squeeze that makes much urban policy difficult to implement. Indeed, one consequence of this is that the financial settlements for local municipalities- in total- are now less then they were under the previous administrative structure: indeed “we are broke” as one Bolognese interview commented. The loss of fiscal transfers from the regional level has not been balanced by concomitant transfers from the central level to account for such a loss of funds. Local governments have to rely on the domestic and corporate tax base, and on land sales, to assemble the monies required for urban development projects. *It has not been possible for municipalities to generate income locally to make up for the regional loss.* Therefore, it can be seen that, financially, the new regional governance settlement has meant- in practice- that past policies which relied on regional and national support are now effectively stalled.

The Changes to the structure of government
The major *enveloping* issue took place in 2001: Constitutional Law No. 3 of 2001 was enacted on 18 October 2001. The Law amends most of the Articles of the fifth title of the second part of the Italian Constitution, the title dealing with `regions, provinces and municipalities'.

The old text of the first Article of the fifth title of the Constitution, Article 114, provided:

*The Republic is divided into regions, provinces and municipalities.*

Article 114 has now been amended to provide:

*The Republic is constituted by municipalities, provinces, metropolitan cities, regions and the state.*

Thus whereas regions, provinces and municipalities were formerly seen as subordinate to the state, they *are now viewed as political entities on the same level as the state.* Indeed, the order in which these entities are listed in the new Article 114 is important. The old text listed them in descending order of size, from the largest to the smallest. The new text has reversed this order, and now lists the entities from the smallest to the largest.
Powers at different Levels

State Level
The State conducts those typical international and intercontinental duties and responsibilities as well as directing the policy direction of the lower tiers. The State exercises concurrent legislative power with the Regions in a number of other areas listed in Article 117.

Regional Level
The Regions, as well as the "self-governing" Provinces of Trento and Bolzano, also have "horizontal" powers, which they can exercise in the matters within their remit, while respecting the procedural standards set by the State, which has the power of substitution (5):

- participation in decisions to establish Community instruments
- implementation of international agreements and European Union instruments

At the request of Regions or self-governing Provinces, and with their remit, the government can appeal to the Court of Justice against Community instruments. It is obliged to do so if the State-Regions Conference demands it with an absolute majority of the Regions and self-governing Provinces (Article 5 Law 131/2003).

The power to issue regulations shall be vested in the Regions in respect of all matters not subject to exclusive State competence (Article 117(6) of the Constitution). Article 123 of the Constitution enables the Regions to create a council of local authorities (consultative body).

Provincial level
The Provinces may adopt their own statute (Article 6 Legislative Decree 267/2000). The Provinces are mainly responsible for decentralised implementation of state responsibilities, but also see to local administration needs for supra-municipal issues.

The Province has jurisdiction in the following areas:
- spatial planning
- environmental protection
- civil protection
- protection of water and energy resources
- protection of cultural heritage
• highways and transport
• protection of flora and fauna
• nature reserves and parks
• fresh-water hunting and fishing
• labour market
• school education
• compiling public data
• technical and administrative assistance for
• municipalities
• local economic development
• social and territorial planning

The Provinces have powers enabling them to organise and carry out their duties (Article 117(6) of the Constitution).

City/ Municipal Level
The Municipalities may adopt their own statute (Article 6 Legislative Decree 267/2000). Administrative functions are now delegated to the municipalities under the principle of subsidiarity (Article 118 of the Constitution), unless they are delegated to the provinces, metropolitan cities, Regions and the State to ensure harmonisation. Under Article 13 of Legislative Decree 267/2000, municipalities have the following functions:

• town planning, upkeep of local roads
• running of local transport
• housing
• drafting of plans for trade.
• births, marriages and deaths register
• environment and waste management
• administrative police
• land registry

Support of economic development and productive activities: (for information)
• planning, programming and regulation of commercial activities
• establishment and management of industrial and trade zones
• management of local public services
Therefore it can be seen that a complex layer of governmental levels operates, but that increasing strain is being placed on the local level. The concomitant pressure on the "capacity to act" will be one of the issues that impacts upon any successful approach to reurbanisation. The local level has powers for town planning (often called 'urbanism' on the continent) but the provincial level retains the strategic 'spatial' planning power and the major impetus to local economic development. The municipality must cooperate with the province on these planning and economic (urban policy) matters.

**Economic Context for Reurbanisation in Italy and Bologna**

The following section will require additional input from the Bologna local representatives in the period between now and the delivery of proposed instruments. It has been very difficult to obtain actual or, when obtained, meaningful information particularly at a CSA level but also for some aspects at a city level. These gaps in the information need to be filled in the next period.

Please refer to the concluding comments for more details

**The Nation**

Italy has a diversified industrial economy with roughly the same total and per capita output as France and the UK. Structurally the Italian economy remains divided into a developed industrial north, dominated by private companies, and a less developed, welfare-dependent agricultural south, with 20% unemployment. Most raw materials needed by industry and more than 75% of energy requirements are imported. Over the past decade, Italy has pursued a tight fiscal policy in order to meet the requirements of the Economic and Monetary Unions and has, accordingly, benefited from lower interest and inflation rates. The current government has enacted numerous short-term NeoLiberal reforms aimed at improving competitiveness and long-term growth. Italy has moved slowly, however, on implementing these so-called structural reforms, such as reducing the tax burden on high net worth individuals and on business.
Despite economic growth, unemployment is one of the main features characterising the Italian labour market. This is true not particularly because it is particularly high– unemployment rates are only slightly above the European average– but because it is unevenly distributed among specific groups and is spatially concentrated. Indeed the unemployment rate in Bologna city-region is below that of the national average (at 2.8% in 2003) although the CSA's don't fare as well (the Household questionnaire indicates a level of around if not in the CSA's.

This spatial concentration is the first peculiarity of the Italian model of unemployment (Pugliese, 1993) and is related to the fact that the national rate is an average of two radically different situations: that of the Mezzogiorno, namely all the southern regions, and the centre-northern regions.

From the second half of the 1980s, Italy has also witnessed the same problems and evolving trends in its cities and urban and metropolitan systems that had already affected the other more developed countries in the West and in the European Union in particular

The Region
Born out of the crises in large industry in the 1950-1960s, which accelerated the proliferation of small and medium-sized businesses, the **regional districts** very soon established themselves with the production of high-technology investment goods and- from out of this-
lot of market influence. The most developed sector in Emilo Romagna is industrial machinery, where 25% of the manufacturing industries and approximately 50% of the total regional workforce operate. With sales abroad reaching 60% of turnover in some sections, the regional districts in some sectors (ceramics, food production plant engineering) are the most significant in the world, for number of businesses, volumes and total sales. Competition on the basis of technological innovation, productivity, the constant increase in quality, the highly specialised skills of the workforce guaranteed by good working conditions and high pay: the experience of the districts in Emilia-Romagna demonstrates how competition and co-operation are fundamental factors for the economic success and development of territorial systems, integrated both among themselves and with the world economy.

**Table Twenty: Key Business sector concentrations by Province: Emilia-Romagna Region 2004**

<table>
<thead>
<tr>
<th>Zone</th>
<th>Specialisation</th>
<th>No. of Businesses</th>
<th>Workers</th>
<th>Total sales (Billions of lire)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piacenza</td>
<td>Machine tools</td>
<td>15</td>
<td>2,000</td>
<td>600</td>
</tr>
<tr>
<td>Parma</td>
<td>Plant Design and Installation/Food</td>
<td>200</td>
<td>6,800</td>
<td>3,150</td>
</tr>
<tr>
<td>Reggio Emilia and Modena</td>
<td>Agricultural mechanics</td>
<td>150</td>
<td>17,960</td>
<td>1,000</td>
</tr>
<tr>
<td>Reggio Emilia and Modena</td>
<td>Ceramics industry</td>
<td>380</td>
<td>31,500</td>
<td>8,800</td>
</tr>
<tr>
<td>Carpi (Mo)</td>
<td>Textiles</td>
<td>4,000</td>
<td>20,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Mirandola (Mo)</td>
<td>Biomedical</td>
<td>74</td>
<td>3,100</td>
<td>800</td>
</tr>
<tr>
<td><strong>Bologna</strong></td>
<td>Packaging</td>
<td><strong>101</strong></td>
<td><strong>7,139</strong></td>
<td><strong>1,500</strong></td>
</tr>
<tr>
<td>Bologna</td>
<td>Motorcycles</td>
<td>2,400</td>
<td>2,000</td>
<td>-</td>
</tr>
<tr>
<td>Forli</td>
<td>Upholstered furniture</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provincia di Rimini</td>
<td>Woodworking machines</td>
<td>72</td>
<td>3,000</td>
<td>1,200</td>
</tr>
<tr>
<td>S. Mauro Pascoli</td>
<td>Shoes</td>
<td>160</td>
<td>3,000</td>
<td>375</td>
</tr>
</tbody>
</table>

Source: Elaboration of “Industrial districts Club” Association and Emilia-Romagna business associations’ data.
The City region

The Bologna city-region (and province) is a major economic area for Italy with a population of about one million inhabitants. Bologna has one of the largest historic city centres in Europe and this is a major pull factor in encouraging both visitors and emigrants...

Bologna itself, with a population of approximately 400,000 inhabitants, is the seventh largest Italian city. The city is also the administrative, commercial and cultural centre of the Emilia-Romagna region. Bologna is the home of the oldest European University which celebrated its nine-hundredth anniversary in 1988, that has maintained its prestige throughout the years, standing among the greatest universities in Italy in terms of its number of departments, institutes, museums, and libraries. With approximately 80,000 students (100,000 including branch campuses), the University is a “city within the city”: 3,500 professors offer courses in 59 degree programmes and 87 graduate programmes.

Finance and Capital aspects of Reurbanisation in Bologna

The availability of finance and capital (and access to them) are of crucial importance in all RUM case studies irrespective of the specificities and peculiarities of their problems. In the finance and technology based economies of Europe it will be increasingly important both as producer and consumer to have both knowledge of and the ability to obtain finance and capital. In this context it is useful here to apply the relevant aspects of the discussion above in section four to the Italian scenario.

Functioning of the Banking System and Regulation

Thanks to the liberalisation process underway, the Italian banking system has undergone a deep change, recording significant improvement in terms of:

- A higher degree of competitiveness due to the new legislation and to the adoption of EU regulations;
- A higher degree of competitiveness due to the removal of the restrictions that had in the past prevented the entry of new players;
- A greater number of mergers and acquisitions and strategic alliances between credit institutions: the degree of concentration of the Italian credit system is today in line with that recorded by EU countries, standing at approximately 65% vis-à-vis the ten leading banking groups.
Property and Housing Law in Bologna

General contextual information
Spain generally has a high (80%) rate of owner-occupation, well above the average for the European Union. In the city of Bologna, and in both the CSA's, the rate is even higher at around 89%. There is a high demand for housing, especially for apartments, and house prices are high. The Household Survey showed a rather different picture for flats (Rob – I’m assuming this is the case – couldn’t find a breakdown which showed me %s of flats and houses!). In San Donato, 66% of flats are owner-occupied and only 45% in Bolognina. In Bolognina, 27% of flats are municipally owned, and 22% rented from a private landlord. In San Donato, the figures are 9% and 25%, respectively. Particular issues for the CSA’s are the movement of new populations of students and immigrants into historic areas, and historic buildings which are not suitable for the needs of the ageing population.

The following sections are based on interviews with key actors in Bologna, and on the work of Breccia and Bargelli (2004).

1. Concept of property ownership
The legal basis for property ownership in Italy has been stable over time. Home ownership is historically and culturally embedded, to the extent that state intervention in the market to introduce restrictions on terminating tenancy contracts, and restricting increase of rents, were seen as an assault on individual property rights and had to be reviewed by the Constitutional Court in the 1970s. There remains a reluctance to interfere with ownership rights; for example, there is no public law measure to prevent private dwellings from remaining unoccupied. Compulsory purchase of privately owned property in the public interest is theoretically possible, although in Bologna this is not a realistic option for the foreseeable future because of the cost involved to the municipality.

Residential property has traditionally been viewed as valuable for both use and exchange, although recently it has no longer been considered so highly profitable, because of changes in the tax regime. Between 1978 and 1998 mandatory 'fair rent' provisions (see next paragraph) dissuaded property owners from letting to tenants, thus further increasing demand. According to interviewees, there is still a perception that once a tenant is in occupation of a property, it will be difficult to get them to leave.
2. Landlord and tenant law

As mentioned above, landlord and tenant law was historically based on the private contractual relationship between the parties. However, during the twentieth century the Italian state has made successive interventions in favour of tenants, to redress the effects of economic crisis, shortages in the housing stock, and the constant imposition of rent increases by private landlords. These interventions tipped the balance significantly in favour of tenants, as illustrated by two recent cases in which the European Court of Human Rights found that the effect of the legislation was to breach the landlord’s rights under the European Convention on Human Rights. In Scollo v. Italy (1996) 22 EHRR 513, a disabled landlord who needed his flat for a home found it difficult to evict his tenant who had ceased to pay the rent. In Immobiliari Saffi v. Italy (1996) 30 EHRR 758, the landlord had obtained a court order to regain possession from his tenant in 1983 but had been unable to evict the tenant until 1992.

The current position (determined by special legislation rather than the Civil Code) is that tenancies must run for a minimum of four years if freely negotiated by landlord and tenant, and for at least three years if they include the rent ceiling fixed by local agreements between landlord and tenant associations. Landlords may terminate a contract before the end date on 'legitimate grounds', which includes the desire of the landlord to sell the property. Six months notice is required on either side to terminate a tenancy. A further statute introduced in 1998 allows landlord and tenant to contract outside the protective legislative framework.

3. Legal institutions

The time taken for property transactions is typically three to four months, and the transaction costs vary between 11% and 24% of the purchase price, depending upon the property type and location, and how many professionals (notary, contract lawyer, real estate agent, surveyor, etc.) are employed. Registration is reliable, although the tax payable for this is 10% of the declared price for urban property; the actual price may be considerably higher. If a property owner defaults on a loan, the banks are able to repossess the property relatively quickly, and will often do this through auction.

Litigation in respect of tenancy contracts is regulated by a special procedure (article 447 onwards of the Code of Civil Procedure) aimed at speeding up proceedings and achieving efficient trials. For tenancy contracts entered into before 1998, eviction orders may be suspended for six months (eighteen if the tenant is unemployed, elderly or has five or more children), where the property is in a highly populated municipal district. In practice, tenants may remain in the property following an order for repossession, for up to two years before forcible removal can be put into effect.
Planning Law in Bologna

Planning in Italy is conceived in different plans hierarchically connected each other. The energy planning intersects with those plans and becomes a part of it. The high number of the specific plans each related with sector and the lack of their intersecting make very difficult the coordination of them. In a first approach, the general and specific plans that are interconnected with the energy planning are the following:

- Territorial plans of coordination (firstly assigned to the competence of the Regions and now they are within the tasks of the Provinces;
- Basin plans;
- Landscape plans and territorial town plans (now becoming a part of P.T.C.);
- Urban traffic plans (art.36 of Legs. Decree 285/92) for Municipalities with more of 30,000 inhabitants, but the regional network of transport is assigned to the Regions;
- General Town Plans (Piani Regolatori Generali – P.R.G.), municipal and intermunicipal;
- Detailed Plans of Execution (Piani Particolareggiati di Esecuzione – P.P.E.)
- Construction Plans and “Convenzioni di Lottizzazione”
- Plans of Productive Installations (Piani di Installazioni Produttivi – P.P.I.), according the Laws
- 1865/71 – 47/85 Municipalities have tasks to drawn up them without regional approval;
- Plans for economic and popular building (Piani per l’Edilizia Economica e Popolare P.E.E.P.)

Traditionally, one of the most evident characteristics of the Italian planning system is the important role covered by the local master plan (piano regolatore generale) for the management and control of every spatial issue.

The theoretical model of planning in the Italian system is the “comprehensive planning”, which implies a wide control of the policy of investments in the hands of the State. As largely described by Mazza (1995), in a model like this every strategically issue is included in the local plan, which is a legally binding document covering at least the broad land use in long term period.
The very loose process of reviewing the master plan in Italy has created a largely difficult-to-adapt set of general strategies that are relatively slow to respond to changing of social and economic context Mazza (1995).

The general strategies of Bologna Municipality are contained in the documents of the PSC (the new Master Plan); they can be shortly reassumed in the following points:

- Overcoming of the infrastructure limitations of Bologna with particular attention to the public transport and the sustainable mobility;
- The Improvement of urban quality;
- Improving public facilities;
- A Reduction of the environmental problems;
- Promoting the construction of low cost buildings for sale and rent;
- The improvement of economic, productive, and commercial system.
The Bologna Case Study Areas

Bolognina and San Donato (the two Case Study Areas), are both located just outside of the ‘old’ city walls (see map overleaf). As such, they are located very close to the centre, in the North and in the East side, which makes them well connected to the wider Bologna economy and well placed to take advantage of city activities. However, up till now this integration has not been particularly well achieved.

There are several differences between the two CSA’s: Bolognina was constructed at the beginning of the century; San Donato in the 1950/60’s, and there are different buildings types and street layouts and a dissimilar traffic impacts.

Figure Seven: Bologna and context of CSA1/ CSA2 and city centre

From various sources it is possible to piece together the main issues (and also the potentials) of the two case study areas. These sources include primary research as well as the suggestions and directions of the local RUM representatives.
CSA 1 Bolognina

The "Bolognina" neighbourhood is situated North of Bologna's city centre immediately to the North of the old city walls and it was founded by the Masterplan of 1889. The old district centre is situated in the Southeast near the railway, a second centre in the north of the case study area (Piazza dell’ Unità). The central axis was built with a double intention: to connect the Bolognina with the city centre and to connect it with the road lending to surrounding cities and towns.

Table Twenty One: CSA 1: Bolognina

<table>
<thead>
<tr>
<th>Reurbanisation</th>
<th>CSA 1 Bolognina</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Problems</strong></td>
<td>(i.e. Vacancy, image, dilapidation, labour market, open space, pollution)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Potentials</strong></td>
<td>(i.e. Location, available space, prices, historic value, public investment, access to green areas)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: RUM- various)
CSA 2 San Donato

Until the beginning of the twentieth century the area was primarily agricultural and most of the constructions were farmhouses. It developed because the street of the same name served as an entry/exit point to the city from the countryside.

### Table Twenty Two: CSA 2 San Donato

<table>
<thead>
<tr>
<th>Reurbanisation</th>
<th>CSA 2 San Donato</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Problems</strong></td>
<td>• High presence of social housing with poor construction quality</td>
</tr>
<tr>
<td>(i.e. Vacancy, image, dilapidation, labour market, open space, pollution)</td>
<td>• Lack of parking spaces for residents-reduced economic mobility</td>
</tr>
<tr>
<td></td>
<td>• Welfare dependency.</td>
</tr>
<tr>
<td></td>
<td>• Problems for elderly to access/ egress their apartments</td>
</tr>
<tr>
<td></td>
<td>• Lack of activities and facilities for younger population</td>
</tr>
<tr>
<td></td>
<td>• Poor public amenities</td>
</tr>
<tr>
<td><strong>Potentials</strong></td>
<td>• In San Donato, there are shops, a supermarket and other services.</td>
</tr>
<tr>
<td>(i.e. Location, available space, prices, historic value, public investment, access to green areas)</td>
<td>• There is an ageing population, but also many students from the adjacent University district (Northeast of the Old City) chose to live here</td>
</tr>
<tr>
<td></td>
<td>• The long-standing residential population of San Donato (a traditional working class community with strong civic involvement) is said to have a distinct local and district-related identity (“I am from San Donato!”)</td>
</tr>
<tr>
<td></td>
<td>• Regarding cultural heritage, Municipal RUM colleagues use the term “patrimonio abitativo” (“residential heritage”) that indicates a focus on the intention to manage and retain this ‘valuable’ building stock.</td>
</tr>
</tbody>
</table>

*source: RUM- various*
The main issues for Bologna are summed up by the following quotes from interviewees:

“The main one is degraded areas. Requalification, gives funding for municipalities that bring in new businesses to these areas and they have been working on this for four years and particularly bringing in new IT companies, and there's about thirty of those so far. Then other priorities is commerce improvement (...) and tourism promotion and information.”

“The quality of life and of living in Bologna. Bologna was famous for this high quality of life I think for at least 50 years. And now we can see some signs of declining. And so we have to face this decline and to increase our quality of life from an urbanistic point of view and from a social point of view. I would say this is the main task for us at the moment.”

“He says the main goal is to satisfy the demand for housing which is actually higher than the statistical data may show, because if you see an 80 percent of owned property, owned houses, then there is always 20 percent which is out of this number. And it’s still a big number. So actually what he’s saying is that many people cannot afford to become, to have a dwelling of their own property, mainly because they are young people and they do not have stable work.”

“He’s saying that the real estate market is very much tied to the stock exchange market, no. So it works the better when the second goes worse. He’s saying that the last two, three years, the stock exchange market, stock exchange market has had a period of craziness due mainly to problems with some very big Italian industries like Parmelat”.

“As a city, the most important thing will be to integrate the economic aspects, the commercial part of the city and the use of the urban unused buildings”.

“First of all he added something from before that these big buildings are already showing structural problems so that might, that might help them to do something about it. And he says the market in this area, the market’s going down, local residents are moving out, a lot of immigrants are moving in and there’s a risk of ghettoisation which is already, is already starting to happen”.
The decentralisation laws identified at the beginning of this section are inspired by several general principles: local authorities’ autonomy, subsidiarity, responsibility, appropriateness of the public structures to the carrying out of the responsibilities assigned to them, flexibility in interinstitutional relationships, citizen participation in collective choices, and streamlining the bureaucracy.

Governance in Italy and Bologna

Governa et al (2002) identify several ways in which these legislative innovations have impacted upon the governance environment for urban policies in Italy:

(1) the recognition of new forms for the representation of interests, with subsequent acceptance of the plurality and diversity of the actors involved in urban and territorial activities;

(2) the opening up of the decision-making arena, towards forms of negotiation and joint planning among the various actors, in the form of both public/private partnership and of inter-institutional co-operation;

(3) the growing importance ascribed to specific local authorities for the implementation of actions in integrated territories, intended to place the city or territory in question within the context of international competition and, concurrently, to combat social-exclusion;

(4) finally, the generalised adoption of competition procedures in the allocation of financial resources provided by government programs based upon a model of “best local practice”.

“the third and fourth seem to gravitate around another, rhetorical “centre of gravity” in current policymaking, that is, competition as the best means effectively to allocate funds” (Governa 2002)

According to UGIS (2002), there is a need to distinguish between two main sets of guiding principles and kinds of measures:
a) those aimed at addressing the question of the institutional set-ups and those of a political-administrative nature for solving the above-mentioned serious problem of institutional, political and functional responsibilities;

b) those aimed at intervening in some (or all) of the ‘concrete’ problems in the urban areas

In Bologna, the pursuit of development is founded on involvement encompassing all sectors and all aspects of the city. This means looking at the whole range of activities carried out within the city and the interactions between them. The governance map of Bologna illustrates the links between the commercial players and the mayor/ the municipality. These links will need to be furthered as the municipality is under financial restrictions in part caused by the devolution programme explained above.

The collaboration between elite actors is typical of Italian cities: the Mayor, the major employers, the Archbishop, the association of builders- all these types of institutions interact and contribute to governance in a Corporatist manner.

In the future, this public-private partnership will be important and agreement on how best to deal with transportation issues is paramount- hence the need to include the ministry of transport in the diagram.

- How are components of the map designated?

The major nodes of this map are the Mayor, the urban departments of the municipality, the province and the city-regions key employers. There is a relative degree of calm in terms of these economic governance relationships largely due to the fact that Bologna is a wealthy city. Problems relate to quality of life issues not quantity of economics problems.

The chamber and local builders are also represented- urban development is important to the local economy an will be central to the future..

Governance is pluralist in that all sectors have good relations with each other and institutionally there is wide agreement on the objectives of the city and the problems that need to be addressed.
• **How and to whom are they accountable?**

There is clear accountability amongst the governing institutions.

Involvement in the planning system has increased: Bologna (like Leon) has recently produced a new master plan and there were many submissions, meetings and discussions concerning this innovation.

• **How joined up are the components of the map?**

Institutionally, this city is ‘thin-thick’- there is the interlinkage between the different sectors of interest and different actors and the potential for large scale public coordination if and when required. But a model of cooperation and mutual persuasion between municipality and local private sector appears dominant. Recently, the Mayor was defeated but this appears to be more to do with national issues as locally the situation is so calm and stable.
GOVERNANCE IN BOLOGNA
SEPTEMBER 2004
EXISTING INSTRUMENTS IN BOLOGNA

There are already several mechanisms and policies in place which can- to a greater or lesser degree- be ascribed the title “reurbanisation instrument”: they follow now in tabulated form.

**Table Twenty Three: Instruments in Italy**

<table>
<thead>
<tr>
<th>Name</th>
<th>What Is It For</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regional Urban Law (L.20/2000) and in particular by a specific Law (L.19/98)</strong></td>
<td>The Municipality of Bologna defines interventions and strategies within the context of this law.</td>
</tr>
<tr>
<td><strong>The Plan of the Municipality</strong></td>
<td>Bologna Master Development Plan Finalised 2004</td>
</tr>
<tr>
<td><strong>The Plan of the Province (PTCP)</strong></td>
<td>Contains some rules, and define some compulsory ecological interventions like the green belt around the new urbanizations or the green strips around the infrastructures</td>
</tr>
<tr>
<td><strong>Programmes of Urban Rehabilitation and Sustainable Territorial Development (P.R.U.S.S.T.) Regulations concerned Ministry of Public Works Decree of 8 October 1998</strong></td>
<td>• <em>infrastructure policies</em> targeted at the construction of both network and <em>ad hoc</em> equipment at the territorial level;</td>
</tr>
<tr>
<td></td>
<td>• <em>environmental policies</em>: reclamation and improvement of noxious and polluting industrial areas, the decreasing of pollution for factories in operation;</td>
</tr>
<tr>
<td></td>
<td>• hydrogeological works; heritage;</td>
</tr>
<tr>
<td></td>
<td>• <em>policies pursuing social ends</em> (productive activities able to guarantee permanent employment effects);</td>
</tr>
<tr>
<td></td>
<td>• <em>co-ordination or joint participation</em> in other initiatives started on the basis of negotiated programming, territorial pacts and area contracts.</td>
</tr>
<tr>
<td><strong>Neighbourhood Contracts Regulations concerned Ministry of Public Works Decree of 22 October 1997 and Law 499/97</strong></td>
<td>For urban areas and neighbourhoods with widespread deterioration of buildings and of the urban environment, with a lack of services and in a context of weak social cohesion and a markedly poor housing situation Rehabilitation of physically decayed areas characterised by social tension Higher standards of liveability in residential neighbourhoods Residential and non-residential actions are envisaged through activation of private resources and the signing of agreements between public administrations and non-profit associations, voluntary organisations etc. Art. 2 of the CER Resolution of 5.6.97 provides for the introduction of a procedure for participation and communication aimed at ensuring wider awareness.</td>
</tr>
<tr>
<td><strong>Integrated Programmes (P.I.)</strong></td>
<td>Programmes of residential building to provide homes for state...</td>
</tr>
<tr>
<td>Regulations concerned: Article 18 of Law 203/91</td>
<td>employees, envisaged as part of a plan for action against organised crime. For the first time introduces into a public house building programme the possibility of proposing uses other than those envisaged by urban planning instruments, avoiding the ordinary variant procedure and thus altering the balance of decision-making between Regional and municipal levels of government.</td>
</tr>
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</tbody>
</table>
| **Integrated Programmes (P.I.I.)**  
Regulations concerned Article 16 of Law 179/92, CIPE resolution of 16 March 1994 | To pursue urban rehabilitation by means of actions that can influence urban regeneration of the area concerned. Programmes promoted by municipalities to renovate the urban, building and environmental tissue with actions that can influence urban reorganisation and characterised by articulation and integration of functions and types of action. Rehabilitation of the urban, environmental and building tissue, therefore an interest not linked exclusively to the building scale |
| **Urban Rehabilitation Programmes (P.R.U.)**  
Regulations concerned D.L. N° 398 of 5 October 1993, converted into Law N° 493 of December 1993, n.493, article 11 | Renovation and rehabilitation of the stock of public housing ex Law 167/62. Envisages the combination of public and private sector resources to address the traditional problems of public sector housing on city outskirts through infrastructure provision and more equipment provision, but also complex processes of morphological and functional renovation. The Programme envisages rehabilitation of public sector housing to combat decay of the urban periphery through the following. |
| **Area Contracts and Territorial Pacts**  
Regulations concerned Law 662/96 and CIPE Resolution of 21 March 1997 and subsequent modifications and additions (CIPE Resolutions of 9 July 1998 and 11 November 1998) | The areas covered by the contracts are not defined a priori. Their homogeneity lies in the situation of crisis and the presence of abandoned areas to rehabilitate. The area and its boundaries are determined by a specific decree of the Prime Minister. Territorial Pacts cover geographically contiguous areas which share the same problems of economic development. They may be enlarged to cover areas in crisis. To promote local development of areas in crisis, affected by repeated job losses and problems connected to local economic development. Area Contracts provide for the rehabilitation and/or reclamation of abandoned industrial areas to be assigned for new industrial activities or for conversion to other uses, which may include tourism and rehabilitation of decayed urban areas. |
| **Urban Transformation Companies (S.T.U.)**  
Regulations concerned Art. 120 D.L. N° | Urban Transformation Companies (STU) are set up with the aim of providing local authorities (the promoters) with a flexible instrument for action in established urban areas with the involvement of private |
sector resources and professional skills. The company (a public private joint stock venture -S.p.A.) plans and carries out the actions in implementation of current town planning instruments. The areas in which the actions can be performed are areas of urban territory in which there is a marked crisis of urban conditions, where a radical transformation of the layout and its functional characteristics is required in addition to transformation of individual buildings. The urban areas most appropriate for transformation programmes can be classified indicatively as follows.
**SMALL-FIRM CONSORTIA IN ITALY:** national Law 317, 1991,  

The legal instrument created to respond to the need for a real policy for SME’s: the overall objective of the law is “to promote development, innovation and competitiveness of small firms”, intervening not only by supporting firm investment, but also through the creation of those conditions necessary to the creation of an external environment favourable to competitive growth. Law 317 furthermore favours the participation of local institutions in consortia in roles of responsibility. In fact this policy clearly emphasizes the fact that local bodies represent the vehicles, or intermediaries, for economic development.

<table>
<thead>
<tr>
<th>Decree Law of 10 November 1987</th>
<th>Set up the Department for Urban Areas under the Minister for problems concerning urban areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law 142/90 of 8 June 1990</td>
<td>Set up the metropolitan areas and reform the institutional and administrative structures of the system of local government and self-government. It should be pointed out that many of the most significant articles in this law have still to be implemented (the case, for example, of the ‘metropolitan areas and municipalities’)</td>
</tr>
</tbody>
</table>

| Programmi di Riqualificazione Urbana (since 1992) (public expenditure: 298 m ecu out of a total 5.596 m ecu) | Programmes with the objective of increasing quality of environment and public services at the level of existing neighbourhoods. The principal instruments of urban requalification entail restructuring, even at an urban level, parts of the city and/or areas selected for new building schemes, characterised by a variety of functions, the integration of different types of measures (urbanisation and physical restructuring) and subjects (private and public) and a sufficient size to have a significant effect on the whole urban reorganisation of the city. |
| Programmi di Recupero Urbano (since 1993) |  |

<table>
<thead>
<tr>
<th>Programmi di Riqualificazione Urbana e Sviluppo Sostenibile del Territorio (since 1998) (public expenditure: 71 m ecu)</th>
<th>Programmes with the objective of upgrading supply of infrastructures and public services at the level of metropolitan areas and urban networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patti territoriali (since 1996) (public expenditure: 1904 m ecu).</td>
<td>Programmes with the objective of economic regeneration at urban and sub-regional scale:</td>
</tr>
<tr>
<td><strong>Law 122/89 of 24 March 1989</strong></td>
<td>Provisions concerning parking lots’ (three-year programme for the most densely populated urban areas, etc.</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Law 208/91 of 28 June 1991</strong></td>
<td>Interventions for the construction of cycleways and pedestrian paths in urban areas</td>
</tr>
<tr>
<td><strong>Law 211/92 of 26 February 1992</strong></td>
<td>Interventions in the rapid mass transport systems sector</td>
</tr>
<tr>
<td><strong>Decree Law 490/99 (Unified Text on Cultural and Environmental Assets)</strong></td>
<td>To protect the cultural assets that comprise the national historical and artistic heritage; -To update and modernise the legislation on cultural and environmental assets, unifying and coordinating the regulations of the last 60 years; -To reformulate the definition of what is protected as cultural, landscape and environmental assets, and widen it; -To simply the relationship between members of the public and the public administration</td>
</tr>
<tr>
<td><strong>Piano per la Salute</strong></td>
<td>Literally Local Welfare Programme, which is the result of the process of negotiation within a network of local actors, including communes, provinces, local health authorities, universities, high schools, volunteer organisations, trade unions, and private providers. The declared objective of the Local Welfare Programmes is to ‘experiment new instruments to listen to citizens’ demands as regards local welfare decisions and to foster wider participation</td>
</tr>
</tbody>
</table>
BOLOGNA: CONCLUDING REMARKS

Pulling together all of the information above a set of criteria is developed which leads to a forecast of the likely format of the reurbanisation instruments to be prepared in January.

Table Twenty Four: CONTEXT AND ISSUES TABLE FOR BOLOGNA

<table>
<thead>
<tr>
<th>CITY TYPE</th>
<th>Post- Industrial</th>
<th>Successful</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLANNING TYPE</td>
<td>Napoleonic</td>
<td></td>
</tr>
<tr>
<td>GOVERNANCE TYPE</td>
<td>Pluralist</td>
<td></td>
</tr>
<tr>
<td>NATIONAL ECONOMIC CONTEXT</td>
<td>Good: Structurally the Italian economy remains divided between North and South: where Bologna is located the pattern is a developed industrial/post industrial (hi tech) base dominated by private companies. The current government has enacted numerous short-term NeoLiberal reforms aimed at improving competitiveness and long-term growth.</td>
<td></td>
</tr>
<tr>
<td>MUNICIPAL FISCAL PROSPECTS</td>
<td>Poor-Medium: As stated devolution reforms have left it with greater competencies and less money. Needs to incorporate other public/semi public funds as well as encouraging private sector contributions/involvement</td>
<td></td>
</tr>
<tr>
<td>CITY-WIDE ISSUES TO ADDRESS</td>
<td>the traffic and mobility system; public transport; Proximity of the Trade Fair Centre and of the Airport contribute to air pollution. Housing costs are high is very high; Ageing population However, Bologna is one of the richest cities in Italy.</td>
<td></td>
</tr>
<tr>
<td>CASE STUDY AREA ISSUES TO ADDRESS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• High presence of social housing with poor construction quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of parking spaces for residents- reduced economic mobility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Welfare dependency.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Problems for elderly to access/ egress their apartments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of activities and facilities for younger population Poor public amenities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIKELY FOCUS OF REURBANISATION INSTRUMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Improve accessibility and limit car use</td>
</tr>
<tr>
<td>• Creating conditions which encourage re-use and investment in targeted areas of the city i.e. The big area of the old Market located in the west side of the CSA is now empty and it will be the ideal place to integrate new functions.</td>
</tr>
<tr>
<td>• Maintain the facade and change the internal structure (where possible) of building. Take advantage of buildings which offer attractive street frontage.</td>
</tr>
<tr>
<td>• Mechanisms to improve governance coordination and attract private funding for municipal activities</td>
</tr>
</tbody>
</table>
10. LEON

Administrative-Government Structure of Spain
The political structure of the kingdom of Spain is organised as an asymmetric quasi-federal system, with seventeen autonomous communities holding different levels of responsibilities, ranging from the historical communities characterised by having their own languages and cultures, and exerting the largest degree of self-rule (like Cataluña, the País Vasco, or Galicia), to the autonomous regions enjoying a smaller degree of political autonomy.

- The General Administration of the nation *(Administración General del Estado).*
- The Administrations of the Autonomous Communities *(Administraciones de las Comunidades Autónomas).*
- The Entities which form the Local Administration *(Administración Local)*, like the Municipalities *(Ayuntamientos).*
- The Entities of Public Law with legal status depending on any Public Administration. There are a number of associations and organizations which are taking charge of public activities formerly handled by government administrations. We know these organisational types as ‘Quango’s and also as the developing policy-infrastructure of ‘choice’ and ‘new localism’.

In 1999 alone there were 3 important laws (preceded by cross-party official agreement) enacted that further devolved powers to the lower and local levels of government.

- Political agreement (April 1999) on “Measures for developing local government”, paving the way for transferring new powers to local authorities
- Organic law 7/1999 allowing local authorities to appeal to the Constitutional Court in defence of their autonomy
- Organic law 8/1999 reforming the electoral law with regard to motions of censure and votes of confidence in provincial and municipal councils
- Organic laws 9, 10 and 11/1999 strengthening the bases of local authority arrangements

This had meant Leon municipality has accrued more duties.
Powers and Responsibilities

Responsibilities of the Central State
The state holds legislative power only in the areas for which the State is exclusively competent, as set out in Article 149 of the Constitution

- international relations
- defence
- administration of justice
- commercial, criminal, labour and civil legislation
- customs matters
- currency, general finance and state debt
- public health: basis and general coordination

Responsibilities of the Autonomous Communities
Those matters which are not expressly vested in the State by the Constitution can be devolved to the Autonomous Communities. The Autonomous Communities exercise legislative power via their assemblies but strictly within the limits of their devolved powers.

The powers of the Autonomous Communities are enshrined in Article 148 of the Constitution (this list is not exhaustive):

- Organization of the institutions of autonomous government
- Spatial planning, town planning and housing
- Public works, railways and roads throughout the Autonomous Community
- Agriculture, waterways and forestry’s, fisheries
- Expansion of economic activity, culture and research
- Museums, libraries and public monuments
- Tourism, sport and leisure activities throughout the Autonomous Community
- Social welfare, health and safety

Article 148 also provides for the powers of the Autonomous Communities to be extended to other areas.

The powers vary from one Community to another.
Responsibilities of the Provinces

Autonomous management of the specific respective interests of local communities:

1. Participate in the coordination of local administration with the Autonomous Community and the State.

2. Provinces’ own powers:

   - coordination of municipal services in order to guarantee the provision of services coming under the municipal authorities
   - assistance, legal, economic and technical cooperation with the local authorities
   - provision of supra-municipal services
   - development and administration of the specific interests of the province

Responsibilities of the Municipalities

Own powers:

   - public safety
   - planning and cooperation on education
   - traffic control
   - civil defence, fire services (mandatory for any municipality with over 20,000 inhabitants)
   - town planning
   - historical and artistic heritage
   - environmental protection (mandatory for any municipality with over 50,000 inhabitants)
   - public health
   - consumer protection
   - social promotion and integration (mandatory for any municipality with more than 20,000 inhabitants)
   - water supply and public lighting- cleaning and waste disposal (for any municipality with more than 5,000 inhabitants)
   - public transport (for any municipality with more than 50,000 inhabitants)
Economic Context for Reurbanisation in Spain and Leon

The following section will require additional input from the Leon local representatives in the period between now and the delivery of proposed instruments. It has been very difficult to obtain actual or, when obtained, meaningful information particularly at a CSA level but also for some aspects at a city level. These gaps in the information need to be filled in the next period.

Please refer to the concluding comments for more details

Spanish national economic context
Spain's economy supports a GDP that on a per capita basis is 80% that of the four leading West European economies. Its recently defeated centre-right government successfully worked to gain admission to the first group of countries launching the European single currency (the euro) on 1 January 1999. The Aznar administration (prior to its recent defeat) continued to advocate liberalization, privatisation, and deregulation of the economy and introduced some tax reforms towards that end. Unemployment has been steadily falling in the last years but remains high at 11.7%. The new government intends to make further progress but in a more moderately paced manner, and is to review the Aznar administrations proposals for labour law and pension payment reform... Indeed, the previous Aznar government faced a general strike in mid-2002 over these plans. A growth of 2.4% in 2003 was reasonable given the background of a faltering European economy.

Regional economic context
The main population centres in Castile and Leon are four cities: Valladolid, Burgos, Salamanca and Leon, with 319129, 163358, and 158,556 inhabitants respectively. The average expense by home is 1468.06 € by year, belonging 333, 69 € to food and tobacco, and 1134, 37 € to the rest of goods.

Economic history/economic identity
Since in the eighteenth century the economic activity shifted to other parts of the Iberian peninsula, the Autonomous Community of Castile and Leon has been considered somewhat a peripheral region. It geographical location away from the main European growth “axes”, the low tech infrastructures, the dislocated nature of its urban system identify the regional aspect of any problems that need to be addressed during the challenges of the globalisation of the economy and international competitiveness.
The main characteristics of the business sector in Castile and Leon are:

- Greater relative importance of the industrial sector in terms of the Spanish average;
- Concentration of industrial production in car manufacturing, energy and food processing sectors;
- High geographical concentration of the industrial production in Valladolid, Leon and Burgos;
- Strong business concentration: the 50 biggest companies of the region generate 50% of the industrial turnover
- Important SME nature of business composition in Castile and Leon: 98% of the companies of the region have less than 50 employees

Finance and Capital aspects of Reurbanisation in Leon

The availability of finance and capital (and access to them) is of crucial importance in all RUM case studies irrespective of the specificities and peculiarities of their problems. In the finance and technology based economies of Europe it will be increasingly important both as producer and consumer to have both knowledge of and the ability to obtain finance and capital. In this context it is useful here to apply the relevant aspects of the discussion above in section four to the Spanish scenario.

Functioning of the Banking System

Spain’s banking system is structured as follows:

- Banco de España, the central bank.
- Banco de España became autonomous in 1994, as a direct consequence of the Maastrict Treaty. It was established then that Spain’s monetary policy should be made by the Central Bank and not by the Government.
- Credit Institutions

1. Deposit institutions (banks; saving banks; co-operative savings banks)
2. Financial credit institutions
3. Official Credit Institute (ICO)
The credit system, like the rest of the financial services sector in Spain, has gone through a striking change in the last ten years. Before 1995, the environment in which credit institutions worked was sheltered and extensively regulated. Since 1995, the credit institutions have become deregulated and they have become more accountable, being obliged to give the Central Bank more and more details of their accounting and assets. There have also been significant mergers which has reduced the amount of institutions available to provide credit services.

The number of local branches for the remaining non-credit only institutions, however, has increased, especially for the savings banks. This could be crucial for Reurbanisation instruments.

**Property and Housing Law in Leon**

1. **Concepts of property ownership**

Spain has a high rate of owner-occupation: 78.4% in 1991. Current estimates put this even higher at 83% (Cabre Plan and Modenes Cabrerizo, 2003), encouraged by tax subsidies. In Leon as a whole the home ownership rate pretty much mirrors the national average for Spain at 82%, although the two case study areas vary: Old City 74% and El Ejido 86%. Accordingly the most important concepts of property ownership focus on those relating to owner-occupation. There is no evidence of any substantive changes to the legal structures of property ownership.

For apartments, and other properties with common elements the law is governed by the 1960 Horizontal Property Act, as amended in 1999. Under the law all owners will become members of the "community of owners" for the block or area. A compulsory charge will be levied which the community must spend on the upkeep and maintenance of the building and facilities. Prior to 1999 any decision by the community had to be unanimous, which could lead an inability to make decisions. The 1999 amendment act allowed for majority decisions in relation to certain matters. It also strengthened provisions for recovering unpaid charges from defaulting owners.

These communities of owners must be distinguished from neighbourhood associations, which may be set up voluntarily and may be consulted as part of the planning process, and have rights to seek reviews of municipality decisions in the Administrative Court.

Tenancies are contracts, and governed by the statutes set out in section 2, below, although that under the 1994 Act, mentioned below, tenants do have a right of pre-emption should the landlord wish to sell the property.
2. Landlord and Tenant Law

Because of the low rate of renting we only give a brief overview of the law. Landlord and tenant
law has evolved from one of high protection of tenants to a more deregulated form. From 1939
both rent levels and eviction were severely constrained. Liberalisation of the market was effected
in 1985 by the Decreto Boyer, with rents and the term of the tenancy to be fixed by negotiation.
This Decree has been characterised as triggering “a considerable instability in the housing rental
market” (Blas Lopez, 2004). In 1994, the Urban Tenancy Act (Ley de Attendamientos Urbanos),
established a minimum five year term for tenancies. Parties are still free to fix the rent, although
increases of linked to RPI for the first five years.

The 1994 Act also sought to bring an end to some of the very low rents still prevalent amongst
pre-1985 tenants. This, however, is a slow process and some pre-1985 tenancies at very low rents
still exist, mainly among elderly people with relatively low incomes, although in some cases these
have been succeeded to by other family members.

Although we do not have any quantitative information, it may be suggested that the Old City, with
its lower levels of owner-occupation and ageing population, may have a disproportionate number
of per-1985 tenants with controlled rents.

3. Legal Institutions

The evidence collected does not suggest that there are any particular problems with legal
institutions, e.g. in enforcement of property rights between owners of flats, or in registration of
property ownership. There is some evidence that eviction of tenants may sometimes be
problematic for landlords, and that it may take them some time to obtain vacant possession.
Planning Law in Leon

The general constitutional principles with regard to land use related matters
The main principles that regulate the activity of urbanism in Spain are continued within certain key articles of the ‘Spanish Constitution’ (1976)- the basic framework that orders the legal system in Spain.

a/ Article 33 – Right to property. This article establishes the right to private property, but at the same time states that the right will be limited, by its social function. The social function of property is one of the main axes on which the spatial planning regulations are based. The social function is –in effect- the broad idea of the ‘public interest’, and this, of course, is the justification for all public town planning systems.

b/ Article 45 – Protection of resources. The public authorities must maintain watch over the rational use of natural resources, in order to protect and improve the quality of life and they also have to protect the environment.

c/ Article 47.- Right to housing and the use of land. It establishes that public authorities are solely responsible for the regulation of the use of land- in pursuance of the public interest and with a certain in-built antipathy towards speculation.

Key current Spanish law with regard to planning
The present State legislation in relation to planning, is ruled in the "Ley sobre Régimen del Suelo y Ordenación Urbana" (Land use planning and Urban Ruling Law), approved in 1975, and the "Reglamento de Planeamiento para el desarrollo y aplicación de la Ley sobre Régimen del Suelo y Ordenación Urbana" (Planning regulation for the development and application of the Land use planning and Urban Ruling Law), approved in 1978, that develops the contents of the previous law.

The general legislation applicable in all Spanish territory is the "Ley sobre Régimen de suelo y Valoraciones” (Land use planning and Appraisal Law), approved in 1998, after the approval of the Constitution
Types of Plans according to the Spanish State legislation (from major to minor and in the context of Leon)

- Territorial Managing Plans of Coordination (Planes Directores Territoriales de Coordinación) the general set-up of an area (county, region).

- (Municipal) General Master Plan of Town Planning (of a city) (Plan General de Ordenación Urbana) : the general set-up of a city. It can leave certain areas unspecified for future development- these can then be covered by other planning instruments.

- Complementary and Subsidiary Rules of Town Planning (Normas Complementarias y Subsidiarias de Planeamiento): The general set-up of a town/village, when it has no other town planning instrument.

- Town Planning Activity Programmes (Planes de Actuación Urbanística).

- Special Master Plan of the ..."Old City of León” (Plan Especial de .. “la Ciudad Antigua de León”): specific rules and set-up for specific areas with special characteristics.

- Protective Master Plan of the Whole Urban Area of León: of S. Marcos environs/ of the neighbourhoods of. Plan Especial de Protección del Conjunto Urbano de León/ .del entorno de San Marcos/ de los barrios de Renuela y San Juan)- This provides specific rules for areas that are deemed to have sufficient value to merit protection.

- Development Plans of specific areas within a city ‘Partial Plan’(Planes Parciales).

- Special Plans of Interior Reform (Planes Especiales de Reforma Interior).

- Detailed Briefs similar to SPG/ planning brief in UK (Estudios de detalle) (Study in detail of a very small area)
For Leon- given the nature of the Municipality and relevant statutes- the following two are most important:

**The Municipal Master Plan**

It is the main instrument and represents the totality of urban planning concepts for the urban area. Its scope includes the whole municipality, and it is carried out by the local authority or by a private planner commissioned to implement it by the Council.

When a Master Plan refers to Metropolitan areas, its scope covers the focus of the urban agglomeration as well as the core municipal area.

**The Master Plan is an integral Plan that establishes:**

- The Land Classification (land for development/ non-development);
- The appropriate use(s) and intensification of that use;
- The general and organisational structure of the territory;
- The General System of open spaces (parks and green spaces), and community services (educational, cultural, health assistance, sports, churches, cemeteries, etc).
- The programming for the development of the Plan.

A new master plan has been recently adopted (May 2004).

**The Partial Plan**

It establishes in detail the regime of appropriate development for a parcel of land- it is in fact a development brief. It gives greater clarity and detail to a policy/proposal made in the master plan. It can be developed by the Local Administration (Council), or by Private individuals.

It must specify:

- The Land Classification (land for development/ non-development);
- The appropriate use(s) and intensification of that use;
- The local System of open spaces (parks and green spaces), and community services (educational, cultural, health assistance, sports, churches, cemeteries, etc).
- The economic valuation of the proposal
Leon

The province of León, is the largest territory and most populated province in the Autonomous Region of Castilla – León. The city of León is a meeting point of several cultures and is located at the crossroads of several of the most significant historical routes of the Iberian Peninsula: The city of León is, together with Valladolid, Burgos and Salamanca, one of the four nodes or principal urban centres of the territorial model making up Castilla- León region.

Leon Case Study Areas

The Old City and El Ejido (the two Case Study Areas), are both located in the centre of the town:

Figure Eight: The two CSA’s respective positions in the centre of Leon

Source: IDELFE/ Spanish RUM team
From various sources it is possible to piece together the main issues (and also the potentials) of the two case study areas. These sources include primary research as well as the suggestions and directions of the local RUM representatives.

**CSA 1: Old City**

This area is in the heart of the old city and is the scene of extensive leisure-based activity such as shopping, eating, drinking, dancing and music.

**Table Twenty Five: CSA 1: Old City**

<table>
<thead>
<tr>
<th>Reurbanisation</th>
<th>CSA 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Problems</strong></td>
<td>• General commercial activities are being squeezed by the expanding night time and café-bar based economy: different types of bars, restaurants, cafes, taverns and hotels.</td>
</tr>
<tr>
<td>(i.e. Vacancy, image, dilapidation, labour market, open space, pollution)</td>
<td>• There are not many craft activities and more typical ‘Tourist’ type functions are only thinly present.</td>
</tr>
<tr>
<td></td>
<td>• This expansion also has a negative impact upon the residential population:</td>
</tr>
<tr>
<td></td>
<td>• Acoustic pollution.</td>
</tr>
<tr>
<td></td>
<td>• Environmental deterioration.</td>
</tr>
<tr>
<td><strong>Potentials</strong></td>
<td>• In the Old City the percentage of urban economic activities is twice the value than the percentage of urban population (11.69% of the total of licences and 14.14% of the total urban economic activity surface against 6.32% of population)</td>
</tr>
<tr>
<td>(i.e. Location, available space, prices, historic value, public investment, access to green areas)</td>
<td>• The historical centre represents an important economic place held by the evidence of 807 establishments with 2,766 employs (Recording of activity centres in 1991).</td>
</tr>
</tbody>
</table>
- It is the historical centre of the city, with the most important historical buildings like the Cathedral, San Isidoro, Plaza Mayor, Edificio Botines.
- The Old Town is a multifunctional space, located in the centre of León and well connected with the rest of the city.
- Leisure is a growing aspect of income generation of all European Urban Centres.
- Tourism visits are high- with concomitant income generation.

(Source: RUM- various)
CSA 2: El Ejido

This area is located close to the Old Town (It borders to the Old Town). This area is predominantly residential and has an ageing population and a population that is leaving for areas with a different residential ‘offer; and more amenities and commercial facilities.

Table Twenty Six: CSA 2 El Ejido

<table>
<thead>
<tr>
<th>Reurbanisation</th>
<th>CSA 2 El Ejido</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Problems</strong></td>
<td></td>
</tr>
<tr>
<td>(i.e. Vacancy, image, dilapidation, labour market, open space, pollution)</td>
<td>• It is a largely mono-use area- there is some commercial but not enough to satisfy the needs of the population and commercial activities continue to close down.</td>
</tr>
<tr>
<td></td>
<td>• In El Ejido the percentage of urban economic activities is half the value of urban population percentage (6.41% of the total number of licences and 10.27% of the total urban economic activity surface against 16.14% of population)</td>
</tr>
<tr>
<td></td>
<td>• Decrease of population/ Ageing of population.</td>
</tr>
<tr>
<td></td>
<td>• Housing more than 40 years old and conservation methods have not been applied systematically</td>
</tr>
<tr>
<td></td>
<td>• Rental income is low</td>
</tr>
<tr>
<td></td>
<td>• Bad accessibility to the centre of the city by car.</td>
</tr>
<tr>
<td></td>
<td>• Amenities and facilities in short supply (except educational ones) and open public space (playgrounds, squares, etc.)</td>
</tr>
<tr>
<td><strong>Potentials</strong></td>
<td></td>
</tr>
<tr>
<td>(i.e. Location, available space, prices, historic value, public investment, access to green areas)</td>
<td>• This residential area is neighbouring the Old City, and is very close to the city centre.</td>
</tr>
<tr>
<td></td>
<td>• Special Housing Typology: detached houses with a private yard, located</td>
</tr>
</tbody>
</table>
in the centre of the city—This is a ‘Unique Selling Point’ (it is not usual in Spanish towns)—it is in great demand by young families.

- The housing size (between 80-110 square metres) is suitable for the present young people demands.
- The high environmental quality, with quiet and tree lined streets.
- The acoustic and air pollution of this neighbourhood is very low.
- Public amenities (including schools) are well provided.
- It is well connected for transport

(Source: RUM- various)
The main issues for Leon are summed up by the following quotes from interviewees:

- “So one of the most significant things about a city centre like this with typical Spanish city centre, I guess, is that we have to take care of our function because we don’t want just to dig up and stick in some buildings, and we have to take care that the residential function is not taken away. And the other thing is, you know the tourist sector, it gives a lot of money, so, but we don’t have to allow the tourist sector to dominate and spoil our quality of life.”

- “There is a lot of problem that is, not only specific from here, but León is very characteristic, you know, the old town, you have the cathedral and you have the big buildings, but in general, the buildings, the quality of the residential areas are quite low. So it is a problem because you have to spend, because we have to spend a lot of money to take care of these buildings. And sometimes there, you know, there’s a very few colours or all the big houses”.

- “The biggest challenge is to increase employment. And the biggest challenge also is to bring into Leon new business, and it’s not very easy-production comes from self employment, so that’s something to think with.”

- “to improve their communications, the (...) the connections between Leon and the, the other municipalities the closer… you know the ones who are just for the municipality of Leon”

- “We have to get more subsidised housing within the inner ring”

- “So he says that their main challenge will be to get more young people coming to the city, to stop the aging of the population.”

- “The main options that this neighbourhood is just to take care of the area, first in a physical meaning, and to take care of the streets, the squares, the gardens and so on, you know, their physical appearance.”
Governance in Leon

- How are components of the map designated?

Key nodes in this map are located at the provincial level and upwards. Leon itself is a small municipality and departments can certainly not be described as overstaffed. However, there are also infrastructures of community engagement—partly encouraged by the tradition of property owners coalescing and also encouraged by institutional developments in the last decade and, indeed, stemming from the relatively recent (post Franco) constitution.

The chamber and local employers are also represented— at the local level there is a relative tripartite approach to governance but more power and influence for regulation and monitoring exists further up the Inter Governmental scale.

Governance is *managerial* in the sense of this coalescent which appears in both public and private spheres.

- How and to whom are they accountable?

There is clear accountability amongst the communities of owners and the neighbourhood associations. The city council officials are accountable via the councillors and the Mayor for their activities and decisions. There is much dialogue—for example—between the planning department and local business interests. This is (often) an informal—yet important—format of accountability.

Involvement in the planning system has increased: Leon (like Bologna) has recently produced a new master plan and there were many submissions, meetings and discussions concerning this innovation

- How joined up are the components of the map?

Institutionally, this city is ‘thin’—there is the interlinkage between the different sectors of interest and different actors but Leon lacks the raft of urban polices and financial public investment that Leipzig benefits from for example. The different levels of government appear to work together reasonably well although political parties have changed in recent months.
### EXISTING INSTRUMENTS IN LEON

**Table Twenty Seven: Instruments in Spain**

<table>
<thead>
<tr>
<th>Name</th>
<th>What Is It For</th>
</tr>
</thead>
</table>
| **PGOU (Leon Master Plan)**               | Leon City Master Plan- Local level but with a regional final approval. Full coverage:  
  - The Land Classification (land for development/ non-development);  
  - The appropriate use(s) and intensification of that use;  
  - The general and organisational structure of the territory;  
  - The General System of open spaces (parks and green spaces), and community services (educational, cultural, health assistance, sports, churches, cemeteries, etc).  
  - The programming for the development of the Plan.                                                                                           |
| **Regional Administration Management Plan For Housing 2002-2009** | • NEW STATE-SUBSIDIZED HOUSING ON PRIVATE PROMOTION FOR SALE.  
  • NEW STATE-SUBSIDIZED HOUSING ON PRIVATE PROMOTION FOR RENT.  
  • STATE-SUBSIDIZED PURCHASE OF SECOND HAND HOUSING.  
  • BUILDING REHABILITATION  
  • HOUSING REHABILITATION  
  • SUBSIDIES FOR PREVIOUS MASTER PLANS’ RENOVATION                                                                                     |
<p>| <strong>ARI Programme</strong>                         | Subsidies for neighbourhood renovation (local financed)                                                                                                                                                       |
| <strong>Noise Saturation Zones</strong>                | To prevent development that further deteriorates the living conditions of citizens in the old city                                                                                                            |
| <strong>Financing 2000</strong>                        | To facilitate the access to finance the productive investments that small and medium enterprises of the region carry out to create or to improve their business.                                                  |
| <strong>Enterprise Set-Up Assistance</strong>          | It aims at encouraging a business character by combining                                                                                                                                                     |</p>
<table>
<thead>
<tr>
<th>Programme</th>
<th>awareness, training, assessment and funding measures in order to promote the establishment of new companies in Castile and Leon. Prospective entrepreneurs: People who wish to undertake an entrepreneurial project but still do not possess</th>
</tr>
</thead>
</table>
| Redpyme, a service of information and management assistance. | Redpyme project answers to a double objective:  
- To improve dissemination of the society of information in SME’s of Leon AC, promoting the use of technologies of information as a necessary tool.  
- To facilitate the access to the necessary information to develop their enterprises, with a personalised attention. |
| Excellence in the Management. Quality Plan (Economic Development Agency of Leon AC) | To contribute to competitiveness through the support of La Leon AC government to the quality and excellence in the business environment, understanding that the continuous improvement for enterprises is the only way for the competitive improvement and a necessary element for contributing to the economic development of the region.  
This Programme comprises three extensive sub programmes or levels, targeted at:  
- Small enterprises of Castilla y León with the will of improving Enterprises of Castilla y León that want to progress in the implementation of the EFQM Excellence Model as a reference for achieving the best results.  
- Enterprises interested in obtaining a degree according to the ISO 9000 or similar standards, in the near future |
**PUBLIC FUNDS** *(source: RUM Spanish local team)*

**TAXES FUNDS**
- **STATE**
- **REGIONAL**
- **MUNICIPAL**

**EUROPEAN FUNDS**
- **EXTERNAL SOURCE**

**REGIONAL ADMINISTRATION**

**GENERAL MUNICIPAL BUDGET**

**LOCAL FUNDING**

**SINGULAR PROJECTS**
- URBAN I (Railway area)
- Urban Pilot Project (Old City)
- Artistic-Historic Environments (Old City, San Marcos,
- European Members Operative Programmes
  - Environment (Water-treatment plant, River banks...)
  - Telecommunications (Digital City Project)
- Iniciativa EQUAL (Social European Fund)
LEON: CONCLUDING REMARKS

Pulling together all of the information above a set of criteria is developed which leads to a forecast of the likely format of the reurbanisation instruments to be propped in January.

Table Twenty Eight: CONTEXT AND ISSUES TABLE FOR LEON

<table>
<thead>
<tr>
<th>CITY TYPE</th>
<th>• Emigrant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Peripheral</td>
</tr>
<tr>
<td>PLANNING TYPE</td>
<td>• Napoleonic</td>
</tr>
<tr>
<td>GOVERNANCE TYPE</td>
<td>• Management</td>
</tr>
<tr>
<td>NATIONAL ECONOMIC CONTEXT</td>
<td>Average-Good: Growth of 2.4% in 2003 was reasonable given the background of a faltering European economy but that GDP on a per capita basis is 80% that of the four leading West European economies</td>
</tr>
<tr>
<td>MUNICIPAL FISCAL PROSPECTS</td>
<td>Medium: begins from a relatively low starting point: budget is not as much as many other cities in other countries (slim employee levels for example). Money from other levels and outside Spain utilised for urban projects</td>
</tr>
<tr>
<td>CITY-WIDE ISSUES TO ADDRESS</td>
<td>Due to the size of the ‘town’ and the nature of the problems faced by the two case study areas all issues facing the city are covered in the case study areas section next</td>
</tr>
<tr>
<td>CASE STUDY AREA ISSUES TO ADDRESS</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------</td>
<td></td>
</tr>
<tr>
<td>• Conflicting uses</td>
<td></td>
</tr>
<tr>
<td>• Property values</td>
<td></td>
</tr>
<tr>
<td>• Population loss</td>
<td></td>
</tr>
<tr>
<td>• Non vibrancy (El Ejido)</td>
<td></td>
</tr>
<tr>
<td>• Over vibrancy, but that is economically necessary (Old city)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIKELY FOCUS OF REURBANISATION INSTRUMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Economic Instruments to act as incentives to act more environmentally sensibly</td>
</tr>
<tr>
<td>• Create a balance between owner occupation and renting.</td>
</tr>
<tr>
<td>• Refurbish specific properties and reuse vacant properties. High quality refurbishment can kick start new users demand for the area</td>
</tr>
<tr>
<td>• Develop proactive rather than reactive policies</td>
</tr>
</tbody>
</table>
11. LJUBLJANA

Economic framework for the reurbanisation of the inner city of Ljubljana

General
Ljubljana is the capital of the Republic of Slovenia. Out of nearly 2 million people in Slovenia, 265,881 live in the city of Ljubljana (2002 Census data). Like the whole country Ljubljana has also had negative population growth in 2002 of -0.4, however Ljubljana has also had a negative net migration of -1192 in the year 2002.

The city is also the domicile of 29,040 business subjects (20 percent of all registered business subjects in Slovenia), most of them active in the service industry. The average monthly gross earning per person in Ljubljana in 2002 was 290,169 SIT (1242 EUR), net 175,479 SIT (751 EUR) which is 23% percent above the country’s average in gross earnings and 19 % in net earnings.

Figure Nine: Business subjects in Ljubljana by activity

![Business subjects in Ljubljana by activity](image)


After the early years of transition to market economy the macroeconomic situation in the country stabilised. In the past 10 years Slovenian economy grew about 4 percent per year. The GDP per capita (PPP) reached 16,600 USD in the 2002. The rate of inflation has been gradually decreasing and has reached the level of 5.7% in 2003 (Statistical Portrait of Slovenia in the EU).
Real property market

The transition to market economy with the privatisation of the housing stock, restitution and the privatisation of socially owned companies also effected the development of the property market. The last decade was characterised by high increases in prices of real property. In the segment of commercial real property there was an average annual increase in prices of 5-7% in the period of 1995-2002, while in 2003 the prices remained stable (Perko, Turk, 2003). In Ljubljana there are about 700 transactions in commercial real property per year.

Table Twenty Nine: Prices of commercial real estate in Ljubljana in October 2003

<table>
<thead>
<tr>
<th>City areas</th>
<th>Offices (EUR/m²)</th>
<th>Shops (EUR/m²)</th>
<th>Restaurants and bars (EUR/m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEŽIGRAD</td>
<td>1.317</td>
<td>2.099</td>
<td>1.837</td>
</tr>
<tr>
<td>ŠIŠKA</td>
<td>1.168</td>
<td>1.503</td>
<td>2.288</td>
</tr>
<tr>
<td>CITY CENTER</td>
<td>1.639</td>
<td>2.498</td>
<td>2.626</td>
</tr>
<tr>
<td>VIČ</td>
<td>1.035</td>
<td>1.543</td>
<td>1.488</td>
</tr>
<tr>
<td>MOSTE</td>
<td>1.259</td>
<td>1.354</td>
<td>2.130</td>
</tr>
</tbody>
</table>


The introduction of a market economy in the housing sector meant the introduction of extensive reforms in housing policy that led to the disappearance of some mechanisms previously contributing to the maintenance of relatively stable housing supply. New housing construction almost came to a halt after 1991 due to new regulations that abolished the system of public financing of new public housing in the form of financial contributions from the salaries of employees and enterprise profits. This has affected construction activity most severely since it left construction companies without the resources needed to finance new construction.

The consequences of the drop in construction activity, along with privatization and restitution in the 1990s, left an impact on the owner-occupied and rental housing sectors. House prices have since grown substantially. Prices in Ljubljana (denominated in EUR) grew on average by 5 to 7 percent a year in the 1996-2001 period.

1 Offered prices on the supply side of the market.
Figure Ten: Housing prices in Ljubljana (1995/Q2 – 2001/Q2)

![Graph showing housing prices in Ljubljana from 1995/Q2 to 2001/Q2](image)


Figure Eleven: Prices of building land in Ljubljana (1995/Q2 – 2001/Q4)

![Graph showing prices of building land in Ljubljana and suburbs from 1995/Q2 to 2001/Q4](image)


**Housing Finance**

Transition to a market economy has brought dramatic changes into the system of housing finance in Slovenia. The swift turn from the providing toward enabling approach of housing provision resulted in a total withdrawal of the state from the system of housing finance in the first half of the nineties. In the absence of well-defined housing policy in the non-profit and social housing sector and with slowly developing system of mortgage financing the National Housing Fund acted as the main provider for housing loans in the nineties.
Financing through the National Housing Fund

The National Housing Fund (NHF) was founded in 1991 on the basis of the Housing Act. The Fund aims to support construction, renovation and maintenance of housing through lower interest rate loans and is one of the biggest financial institutions and the most important housing institution in Slovenia.

According to the Housing Act the fund is entitled to receive 20 percent of the revenue from the purchase of the social rented dwelling. Although the State is legally obliged to financially support the NHF, the first transfer of funds from the central government budget was received as late as in 1995. From that year on the State regularly strengthens the NHF capital base in the range between 1 and 2 billion tolers. Since these funds were not sufficient for exercising all the activities, the management of the NHF decided to raise some additional funds by managing a portfolio of securities and to constantly place free current assets.

Until 1999 the NHF used the funds to disburse the low interest rate loans to the individuals, non-profit housing associations and disability organizations. The loans are granted by public tenders that and are usually heavily oversubscribed. Each tender was targeted to a specific target public (for example the tender was targeted to the individuals for construction or purchase, to the non-profit housing associations, disability organization). Until the end of 2002 NHF has managed to carry out 21 tenders for the low interest rate housing loans for households.

The demand for loans from the NHF was very high. The oversubscription was high especially for the individuals, since the interest rate offered by the Fund was much lower than the interest rate on a comparable loan, obtained at market conditions. In rough terms this interest rate subsidy equals half of the market interest rate. Due to the high inflow of money that resulted from the disbursement of loans by NHF the housing prices increased every time the tender was successfully completed.

In 1999 NHF started with the National Housing Saving Scheme. The Scheme is consisted of 5- and 10-year saving contract with a selected bank. The minimal amount saved per month is 13.000 tolers. With the 5-year contract every 12 months the government grants the “13th month amount premium” and with the 10-year contract the premium is 1.25 times the monthly amount. The interest rate for the first contract TOM + 1.65% and TOM + 3% for the second type of the contract. After the period of contractual saving was the savers are offered the loans with the repayment period twice as long as the period of contractual saving. With 10-year contract the
saver can obtain a 20-year loan in amount of 2.1 times the total saving with the interest rate TOM+3.8%. The 5-year contract entitles the saver for the 10-year loan in the size of 2.1 times total saving and with the interest rate 2.45% a year. Since the government maximized the yearly grants and the scheme offered very competitive rates for both, savings and loans, the available amount of savings contract at each subscription was reached within few weeks.

**Financing through commercial banks**

There is at present no specific banking institution in Slovenia that specializes in housing finance, though most of them offer housing loans as one of their financial products. Mortgage lending, in the sense of house-purchase loans secured on the dwellings themselves, was introduced in Slovenia only in 1997. Prior to that, housing loans were secured by guarantors or insured by the insurance companies. Housing loans in Slovenia amounted to USD 855 million in 2001. Commercial and savings banks and a public agency, the National Housing Fund (NHF), share the market in the relation of approx. 2:1. Unfortunately, mortgage loans still play a smaller role in housing finance than they do in more developed financial systems. The mortgage system is still underdeveloped, compared to other European countries and only about 20% of housing loans are secured on the dwelling. The banks still prefer insurance as collateral, because possession in the case of borrower default is a lengthy, difficult procedure (it takes a minimum of two years and, until recently, if the bank foreclosed the borrower had the legal right to stay in the house as a tenant). This results in high up-front costs with loan closing costs up to 5% of the loan amount. Loans secured on insurance are limited to ten years, because insurers do not issue insurance for period longer than 10 years.

The typical mortgage in Slovenia is a ten-year repayment mortgage. Short mortgage term is the result of relatively high nominal interest rate making long term mortgages relatively unattractive. Most have variable interest rates—the longest fixed-rate available is three years. The typical LTV ratio is quite conservative with 50% and the income criteria applied by lenders limits mortgage repayments to no more than 1/3 of the borrower’s disposable income. Because of the country’s high housing prices and this loan-to-income ratio, borrowers are rarely in a position to borrow even as much as 50% of the purchase price.

For the funding of housing loans, which typically have maturities between 10 and 20 years, Slovenian lenders rely primarily on savings deposits with of up to 1 year maturity. The Money Savings scheme has been designed in order to extend the deposit maturities to 5 and 10 years; however, Money Savings deposits remain daily callable by the depositor and the impact on the funding mix will likely remain limited.
The competitiveness of the housing finance market has increased in the last few years. Several foreign-owned banks have either purchased Slovenian banks or entered Slovenian mortgage market by establishing subsidiaries. These foreign-owned banks usually offer Euro-denominated mortgages, while domestic banks offer tolar mortgages. Mortgages in euros have a lower interest rate at the moment (due to low EURUBOR rate); the real interest rate on tolar-denominated mortgages has been 4-5%, though it fell in 2003 to around 3.5%; this is in addition to approximately 4-5% inflation. According to the Bank of Slovenia, the average real interest rate on housing loans (including mortgages) in February 2004 was 3.9%. Despite growing competition from foreign owned banks, Slovenian mortgages still carry high the interest spreads and it is expected that this spread will normalize no sooner than in 2007 when Slovenia is expected to enter European Monetary Union. Consumer housing loans are expected to grow in the future from 2.1% of GDP in 2000 to 12% of GDP in 2010 (Butler, Merstellinger, Duebel, 2002).

Taxes and Subsidies
The tax system consists of three main categories of taxes: direct taxes on income, direct taxes on property and indirect taxes. In the following section we introduce most relevant taxes for urban renewal.

Taxes on Income
Personal income tax applies to an individual’s income. There are six categories of income: income of employment, pensions and other recipes, income from private business and professional activity, income from agriculture, income from property rights and capital gains. The taxable income of an individual in a calendar year is aggregated and the total amount is taxed at progressive rates. There are six brackets with rates of 17%, 35%, 37%, 40%, 45% and 50%. Personal allowances taken into account when making assessment of the amount of tax to be paid, compulsory social security contributions are deducted along with general income allowance. The costs of house acquisition, not necessarily only the costs of finance, along with some other expenses are eligible for the 3% general income tax allowance. Advance tax payments during the tax period are deductible from the final tax liability and any difference is collected on the receipt of an assessment by the Tax authority. The rate of advance payment on income earned under contracts for temporary work or for the performance of services, income from property (due to favourable allowances only 40 percent of rental income from furnished apartments and 60% of rental income from unfurnished dwellings is taxable) and income from property rights is 25%. The rate on advance payment on capital gains is 30 percent. Owner-occupiers are exempt from capital gains tax on the sale of dwellings as long as they have owned them for at least three years.
Corporate income tax is levied on the taxable profit of private companies at a rate of 25%. Depreciation allowances are quite favourable on buildings (5%) and machinery and equipment (25%). A general incentives applies regardless of the scale of operation, i.e. a deduction from the tax base of 25% of investment in all assets (except passenger cars) and additional 15% of the investment in tangible and intangible assets in the year of investment and an allowance for 10% of profits places in tax free into investment reserve.

Direct taxes on Property

Inheritance and gift tax is paid by the receipt. It is levied on the inherited property or gifts at market value. Progressive tax rates apply which depend on the relationship with the testamentary in the case of inheritance and with the donor in the case pf gifts. Exemption applies to direct descendants and spouses, to farmers on land and to other special groups.

Property tax is tax on urban dwellings (buildings, parts of buildings, apartments, garages), summerhouses and boats. The tax is levied at different rates depending on the value of the urban premises (0,1%-1%), summerhouses (0,2%-1,5%) or the length of boat. The taxpayer is an individual who is actual or beneficial owner. Exemptions apply to buildings of less than 160 square meters and to certain types of building: buildings used for agriculture and industry purposes, cultural monuments and small craft. In addition there is a temporary exemption for ten years to taxpayers who own a newly constructed buildings.

Compensation for use of building land (subtype of property tax) is levied on the undeveloped and developed land in urban areas with spatial residential plan and in other areas supplied with water and electric grid. Area where compensation is paid, is defined by municipality. The tax is charged regarding the supplement of land with communal and other infrastructure, geographical position, proper use of building land, special benefits considering earning an income in business activities and other criteria. Compensation has to be paid by direct user of the land, building or part of the building. Several exemption apply: land in use of national defence, land in use of foreign diplomatic services and international organisations, land in use of religious organisations and for low income land-owners.

Government plans a reform of the property tax system in 2005. Mass appraisal-based taxation will replace the current administrative system of tax-base estimation, and two existing subtypes of property taxes will be combined into a single tax.
Indirect taxes

Value added tax is general consumption tax. There are two VAT rates: a standard rate of 20% and reduced rate of 8.5%. The reduced rate applies for foodstuffs, pharmaceutical products, books, newspapers, housing (also repair and maintenance) and some other consumption goods.

Immovable property transfer tax is levied on the amount of the transaction at the rate of 2% if VAT on such transactions has not been levied. Tax is payable by the seller if not agreed otherwise. There are exemptions for certain type of property (i.e. transfers to diplomatic missions, international organisations, transfer of agricultural land).

Legal framework for the reurbanisation of the inner city of Ljubljana

In general, for inner city reurbanisation issues, the legal framework of relevance concerns mainly property legislation, housing and urban planning legislation, as their national, regional and city specifics determine to a great extent the functioning of urban housing and other real property markets as possible sources and solutions of reurbanisation problems. For Ljubljana, there is no regional legislation to consider, as there are no provinces in Slovenia, although concerning size, the whole country of Slovenia is comparable to a province or region of other European countries involved in the RUM project.

Slovenia as a EU country has in general property and other legislation harmonised with EU rules. In accordance with Slovenian accession to the EU in 2004, the basic civil law acts Stvarnopravni zakonik (property law) and Zakon o obligacijskih razmerjih (law on civil obligations, determining trade and transaction rules) were both recently updated, as well as housing, planning and almost all other legislation of relevance. The whole of national legislation conformed to the market economy already in 1991, with the independence of Slovenia, new constitution and transition to democracy, so the updates were relatively minor. Still, frequent legislation changes present for a small country an enormous administrative burden, with the consequence, that the subordinate implementation legislation and its translation into the practise of government and municipal administrations and the courts takes time and depends on inadequate resources. The result is a permanent transition and semi-legal environment with huge courts and administrative backlogs and business uncertainty inhibiting market transactions. It is consistent with the low rankings for Slovenia in international comparison of governance indicators. So, to summarize, legislation is OK, but its implementation is inadequate.
Concerning the legal environment for real estate transactions in Slovenia, there are also many specific legal acts to take into account, all of them recently introduced or changed, in particular laws on real estate brokerage, on land registry and on public notaries. Of particular relevance for the Ljubljana inner city property market are also two somewhat older national laws, one on restitution and the other on the protection of (cultural) heritage. The cumulative impact of all this and other legislation on the workings of Ljubljana inner city property market reveals following specifics.

The real estate market in Ljubljana is the most dynamic in Slovenia. This is especially true for the wider agglomeration area, but also the inner city exhibits relative dynamics. But it is especially strongly hindered by legal problems, otherwise gentrification, suburbanisation and other market processes would be much quicker. The fact is, that Ljubljana inner city housing stock is composed mostly of multi dwelling and multi owner older buildings, many under cultural heritage protection and still subject to restitution administrative and legal processes.

The restitution in kind, that Slovenia chose, resulted in several negative consequences. Restituted landlords complain, that they are forced to continue renting to previously residing non profit tenants. The tenants complain that they were disadvantaged compared to other tenants of previously public housing, that were allowed to buy flats they occupied, for a low price. The evicted shopkeepers who previously renovated and rented premises in now restituted buildings complain about their investment. The result are lengthy administrative and legal processes and until they are settled, the buildings can not be sold or renovated.

Although, mainly because of restitution, there is a smaller share of owner occupiers in Ljubljana inner city than in Slovenia and Ljubljana, it is with some 70 % still the dominant form of tenure in the inner city. They are also hindered in the market disposal of their property in several respects. Ownership of individual dwellings in multi dwelling buildings is mostly not yet legally recognised in the land registry, as the registration requires floor plans, chain of originals of transaction documents, contracts about use of common areas and other documents not necessary or existing previously. It is therefore difficult to sell such a dwelling or mortgage it to obtain a renovation loan. In addition, real estate deals have to be checked by lawyers and public notaries for possible conflict with a multitude of other, fairly non transparent legislation, ranging from pre-emption rights of municipality to heritage protection.

The brokerage assistance is hindered by the fact, that there is as yet no publicly accessible database of transaction prices, so the market is rather nontransparent. To summarize transaction costs in Slovenian real estate market are high, the market is therefore relatively less developed.
and can not operate effectively. The result is relatively static population and little renovation, not because of choice, but because of lack of viable alternatives.

Tenants and landlords of dwellings, as well as owner occupiers, are also strongly influenced by the Housing law, recently updated. Especially remarkable feature of this law, from the point of renovation of buildings, is the 29. article, which requires consensus of all owners an all investment decisions, which go beyond simple maintenance. Renovation decisions in this situation are very difficult to achieve, concerning the multitude of owners in buildings, resulting from the former housing law of 1991, establishing privatisation of public housing. Of interest is also a provision in the housing law, that the change of use of a dwelling to an office is subject to permit from a municipal administration. In principle, it could be an effective instrument preventing excessive change of use of dwellings and preserving residents in the inner city. Unfortunately in Ljubljana, the change of use from dwellings to offices is difficult to monitor, as changes are often not reported and the policy concerning permits was liberal, trying to foster entrepreneurship. Luckily, the market forces driven by gentrification (rich people replacing the poor) are beginning to turn the tide at least in one case area (Old Ljubljana), where a dwelling has already a higher market value then an office, while in the rest of the inner city, "cityisation" (replacement of residents by offices) still presents a formidable threat to reurbanisation.

This brings us to the legal environment for office and retail properties. They are generally regulated by the older Law on business properties. In addition, crafts, retail and bars and restaurants have to conform to branch specific legislation concerning health, safety and other building standards. Opening hours could in principle be regulated by a municipality, but in Ljubljana they are not regulated. In spite of this possibility, traditionally shops in inner city remain closed Saturday afternoons and Sundays, in contrast to their competition, shopping centres in the suburbs.

Office premises are practically not regulated, at least not directly. Contributing to the decline of the inner city as the place to live is an overabundance of central government offices as Ljubljana is the only capital city of the RUM project cities. Offices are, in our opinion wrongly, exempted by the national level decision from the municipal tax, called compensation for the use of urban land, and so do not fully cover the municipal costs of congestion and traffic, which they cause during working hours, and the cost to the municipality of empty, dead streets in the evenings and on weekends. By including these costs in the central government budget, it would appear more sensible to locate these ministries in the suburbs.
Both urban planning and development programming legislation are in Slovenia set up hierarchically both from top down and from general guidelines to detailed plans. The drawbacks of this fairly logical structure are that lower and more detailed levels have to wait for more general documents to be adopted and that the parallel regional (mostly economic) planning process is not well integrated with the urban (mainly physical) planning. At present, a draft strategy of general development of Slovenia within EU is circulated, and recent strategic documents are in force for the national level both for regional and for spatial development. An update of the regional development programming law was prepared, but not accepted, while new urban planning and building laws were passed last year. On the regional level of interest for Ljubljana, a regional development program for the wider Central Slovenia region focusing on Ljubljana has recently been adopted while spatial guidelines for this region that would take into account all recent legislation changes at the national level plus this regional programming document still formally need to be prepared.

But meanwhile and recently, Strategy for sustainable development of Ljubljana was adopted which is in its contents, if not formally, very much in line with the thinking and trends of other mentioned documents. Although mainly intended as urban planning framework for Ljubljana municipality, it includes also economic development aspects and considers also wider regional setting. So it is important document for the reurbanisation of inner city and therefore in the following we shall analyse it from this aspect. But it is important to notice that the present detailed urban plan for Ljubljana is still old and that new more detailed urban planning documents for Ljubljana still need to be prepared.

Ljubljana strategy deals with the reurbanisation of inner city first in project 4.2.4: Economic regeneration of the inner city. This project includes seven tasks:

- Measures for better retail offer (for example through rent policy, tax measures, baying of retail premises, opening hours policy)
- Identification of measures to promote retail to be taken by central government (taxes, opening hours, investment promotion)
- Defining retail offer, suitable for city centre
- Development of information system to help entrepreneurs
- Promotion actions for city centre
- Suitable management of city centre with constant monitoring and development of activities
- Identification of traffic solutions for the city centre
It is obvious that the tasks are very general and leave enough room for more concrete proposals and suggestions from the RUM project.

Other ideas for the inner city can be found in other projects of this strategy. To signal the most important, in project 4.5.1. Renewal and rehabilitation of degraded urban areas (by them it is meant former railway, industrial, warehouse and military areas, that need to be converted to new uses) it is proposed that these areas are identified, financial and organisational models for public-private partnerships be prepared for them, international tenders for development of these areas are then to be prepared and a city agency is to be set up to deal with these projects.

We have to point out though, that degraded urban areas of this type and size can hardly be found in the case areas that we studied in depth and are not common in the inner city, except for the area of the railway station bordering the city centre, where a big renewal project is already on the drawing board.

**Governance framework and Governance Map for the reurbanisation of the inner city of Ljubljana**

The map overleaf reflects the public policy and private actor/organisation interactions for urban governance-based upon the reputational and decisional methodology. Not only are the governing structures which most impact directly upon reurbanisation potentials incorporated but the comments, ideas and suggestions of interviewees are subsumed also. This is a static map and subject to regular change given the ebb and flow of actor-institutional sentiment. Nevertheless the map provides an indication as to the levels of influence and of central and peripheral players in the coming reurbanisation of inner Ljubljana.
• Supra National Context/ National Context
To understand the national context of governance in the city of Ljubljana, we shall start by explaining low rankings for Slovenia in international comparisons of governance in the general chapter on governance. Responsible democratic government in Slovenia lacks tradition, as before independence of 1991 Slovenia only had a regional government in a communist state of Yugoslavia. Even if this state practised a sort of market communism and Slovenia was one its federal units, it lacked capabilities of performing central government functions, especially in the context of true market economy. After independence these functions were assumed by Slovenia and located in Ljubljana. Slovenia received some administrative technical help from EU. Still, government in Slovenia has to cope with the inescapable fact that it has to perform similar central government functions and offer similar public services of national importance like other EU countries, most of which are much bigger and financially stronger. While it can be said that Slovenian laws and institutions are formally harmonised with EU, their administrative and legal implementation is deficient due to limited resources, permanent legal changes and lack of civil service tradition of the necessary kind.

• Regional Context
Slovenia is also fairly special as regards intergovernmental relations. It is one of the few EU countries without an intermediate level of government, or provinces. Although it is broadly acknowledged that some public services would be better performed at the intermediate level between the central government and almost 200 municipalities, so far it was politically impossible to agree on the regionalisation of Slovenia. For Ljubljana it has negative consequences as especially public transport is in need of regional organisation. Ljubljana experienced also negative consequences of new territorial division of municipalities. While it is much better that the city is, since Slovenian independence, a single municipality, the governance of public utilities is still unwieldy shared with other municipalities. As most municipalities are small, municipalities are not allowed to perform many functions. For Ljubljana as the biggest municipality it is not the best solution. For example, it is one of the rare EU cities which are not allowed to issue its own building permits.
Municipal and CSA context

Turning to municipal level we shall first describe the institutional setup of the governance of Ljubljana before turning attention to its problems, especially those impacting reurbanisation. The city is run by the elected city council and the mayor, which also chairs the council and comes from the party which won local elections. The city has at present a liberal-socialist coalition government, similar to the one at the national level. City administration is subordinate to the major and divided into departments. It mainly performs social services, where it is bound by national standards, but is discretionary power comes from municipal real estate and from its influence on the use of private properties within city boundaries. City utilities are run as a business holding, separate from the administration and with about similar budget. The subdivision of the city does practically not exist, 17 district authorities formally exist but have no money or power, and they are just consultative bodies. The city governance can be described as one of traditional kind, definitely not as new liberal.

Turning to the municipal governance problems, the present government is under attack of doing little, in contrast to the previous, which engaged in some dubious business deals, which are now under review. The traditional bureaucratic hierarchical setup of city administration prevents it from addressing effectively multi departmental projects like reurbanisation or projects which require public private partnership. Such partnerships are viewed by public as inherently suspicious, as ways of turning public money into private hands and to be avoided in the general national governance and legal environment of limited accountability and transparency. As obtaining financing from EU structural funds and effectively tackling city problems critically depends on these issues, we can expect progress in this direction in the future.
## EXISTING INSTRUMENTS IN LJUBLJANA

### PRESENT POTENTIAL INSTRUMENTS FOR REURBANISATION OF THE INNER CITY OF LJUBLJANA

Table Thirty: Instruments in Slovenia

<table>
<thead>
<tr>
<th>Sphere of activity</th>
<th>Problems</th>
<th>Instruments</th>
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<tbody>
<tr>
<td>TRAFFIC</td>
<td>high traffic burden from private cars; city public transport; price of public traffic; parking spots; accessibility to the inner city; daily migration to work;</td>
<td>City public transport; Parking spots; Budgetary outlays for traffic infrastructure</td>
</tr>
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<td></td>
<td>pollution of air because of high traffic; managing city surfaces; rents; garbage; systems for protecting water resources; pressures on urbanization of suburban area; city is emptying; spatial planning; differences in price and standard of communal services between the inner city and suburban area</td>
<td>Parking spots</td>
</tr>
<tr>
<td>SHOPS, HOTEL, TRADE</td>
<td>closure of premises and wild transformation of their contents; high</td>
<td>Action “My shop”</td>
</tr>
<tr>
<td>Sphere of activity</td>
<td>Problems</td>
<td>Instruments</td>
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<tr>
<td><strong>ECONOMY</strong></td>
<td>Decaying of some historical and connecting companies into basic, less profitable activities; clusters and networks quality of services; supply of lands Budgetary outlays for business promotion equipped with communal infrastructure in inner city; long-term procedures of acquiring lands and supplying with communal infrastructure; no business centres; bad flow of information; lack of cooperation among organisations that deal with business, technological development</td>
<td></td>
</tr>
<tr>
<td><strong>TOURISM</strong></td>
<td>Bad promotion of Ljubljana outwards; Marketing of inner city; sightseeing congress and business tourism; commercial activities (sale of guides, souvenirs); information tourist centre (access to internet) Budgetary outlays for tourism infrastructure</td>
<td></td>
</tr>
<tr>
<td><strong>BUILDING HERITAGE</strong></td>
<td>Non-maintenance of building heritage; unsuitable intervention into building Co-financing building facades advantageous</td>
<td></td>
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</tbody>
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Specifics of selected instruments:

**TRAFFIC**

*Improving the quality of city public transport*

Since 1\textsuperscript{st} of October the company Ljubljana passenger traffic has 19 new buses, which are by quality among the best in their rolling stock. They assure better accessibility for different users and higher comfort during the drive. The drive with new buses is calmer and safer. All new buses have air conditioning, special safety device, which prevents the drive with open doors. New buses are completely without stairs so the access is friendlier for different users; for example invalids, mothers with children etc. New buses have soft-seated chairs, safety seatbelts and information board where the name of the place to which a bus is approaching is displayed. Buses are environmentally friendly and make less noise. If the public transport is comfortable and cheap, there will be more people to use it.

**Parking spots**

Department of public sector economies and traffic of Municipal of Ljubljana gives preferences to citizens of Ljubljana in a way that allows them to »hire« their own parking spot. The main criteria are that citizens of Ljubljana have permanent living in Ljubljana. To obtain a special licence each citizen (complying with the criteria) has to submit personal documents and tax number to the above mentioned Department. There are two types of licences: one is time-limited, reserved for pedestrian zones and another is short-time parking. The first one can also be used by others, but only for one hour with special parking ticket. For
citizens of Ljubljana this type of licence costs 10,000 SIT per year. The second type of licence costs 25,000 SIT per year and can be used only by citizens of Ljubljana. The submitting licence factor is positive in Ljubljana (ratio is approximately 1:8 in favour of parking spots). Each household can obtain only one parking spot.

Others who come to Ljubljana can park their cars in parking places, which are divided into 4 different tariff classes.

**Budgetary outlays for traffic infrastructure**

Subventions to Public Transport Company Ljubljana (LPP) are necessary in order to improve the use of public transport in city centre. The Public Transport Company Ljubljana operates on 21 lines, they provide a relatively high quality and standard of transportation, they cover 93% of the city with line networks and on top of that the smallest distance for passenger to bus station is 500 m. The Company have to reach that quality level, which would enable to make public transport more interesting and more widely used. For this they have to take actions: e.g. changes of timetable (frequency); develop new lines to connect other parts of the city; modernisation etc. Public transport is also important from the point of ecology and safety. Buses pollute less, there is less noise pollution, they need less energy and they cause fewer accidents than cars.

**SPACE AND ENVIRONMENT**

*Parking spots*

See traffic

*Rents*

In defining the characteristics of rented sector we have to take into consideration the following types of rented dwellings: non-profit, official and profit rented dwellings.

Non-profit rent is formed on a cost base and defined at 4,68% from administrative value of dwelling. In most big cities non-profit rent is unable to cover all the costs because of its unreal defined base. Non-profit rented dwellings, which are obliged to account non-profit rent, are typically in the ownership of housing associations, local community or denationalization claimants. The right to repurchase former social dwellings could not be realized by tenants of
social dwelling, but on the other hand they gained the right to make a lease contract for an indefinite time on a non-profit rent basis. Such dwellings often represent bottleneck in the renewal, because rents are low and in addition this buildings are old and usually located in the city centre.

Another category is official and profit rented dwellings. Official dwellings are those, which are leased to employees by their employers. Both types of dwellings have market based rent. The only safety fuse in the law is (Housing Act) that rents should not be usurious (50% higher from the rent for comparative dwelling at comparative location).

**SHOPS, HOTEL TRADE**

**Action »My shop«**

In spite of complaints about closure of premises and their wild transformation of contents, untidiness and lack of diversity in shop supply has Municipal Department for business promotion and tourism started an action, called »My shop«.

Municipal Department for business promotion and tourism has been organising the above mentioned action since 1996. The main aim of this action is to encourage city centre retailers to improve the diversity of their supply, to attract customers with innovative shop-windows and in overall to keep a nice and tidy shop. City centre shops should regain attractiveness to develop competitive advantages towards big shopping centres in the suburbs.

A special committee evaluates shops twice a year. They come to a certain shop as a regular customer, because this is the best way to evaluate a retailers' approach. To exclude random factor, each member of a committee comes to a certain shop at different days and evaluates how retailer is acting in reality, without knowing that somebody is actually there and that watches him/her.

**ECONOMY**

**Connecting companies into clusters and networks**

There is an evidence of public competition for encouraging the companies to connect into networks. The City municipality of Ljubljana is going to co-finance the legitimate costs for preparing and implementing common programmes for connecting companies into networks.
Legitimate costs are:

♦ Advising for preparing common programmes to connect small companies in the amount of maximum 50% of the costs of advising.
♦ Advising and expanding specific knowledge for the needs of implementing common programmes in the amount of maximum 50% of the costs of advising and expanding knowledge.
♦ Special recruiting of entrepreneurs and employees for preparing and implementing common programmes in the amount of maximum 45% of the costs of recruiting.
♦ Promotion of products and services at specific fair or exhibition in the amount of maximum 50% of the costs of promotion.

Companies who candidate at this public competition have to have their headquarters in City municipality of Ljubljana, less than 50 of employees and annual turnover less than 7 million EUR.

City municipality of Ljubljana will promote networks of companies who will contribute in developing the whole tourist offer.

Budgetary outlays for business promotion

Promotion of small and medium enterprises (SME) should be considered important and vital part in increasing economic growth. Not only SME present a competitive advantage for a city (country), but they also generate new working places. Ljubljana should take advantages of its potentials (high rate of services, human capital, location, supportive environment) and direct entrepreneurship into development, production and marketing goods, technologies that include high knowledge value added. The main aims are: to establish effective connections among business subjects; to revitalise city centre and increase quality of services; to develop business infrastructure and establish a centre to help entrepreneurs; to decrease unemployment; to encourage innovation and to get support from European structural funds. With help of budgetary expenditures Ljubljana should strengthen its managerial, organizational and technical capability.
TOURISM

Ljubljana tourist card

The tourism offer of Ljubljana, the capital of Slovenia, has been enriched by an important novelty, the so called LJUBLJANA CARD, which offers visitors to Ljubljana numerous privileges, such as free or discount tickets to a large number of museums and galleries, free travel on city buses, free admission to fairs, lower prices of sightseeing tours and souvenirs, discounts on accommodation fees at a number of hotels, discounts on taxi fares and car rental rates, discounts on restaurant, night club and bar bills, shopping discounts, and many other privileges. The card, which is valid for 3 days (72 hours) from the time of purchase, is priced at 3.000 tolers (app. 13 euros).

The LJUBLJANA CARD privileges are granted by a network of 70 establishments offering tourist or tourism-related services and products. Their offer is presented in the Ljubljana Card presentation catalogue, which provides vital information about the establishments and the privileges granted to Ljubljana Card holders on presenting the card.

LJUBLJANA CARD can be purchased from 13 selling places in Ljubljana including the Tourist Information Centres located in the Stritarjeva street and at Ljubljana Railway Station, the Slovenian Tourist Information Centre in the Krekov square, Grand Hotel Union, Hotel Astral, Hostel Celica, Park Hotel, the ticket office of the LPP city bus company, City Tourist Hotel, Hotel Lev, M Hotel, the Tour As company and the Rumeni taxi (Yellow Taxi) network.

Budgetary outlays for tourism infrastructure

Tourism promotion and marketing is also very important part for revitalising city centre. City municipality of Ljubljana gives a certain amount of money from the budget for these activities. In building tourism infrastructure Ljubljana is trying very hard in a way of different projects and activities. One aim is to attract foreign tourists and to broaden the diversity of supply. Among these projects they have established an info-centre, where tourists can get different information, they have access to the internet, they sell souvenirs, they advise where to go etc. They are also trying to set a tourist info boards on a certain important locations, to establish cyber points. Among other activities they want local citizens to get involved into a
whole tourist supply; they take care for nice and clean environment and want to bring
»happening« into the city centre.

BUILDING HERITAGE

Renovation of building facades and roofs

In the year 2003 and 2004 as in previous years City municipality of Ljubljana has announced a
public competition for co-funding of renovation of building facades and roofs. This public
competition is part of an action called »Ljubljana – my city«. City municipality of Ljubljana
earmarked the funds from city budget.

Renovation of building facades and roofs will be co-financed in the following amounts:

♦ 25% of value of contractual work for buildings, which will be chosen according to the
general criterion (such as: significance of an object within sight of cultural heritage, situation
of an object in area, which is partly settled, significance of an object within sight of economic
activity, state of building, past participation on public competition in the programme
»Ljubljana – my city«).
♦ 33% of value of contractual work for buildings on areas, which have been declared for
cultural monument (for example old city core) and for buildings for which Institution for
cultural heritage has suggested promulgation for architectural monument.
♦ 50% of value of contractual work for buildings, which have been promulgated for
architectural monument.

RESIDENCE

Compensation for use of building land

Compensation for use of unbuilt building land is paid from area of unbuilt building land,
which is by spatial realization plan defined for construction or for which competent agency
has passed local permission. Compensation is also paid from residential and business land
area in cities, in settlements with civic character, in areas which are defined for residential or
any other complex construction, in areas, where spatial residential plan is accepted and in
every other area which is supplied with water and electric grid.
Area, where compensation is paid, is defined by municipality. Into consideration is taken supplement of building land with communal and other devices, chances for installation, geographical position, proper use of building land, special benefits considering earning an income in business activities. Compensation has to be paid by direct user of land, building or part of building.

**Exemptions from paying compensation:**

♦ Piece of land that is in use for needs of total national defence.
♦ Piece of land that is in use for foreign diplomatic and consular mission.
♦ Piece of land that is in use for international and interstate organisations.
♦ Buildings that are in use for religious communities and their activities.
♦ Members of a community with lower incomes.

**Tax on immovable’s**

New tax on immovables will substitute tax on property and compensation for use of building land. In best circumstances it will be implemented in 2005.

**Changes:**

♦ First 160 m² will be included (so far they were exempted).
♦ Evaluation of immovables will be introduced, where the base for tax will be market price.
♦ Change and differentiation of tax rate in range of 0,3 – 1%, the same is in EU.
♦ Municipalities will get higher competences.

**Strengths:**

♦ Compensation is important financial source for municipality.
♦ Compensation for use of building land is defined by municipal council.
♦ All immovable’s, from apartments, business premises, holiday houses, woods etc., will be taxed. Exemption will be immovable’s that have status of »public good«.
♦ Tax on immovable’s should be paid from the value of immovable’s (that represents assessment) which is, concerning other options, the best suitable assessment.
♦ Tax on immovable’s will be paid once a year, there will be proportional tax scale.
Weaknesses:

♦ Incomplete evidences about immovable’s.
♦ Lack of institution which would be competent to economize with land.
♦ Possible are disagreements between taxpayers and administration of taxes concerning the height of assessment.
♦ Due to inflation, public orders, market changes etc. the assessment will have to be changed according to the above mentioned changes.
♦ Because market value of immovable’s is different in different places, therefore the taxes will be different as well.
♦ The situation is in some way contradictory, because this tax will punish those who save and build and award those who spend incomes.

Communal contribution

Until the end of a year 2002 communal contribution was statutorily defined in the »Act of building lands«. The new act has come into force on the 1st of January 2003, named the »Act of space regulation«. In the following act communal contribution is defined as a payment for part of the costs which are intended for supplying the land with local communal infrastructure. Communal contribution is financial source for municipality, paid by taxpayers.

Communal contribution is defined on the base of a supplement programme, according to the rate of supplement of the land with communal infrastructure and capacity of communal infrastructure in inhabited areas. Municipality guarantees taxpayers that with the payment of communal contribution they have the right to connect to local communal infrastructure.

Comparison between the Act of building lands and the Act of space regulation

♦ The concept of communal contribution is practically unchanged; taxpayer pays part of the costs for supplying the land, that costs are in a competence of a municipality.

♦ In both acts communal contribution is defined on the base of a supplement programme and on the rate of supplement of the land with communal infrastructure. Novelty is that taxpayer has the right to connect to local communal infrastructure.
The Act of space regulation defines the right to make a contract between the taxpayer and municipality about common obligations regarding connecting an object to local communal infrastructure.

**Problems concerning communal contribution**

- Unsuitable legal base, which is old and on top of that illegitimate.

- Bad evidences about communal devices, especially underground devices (questions about physical existence of certain device, use and property of certain device).

- Possible danger of double charging the communal contribution; when investor changes the purpose of an object for example from residential to business object and has paid the communal contribution the first time.

- Dispersed construction, question of control.
LJUBLJANA: CONCLUDING REMARKS

The main issues for Ljubljana- as considered by it inhabitants and the professionals, commercial people who are working there- are summed up by the following quotes from interviewees:

"The problem is that we don’t have enough parking spaces and that we don’t know to walk anymore. But this system, traffic system, in Ljubljana is really bad and we must, not just in old part of Ljubljana, we must reorganise this”

"We have increasing residential prices, while the prices for business are quite normal. So we have, somehow a gap between the trend, between the trend of the prices on the business and the trend of the prices of residential. If something very negative would happen to that real estate market then everything would collapse. Especially now the project of the new train station where they are talking about 130,000 square meters of multi purpose use “.

"I am not so quite good in this urban planning but still I have a problem because I don’t understand how they determine applications in Ljubljana and how they calculate the permitted floor space areas and the number of allowable floors. They will discuss this in several official and unofficial meetings and I am little bit confused. Because this 'floor index' can change from one to three or even four, according to the discussions in these meetings/ who was there and which municipal planning official you are dealing with. (You never get a consistent answer from the municipality)”.

"The main problem is varied ownership- so there are many owners in one building. The institution for social services is investigating and even after ten years haven’t reached a conclusion- its still being decided in the courts”

"For any renovation to take place in a building there has to be 100 per cent agreement of all the owners which can be a huge problem because you never get 100 per cent of people to agree on anything"

"The main problem in centre of Ljubljana, I believe that we need some great brand name, I don’t know, some great store which will come in centre of Ljubljana that will attract the other customers back into the centre from the outer malls. I mean build a shopping centre in the centre of Ljubljana, 2,000 square metres and so on with full parking places. This is what we need.”

"Government owns a lot of buildings in central Ljubljana: they should give some very, very cheaply, for renting. They have, I’m sure, about 300 square meters in Ljubljana … great places … and there, there is nobody in them”
We had a serious conversation with a few major brand names from Austria and Germany: their policy is to be in the centre of Ljubljana. But after they saw what really the position in central Ljubljana, they located in the suburban malls instead”

"I think the biggest challenge is the revitalisation of the city, especially of the city centre and this means to use all the vacant and empty sites we have around the centre here. You probably noticed as you entered Ljubljana, you very soon reach the outskirts and I think the challenge of Ljubljana is to build-up these surrounding areas to extend the city centre"

"If people come to Ljubljana they should be able to come easy and park the car. We cannot make people go with the bike like some person says, 'Go with the bike' and you can park anywhere. Then they will come with the car- as in Germany and in Austria where you come with the car into the centre and you have four thousand left and two thousand right parking spaces everywhere"

"Well, I’m sure that, nobody in Ljubljana knows exactly how many residential/ commercial units there are in the old part of Ljubljana. Who are the owners? And well, here we have mess. The second problem is expensive location, rents are too high. The third problem is the traffic system. Well, we have a lot of cars parking in, on the streets in part, in old part of Ljubljana”.

"But I think unfortunately we don’t have a lot of people in Government with common sense (laughs) so that’s the main problem”. There should be an initiative and there’s none. You know, I am saying there should a Mayor with a vision and political will (to make the necessary changes rather than being cautious)".

Pulling together all of the information above a set of criteria is developed which leads to a forecast of the likely format of the reurbanisation instruments to be propped in January.
<table>
<thead>
<tr>
<th><strong>Table Thirty One: CONTEXT AND ISSUES TABLE FOR LJUBLJANA</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CITY TYPE</strong></td>
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<tr>
<td>• Successful</td>
</tr>
<tr>
<td>• Transition</td>
</tr>
<tr>
<td><strong>PLANNING TYPE</strong></td>
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<td>• East European- gravitating towards Napoleonic/ Germanic: However, it is yet to become clear which West European type it will finally settle for</td>
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<td><strong>GOVERNANCE TYPE</strong></td>
</tr>
<tr>
<td>• Clientelist</td>
</tr>
<tr>
<td><strong>NATIONAL ECONOMIC CONTEXT</strong></td>
</tr>
<tr>
<td>Good-Average- good standard of living. Enjoys a GDP per capita substantially higher than that of the other transitioning economies of Central Europe (maintained 3% in 2001-2003 period despite concomitant continental recession). The budget deficit dropped from 3.0% of GDP in 2002 to 1.9% in 2003.</td>
</tr>
<tr>
<td><strong>MUNICIPAL FISCAL PROSPECTS</strong></td>
</tr>
<tr>
<td>Medium- no crisis but not vast amounts available for investment either</td>
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<td><strong>CITY-WIDE ISSUES TO ADDRESS</strong></td>
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<td>• Parking and road system overstretched and will not assist future economic development;</td>
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<td>• Not capitalising as yet fully on Tourism potential</td>
</tr>
<tr>
<td><strong>CASE STUDY AREA ISSUES TO ADDRESS</strong></td>
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<td>• Loss of retailing capacity</td>
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<td>• Management of Tourism</td>
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<td>LIKELY FOCUS OF REURBANISATION INSTRUMENTS</td>
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<td>• Protect and Enhance the retail core of Ljubljana</td>
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<td>• Improve the road network</td>
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<td>• But, also, attempts to reduce reliance on car</td>
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<tr>
<td>• Manage any increase in city centre residential population that results from loss of commercial space</td>
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</table>
EU Fifth Framework Programme

Reurbanisation on the condition of demographic change

Work Package 5 – Economics, Law and Governance

THE ECONOMIC, LEGAL AND GOVERNANCE ASPECTS OF REURBANISATION

SECTION FOUR: PROPOSED INSTRUMENTS AND CONCLUDING REMARKS
12. PROPOSED INSTRUMENTS

This chapter (and chapter 13) summarises all the contextual, conceptual, primary and secondary information collected and analysed for/about each case study city. In doing so that work and research provided work package five with a set of proposed instruments for each of the four case study city’s (the final of the two work package deliverables). These are detailed at the end of each city summary. The full detailed description of each instrument (with exemplars) is contained in the appendix. Finally, we make some concluding remarks.

PROPOSED INSTRUMENTS: BOLOGNA

This Work Package 5 note, and its associated materials, seeks to propose “suggested instruments” to Work Package 7 (toolbox) of the Reurban Mobil project. The instruments are related to the WP5 remit ‘Economics, law and Governance’ and are based upon the data collection and analysis of 2003-2005 work programme.

Key Issues Identified in Bologna Interim Report

The Bologna city-region (and province) is a major economic area for Italy with a population of about one million inhabitants. Bologna has one of the largest historic city centres in Europe and this is a major pull factor in encouraging both visitors and emigrants. A complex layer of governmental levels operates and increasing strain is being placed on the Bologna local level. The concomitant pressure on the "capacity to act" will be one of the issues that impacts upon any successful approach to reurbanisation. The local level has powers for town planning (often called 'urbanism') but the provincial level retains the strategic 'spatial' planning power and the major impetus to local economic development. The municipality must cooperate with the province on these planning and economic (urban policy) matters if Reurbanisation is to proceed.

The main issues for Bologna (and the two case study areas) - as considered by it inhabitants and the professionals, commercial people who are working there- are described by the selected quotes from interviewees contained in the appendix.
These quotes (and our associated research) can be summarised into five key issues:

1. **Linking neighbourhoods inwards into city centre and outwards to trade centre**
   i.e. locking neighbourhoods into city economy more effectively

2. **Housing- affordability of private and quality**

3. **Traffic Issues- Congestion on roads/ Lack of parking spaces for residents**

4. **Need to manage green spaces better**

5. **Issues regarding interaction/ cohesion between different communities**

Pulling together all of the primary and secondary information we collected it produced a set of criteria (overleaf) leading to a forecast of the likely format of the (WP5) reurbanisation instruments required.

The proposed instruments are based on these criteria and are formulated under the following two ‘instrument headings’:

1) **Economics/ Local Economic Policy**- drawing in financial/ economic development/ private sector involvement and business support and enterprise generation options;

2) **Law and Governance**; drawing in all legal aspects particularly property and planning law/ community, partnership, environmental and institutional capacity options.

### Bologna: criteria for WP5 Instrument suggestions

<table>
<thead>
<tr>
<th>CITY TYPE</th>
<th>• Post- Industrial</th>
<th>• Successful</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLANNING TYPE</td>
<td>• Napoleonic</td>
<td></td>
</tr>
<tr>
<td>GOVERNANCE TYPE</td>
<td>• Pluralist</td>
<td></td>
</tr>
<tr>
<td>NATIONAL ECONOMIC CONTEXT</td>
<td>• Good: Structurally the Italian economy remains divided between North and South: where Bologna is located the pattern is a developed industrial/ post industrial (hi tech) base dominated by private</td>
<td></td>
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</tbody>
</table>
companies. The current government has enacted numerous short-term Neoliberal reforms aimed at improving competitiveness and long-term growth.

<table>
<thead>
<tr>
<th>MUNICIPAL FISCAL PROSPECTS</th>
<th>• <strong>Poor-Medium</strong>: As stated devolution reforms have left Bologna with greater competencies BUT less money. Needs to incorporate other public/semi public funds as well as encouraging private sector contributions/involvement</th>
</tr>
</thead>
</table>
| CITY-WIDE ISSUES TO ADDRESS | • the traffic and mobility system; public transport;  
• Proximity of the Trade Fair Centre and of the Airport contributes to air pollution.  
• Housing costs are high is very high;  
• Ageing population  
• However, Bologna is one of the richest cities in Italy. |
| CASE STUDY AREA ISSUES TO ADDRESS | • High presence of social housing with poor construction quality  
• Lack of parking spaces for residents- reduced economic mobility  
• Welfare dependency.  
• Problems for elderly to access/ egress their apartments  
• Lack of activities and facilities for younger population Poor public amenities |
| LIKELY FOCUS OF REURBANISATION INSTRUMENTS | • Improve accessibility and limit car use  
• Creating conditions which encourage re-use and investment in targeted areas of the city i.e. The big area of the old Market located in the west side of the CSA is now empty and it will be the ideal place to introduce new functions.  
• Managing the green/opens spaces more effectively.  
• Mechanisms to improve governance coordination and attract private funding for municipal activities |
Bologna Workshop: Key Reported Issues From WP5 Perspective

- Traffic/ Transportation Infrastructure/ Accessibility
- Management of green spaces
- Property Prices/ Affordability of Housing
- Service Provision to the young and elderly members of the community

List of Suggested Instruments to WP7 (In detail in Appendix)

1. **ECONOMICS/ LOCAL ECONOMIC POLICY**

   EC1 Private Sector Engagement Strategy
   EC2 Mapping and bending local public expenditure

2. **LAW/ GOVERNANCE**

   LG1 Reshaping local services to the CSA’s
   LG2 Resident Based Environmental Improvements
   LG3 Renewing and maintaining neighbourhood green spaces
   LG4 Local Race Equality Strategy
   LG5 Tackling Vacancies and Empty buildings
   LG6 Improving Traffic Flow
This section seeks to propose “suggested instruments” to Work Package 7 (toolbox) of the Reurban Mobil project. The instruments are related to the WP5 remit ‘Economics, law and Governance’ and are based upon the data collection and analysis of 2003-2005 work programme.

Key Issues Identified in Leipzig Interim Report

The city-region of Leipzig-Halle is economically underdeveloped compared to the German and also the EU average. The gross national product (GNP) per capita of the Free State of Saxony is not 70% of the West German average, and population loss, empty residential and commercial properties are widespread. On the contrary however, the Leipzig-Halle city region is among the most privileged urban regions in eastern Germany, having generous assets in terms of both infrastructure and human resources and is located in a beneficial position within the Central European transportation network. Therefore, the potential exists for public and private actors to address the issues of the city and the two case study areas.

The main issues for Leipzig (and the two case study areas) - as considered by it inhabitants and the professionals, commercial people who are working there- are described by the selected quotes from interviewees contained in the appendix.

These quotes can be summarised into five key issues:

1. Economy/ Jobs: Improve and increase;

2. Population: stop loss and increase;

3. Image: Improve image and marketing of the ‘place’;

4. Perceptions of crime;

5. Perceptions/ negative interactions with ‘non’ Germans.
Pulling together all of the primary and secondary information we collected it produced a set of criteria (overleaf) leading to a forecast of the likely format of the reurbanisation instruments required. The proposed instruments are based on these criteria and are formulated under the following two ‘instrument headings’:

1. Economics/ Local Economic Policy: drawing in financial/ economic development/ private sector involvement and business support and enterprise generation options;

2. Law and Governance: drawing in all legal aspects particularly property and planning law/ community, partnership, environmental and institutional capacity options.

**Leipzig: criteria for WP5 Instrument suggestions**

| CITY TYPE          | • Transitional  
|                   | • Emigrant  
|                   | • De-industrialised  |
| PLANNING TYPE     | • Germanic  |
| GOVERNANCE TYPE   | • Corporatist  |
| NATIONAL ECONOMIC CONTEXT | **Average-Poor**: Germany in recession; Agenda 2010 creating public discord; unemployment relatively greater than other parts of Germany and Europe |
| MUNICIPAL FISCAL PROSPECTS | **Medium-Poor**: local tax base unhealthy: urban project funding from others sources within/ without Germany |
| CITY-WIDE ISSUES TO ADDRESS | • Capital Investment  
|                       | • Employment  
|                       | • Retailing and commercial activity back to city  
|                       | • Wage and Benefit Costs  
|                       | • Business Confidence  |
| CASE STUDY AREA ISSUES TO ADDRESS | • De population  
<p>|                                    | • Unemployment  |</p>
<table>
<thead>
<tr>
<th>LIKELY FOCUS OF REURBANISATION INSTRUMENTS</th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Few facilities</td>
</tr>
<tr>
<td></td>
<td>Vacant sites and plots</td>
</tr>
<tr>
<td></td>
<td>Commercial activity departing/ Insufficient local economy</td>
</tr>
<tr>
<td></td>
<td>Unattractive housing stock</td>
</tr>
<tr>
<td></td>
<td>Incentives for Urban Redevelopment</td>
</tr>
<tr>
<td></td>
<td>Attraction of new Business</td>
</tr>
<tr>
<td></td>
<td>Incentives for Inward Investment- Promoting and developing city capabilities in order to improve the relative economic advantages and competitiveness the city offers.</td>
</tr>
<tr>
<td></td>
<td>Developing the city economy in the face of domestic and international competition along the new avenues created by structural economic changes.</td>
</tr>
<tr>
<td></td>
<td>More involvement of community, third sector and private sector in formulation and implementation of projects</td>
</tr>
<tr>
<td></td>
<td>Improving Environmental Quality</td>
</tr>
<tr>
<td></td>
<td>Capitalising on existing building stock where it makes sense to preserve it</td>
</tr>
</tbody>
</table>
Leipzig Workshop: Key Reported Issues from WP5 Perspective

- Improving Leipzig economy in the context of national/ regional German economic difficulties- community and private sector based policy solutions ('governance')
- Dealing with fiscal crisis of municipality for Urban/ environmental/ infrastructure expenditure/ projects - community and private sector based policy solutions ('governance')
- Dealing with Vacant sites and Buildings
- Dealing with negative perceptions of CSA's
- Dealing with inter-community problems

List of Suggested Instruments to WP7 (In detail in Appendix)

1. **ECONOMICS/ LOCAL ECONOMIC POLICY**

   EC1 Private Sector Engagement Strategy  
   EC2 Business Incubation  
   EC3 Business Mentoring  
   EC4 Job Brokerage  
   EC5 Micro Enterprise  
   EC6 Social Enterprise Zone  
   EC7 Time banking/ LETS  
   EC8 Mapping and bending local public expenditure

2. **LAW/ GOVERNANCE**

   LG1 Baselining Community Cohesion  
   LG2 Carrying out a Community Audit  
   LG3 Building Social Capital in the CSA's  
   LG4 Reshaping local services to the CSA's  
   LG5 Resident Based Environmental Improvements  
   LG6 Renewing and maintaining neighbourhood green spaces  
   LG7 Local Race Equality Strategy  
   LG8 Community Mediators  
   LG9 Tackling Vacancies and Empty buildings  
   LG10 Acceptable Behaviour Contracts
PROPOSED INSTRUMENTS: LEON

This section seeks to propose “suggested instruments” to Work Package 7 (toolbox) of the Reurban Mobil project. The instruments are related to the WP5 remit ‘Economics, law and Governance’ and are based upon the data collection and analysis of 2003-2005 work programme.

Key Issues Identified in Leon Interim Report

The city of León is one of the four nodes or principal urban centres of the territorial model making up Castilla- León region. Since the eighteenth century when much economic activity shifted to other parts of the Iberian peninsula, the Autonomous Community of Castile and Leon has been considered a somewhat peripheral region. Its geographical location away from the main European growth “axes”, the low tech infrastructures, the dislocated nature of its urban system identify a distinct regional aspect to the problems that need to be addressed during the challenges of the globalisation and of reurbanisation. The city of León is a meeting point of several cultures and is located at the crossroads of several of the most significant historical routes of the Iberian Peninsula.

The main issues for Leon (and the two case study areas) - as considered by it inhabitants and the professionals, commercial people who are working there- are described by the selected quotes from interviewees contained in the appendix.

These quotes can be summarised into four key issues:

1. Conflicting land/ business (i.e. planning) uses

2. Managing town centre/ maintaining standards

3. Non vibrancy/ Empty spaces and units (El Ejido)

4. Over vibrancy, but that is economically necessary (Old city)
Pulling together all of the primary and secondary information we collected it produced a set of criteria (overleaf) leading to a forecast of the likely format of the (WP5) reurbanisation instruments required.

The proposed instruments are based on these criteria and are formulated under the following two ‘instrument headings’:

1. **Economics/ Local Economic Policy**: drawing in financial/ economic development/ private sector involvement and business support and enterprise generation options;

2. **Law and Governance**: drawing in all legal aspects particularly property and planning law/ community, partnership, environmental and institutional capacity options.

**Leon: criteria for WP5 Instrument suggestions**

<table>
<thead>
<tr>
<th>CITY TYPE</th>
<th>• Emigrant</th>
<th>• Peripheral</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLANNING TYPE</td>
<td>• Napoleonic</td>
<td></td>
</tr>
<tr>
<td>GOVERNANCE TYPE</td>
<td>• Management</td>
<td></td>
</tr>
<tr>
<td>NATIONAL ECONOMIC CONTEXT</td>
<td><strong>Average-Good</strong>: Growth of 2.4% in 2003 was reasonable given the background of a faltering European economy but that GDP on a per capita basis is 80% that of the four leading West European economies</td>
<td></td>
</tr>
<tr>
<td>MUNICIPAL FISCAL PROSPECTS</td>
<td><strong>Medium</strong>: begins from a relatively low starting point: budget is not as much as many other cities in other countries (slim employee levels for example). Money from other levels and outside Spain utilised for urban projects</td>
<td></td>
</tr>
<tr>
<td>CITY-WIDE ISSUES TO ADDRESS</td>
<td>Due to the size of the ‘town’ and the nature of the problems faced by the two case study areas all issues facing the city are covered in the case study areas section next</td>
<td></td>
</tr>
<tr>
<td>CASE STUDY AREA ISSUES TO ADDRESS</td>
<td>• Conflicting uses</td>
<td></td>
</tr>
<tr>
<td>LIKELY FOCUS OF REURBANISATION INSTRUMENTS</td>
<td></td>
<td></td>
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<td>------------------------------------------</td>
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<tr>
<td>- Economic Instruments to act as incentives to act more environmentally sensibly</td>
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<tr>
<td>- Create a balance between owner occupation and renting.</td>
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<tr>
<td>- Refurbish specific properties and reuse vacant properties. High quality refurbishment can kick start new users demand for the area</td>
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<tr>
<td>- Develop proactive rather than reactive policies</td>
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**Leon Workshop: Key Reported Issues From WP5 Perspective**

- Try to maintain, enhance and capitalise upon Local heritage
- To observe the nuisance regulations/ conduct Awareness campaigns on nuisance
- Better maintenance of the public realm/ street scape
- Stop local area being a parking site for the old city
- To promote a “greener” image
- To reduce number of empty units and increase facilities
List of Suggested Instruments to WP7 (In detail in Appendix)

3. **ECONOMICS/ ECONOMIC POLICY**

EC1 Business Improvement District  
EC2 Town Centre Management  
EC3 Tourism Concentration model  
EC4 Mapping and bending local public expenditure

4. **LAW/ GOVERNANCE**

LG1 Baselining Community Cohesion  
LG2 Resident Based Environmental Improvements  
LG3 Renewing and maintaining neighbourhood green spaces  
LG4 Local Cultural Strategy
PROPOSED INSTRUMENTS: LJUBLJANA

This section seeks to propose “suggested instruments” to Work Package 7 (toolbox) of the Reurban Mobil project. The instruments are related to the WP5 remit ‘Economics, law and Governance’ and are based upon the data collection and analysis of 2003-2005 work programme.

Key Issues Identified in Ljubljana Interim Report

Ljubljana is the capital of Slovenia, therefore its administrative as well as its largest economic, cultural, financial and educational centre. In the CSA there is a dominance of financial industry and retail. However due to competition from the big shopping centres located in the outskirts of the city, many retailers already left the CSA. In the governance area there is also clear need to start with the action instead of just talking and studying the situation. In the future a proactive partnership between public and private sector is needed and a clear strategy of the local government.

The main issues for Ljubljana (and the two case studies areas) - as considered by inhabitants, professionals and commercial people of Ljubljana can be summarised in following key issues (and quotes are contained in the appendix):

1. lack of parking spaces and bad traffic system
2. undeveloped strategy and poor performance of city management
3. urban planning system is not transparent
4. empty commercial premises
5. unfavourable inhabitant age structure (emigration of young people, increase of aged inhabitants)
6. disrepair, poor maintenance and poor appearance of historical buildings
7. poor participation and commitment of local inhabitants

Pulling together all of the primary and secondary information we collected it produced a set of criteria (overleaf) leading to a forecast of the likely format of the (WP5) reurbanisation instruments required.

The proposed instruments are based on these criteria and are formulated under the following two ‘instrument headings’:
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### Ljubljana: criteria for WP5 Instrument suggestions

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<td>GOVERNANCE TYPE</td>
<td>• Clientelist</td>
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<td>NATIONAL ECONOMIC CONTEXT</td>
<td>Average - Good: good standard of living Enjoys BDP PC substantially higher than of other transitional economies in CEE region.</td>
</tr>
<tr>
<td>MUNICIPAL FISCAL PROSPECTS</td>
<td>Medium: no crises, but not vast amounts for investment available either</td>
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</table>
| CITY-WIDE ISSUES TO ADDRESS | • Emigration of retail to the outskirts and lack of proactively from the Municipality  
| • Parking and traffic system overstretched and will not assist future economic development  
| • Not capitalising fully on tourist potential |
| CASE STUDY AREA ISSUES TO ADDRESS | • Loss of retailing capacity  
| • Management of tourism  
| • Parking capacity too low  
<p>| • Road system clogged up |</p>
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<th>LIKELY FOCUS OF REURBANISATION INSTRUMENTS</th>
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<td>• Protect and enhance retail core of Ljubljana</td>
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</tr>
</tbody>
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Ljubljana Workshop: Key Reported Issues from WP5 Perspective

- Managing municipal real-estate properties and public surfaces
- Implementation, Management
- Retail and commercial vacancies

List of Suggested Instruments to WP7 (in detail in appendix)

1. **ECONOMICS/ ECONOMIC POLICY**
   - EC1 Improving performance of city management
   - EC2 development of long-term city centre regeneration policy
   - EC3 Adjusting shop opening hours
   - EC4 Shop Loyalty Card Scheme in city centre area
   - EC5 Tourist concentration model

2. **LAW/ GOVERNANCE**
   - LG1 Combination of maintenance obligations with maintenance and renewal grants
   - LG2 Good maintenance and restoration of public spaces
   - LG3 Improving public transport
   - LG4 Local cultural heritage strategy
13: Concluding Remarks: Strategic Aspects and Policy Implications (WP5 view)

This chapter is framed by the discussion points of the expert panels conducted during the Reurban Project Final Conference September 2005. They provide an appropriate means by which to summarise our concluding thoughts and comments on the case study cities and the project.

DISCUSSION POINT ONE: What are the economic prospects for urban residential areas? Macro-economic and micro-economic?

Leipzig

Micro: Unemployment greater proportionately than in other parts of Germany. There is severe fiscal pressure on municipal budgets for urban programmes. There are poorly performing CSA property markets signified by vacant buildings and empty sites. If the regional and national economy improves demand for residential and commercial properties in CSA will increase: if local economic policy stimulates activity that will assist demand/ if local refurbishment and renovation creates a more positive atmosphere and image that will assist demand. But, from a political-economy perspective- it largely depends on the regional-national-global economic picture. From a Governance angle there must be far more coherent interaction between private and public sectors in 'doing' rather than 'talking'- there are enough discussing/ negotiating forums but where is the hard cash from a private sector that is actively involved in local governance and development. Private actors who have never ever been involved yet should be brought into the process of urban management and improvement.

Macro: Germany poorly performing with High Unemployment, Low Growth and High Taxation; Agenda 2010 creating public discord- there is great resistance to perceived 'unnecessary changes' such as a more flexible labour market/ shift of tax burden from employers to consumers and from income to spending: moving forward without a diminution of the social protection system widely seen as fiscally unsustainable in the current economic epoch. If Germany follows (even to a degree) Thatcherite-Blairite nexus of policies then less money for municipalities (with knock-on effects to any RU strategy) although some economists would argue this will lead to a more dynamic economy and therefore more dynamic cities (naturally via the free(er) play of market forces).

(EU predicted Economic Growth in 2006=1.6%):
Leon

Micro: The city is a successful leisure and tourist magnet and this had has knock-on effects in the old city CSA where competing land uses and the maintenance of a clean streetscape are crucial. Conversely, the other CSA- despite its geographical central location- has a peripheral 'atmosphere' reinforced by the lack of local small businesses and facilities. It is difficult to foresee economic forces solving these problems in the short to medium: in the old city it is expected that pressure for intensifying uses and expansion of the leisure core will continue; in EE it is unlikely that- left to economic forces themselves without public subsidy or tax break-local businesses will return. Rather targeted polices by the local and regional authorities should seek to bring private actors into the management of the old city and to direct commercial proposals to EE.

Macro: Economic performance has been relatively strong in recent years. However, GDP on a relative per capita basis is still 80% that of the four leading European economies even if year-on-year growth rates are better. Tourism is a mainstay of the national economy as is the service sector- both being relevant to the fortunes of Leon City.

(EU predicted Economic Growth in 2006=2.7%):

Bologna

Micro: Bologna is a wealthy city and as such it is argued the problems are ones of successful capitalism (inequality, exclusion, transportation problems, environmental problems) not a failing economy. The local economy is centred on the service industry, which employs the majority of Bologna's working population. Vitality in this sector combined with training and reskilling (for this industry) of that part of the CSA population without work will be helpful. There is likely to be continued pressure for redevelopment and urban expansion which could enlarge feelings of exclusion from the 'have-nots' in the CSA's in the face of such a successful city.

Macro: Structurally the Italian economy remains divided between North and South: where Bologna is located the pattern is a developed industrial/ post industrial (hi tech) base dominated by private companies. The EURO has removed the traditional relief that Italy always resorted to in terms of competitive devaluations to secure export markets. The current government has enacted numerous short-term Neoliberal reforms aimed at improving competitiveness and long-term growth. But it is increasingly unpopular and elections are due at the end of 2006. (EU predicted Economic Growth in 2006=1.7%)
Ljubljana

Micro: Ljubljana is the capital of Slovenia, therefore its administrative as well as its largest economic, cultural, financial and educational centre. Ljubljana’s economy gives job to 23% of persons in employment in Slovenia (2004 data). Registered unemployment in May 2005 was 8.5 percent and therefore below Slovenian average with 9.9 %. In total, there are 28.892 business subjects in Ljubljana, among them there are 13.970 active companies. Most of the companies are small and medium sized companies, large companies account only for 2 % of them all. However, large companies employ 33 percent of all persons in employment and generate 61% of all revenues in commercial sector. Ljubljana is also accountable for 41 percent of all generated profits and 31% of all generated loss in commercial sector in Slovenia in 2004. The city generates 15% of all national exports and 36% of its imports. The Ljubljana economy gross value added per employee is EUR 36.000, being is 28% higher that the average of the whole national economy. Average gross monthly earnings in Ljubljana in the first half of the 2005 were EUR 1.371 also well above the national average of EUR 1.135. The structure of the economy in the city differs from the national level with its low share of industry and concentration on financial, technical and other business services. The region is also very strong in the field of education, science and culture. Ljubljana is also a seat of the University of Ljubljana. The institution with 20 faculties and 3 academies has over 20.000 students.

Macro: Over recent years, Slovenia has profited from steady and sustained economic development. Between 1995 and 2004 the Slovene economy achieved a solid growth of GDP at an average of 4 percent per annum while avoiding the major macroeconomic imbalances that characterized most other transition economies in the region. Slovenia is a high-income economy which enjoys the highest GDP per capita (GDP in EUR 12.979 in 2004) of the newly joined EU countries. Compared to EU-25 average the country's GDP per capita in purchasing power standards was 78 percent of that in the EU-25. The country builds its competitive position on its well-educated, open-minded workforce with strong IT and language skills, traditionally strong links with regional markets, quality infrastructure and high quality of life. Although the service sectors constituted 61 percent of GDP in Slovenia in 2003, manufacturing is still of high importance. The exports amount to 65% of GDP, by way of which Slovenia has earned the reputation as a state with an open, competitive economy. Traditionally, there are strong trade and cooperation links with the EU. As an export oriented country, Slovenia is constantly increasing its international trade. In the 2004 the s exports were up by over 12.6%, while imports were 12.4% higher. The level of foreign direct investment is relatively low. In the past the county succeeded to attract relatively little foreign direct
investment (about 1% of GDP on annual basis), however the restrictions on foreign investment are slowly being dismantled, and foreign direct investment (FDI) is expected to increase over the next years. Structural reforms to improve the business environment have allowed for greater foreign participation in Slovenia's economy and have helped to lower unemployment. Unemployment rate in 2004 stood at 6.3% (ILO definition). In the process of transition the country adopted a rather gradual approach to reforms, and they have been rather slow in some sectors. This is the case especially with the banking, the insurance and telecommunication sectors. The country has a relatively high rate of inflation (3.6% in 2004) when compared to the European Union average. Further measures to curb inflation are still needed, even though inflation is expected to decline in 2005 to 2.5%. Since 1997 Slovenia is running a relatively small fiscal deficit that amounted to 1.4% of the GDP in 2004. Public debt stands at just 25.8% of GDP. In mid-2004 Slovenia agreed to adopt the Euro by 2007 and, therefore, must keep its debt levels, budget deficits, interest rates, and inflation levels within the EU's Maastrict criteria. In March 2004, Slovenia became the first transition country to graduate from borrower status to donor partner at the World Bank. Overall, the country is on a sound economic footing. However, much work remains to be done in the areas of privatization and capital market reform. Since independence, Slovenia has also enjoyed relatively stable, if somewhat weak coalition government. Low efficiency of the bureaucracy, lengthy contract enforcement, and slow property registration remain relevant issues for the future. However, continuation of structural reforms, improved competitiveness and further internationalization of the economy remain on Slovenia’s agenda. Projected GDP growth 2006: 4.1%.

DISCUSSION POINT TWO: What are possible strategies to promote re urbanisation in the four cities? Imagining 2020, will suburbanisation be an issue of the past?

Leipzig:

In our view the need is for (NN) more redevelopment (residential and commercial) and greater community involvement; (AL) improving environmental quality and refurbishment and bringing more commercial activities in: strategies need to be based around the following:
• Incentives for Urban Redevelopment- for example fiscal and permit based incentives

• Promoting and developing city capacity (based on high skills/ services focussed platform) in order to improve the relative economic competitiveness of the city 'offer'

• More involvement of community, third sector and private sector in formulation and implementation of projects- better and more 'real partnership' (of 'doing' rather than of 'talking'). This will involve greater effort from the private sector as well

• Improving Environmental Quality and streetscape

Leon

In our view the need is for (in OC) better management and coordination of activities and a managed reduction over time in the potential conflict between residents and commercial uses; in (EE) the need is for encouraging small retail and service business to open up and to attract families and professionals into the area; strategies need to be based around the following:

• Economic Instruments to act as incentives to act more environmentally sensibly (competing uses) (OC)

• Refurbish specific properties and reuse vacant properties- even on a temporary basis. High quality refurbishment alongside reuse (even temporary) can kick start new users demand for an area (EE)

• Develop proactive rather than reactive policies- for example as properties begin to become available, location of student accommodation in OC- either private rented or owned by the university

• New Management Structures (OC)- for example TCM and BIDS
Bologna

In our view the need is to raise social inclusion of the current population/upgrade the areas and to make the areas more attractive to higher income occupants: strategies need to be based around the following:

- Improve accessibility and limiting-as far as is practicable-car use
- Managing the green/opens spaces more effectively
- Mechanisms to improve governance coordination - for example 'joining up' municipal functions at a neighbourhood level
- Targeting better inclusion of the older and immigrant populations of the CSA's so that they share in the wealth of a very successful city

Ljubljana

In our view there is a strong need to prepare a clear strategy of the city based on strong private and public sector partnership and its realization based on effective and efficient town management.

- Improvement of town and inner city management
- Improving accessibility of inner city
- Transformation of retail activities
- Maintenance of historical building heritage and public spaces
- Better functioning of real estate market
DISCUSSION POINT THREE: What is the Future of the residential areas in the case study areas – in terms of population and of spatial developments?

Leipzig:

- It would seem that Leipzig is already having net population increases: recent investments (new or upgrades) in terms of the things such as the airport and the car plants have assisted. Leipzig is also a historical city, a major East German and German city. There are also bargains to be had in terms of property costs both residential and commercial (an envious Englishman speaks here)!
- WP5 would expect most population changes to come in terms of higher spend professionals (largely though not exclusively in the 22-35 age range) and lower spend migrants from elsewhere in Eastern Germany and the old- Soviet Bloc. There may be Leipziger-returnees as well who left throughout the 1990's but return if Leipzig's fortunes improve or fortunes elsewhere in Germany decline (both scenarios possible).
- WP5 would expect most spatial developments to be related to the service/ leisure/ retail sectors and to both new and upgraded existing residential property. There may also be a role for new SME's dependent upon global-national-regional economic conditions and any fiscal incentives that can be offered by the municipality or other government agencies and programmes.

Leon:

- WP5 would expect most population changes to come in terms of the gradual reduction in the age profile of the OC and (as properties become available) an increase in younger residents- both students and employees. Such mixes: professionals, students and night time economy businesses are a feature of most UK cities over the last decade. In EE population changes are likely to be minimal in our view unless the economics/ facilities in the area are improved.
- WP5 would expect most spatial developments to be related to the increasing concentration of leisure activities in the OC and a potential increase in commercial facilities in EE if RUM strategies are successful in attracting them back.
Bologna

- WP5 would expect most population changes to come in terms of more migrants and potentially-as the city continues to be more successful-higher income professionals.
- WP5 would expect most spatial developments to be related to protecting green spaces and managing traffic in such a large and busy city.

Ljubljana

- Ljubljana in general has been losing residential population between 1991 and 2002 (Census years). Due to high housing prices that are unaffordable to many households, this will probably remain a trend also in the future. Therefore there is a lot of urban sprawl and population growth in neighbouring municipalities.
- The movement of the industry out of the inner-city has recently begun and is expected to will continue also in the future. Since housing is most profitable to develop, redevelopment will probably go in this direction. In the city centre there is a great need to increase parking capacity.

DISCUSSION POINT FOUR: Will demographic trends possibly lead to an increasing attractiveness of inner city residential areas?

Leipzig:

In our view it is possible that both CSA's will become more attractive as places to live. This is also partly related to public policy (in west and east) as well as forecast economic activity. We obviously feel that population changes are largely influenced by the economic health of a place though concede that past a certain point of success other intangibles-a local cultural offer-becomes increasingly paramount. Leipzig City has the existing infrastructure and potential to provide this 'offer'. But economic fortunes-jobs, incomes, spending power come first in our view.
Leon:

In our view the OC can become attractive to a certain niche- because of rather than despite its night time economy. Younger pre-family professionals and students are obvious categories here. The issue is whether it is technically possible (in terms of leases/ ownership deeds) and politically feasible to assist in engineering such a change in complexion (which will take time). In EE it is possible that the area will repopulate with new families and with professionals, depending upon the economic context and the future economic vitality of Leon city, Province and of Spain itself. Although peripheral at present (despite its central location) an increase in people choosing the inner parts of Leon to live in will have spill over effects into this neighbourhood.

Bologna

A very successful city will likely see new arrivals both poor and wealthy. The management of these changing neighbourhoods- in social terms, in terms of transport infrastructure and in terms of streetscape/environmental quality will make the area more attractive and this will likely have positive knock-on effects. The cities prominent geographical position and position in the urban and economic hierarchy of Italy will probably mean many changes for these areas over the next decades.

Ljubljana

Due to low mobility, in-migration and stagnant/negative natural growth of the population accompanied with low mobility no big changes are expected. However, if the functioning of the real estate market is not going to be better, it is expected that younger people (except wealthy households) will continue to move to the outskirts of the city and to the neighboring settlements.
Final Concluding Remarks

The consortium-wide definition adopted for reurbanisation is: "a process of optimising economic, legal, social, built and environmental conditions to provide vibrant living space within the urban core (encompassing identity and cultural heritage) where individuals and households choose to live and which attracts investment" (UFZ 2003).

We acknowledged the need for such an all-encompassing definition (seeing reurbanisation as a concurrent optimisation of all five conditions) as a general guide-to-analysis and as a ‘jumping off point’ for each of the many and varied disciplines involved in this project. Nonetheless, Work Package 5 necessarily views 'reurbanisation' through the prism of its specific disciplinary specialisms (as, indeed, do all of the Work Packages).

Accordingly, for us reurbanisation, (given the project-wide 'general' definition) will be impossible to achieve without a clearer and more precise focus on the economic potential (including the governance aspects of economic activity) of the cities and regions within which the case study areas reside; on the prevailing and potential legal framework for both general urban governance and specific regulation of the property, housing, service and manufacturing markets; and on the linkages that exist (or need to exist) between the case study areas, their cities and the wider regional, national and global economy.

In the world as it stands today all neighbourhoods of all cities are ultimately dependent upon the global economy- however far away that may seem at some moments. Indeed, if a neighbourhood is located in a city that requires- but does not achieve- economic growth at a city and regional scale and urban regeneration at the sub-city and neighbourhood scale; no manner or degree of physical, environmental or aesthetic improvements/ conservation is likely to be sufficient to achieve reurbanisation under any definition.

Reurbanisation is indeed, a multi faceted concept- a difficult characteristic for policy makers to make sense of and- importantly- to use as a basis and, (where necessary) as a justification for policy actions and interventions. It involves- to differing degrees and depending on the different locational contexts:

- Urban regeneration, property development, housing market renewal, regulation by the state, participation and negotiation by (and between) a variety of different actors, organisations and institutions. These economic and business imperatives create the
context for both housing and for governance policy-making/implementation.

- Each city has its own unique mix of skills, businesses and commercial activities and this 'offer' provides the 'armature' around which reurbanisation activities must take place.

- A strong or weak fiscal base; a positive or poor relationship between the public and private sector; high or low central state subsidy: all of these issues will combine to delineate the financial context of the case study cities.

The WP5 view therefore, is that given its many facets and characteristics- reurbanisation needs to be understood in this wider context, and where policy makers are attempting to use it as a conceptual and analytical compass, in the specific case contexts (neighbourhood, city wide, city region, region, nation and global).

Indeed, it might be more appropriate to view reurbanisation as the end point. Rather than to attempt an overarching definition of what a reurbanisation strategy is- to accept that it is actually impossible to have a ‘one size fits all’ general definition/hypothesis of reurbanisation. Perhaps this is a key lesson of the last three years.

In that sense the reurbanisation end point is reached by many and varied means, depending upon the context specific conditions of each neighbourhood. In some cases that will be citizen involvement, in others environmental improvements, in others social welfare and/or Crime/anti social behaviour interventions.

In others scenarios it may be property redevelopment, real estate speculation and these activities might well involve expropriation (‘compulsory purchase’ in the United Kingdom), demolition of buildings looked upon fondly by certain sections of the community, the removal of green spaces and the deployment of expensive inducements from the Local State to entice the private sector to invest (which may involve increases in local taxation or reductions in local public spending on other goods and services). In the WP5 manner of understanding phenomena (and particularly public policy) if the local specific context requires such ‘urban regeneration’ any strategy that actively seeks to rule such activities out is bound to fail dismally.
An alternative ‘general’ approach towards Reurbanisation

Throughout our work for this project we have recognised that cities are complex and adaptive systems, subject to the significant change and the considerable uncertainty of neoliberalism. In this climate, conventional planning and governing methods are beginning to give way to more flexible and complicated modes of network governance (Castells, 1996; Marsh and Rhodes, 1992) oriented towards profit making and capitalist development: modes which attempt to build upon the inherent (if it is there) capacity of a given city to reach improved levels of competitiveness.

These factors are explained at length by Ratcliffe, (2002) but, to summarise him here, he argues that the following five essential ingredients need to be fostered, created or enlarged if a city is to become a successful “competitive city”. In essence these five features succinctly identify what work package five stands for and is trying to communicate to all other RUM work packages:

- Vision
- Entrepreneurship
- Specialisation
- Social cohesion
- Governance

It is worth quoting at length here from his text:

“The future is no longer the preserve of conventional economic theories, traditional management models or ready-made mass ideologies, with all the passivity and lack of personal responsibility these concepts imply. The new century, it is argued, will belong to the individual and the achiever, to those capable of exercising their independence, responsibility, professionalism and initiative, whatever their role in government, business, civic affairs, the voluntary sector, industry, or society at large. Fostering and promoting a spirit of enterprise, therefore, becomes an imperative part of this future. All the actors are involved - economic, social, cultural, educational and political - at one level or another.
It is not simply a matter of encouraging the spirit of enterprise, but also of creating a framework conducive to project generation and development. Moreover, learning systems in the city as a whole, must concentrate upon 'shaping people' not merely 'spreading knowledge'."

“In looking at economic development based on enhancing competitiveness the key issues involve tangible assets, particularly those organised around specialisations, linkages between universities, research communities and the private sector, clustering, and stocks of social capital, as well as natural features. Moreover, these local economies must constantly reinvent themselves through structural and microeconomic adjustments. Adroitness is a critical characteristic to conceive and sustain. Policies to foster entrepreneurship should, therefore, enable each city or locality to respond quickly and effectively to problems in relation to the enhanced mobility of capital, management, professionals and skilled labour, and technology innovation. Cities need to create "something in the air" that fosters firms’ growth. If a local response is inadequate or too tardy to capture new opportunities that arise in a competitive economy it will be by-passed, leaving declining sectors, communities and cities behind. The establishment of local systems that can develop and maintain flexible economic and social responses to challenges from global changes is a whole new policy area (OECD 2002).”

(Ratcliffe, 2002)

We argue that this “whole new policy area” Ratcliffe writes about here is, in fact, 'reurbanisation',

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APPENDICES: KEY QUOTES FROM CITY INTERVIEWEES

QUOTES FROM BOLOGNA INTERVIEWEES ON THE NATURE OF THE PROBLEMS FACING THE TWO CASE STUDY AREAS.

• “The main one is **degraded areas**. Requalification, gives funding for municipalities that bring in new businesses to these areas and they have been working on this for four years and particularly bringing in new IT companies, and there's about thirty of those so far. Then **other priorities is commerce improvement (...) and tourism promotion and information.**”

• “The quality of life and of living in Bologna. Bologna was famous for this high quality of life I think for at least 50 years. And now we can see some signs of declining. And so we have to face this decline and to increase our quality of life from an urbanistic point of view and from a social point of view. I would say this is the main task for us at the moment.”

• “He says the main goal is to **satisfy the demand for housing** which is actually higher than the statistical data may show, because if you see an 80 percent of owned property, owned houses, then there is always 20 percent which is out of this number. And it’s still a big number. So actually what he’s saying is that many people cannot afford to become, to have a dwelling of their own property, mainly because they are young people and they do not have stable work.”

• “He’s saying that the **real estate market is very much tied to the stock exchange market**, no. So it works the better when the second goes worse. He’s saying that the last two, three years, the stock exchange market, stock exchange market has had a period of craziness due mainly to problems with some very big Italian industries like Parmelat”.

• “As a city, the most important thing will be to **integrate the economic aspects, the commercial part of the city and the use of the urban unused buildings**”.

• “First of all he added something from before that these big buildings are already showing structural problems so that might, that might help them to do something about it. And he says the market in this area, **the market’s going down**, local
residents are moving out, a lot of immigrants are moving in and there’s a risk of ghettoisation which is already, is already starting to happen”.

QUOTES FROM LEIPZIG INTERVIEWEES ON THE NATURE OF THE PROBLEMS FACING THE TWO CASE STUDY AREAS.

- “Does it make sense to live in these parts of Leipzig anymore? How do we take advantage of the disadvantages- renewing where it makes sense allowing other uses where it does not?”

- “To enable private individuals to renovate/ use empty buildings”

- “The biggest challenge is, and will survive some years longer, is that there is no economy in Leipzig. This brings a lot of problems with most of all unemployment see, we can see in Leipzig loss since 1990 about a hundred thousand inhabitants.”

- “She's saying the greatest challenge would be from her view the urban design aspect, making the city liveable. She's saying there are many old historic buildings, residential buildings that are deteriorating and that cannot be made habitable again. And she's saying that she herself is a person who has left Leipzig to live in the suburbs for that reason. Because then when she left there hadn't been concepts to revitalise in the urban areas yet. So she left then because she really didn't like the way the city looked then. She's saying the city needs a lot of programmes to deal with the empty, the vacant housing in substance right now”

- “He’s saying that the large challenge is to stabilise the economy and to get people in jobs so they have, increase their buying power in, for the city”

- So he is saying that this, this area (Neustadt), has, historically had the reputation of being a working class area of low class, of not a great living environment and that's why, to the state if they’ve got to, when it was founded, also during the GDR and now to this day, and that's the reason why, even though it’s so centrally located it doesn’t have the reputation or the desirability for people to locate here so.”
• “To solve the problem of revitalisation: and get economic revitalisation and to find a way to invest in high technology in the street (Broadband)”

• “It’s to combat the loss of population in Leipzig, to stop it and hopefully increase the population again and, of course, to create employment for the population here. In the general area like BMW or other big employers who create production”. Work... Only if people are employed will there be a lively Leipzig.”

• “So the greatest challenge for this area is (Neustadt) to maintain the existing building stock and to keep it from further deterioration which means not only the every day owner, who is a big owner in the area, but also the private owners need to invest, need to become active in saving the buildings... He says only if people will inhabit the street also will it become a lively area again.”

• “One very big challenge is your own house in the middle of the city, because normally if you want to have your own house you have to go to the suburbs, and in Leipzig it’s possible to have your own house in the centre, nearly in the centre of the city. But very, that are very interesting surroundings, urban qualities and green qualities at the same time. This is my opinion, one very big challenge.”

• “Okay. I think biggest problem is to help the economic basis; it’s not very well, and not. It’s very simple, there are not enough jobs and this question is open how to. If it was possible to create all the jobs we would need to have work, (...) that would be the main challenge”.

• “Certainly the sandwich situation of the smaller business areas (her Altlindenau) between the very strong city and the very strong shopping centres outside. Of course, if you have small shopping areas, the mix of shops is not as big as in the city and it is not as big as in the shopping centres. Therefore the opportunities for shopping are more limited. And the urban situation is marked by very dense building, very dense, densely, so you don’t have much space. For instance, if you need a supermarket or so, in order to get more frequency, customer frequency, you often don’t have the space to make a settlement like that because you have old buildings, you have small business capacities within these buildings, so the chances of making a settlement is limited. It is a big problem, and of course the image of those areas is sometimes bad. Everybody knows it’s a problem area, and who would open their
business, or his business, in an area with a bad image when you have the chance to go somewhere else with a better image. So the only chance to get somebody there is low rents.”

QUOTES FROM LEON INTERVIEWEES ON THE NATURE OF THE PROBLEMS FACING THE TWO CASE STUDY AREAS.

• “So one of the most significant things about a city centre like this with typical Spanish city centre, I guess, is that we have to take care of our function because we don’t want just to dig up and stick in some buildings, and we have to take care that the residential function is not taken away. And the other thing is, you know the tourist sector, it gives a lot of money, so, but we don’t have to allow the tourist sector to dominate and spoil our quality of life.”

• “There is a lot of problem that is, not only specific from here, but León is very characteristic, you know, the old town, you have the cathedral and you have the big buildings, but in general, the buildings, the quality of the residential areas are quite low. So it is a problem because you have to spend, because we have to spend a lot of money to take care of these buildings. And sometimes there, you know, there’s a very few colours or all the big houses”.

• “The biggest challenge is to increase employment. And the biggest challenge also is to bring into Leon new business, and it’s not very easy- production comes from self employment, so that’s something to think with.”

• “to improve their communications, the (...) the connections between Leon and the, the other municipalities the closer… you know the ones who are just for the municipality of Leon”

• “We have to get more subsidised housing within the inner ring”

• “So he says that their main challenge will be to get more young people coming to the city, to stop the aging of the population.”
• “The main options that this neighbourhood is just to take care of the area, first in a physical meaning, and to take care of the streets, the squares, the gardens and so on, you know, their physical appearance.”

QUOTES FROM LJUBLJANA INTERVIEWEES ON THE NATURE OF THE PROBLEMS FACING THE TWO CASE STUDY AREAS.

"The problem is that we don’t have enough parking spaces and that we don’t know to walk anymore. But this system, traffic system, in Ljubljana is really bad and we must, not just in old part of Ljubljana, we must reorganise this"

"We have increasing residential prices, while the prices for business are quite normal. So we have, somehow a gap between the trend, between the trend of the prices on the business and the trend of the prices of residential. If something very negative would happen to that real estate market then everything would collapse. Especially now the project of the new train station where they are talking about 130,000 square meters of multi purpose use ".

"I am not so quite good in this urban planning but still I have a problem because I don’t understand how they determine applications in Ljubljana and how they calculate the permitted floor space areas and the number of allowable floors. They will discuss this in several official and unofficial meetings and I am little bit confused. Because this 'floor index' can change from one to three or even four, according to the discussions in these meetings/ who was there and which municipal planning official you are dealing with. (You never get a consistent answer from the municipality)"

"The main problem is varied ownership- so there are many owners in one building. The institution for social services is investigating and even after ten years haven’t reached a conclusion- its still being decided in the courts"

"For any renovation to take place in a building there has to be 100 per cent agreement of all the owners which can be a huge problem because you never get 100 per cent of people to agree on anything"

"The main problem in centre of Ljubljana, I believe that we need some great brand name, I don’t know, some great store which will come in centre of Ljubljana that will attract the other customers back into the centre from the outer malls. I mean build a shopping centre in the
centre of Ljubljana, 2,000 square metres and so on with full parking places. This is what we need."

"Government owns a lot of buildings in central Ljubljana: they should give some very, very cheaply, for renting. They have, I’m sure, about 300 square meters in Ljubljana … great places … and there, there is nobody in them"

We had a serious conversation with a few major brand names from Austria and Germany: their policy is to be in the centre of Ljubljana. But after they saw what really the position in central Ljubljana, they located in the suburban malls instead"

"I think the biggest challenge is the revitalisation of the city, especially of the city centre and this means to use all the vacant and empty sites we have around the centre here. You probably noticed as you entered Ljubljana, you very soon reach the outskirts and I think the challenge of Ljubljana is to build-up these surrounding areas to extend the city centre"

"If people come to Ljubljana they should be able to come easy and park the car. We cannot make people go with the bike like some person says, 'Go with the bike' and you can park anywhere. Then they will come with the car- as in Germany and in Austria where you come with the car into the centre and you have four thousand left and two thousand right parking spaces everywhere"

"Well, I’m sure that, nobody in Ljubljana knows exactly how many residential/ commercial units there are in the old part of Ljubljana. Who are the owners? And well, here we have mess. The second problem is expensive location, rents are too high. The third problem is the traffic system. Well, we have a lot of cars parking in, on the streets in part, in old part of Ljubljana".

"But I think unfortunately we don’t have a lot of people in Government with common sense (laughs) so that’s the main problem”. There should be an initiative and there’s none. You know, I am saying there should a Mayor with a vision and political will (to make the necessary changes rather than being cautious)".
FULL DESCRIPTION OF INSTRUMENTS

BOLOGNA INSTRUMENTS
AIMS OF THE INSTRUMENT:

To produce a framework for closer and more effective involvement of the private sector in the case study neighbourhoods.

DESCRIPTION OF THE INSTRUMENT:

In practice it can vary, but largely it will be based around an 'engagement strategy' which clearly sets out the route towards initiating and maintaining greater private sector involvement in the case study neighbourhoods.

HOW THE INSTRUMENT WORKS:

A strategy for private sector engagement will have several elements:

- making the case – persuading business that there is real benefit in engagement with renewal
- getting business on board – finding and engaging business and agreeing what might be their best contribution
- taking stock – knowing what has already gone on and what are the needs of local businesses
- practical steps – taking action; there are many good practice initiatives – often supported by Business in the Community
- keeping it going – making sure that engagement is not just a one off.

Steps need to take steps to maintain the level of interest which may have been stimulated. This will rely on:

- good communication
- regular feedback
- building relationships
- use language that business people will understand.

Use must be made of all social and professional networks that exist in both the case study areas and at a city-wide/ city-regional level.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

St Helens City Growth Strategy

Nottingham City Growth Strategy
# Mapping and bending local public expenditure

## AIMS OF THE INSTRUMENT:

There are two key aims here:

- **Mapping expenditure** – knowing how much money is spent in which parts of a city or district. How much goes to particular neighbourhoods? In particular the CSA's.

- **Bending programmes** – changing the patterns of expenditure so that more resources are allocated to the neighbourhoods most in need - in particular the CSA's.

## DESCRIPTION OF THE INSTRUMENT:

A means to clarify the flows of public (Local, Regional, Federal) through a city and its neighbourhoods and identify whether these flows could be redirected ('bent') towards the CSA's.

## HOW THE INSTRUMENT WORKS:

**Mapping spend through expenditure analysis:** Estimates of spending can be made simply by looking at existing budgets and dividing them up in a way which reflects how they are divided up between neighbourhoods. Breaking down spend by population is a simple, but not very sophisticated, way of doing this. However, you can look at the distribution of people by age and divide up spend on particular services by age group. Some social service spending can sensibly be allocated in relation to the distribution of older people; some schools expenditure by the age distribution of children; some health spending services can again be divided by age group. This gives a slightly better picture than simple division per head of population but still does not accurately reflect local spending.

**Mapping spend through activity analysis:** An assessment of local spend may also be developed through mapping local service provision and making an estimate of how much the activities carried out in the neighbourhood cost. This involves finding out the following data for each organisation active in neighbourhood service provision:

- The number of neighbourhood based staff and the extent to which their time can be allocated to neighbourhood duties.
- The number of outreach staff from organisations outside the neighbourhood who spend some part of their time on neighbourhood work.
- The services provided to the neighbourhood by larger teams for whom the neighbourhood is only part of the total area they serve.
- The amount of time that central services staff spend on neighbourhood issues. This is one area where population estimates are most often used but it is important to try to establish whether the neighbourhood is receiving its ‘proper’ share of central services.
- The amounts spent on buildings (staffing, maintenance, building improvements) together with the share of the capital programme that is to be spent in the neighbourhood, and the extent that it benefits local people.

**Bending main programmes:** is something that is done when there is no special initiative in the neighbourhood or when the money for the neighbourhood programme(s) runs out (or is cutback) and as such is useful in a period of fiscal pressure such as that currently facing Bologna. It can be achieved in a variety of ways:

- Main programme departments can re-direct resources released through efficiency savings;
- Service level agreements between the neighbourhood and the main organisations should specify clearly what resources are to be allocated to the neighbourhood;
- Main programme/ policy/ service departments and organisations should re-examine their priorities and think about giving lower priority to other user groups, areas or services in order to release resources to priority CSA neighbourhoods.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Sources:
Bending the spend: harnessing the power of public spending to build better neighbourhoods ODPM 2002

NRU factsheet 16 -
### Reshaping Local Services

**AIMS OF THE INSTRUMENT:**

Reshaping services involves overcoming a number of the barriers which have prevented service change in the past as well as taking active steps in:

- identifying existing patterns of service delivery – knowing what is being done at the moment;
- recognising priority needs in the CSA – which individuals or groups are missing out or have never been properly targeted;
- introducing change and innovation in service delivery;
- supporting cultural change in main programme organisations.

**DESCRIPTION OF THE INSTRUMENT:**

Reshaping local services cannot be done overnight. There are some actions which can bring about change in the short run when CSA initiatives and main programmes combine to provide the resources, expertise and will to make changes. Lasting change, however, demands action, which creates long-term, sustainable shifts in the way services are delivered in the CSA’s.

Many of the actions to be taken, therefore, are of a strategic kind, aiming to create a new culture in which the main programme organisations rethink their approach to local services.

**HOW THE INSTRUMENT WORKS:**

In reshaping local services four main areas of good practice need to be examined:

- identifying existing patterns of service delivery;
- recognising the priority needs in the neighbourhood;
- introducing change and innovation in service delivery;
- supporting cultural change in main programme organisations.

Here there is an interaction with the other instruments: 'mapping and bending local expenditure' and 'carrying out a community audit'.

Key issues are:

- Understanding the scope, nature and extent of current service provision;
- Understanding the scope, nature and extent of CSA needs;
- Willingness to think laterally about the delivery of local services including who delivers them;
- Openness to changes in the nature of the delivery organisation/ its structure/ its operational procedures/ its methods of prioritisation/ its methods of policy formulation and policy implementation.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

<table>
<thead>
<tr>
<th>ID: LG2</th>
<th>NAME: Resident based Environmental Improvements</th>
</tr>
</thead>
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**AIMS OF THE INSTRUMENT:**

To work with residents to develop new approaches, ultimately changing the culture from one of leaving the problems of litter, graffiti and untidy spaces to the Council, to one of residents taking pride and ownership in their area.

**DESCRIPTION OF THE INSTRUMENT:**

Resident-based methods include:

- Setting up Neighbourhood Management Schemes,
- Organising Spring Clean-Ups,
- Organising a ‘Make a Difference Day’,
- Employing neighbourhood caretakers,
- Establishing a Community Development Trust,
- Launching an education programme,
- Instigating an ‘Adopt a Spot’ or ‘Adopt a Block’ scheme,
- Creating legalised graffiti sites,
- Establishing Street Action Groups

**HOW THE INSTRUMENT WORKS:**

Each scheme requires different types and levels of input, however there are some common themes:

- Focus on an area which attracts interest; one that is important to local people,
- Provide sufficient advertising to attract participation,
- Ensure residents can see how their efforts are going to contribute,
- Ensure that residents’ voices are heard,
- Ensure one organisation takes the lead,
- Residents’ time may come free, but equipment should be funded by an appropriate organisation, e.g. Local Authority,
- Adopt a partnership approach.

For other schemes the following were essential:

- Make the scheme interesting to children,
- Ensure adequate funding,
- Fund an officer to lead a project, e.g. Neighbourhood Management.
- The Municipality prioritising community regeneration by providing adequate officer time to design schemes, bid for grants, and manage both the project and resident involvement.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

http://www.springbourneandboscombe.org.uk/

www.manchester.gov.uk

www.indymedia.org.uk

www.swansea.gov.uk

http://northumbria.ac.uk/business/pa/

www.greenwich.gov.uk
Renewing and maintaining neighbourhood green spaces

AIMS OF THE INSTRUMENT:
Well-designed and maintained green spaces that involve local communities can make a major contribution to neighbourhood renewal.

DESCRIPTION OF THE INSTRUMENT:
There are many different types of green spaces, each with their special qualities. The UK Government's Urban Green Spaces Taskforce developed a simple typology of urban open and green spaces. Green spaces include:

- parks and gardens,
- outdoor sports facilities,
- allotments and urban farms,

while civic spaces include

- sea fronts,
- civic squares and
- pedestrian streets.

HOW THE INSTRUMENT WORKS:
Several questions/ issues need to be addressed when managing open/ green space improvements:

- **How can we build on current local expertise in parks and green spaces?** Advice is available in parks and leisure services departments of local authorities, from local groups already involved and from national organisations
- **Can we get more funding?** Private sponsor/ local-regional business/ bending the spend;
- **How can we reduce vandalism, litter and graffiti?** Involve young people in design and planning of facilities, create specific facilities to meet their needs, alongside good security and monitoring by trained staff so that any damage is quickly repaired;
- **How do we maximise wildlife benefits?** As well as taking advice and building on existing strengths, a network of linked green spaces will be more beneficial than isolated sites- strategic approach;
- **How do we maximise economic benefits?** High quality green spaces are the best guarantee of return on investment, and on ensuring the enhancement of the neighbourhood. Building training opportunities into schemes, through job brokerage, time banking, social enterprise or micro enterprise can lead to the establishment of community businesses which in turn contribute to maintenance;
- **How do we maximise social benefit, and inclusivity among users?** Careful planning of involvement processes to ensure no groups are excluded in planning facilities;
- **How can we increase political support and demonstrate the popularity of specific parks and green spaces?** Polls, user surveys and national information sources can all be used, and
- **How can we promote our own achievements more widely?** Local regional and national print radio and visual medias.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

- Deep Pits / Manor Fields Park, Sheffield. This project began in 1999 and is part of a major regeneration programme in the Manor and Castle wards of Sheffield. Part of the site is next to a new housing development. There have been various consultation activities including the production of a touring proposals model. Stone-carving events have been held, mainly with local youth groups, and the works produced are being incorporated into the boundary wall. Railings produced through community metalworking workshops will complete the wall. There will then be major landscaping, play features and art in landscape.

- Mint Street Park, Bankside Open Spaces Trust (BOST), London. Landscaping improvements and a gardening club for residents and homeless people had already been developed on this park before phase 2 was commissioned in 2002. The next stage is to upgrade the sports pitch and lighting, and put in flowerbeds and play equipment. A community art project will be commissioned, and a feasibility study for a new building and to redraw the site’s master plan to include disused roads is being considered.

- Glass Park, Doncaster. This new park was started in 1999 on a former Pilkingtons glassworks that had sports pitches, but had fallen into disrepair. A trust, controlled by the local community in partnership with the local authority, was created to develop the park. Pilkingtons continues to support and sponsor the facilities. A Millennium Green is being created, as well as sports grounds, a city farm and an organic market. A wildlife campaign had been running locally for many years, so conservation will be a theme.

- Liquorice Park, Lincoln. A coincidence of a community festival group canvassing ideas for local projects, public demand to do something about derelict allotments, Lincoln City Council's Local Agenda 21 strategy and the Countryside Agency's Millennium Greens grant led the project to create a new park on an area where liquorice used to be grown commercially. The community campaign developed sub-groups to work on habitat management, public involvement and fundraising, and

- Berryhill Fields. This is a huge 168-acre site, once covered in mining spoil heaps, which had become a mix of wet pasture, heath land and scrub. A community campaign led to proposals for a park that would enhance wildlife habitats, improve public access and safety and involve the local community. All the restoration work was completed with help from the local Groundwork trust and Stoke on Trent City Council now maintains the site with the Friends of Berryhill, which local residents formed as an independent charitable trust.

information@encams.org
information@btcv.org.uk
enquiries@cabe.org.uk
cpis@ncb.org.uk
info@groundwork.org.uk
npfa@npfa.org.uk
info@sportengland.org
admin@upfor.fsbusiness.co.uk
info@wildlife-trusts.cox.co.uk
Devising a Race Equality Strategy

AIMS OF THE INSTRUMENT:

A Race Equality Strategy for a CSA sets out its approach to race equality and should consist of a set of principles supported by statements on how those principles will be implemented. The strategy should be accompanied by an annual action plan, which should be monitored by a dedicated organisation/umbrella group within the CSA. A Race Equality Strategy will enable a CSA to be explicit about how it will ensure its activities and processes of engagement will reach out and benefit BME communities.

DESCRIPTION OF THE INSTRUMENT:

A Race Equality Strategy should have the following components:

- **a vision:** a statement which demonstrates the CSA's commitment to race equality and inclusivity, and how this commitment relates to its corporate objectives
- **links:** how the work of the CSA relates to race relations, other related legislation and other strategies such as the local community cohesion strategy
- **ownership:** how the CSA will actively engage with a diverse range of local residents, for example through organisation membership, staff, and project delivery
- **communications:** how the CSA will communicate with Italian, black and minority ethnic residents to ascertain needs, and how it will consult them on the CSA's work
- **implementation:** how the CSA will ensure Italian, black and minority ethnic residents will benefit through the CSA's activities
- **monitoring and corrective action:** how the CSA will ensure that mechanisms are in place to monitor the impact of the activities on Italian, black and minority ethnic residents, and how it will address any gaps

HOW THE INSTRUMENT WORKS:

Factors that enable a Race Equality Strategy to work are:

- full discussion by CSA organisations to ensure that the strategy and action plan are customised to the CSA organisation's needs, rather than being a copy of someone else's strategy
- a realistic list of actions that can fit in with the CSA organisation's objectives and plans so that equalities won't be seen as an 'add on'
- training for the CSA organisations and staff so they understand their responsibilities in regard to the implementation of the strategy
- deciding for each project at its outset what should be monitored
- setting up a system for recording and analysing monitoring information and keeping it up to date
- reporting on the findings of monitoring and their implications
**BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:**

**Radford and Hyson Green New Deal for Communities**

Radford and Hyson Green New Deal for Communities have been working on a Race Equality Scheme, similar to those that statutory agencies must produce under the Race Relations (Amendment) Act. The NDC employs a Race Equality Advisor who has been laying the foundations for a good Race Equality Scheme that will enshrine race equality in the work of the NDC.

Managers in the NDC did a self-assessment of the race equality impact of their functions and developed a questionnaire to find out the views of organisations and individuals in the area. Over 400 individuals were interviewed and focus groups conducted with 70 people. The key issues that emerged were that, although deprivation affects most of the residents in this part of Nottingham, the impact of poverty was greater for BME residents.

The Race Equality Scheme contains an action plan to address some of the findings from the impact research, for example:

- an initiative to encourage public sector agencies to develop career paths for BME residents
- raising the awareness of BME residents of the work the NDC does and how they can benefit
- addressing the shortage of BME parents involved as school governors and more widely in their children’s education
- reducing the high number of BME residents who do not have a GP
- tackling community safety and the rising number of crimes against BME residents.

The Race Equality Scheme is about to go to the NDC Board for ratification, following which the Board will be trained in the implications.

The two examples below have incorporated a race element into a wider equality strategy, but the principles are similar.

**South Kilburn New Deal for Communities**

South Kilburn New Deal for Communities has a Race and Equality Strategy that underpins its Widening Participation Strategy Working Group. The strategy has four key principles which are to:

- promote a sense of long-term ownership by local residents
- be accessible to all local residents by removing barriers which exclude people from full participation
- actively engage local residents using communications methods which seek to reach out to groups traditionally excluded from mainstream activities
- use ongoing monitoring systems which measure equality of access to projects and processes, as well as outcomes from them.

The Strategy aims to involve and benefit its diverse range of residents, not only through its projects, but also through the processes such as planning, involvement, consultation, communication and monitoring.

The reason the strategy works is because a Widening Participation Strategy Working Group implements it. A key activity of the group has been to set up nine equalities sub groups. Three of these are relevant to BME communities: a Race and Equality Group, one that targets faith communities and a group for those who speak English as a second language.

Each group has a small budget that acts as a catalyst for deeper involvement. The sub groups have all produced their first year action plans and these include events to celebrate their community and share aspects of their culture with others, the production of practical information, raising awareness of both their communities and the work of the NDC and suggestions for further research on particular topics of concern and how this affects their community.
<table>
<thead>
<tr>
<th>Id: LG5</th>
<th>Improving traffic flow</th>
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**Aim of the instrument:**

To improve access and stimulate migration of people and business to city centre and to enable more closely connected shopping and entertainment area by redirecting the flow of pass through traffic away from the city centre.

**Description of the instrument:**

Traffic loops to city ring, one-way street system and pedestrian zones in city centre, building big underground and smaller above-ground car parks.

**How the instrument works:**

Traffic loops redirect traffic flow to city ring, a ring of parking facilities around city centre enables parking for inhabitants, shoppers and businesspersons. Transformation of narrow streets into one-way lanes reduces traffic in city centre and enables the formation of pedestrian areas.

Relatively strong flow of pass-through traffic through the city centre destroys the possible cohesion of the CSA as a commercial and entertainment centre. With the redirection of this transit only traffic away from the CSA area the area would benefit also from better (less time consuming) access of the CSA for those with CSA being their final destination.

**Best Practice Examples:**

- ed. Robert Pickard: Management of Historic Centres;
- B. Beernaert, W. Desimpelaere;
- Bruges, Belgium
- Vienna, Austria
LEIPZIG INSTRUMENTS
Private Sector Engagement Strategy

AIMS OF THE INSTRUMENT:

To produce a framework for closer and more effective involvement of the private sector in the case study neighbourhoods.

DESCRIPTION OF THE INSTRUMENT:

In practice it can vary, but largely it will be based around an 'engagement strategy' which clearly sets out the route towards initiating and maintaining greater private sector involvement in the case study neighbourhoods.

HOW THE INSTRUMENT WORKS:

A strategy for private sector engagement will have several elements:

- making the case – persuading business that there is real benefit in engagement with renewal
- getting business on board – finding and engaging business and agreeing what might be their best contribution
- taking stock – knowing what has already gone on and what are the needs of local businesses
- practical steps – taking action; there are many good practice initiatives – often supported by Business in the Community
- keeping it going – making sure that engagement is not just a one off.

Steps need to take steps to maintain the level of interest which may have been stimulated. This will rely on:

- good communication
- regular feedback
- building relationships
- use language that business people will understand.

Use must be made of all social and professional networks that exist in both the case study areas and at a city-wide/ city-regional level.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

St Helens City Growth Strategy

Nottingham City Growth Strategy
ID: EC2  
NAME: Business Incubation

**AIMS OF THE INSTRUMENT:**

A business incubator provides access to:

- a beneficial environment that contributes to the development of entrepreneurial ventures, as well as encouraging networking between incubator clients and creating business opportunities
- ready access to mentors, advisors and investors
- visibility and profile in the marketplace

Successful incubation is about creating a supportive environment, usually (but not exclusively) a physical workspace with a range of shared facilities within which young businesses can grow, coupled to the provision of a wide range of business development support and other business-critical services.

**DESCRIPTION OF THE INSTRUMENT:**

Business incubation is a dynamic business development process that is proven both to reduce the failure rate of early stage companies and speed the growth of companies that have the potential to become substantial generators of employment and wealth. It is based on the rationale that some start-ups benefit from intensive advice, access to financial support, provision of appropriate premises and enhanced networking opportunities in the early stages of their development.

**HOW THE INSTRUMENT WORKS:**

The minimum levels of resource should include:

- individual workspace
- access to a phone line
- broadband internet access
- access to shared facilities, reception area, catering facilities, photocopier and secretarial services
- access to specialist, sector-specific equipment which can either be in the incubator itself or located in the vicinity, such as within a university
- fully equipped training facilities.

Incubation projects recognise that entrepreneurship and innovation are central to sustainable economic and employment growth. Many would-be entrepreneurs benefit greatly from early intervention in terms of business support and training that helps them to start and develop more effectively. Effective business incubator **usually** schemes complement the provision of workspace with highly focused and sector-specific training and development opportunities including:

- high quality business development support and advice, including specialist marketing support, which is driven by individual business need
- sector specific vocational training which is tailored to the acquisition of skills required to operate a design-led business
- ‘immersion mentorship’ – where the mentor becomes involved with the entrepreneur throughout the whole process of setting up the business, rather than simply dispensing advice and direction on an ad-hoc basis
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Huddersfield BG

Design Space 2000 (Birmingham)
<table>
<thead>
<tr>
<th>ID: EC3</th>
<th>NAME: Business Mentoring</th>
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**AIMS OF THE INSTRUMENT:**

To provide advice and guidance to people starting an activity/enterprise from those with longstanding experience and proven skills.

**DESCRIPTION OF THE INSTRUMENT:**

In a business context, mentoring often involves larger companies providing support to small and medium sized enterprises (SMEs). This generally takes the form of sharing knowledge, experience and skills which can benefit the SME in a number of ways, by:

- improving self-confidence and self esteem
- increasing motivation
- broadening horizons and experience
- raising achievements and aspirations

The major plants on the outskirts of Leipzig can provide experienced staff for example.

**HOW THE INSTRUMENT WORKS:**

**Mentoring and social enterprise**

Mentoring, as a medium for sharing skills, knowledge and experience, can help social enterprise in many ways. The role of a mentor can for example, involve:

- hand-holding
- acting as a sounding board
- dealing with specific issues and problems as they arise
- providing advice on business planning, marketing, financial systems, funding/finance sources, product development, managing people, networking and other issues

**Forms of mentoring**

Within mentoring programmes, mentoring relationships may take a number of different forms. For example:

- Regular meetings and telephone links between mentors and mentees (e.g. PILCOM)
- Secondments to the social enterprise (e.g. Primetimers)
- A mentoring element embedded within a broader learning programme (e.g. School for Social Entrepreneurs and Regeneration)
- Telephone links (e.g. Regeneration)
- E-mentoring (e.g. Business Boffins)
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

National Mentoring Network

Employee Volunteering

Business Volunteer Mentors

Partners in Leadership with Community Enterprise (PILCOM)

The Prince’s Trust

REGEN

Communities in Business
Job Brokerage

AIMS OF THE INSTRUMENT:
Job Brokerage projects aim to remove barriers to work faced by people in disadvantaged areas, including:
- Being cut off from the labour market and from services that aim to improve job prospects.
- Lack of appropriate knowledge, skills and work experience.
- Employers’ recruitment practices

DESCRIPTION OF THE INSTRUMENT:
Effective Job Brokerage projects need to:
- Integrate themselves into – and cultivate the support of – the local community, and develop a good understanding of the local context and good links to community networks.
- Be holistic, with a tailored service for each client that focuses on their individual needs and circumstances and is drawn from the project’s range of advice, support and guidance services.
- Add value and avoid duplication by working with key agencies such as Jobcentre Plus.
- Follow an employer focused approach, building strong links with local firms.
- Ensure sustainability and progression through appropriate aftercare for clients and employers.

HOW THE INSTRUMENT WORKS:
The main focus of all job brokerage projects needs to be on encouraging clients to use the service, and UK case studies suggest three possible approaches to this issue:
- Setting up premises that are central and accessible to the local community, stressing an environment that is welcoming and less intimidating than Jobcentres can sometimes seem.
- Outreach work, including door knocking, leafleting, attending community meetings and venues, and other forms of publicity and marketing. This can be an especially effective way of engaging faith groups and ethnic minority communities if outreach workers speak the appropriate languages.
- Employing local residents as advisers, especially people from ethnic minorities who can attract others of the same ethnicity into the scheme

Work with clients focuses on assessing and developing their employability and linking them into the right job opportunities. Depending on the client, they may be placed into work relatively quickly or there may be barriers to employment to tackle before getting a job is a realistic prospect. Job brokerage projects can respond to a range of circumstances because they offer – or can refer clients to – a range of services to suit each individual client’s needs.

It would be apparent that linking the brokerage into the Leipzig employment centre system and into the city-wide commerce organisations and the cities various educational establishments would fit into the UK examples.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

New Deal for Communities Programme- most of the 39 partnerships have developed such schemes
| ID: EC5 | NAME: Micro Enterprise |

**AIMS OF THE INSTRUMENT:**

A general aim to generate, boost or support the development and sustained existence of enterprise activities.

**DESCRIPTION OF THE INSTRUMENT:**

A suite of different approaches largely based around advice, incubation, mentoring, subsidy, and premises provision. Could utilise the BIC system in play within both Leipzig CSA's.

**HOW THE INSTRUMENT WORKS:**

The two key aspects of this instrument are:

- access to appropriate training and support is essential for all would-be entrepreneurs, but there are some issues which face people from BME backgrounds and disabled people including:
  - lack of advertising of services available
  - information not produced in alternative formats (community languages, large format, Braille, etc)
  - lack of transport/funding for transport to and from advice centres

- good quality business support is vital to boost the chances that businesses in deprived areas will succeed. You should examine the supply of pre-start training and advice, advice and mentoring to help people get off the ground and learn from others’ experience, and workspace and incubators where new businesses can get themselves established. Key areas of support which need to be in place, as a minimum, include:
  - business support and local encouragement
  - start-up finance
  - on-going mentoring

This instrument can graft onto or extend existing Socially Integrated City activities/projects.
| ID: EC6 | NAME: Social Enterprise Zone |

**AIMS OF THE INSTRUMENT:**

The purpose of SEZ is:

1. To ensure that the needs of people in a neighbourhood are met through efficient and effective use of public resources;
2. To provide a clear spatial focus for social enterprise activity;
3. To promote by advice and intervention social enterprise and social entrepreneurs;
4. To research and campaign for national policy changes, which affect local people in a neighbourhood.

**DESCRIPTION OF THE INSTRUMENT:**

Works by identifying opportunities and strengths in combination with consultants who capacity build solutions within a 'positive' achieving atmosphere and mindset.

Can also be used to literally 'zone' an area where social enterprise activity is to be encouraged, supported and perhaps (initially) subsidised.

**HOW THE INSTRUMENT WORKS:**

The Social Enterprise Zone generates ideas using a tool called 'what if...?'.

- Development workers spend time with individuals, community groups and local workers talking about ambitions and objectives.
- Through the conversation, barriers to these objectives are identified and using the 'what if...?' mind-set, turned into solutions.

Additionally, the urban planning and economic development departments of the municipality are called into service to provide the appropriate strategic and planning framework for social enterprise to operate effectively.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

A number of Evidence Papers presenting ideas generated by the Social Enterprise Zone are available from Community Links – see www.community-links.org
**AIMS OF THE INSTRUMENT:**

Time banks:
- Involve hard to reach groups such as black and minority ethnic groups, people with long term illnesses, and disabled people;
- Are a practical tool for equality and social inclusion;
- Meet the needs of those on the margins of society, by providing services that they otherwise could not afford or achieve without support;
- Sustain and expand community involvement.

**DESCRIPTION OF THE INSTRUMENT:**

A time bank uses time as a currency – one hour equals one time credit – to exchange services between individuals and organisations for wider community benefit.

A broker actively facilitates exchanges and records transactions. It can be adapted to suit any sector or need; it is very successful in neighbourhoods, and in health and education settings.

It is a complementary currency (one which runs parallel with the state currency) and a form of mutual volunteering, with two-way giving and receiving at its heart.

**HOW THE INSTRUMENT WORKS:**

Participants 'deposit' their time in the bank by giving practical help and support to others and are able to 'withdraw' their time when they need something done themselves. A time broker acts as the central linchpin, linking people up and keeping records in the Timekeeper database. Activities that are often exchanged through time banks include:
- DIY,
- language tuition,
- sharing meals,
- giving lifts,
- assisting at a local event,
- participation in local neighbourhood forums,
- child care; and
- street cleans.

All activities are valued equally – one hour of legal advice is the same as one hour of cleaning – and everyone's time is worth the same. So a time bank is an ‘equality in action’ tool.

To set up a time bank the following are required:
- Participants – people, organisations and communities with needs and skills
- A paid time broker, to co-ordinate the scheme, match participants up, and record transactions
- A host organisation that will use time banking to meet its aims and objectives
- Communications systems – phone, computer, newsletter
- An accessible venue (or number of venues) in the community
- Funding – for stationery and newsletters, get-togethers, insurance

LETS schemes are the same but create their own currency instead of time units.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

There are L.E.T.S schemes in almost EVERY UK city.

Derwent NDC

Southwark NDC

South Kilburn NDC

Bristol NDC

Southampton NDC

Sources:

**AIMS OF THE INSTRUMENT:**

There are two key aims here:

- **Mapping expenditure** – knowing how much money is spent in which parts of a city or district. How much goes to particular neighbourhoods? In particular the CSA's.
- **Bending programmes** – changing the patterns of expenditure so that more resources are allocated to the neighbourhoods most in need - in particular the CSA's.

**DESCRIPTION OF THE INSTRUMENT:**

A means to clarify the flows of public (Local, Regional, Federal) through a city and its neighbourhoods and identify whether these flows could be redirected ('bent') towards the CSA's.

**HOW THE INSTRUMENT WORKS:**

**Mapping spend through expenditure analysis:** Estimates of spending can be made simply by looking at existing budgets and dividing them up in a way which reflects how they are divided up between neighbourhoods. Breaking down spend by population is a simple, but not very sophisticated, way of doing this. However, you *can* look at the distribution of people by age and divide up spend on particular services by age group. Some social service spending can sensibly be allocated in relation to the distribution of older people; some schools expenditure by the age distribution of children; some health spending services can again be divided by age group. This gives a slightly better picture than simple division per head of population but still does not accurately reflect local spending.

**Mapping spend through activity analysis:** An assessment of local spend may also be developed through mapping local service provision and making an estimate of how much the activities carried out in the neighbourhood cost. This involves finding out the following data for each organisation active in neighbourhood service provision:

- The number of neighbourhood based staff and the extent to which their time can be allocated to neighbourhood duties.
- The number of outreach staff from organisations outside the neighbourhood who spend some part of their time on neighbourhood work.
- The services provided to the neighbourhood by larger teams for whom the neighbourhood is only part of the total area they serve.
- The amount of time that central services staff spend on neighbourhood issues. This is one area where population estimates are most often used but it is important to try to establish whether the neighbourhood is receiving its ‘proper’ share of central services.
- The amounts spent on buildings (staffing, maintenance, building improvements) together with the share of the capital programme that is to be spent in the neighbourhood, and the extent that it benefits local people.

**Bending main programmes:** is something that is done when there is no special initiative in the neighbourhood or when the money for the neighbourhood programme(s) runs out (or is cutback) and as such is useful in a period of fiscal pressure such as that currently facing Leipzig. It can be achieved in a variety of ways:

- Main programme departments can re-direct resources released through efficiency savings;
- Service level agreements between the neighbourhood and the main organisations should specify clearly what resources are to be allocated to the neighbourhood;
- Main programme/ policy/ service departments and organisations should re-examine their priorities and think about giving lower priority to other user groups, areas or services in order to release resources to priority CSA neighbourhoods.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Sources:
Bending the spend: harnessing the power of public spending to build better neighbourhoods ODPM 2002

NRU fact sheet 16 -
www.renewal.net/Documents/RNET/Frequently%20Asked%20Questions/
Mainstreamingneighbourhood%20renewal.pdf
**ID:** LG1  
**NAME:** Developing a Community Cohesion Baseline

### AIMS OF THE INSTRUMENT:
The objective behind baselining is to determine how community cohesion could most effectively be achieved in Leipzig. The principal objectives are to:

- review current City Council and partner policies, structures and processes that promote community cohesion;
- learn lessons from the past;
- identify potential triggers and factors likely to cause tensions and fragmentation between Leipzig's main communities;
- identify barriers and obstacles to welcoming newcomers from abroad;
- profile current and future community needs and aspirations, including perceptions of community pride and sense of belonging; and
- assess the potential for strengthening existing partnership arrangements.

### DESCRIPTION OF THE INSTRUMENT:
Through dialogue (directed by both questionnaire and facilitator) the level of community cohesion in the case study areas can be evaluated and this acts as a basis (a 'baseline') for activities aimed at improving this level.

The instrument produces amongst other elements:

- A 'collaboration' between the politicians, officers, partnerships, faith groups and communities who get involved;
- A clarification of issues affecting community cohesion under 12 headings ranging from ‘Vision and Political Leadership’ to ‘Press and Media’, also suggesting 'Priority Issues for the Future’ under each heading;
- A determination of a clear policy focus and service delivery proposals under four headings:
  - vision and leadership
  - young people
  - engaging the city’s outer area communities, and
  - Black and Minority Ethnic communities

### HOW THE INSTRUMENT WORKS:

- In-depth interviews with leading politicians, businesspeople, community leaders and locally-based civil servants;
- Attendance at a number of events and formal and informal partnerships, including neighbourhood forums, citizens groups, parent-teacher meetings, council committees and 'umbrella' organisations for ethnic groupings, the private sector and community volunteers;
- Community Workshops designed to canvas the views of residents, neighbourhood community workers and volunteers in different communities across the city
- All of which produces a clear picture of the nature and extent of cohesion within the various Leipzig communities which can be used to measure (and influence the nature) policy effectiveness.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Leicester City Council
Barnet Borough Council
Rochdale Borough Council
Tower Hamlets Borough Council
Tewkesbury Council
AIMS OF THE INSTRUMENT:

A community audit, or community profile, can provide a comprehensive picture of a neighbourhood, which will help shape its plans for the future. To succeed it must be done with and for a community – not just about it.

DESCRIPTION OF THE INSTRUMENT:

A Community Audit:

- Involves the community being studied, at all stages and in various different ways, so it is not just the subject of research led by people from outside;
- Looks at needs but also at strengths, resources and opportunities;
- Is not just about understanding the neighbourhood, it is about changing it!

Although some profiles may have a narrower focus, a community profile is usually comprehensive and looks at a neighbourhood as a whole and not at problems in isolation;

HOW THE INSTRUMENT WORKS:

In effect the audit is a community profile: A community profile will include a description that gives a feel for the area and its history and detailed information about needs, resources, strengths, services and facilities. There should also be an attempt to look into the future. What changes, threats or opportunities lie ahead?

The primary issue to consider is: ‘what information is already available and how easily can it be found?’ This will help make it clear what new information needs to be gathered and how this should be done.

- Is good statistical information available already? What are the gaps? How can they be filled? Are large surveys required to find out basic facts about the area or other ways of canvassing local opinion?
- It is important not just to think about all the information that can possibly be gathered, but also about how sense can be made of all the information; how it will be will presented. How comprehensive should the profile be? Will it really try to cover every aspect of life in the CSA, or are there particular issues or groups on which it should focus, e.g. crime, young people, or a particular ethnic minority group?

Collecting new information takes a lot of time and effort, so it makes sense to use what is already there when possible. Furthermore, surveys and observation of the CSA will provide crucial pieces of data.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Good Sources of information on CA:

- *The Community Planning Handbook. How people can shape their cities, towns and villages.* Nick Wates, Earthscan Publications, 2000. Written from a planning perspective with a strong commitment to community involvement, the handbook includes an A-Z of community planning methods. This information can also be found on [http://www.communityplanning.net](http://www.communityplanning.net).

- *Learning Communities.* A workbook for community facilitators who are working with communities to identify local needs and produce action plans for addressing those needs. Rural Development Council, 2001. 17 Loy Street, Cookstown, Northern Ireland, BT80 8PZ
**AIMS OF THE INSTRUMENT:**

- To provide key issues and topics that help to identify how to increase social capital in the CSA and CSA organisations;

**DESCRIPTION OF THE INSTRUMENT:**

Social capital is the ‘social glue’ between people, organisations and communities that enables them to work together to pursue shared objectives. It is the social networks characterised by norms of trust and reciprocity.

**There are three categories of social capital**

- Bonding – strong relationships and networks within a community
- Bridging – weaker relationships and networks across social groups
- Linking – connections and networks between communities, and agencies or institutions with resources.

**HOW THE INSTRUMENT WORKS:**

<table>
<thead>
<tr>
<th>Social capital element</th>
<th>Category</th>
<th>Examples</th>
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<tbody>
<tr>
<td><strong>Connections between people</strong></td>
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<tr>
<td>A. Participation in local community</td>
<td>Bonding, bridging</td>
<td>Volunteering and community time banking</td>
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<td>ITC that enhances community engagement</td>
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<td>Citizenship education</td>
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<td></td>
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<td>Employment: flexible working arrangements, and taking time out for community activities</td>
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<td></td>
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<td>Voluntary sector activities</td>
</tr>
<tr>
<td>B. Neighbourliness</td>
<td>Bonding, bridging</td>
<td>Contact with neighbours. Giving and receiving favours with neighbours</td>
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<tr>
<td>C. Social networks – friends and family</td>
<td>Bonding, bridging</td>
<td>Friends and relatives are accessible/live nearby</td>
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<td></td>
<td></td>
<td>Advice, coaching and mentoring</td>
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<tr>
<td></td>
<td></td>
<td>Support for families and parenting</td>
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<tr>
<td>D. Work connections</td>
<td>Bonding, bridging, linking</td>
<td>Being part of a team, work colleagues are friends</td>
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<tr>
<td></td>
<td></td>
<td>Corporate social responsibility good practice (not piecemeal)</td>
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<td><strong>Conditions needed to make things work</strong></td>
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<tr>
<td>E. Social support, trust and safety</td>
<td>Bonding (bridging and linking)</td>
<td>Trusting others. Feeling safe walking down the street.</td>
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<td></td>
<td></td>
<td>Urban design maximises safe public space (including green space) and is pedestrian friendly.</td>
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<td></td>
<td>Community ownership of public assets</td>
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<tr>
<td>F. Proactivity in a social context</td>
<td>Bonding, bridging, linking</td>
<td>Can do attitude, taking initiative. Local decision making.</td>
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<td>Campaigning for change.</td>
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<td>Programmes for young people at risk</td>
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<td>Mixed social housing</td>
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<td>Informal study groups</td>
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<tr>
<td>G. Valuing diversity</td>
<td>Bridging, bonding (linking)</td>
<td>Enjoyment of a community’s cultural diversity</td>
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<td>Festivals</td>
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<td>Street and café culture</td>
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<tr>
<td>H. Valuing life</td>
<td>Bonding</td>
<td>Feeling appreciated and valued</td>
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<td></td>
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<td>Rewards and incentives for participation</td>
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</tbody>
</table>
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Sources:

Social Capital and Health. Insights from qualitative research www.hda-online.org.uk Edited by C Swann and A Morgan 2002

Social Capital: Beyond the theory. Veronique Jochum NCVO June 2003 £10 email ncvo@ncvo-vol.org.uk Outlines social capital and how it is important in the voluntary sector
<table>
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<th>ID: LG4</th>
<th>NAME: Reshaping Local Services</th>
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**AIMS OF THE INSTRUMENT:**

Reshaping services involves overcoming a number of the barriers which have prevented service change in the past as well as taking active steps in:

- identifying existing patterns of service delivery – knowing what is being done at the moment;
- recognising priority needs in the CSA – which individuals or groups are missing out or have never been properly targeted;
- introducing change and innovation in service delivery;
- supporting cultural change in main programme organisations.

**DESCRIPTION OF THE INSTRUMENT:**

Reshaping local services cannot be done overnight. There are some actions which can bring about change in the short run when CSA initiatives and main programmes combine to provide the resources, expertise and will to make changes. Lasting change, however, demands action, which creates long-term, sustainable shifts in the way services are delivered in the CSA’s.

Many of the actions to be taken, therefore, are of a strategic kind, aiming to create a new culture in which the main programme organisations rethink their approach to local services.

**HOW THE INSTRUMENT WORKS:**

In reshaping local services four main areas of good practice need to be examined:

- identifying existing patterns of service delivery;
- recognising the priority needs in the neighbourhood;
- introducing change and innovation in service delivery;
- supporting cultural change in main programme organisations.

Here there is an interaction with the other instruments: 'mapping and bending local expenditure' and 'carrying out a community audit'.

Key issues are:

- Understanding the scope, nature and extent of current service provision;
- Understanding the scope, nature and extent of CSA needs;
- Willingness to think laterally about the delivery of local services including who delivers them;
- Openness to changes in the nature of the delivery organisation/ its structure/ its operational procedures/ its methods of prioritisation/ its methods of policy formulation and policy implementation.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Source: Audit Commission (2002) *Mainstreaming Neighbourhood Renewal* at [www.audit-commission.gov.uk/neighbourhoodrenewal](http://www.audit-commission.gov.uk/neighbourhoodrenewal) especially the articles on *Full Service Schools* and *Policing Deprived Areas*
Resident based Environmental Improvements

AIMS OF THE INSTRUMENT:
To work with residents to develop new approaches, ultimately changing the culture from one of leaving the problems of litter, graffiti and untidy spaces to the Council, to one of residents taking pride and ownership in their area.

DESCRIPTION OF THE INSTRUMENT:
Resident-based methods include:

• Setting up Neighbourhood Management Schemes,
• Organising Spring Clean-Ups,
• Organising a 'Make a Difference Day',
• Employing neighbourhood caretakers,
• Establishing a Community Development Trust,
• Launching an education programme,
• Instigating an 'Adopt a Spot' or 'Adopt a Block' scheme,
• Creating legalised graffiti sites,
• Establishing Street Action Groups

HOW THE INSTRUMENT WORKS:
Each scheme requires different types and levels of input, however there are some common themes:

• Focus on an area which attracts interest; one that is important to local people,
• Provide sufficient advertising to attract participation,
• Ensure residents can see how their efforts are going to contribute,
• Ensure that residents’ voices are heard,
• Ensure one organisation takes the lead,
• Residents’ time may come free, but equipment should be funded by an appropriate organisation, e.g. Local Authority,
• Adopt a partnership approach.

For other schemes the following were essential:

• Make the scheme interesting to children,
• Ensure adequate funding,
• Fund an officer to lead a project, e.g. Neighbourhood Management.
• The Municipality prioritising community regeneration by providing adequate officer time to design schemes, bid for grants, and manage both the project and resident involvement.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

http://www.springbourneandboscombe.org.uk/

www.manchester.gov.uk

www.indymedia.org.uk

www.swansea.gov.uk

http://northumbria.ac.uk/business/pa/

www.greenwich.gov.uk
Renewing and maintaining neighbourhood green spaces

AIMS OF THE INSTRUMENT:

Well-designed and maintained green spaces that involve local communities can make a major contribution to neighbourhood renewal.

DESCRIPTION OF THE INSTRUMENT:

There are many different types of green spaces, each with their special qualities. The UK Government's Urban Green Spaces Taskforce developed a simple typology of urban open and green spaces. Green spaces include:

- parks and gardens,
- outdoor sports facilities,
- allotments and urban farms,

while civic spaces include

- sea fronts,
- civic squares and
- pedestrian streets.

HOW THE INSTRUMENT WORKS:

Several questions/issues need to be addressed when managing open/green space improvements:

- **How can we build on current local expertise in parks and green spaces?** Advice is available in parks and leisure services departments of local authorities, from local groups already involved and from national organisations.

- **Can we get more funding?** Private sponsor/local-regional business/bending the spend;

- **How can we reduce vandalism, litter and graffiti?** Involve young people in design and planning of facilities, create specific facilities to meet their needs, alongside good security and monitoring by trained staff so that any damage is quickly repaired;

- **How do we maximise wildlife benefits?** As well as taking advice and building on existing strengths, a network of linked green spaces will be more beneficial than isolated sites-strategic approach;

- **How do we maximise economic benefits?** High quality green spaces are the best guarantee of return on investment, and on ensuring the enhancement of the neighbourhood. Building training opportunities into schemes, through job brokerage, time banking, social enterprise or micro enterprise can lead to the establishment of community businesses which in turn contribute to maintenance;

- **How do we maximise social benefit, and inclusivity among users?** Careful planning of involvement processes to ensure no groups are excluded in planning facilities;

- **How can we increase political support and demonstrate the popularity of specific parks and green spaces?** Polls, user surveys and national information sources can all be used, and

- **How can we promote our own achievements more widely?** Local regional and national print radio and visual medias.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

- Deep Pits / Manor Fields Park, Sheffield. This project began in 1999 and is part of a major regeneration programme in the Manor and Castle wards of Sheffield. Part of the site is next to a new housing development. There have been various consultation activities including the production of a touring proposals model. Stone-carving events have been held, mainly with local youth groups, and the works produced are being incorporated into the boundary wall. Railings produced through community metalworking workshops will complete the wall. There will then be major landscaping, play features and art in landscape.

- Mint Street Park, Bankside Open Spaces Trust (BOST), London. Landscaping improvements and a gardening club for residents and homeless people had already been developed on this park before phase 2 was commissioned in 2002. The next stage is to upgrade the sports pitch and lighting, and put in flowerbeds and play equipment. A community art project will be commissioned, and a feasibility study for a new building and to redraw the site’s master plan to include disused roads is being considered.

- Glass Park, Doncaster. This new park was started in 1999 on a former Pilkingtons glassworks that had sports pitches, but had fallen into disrepair. A trust, controlled by the local community in partnership with the local authority, was created to develop the park. Pilkingtons continues to support and sponsor the facilities. A Millennium Green is being created, as well as sports grounds, a city farm and an organic market. A wildlife campaign had been running locally for many years, so conservation will be a theme.

- Liquorice Park, Lincoln. A coincidence of a community festival group canvassing ideas for local projects, public demand to do something about derelict allotments, Lincoln City Council's Local Agenda 21 strategy and the Countryside Agency's Millennium Greens grant led the project to create a new park on an area where liquorice used to be grown commercially. The community campaign developed sub-groups to work on habitat management, public involvement and fundraising, and

- Berryhill Fields. This is a huge 168-acre site, once covered in mining spoil heaps, which had become a mix of wet pasture, heath land and scrub. A community campaign led to proposals for a park that would enhance wildlife habitats, improve public access and safety and involve the local community. All the restoration work was completed with help from the local Groundwork trust and Stoke on Trent City Council now maintains the site with the Friends of Berryhill, which local residents formed as an independent charitable trust.

information@encams.org
information@btcv.org.uk
enquiries@cabe.org.uk
epis@ncb.org.uk
info@groundwork.org.uk
npfa@npfa.org.uk
info@sportengland.org
admin@upfor.fsbusiness.co.uk
info@wildlife-trusts.cox.co.uk
Devising a Race Equality Strategy

**AIMS OF THE INSTRUMENT:**
A Race Equality Strategy for a CSA sets out its approach to race equality and should consist of a set of principles supported by statements on how those principles will be implemented. The strategy should be accompanied by an annual action plan, which should be monitored by a dedicated organisation/umbrella group within the CSA. A Race Equality Strategy will enable a CSA to be explicit about how it will ensure its activities and processes of engagement will reach out and benefit BME communities.

**DESCRIPTION OF THE INSTRUMENT:**
A Race Equality Strategy should have the following components:

- **a vision:** a statement which demonstrates the CSA's commitment to race equality and inclusivity, and how this commitment relates to its corporate objectives
- **links:** how the work of the CSA relates to race relations, other related legislation and other strategies such as the local community cohesion strategy
- **ownership:** how the CSA will actively engage with a diverse range of local residents, for example through organisation membership, staff, and project delivery
- **communications:** how the CSA will communicate with German, black and minority ethnic residents to ascertain needs, and how it will consult them on the CSA's work
- **implementation:** how the CSA will ensure German, black and minority ethnic residents will benefit through the CSA's activities
- **monitoring and corrective action:** how the CSA will ensure that mechanisms are in place to monitor the impact of the activities on German, black and minority ethnic residents, and how it will address any gaps

**HOW THE INSTRUMENT WORKS:**
Factors that enable a Race Equality Strategy to work are:

- full discussion by CSA organisations to ensure that the strategy and action plan are customised to the CSA organisations’s needs, rather than being a copy of someone else’s strategy
- a realistic list of actions that can fit in with the CSA organisations’s objectives and plans so that equalities won’t be seen as an ‘add on’
- training for the CSA organisations and staff so they understand their responsibilities in regard to the implementation of the strategy
- deciding for each project at its outset what should be monitored
- setting up a system for recording and analysing monitoring information and keeping it up to date
- reporting on the findings of monitoring and their implications
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Radford and Hyson Green New Deal for Communities

Radford and Hyson Green New Deal for Communities have been working on a Race Equality Scheme, similar to those that statutory agencies must produce under the Race Relations (Amendment) Act. The NDC employs a Race Equality Advisor who has been laying the foundations for a good Race Equality Scheme that will enshrine race equality in the work of the NDC.

Managers in the NDC did a self-assessment of the race equality impact of their functions and developed a questionnaire to find out the views of organisations and individuals in the area. Over 400 individuals were interviewed and focus groups conducted with 70 people. The key issues that emerged were that, although deprivation affects most of the residents in this part of Nottingham, the impact of poverty was greater for BME residents.

The Race Equality Scheme contains an action plan to address some of the findings from the impact research, for example:

- an initiative to encourage public sector agencies to develop career paths for BME residents
- raising the awareness of BME residents of the work the NDC does and how they can benefit
- addressing the shortage of BME parents involved as school governors and more widely in their children’s education
- reducing the high number of BME residents who do not have a GP
- tackling community safety and the rising number of crimes against BME residents.

The Race Equality Scheme is about to go to the NDC Board for ratification, following which the Board will be trained in the implications.

The two examples below have incorporated a race element into a wider equality strategy, but the principles are similar.

South Kilburn New Deal for Communities

South Kilburn New Deal for Communities has a Race and Equality Strategy that underpins its Widening Participation Strategy Working Group. The strategy has four key principles which are to:

- promote a sense of long-term ownership by local residents
- be accessible to all local residents by removing barriers which exclude people from full participation
- actively engage local residents using communications methods which seek to reach out to groups traditionally excluded from mainstream activities
- use ongoing monitoring systems which measure equality of access to projects and processes, as well as outcomes from them.

The Strategy aims to involve and benefit its diverse range of residents, not only through its projects, but also through the processes such as planning, involvement, consultation, communication and monitoring.

The reason the strategy works is because a Widening Participation Strategy Working Group implements it. A key activity of the group has been to set up nine equalities sub groups. Three of these are relevant to BME communities: a Race and Equality Group, one that targets faith communities and a group for those who speak English as a second language.

Each group has a small budget that acts as a catalyst for deeper involvement. The sub groups have all produced their first year action plans and these include events to celebrate their community and share aspects of their culture with others, the production of practical information, raising awareness of both their communities and the work of the NDC and suggestions for further research on particular topics of concern and how this affects their community.
ID: LG8  NAME: Community Mediators

AIMS OF THE INSTRUMENT:
To reduce misunderstandings, to extinguish myths and to foster and expand positive links and better communication between all communities within the CSA.

DESCRIPTION OF THE INSTRUMENT:
This aims of this instrument are achieved by achieved by:

- developing and training mediators and conflict resolution practitioners in Burnley;
- developing the local community mediation service, Specialist Mediation in East Lancashire (SMILE); and
- developing a local facilitation network and providing training to local facilitators.

This work would enable local people to:

- identify and engage in conflict prevention, resolution and transformation;
- enhance and develop communications and event design skills,
- identify community cohesion needs; and
- design events and interventions to build bridges between communities.

All these skills would be transferred to local people so they were not reliant on outside intervention in order to identify and manage local conflict

HOW THE INSTRUMENT WORKS:

In Burnley UK (seen of inter communal conflict): An eight-day mediation training programme was designed and advertised. It included elements on conflict analysis, diversity issues, equality issues and conflict resolution skills. It was aimed at training a new tranche of SMILE mediators, community leaders from BME communities and white community leaders from areas that experienced the effects of the disturbances. However, there was very little demand shown for the programme. In retrospect it seems that the course on offer was too long (few people could invest that amount of time) and mediation skills may have appeared too specific for many people.

Key aspects of instrument operation

- Combine outside expertise with local knowledge when designing courses.
- With the right selection of participants training courses can directly contribute to creating new networks
- Learning design needs to reflect the circumstances and motivations of the target learners.
- Once trained, facilitators and mediators may need on-going support and refresher courses
- Learning which is immediately put into practice is most likely to endure
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Burnley Council and regeneration Partnerships

The Burnley Breaking Barriers Project, a youth project run by the Youth and Community Service.
Tackling vacancies and empty buildings

AIMS OF THE INSTRUMENT:
To reduce the number of empty homes and properties in the CSA's

DESCRIPTION OF THE INSTRUMENT:
A raft of measures developed strategically that target empty homes for use/re-use be that as accommodation or as an alternative land or property use.

HOW THE INSTRUMENT WORKS:

Developing a strategy: The municipality/organisations in the CSA should develop empty homes strategies. These should identify:

- The benefits of investing in empty homes
- The local and regional priorities
- Where resources should be targeted
- Property and area specific solutions
- Programmes to implement solutions
- An action plan
- Publicity for the strategy and approach

Identifying properties: It is important to find out if a property is not being used and the length of time it has been empty. This can be achieved by:

- Contacting the owner
- Asking neighbours, community groups or the police
- Checking local authority records
- Observing visible signs of decay

The steps needed to bring a property back into use: These include:

- Tracing the owner and understanding their reason for keeping it empty (e.g. potential market gain or repair costs)
- Understanding oversupply
- Estimating the costs of returning a property to use
- Establishing whether there is a reasonable prospect of the property being brought back into use by the owner without intervention
- Offering support to the owner

Partnership working: Partnership working is essential to success and can be co-ordinated by the municipality, the LWB and the CSA organisations.

- Arrangements should be made for regular contact with private property owners, renting 'buro', housing associations, the police and others with an interest in empty properties.

Developing skills: Bringing an empty property back into use requires those involved to have a range of skills and knowledge. These include:

- An understanding of legal rights and agreements
- An appreciation of the best use of space and the potential end use
- Survey, design and architectural skills
- Awareness of planning and building permissions and consents
- Negotiation
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Sources:

Office of the Deputy Prime Minister
www.odpm.gov.uk

HouseMark
www.housemark.co.uk

Empro
www.empro.co.uk

Chartered Institute of Housing’s Good Practice Unit
Octavia House
Westwood Way
Coventry CV4 8JP
Tel: 024 7685 1777
www.cih.org
<table>
<thead>
<tr>
<th>ID LG10</th>
<th>NAME:</th>
<th>Crime and Disorder Partnership</th>
</tr>
</thead>
</table>

**AIMS OF THE INSTRUMENT:**

To provide a framework for the police and local authority together with other partners to work together to reduce and manage anti-social behaviour and crime.

**DESCRIPTION OF THE INSTRUMENT**

Statutory partnerships of responsible authorities viz:

- the police
- local authorities
- fire authorities
- police authorities,
- local health boards, and primary care trusts

work together to carry out an audit to identify crime and disorder and misuse of drugs problems in their area and develop strategies that deal effectively with them.

Partner organisations are required to work in co-operation with local education and probation authorities and invite co-operation of a range of local private, voluntary, other public and community groups including the community itself.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Every local authority area is required to have a partnership.

Details and Guidance are available at:
http://www.crimereduction.gov.uk/regions00.htm
This site also links to copies of audits and strategies for each local authority.
Acceptable Behaviour Contracts

AIMS OF THE INSTRUMENT:
To reduce and manage anti-social behaviour (rowdiness, drug selling and use, vandalism, graffiti, litter) by interventions and behaviour management.

DESCRIPTION OF THE INSTRUMENT:
- Acceptable Behaviour Contracts (ABCs) are voluntary written agreements between a person who has been involved in anti-social behaviour and one or more local agencies whose role it is to prevent such behaviour, such as the police, a CSA organisation, the municipality or the LWB.
- ABCs are most commonly used for young people aged 10-18 years, but may also be used for adults.
- ABCs have been found to reduce the amount of anti-social behaviour, particularly when used alongside measures to address its underlying causes.

HOW THE INSTRUMENT WORKS:
ABCs have been used to address a range of anti-social behaviour, including:
- harassment of residents or passers-by
- threatening verbal and physical behaviour
- drug misuse
- verbal abuse
- criminal damage
- vandalism
- noise nuisance
- graffiti
- engaging in threatening behaviour in large groups
- racial abuse
- joy riding
- begging.

The contract is agreed and signed at a meeting with the individual and the lead agencies. Where the person whose behaviour is problematic is a child or young person, parents or guardians are encouraged to attend the meeting.

The contract specifies a list of anti-social acts in which the person has been involved and which they agree not to continue. Where possible, the individual is involved in drawing up the contract; this can encourage them to recognise the impact of their behaviour and take responsibility for their actions.

Support to deal with the underlying causes of the behaviour is commonly on offer in parallel with the contract. Examples are diversionary activities, counselling or support for the family.

An ABC normally lasts for six months. The contract sets out:
- who the contract is between, e.g. landlord, police (if appropriate) and the individual;
- the specific agreement in relation to the future behaviour of the young person;
- a statement that the young person fully understands the meaning of the contract and that they are aware the police or property owner may take further legal action if the contract is breached, for example applying for an Anti-Social Behaviour Order or possession.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

www.homeoffice.gov.uk/rds/pdfs2/rdsolr0204.pdf

Sources:


Home Office Crime Reduction Toolkits – *Anti-Social Behaviour*
www.crimereduction.gov.uk/toolkits/as00.htm


ODPM (2003) *Tackling anti-social behaviour in mixed tenure areas*
www.odpm.gov.uk/stellent/groups/odpm_housing/documents/page/odpm_house_609309.hcsp
**Aims of the Instrument:**

The aim of this instrument is to forge a partnership between a local authority and the local business community that develops and takes forward a project which will benefit the trading environment and the physical realm/the streetscape.

**Description of the Instrument:**

A Business Improvement District is a precisely defined geographical area within which the businesses have voted to invest collectively in local improvements to enhance their trading environment. BIDs do not affect the level or quality of service provided by the local authority to the area. A BID is initiated, financed and led by the commercial sector, providing additional or improved services as identified and requested by local businesses, to the baseline services provided by the local authority in that area.

**How the Instrument Works:**

A BID has no limitations on size and can be as small as two businesses which agree that they want to contribute a percentage of their business taxes in order to benefit from enhanced services. It is likely that a BID be a street or a section of a street where the issues facing the businesses are common. Ultimately, the establishment of a BID will be determined by ballot, but if, as a business, you are interested in forming a BID, you should express your interest to the steering group. If there are several businesses in your area which are interested in establishing a BID, a business plan will be established, defining the geographical scope of the BID, the rate of contribution by the participating businesses and the way in which the funds would be spent to enhance the local area. The business plan should have a clear and limited focus.

Once the business plan is established, the BID will be put to ballot. In order to be successful, the results must adhere to two conditions.

1. More than 50% of businesses balloted must support the BID’s business plan
2. More than 50% of total business rates for that area must be paid for by businesses supporting the BID.

If successful, the BID will be established as a legal company and a management committee from within the participating businesses will be elected to monitor progress against the business plan.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

http://www.ukbids.org/

http://www.ukbids.org/cat.asp?cat=129


**ID:**

**NAME:**

Town Centre Management

**AIMS OF THE INSTRUMENT:**

To maintain and enhance the quality of the town/city centre and to solve problems that arise and manage day-to-day (and nighttime) issues.

**DESCRIPTION OF THE INSTRUMENT:**

A specific area-focused set of tasks: A suite of projects, tasks and duties performed/managed by:

- the municipality individually (as a specialised team/department)
- in partnership with the private sector
- or subcontracted out to a firm of specialist private operators.

**HOW THE INSTRUMENT WORKS:**

Town centre management has been described as the art of place making, building and sustaining competitive locations through the enhancement of the public realm, physical and economic regeneration and the creation and maintenance of a healthy business environment.

Successful management could be vital to town and cities centre CSA's and it has been able:

- create environments that are clean and safe by investing in maintenance and security
- improve transport, parking and accessibility
- add vitality through professional marketing and events programmes
- stimulate growth by inward Investment and development
- generate resources from a cocktail of service provision, membership fees, sponsorship, grant aid and entrepreneurial activities
- prevent conflict by managing the impact of construction and public works
- celebrate local heritage through tourism and destination management
- expand opportunities through training and employment programmes
- increase choice and diversity by delivering new amenities, residential development and a night-time economy
- enhance quality through public art and major infrastructure improvements to the public realm.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

http://www.atcm.org/

http://www.manchester.gov.uk/regen/citycentre/index.htm

http://www.donaldsons.co.uk/default.aspx?page=465

http://www.bristolbroadmead.co.uk/future/

http://www.merton.gov.uk/towncentman.pdf

### AIMS OF THE INSTRUMENT:

There are two key aims here:

- Mapping expenditure – knowing how much money is spent in which parts of a city or district. How much goes to particular neighbourhoods? In particular the CSA's
- Bending programmes – changing the patterns of expenditure so that more resources are allocated to the neighbourhoods most in need- in particular the CSA's.

### DESCRIPTION OF THE INSTRUMENT:

A means to clarify the flows of public (Local, Regional, Federal) through a city and its neighbourhoods and identify whether these flows could be redirected ('bent') towards the CSA's.

### HOW THE INSTRUMENT WORKS:

**Mapping spend through expenditure analysis:** Estimates of spending can be made simply by looking at existing budgets and dividing them up in a way which reflects how they are divided up between neighbourhoods. Breaking down spend by population is a simple, but not very sophisticated, way of doing this. However, you can look at the distribution of people by age and divide up spend on particular services by age group. Some social service spending can sensibly be allocated in relation to the distribution of older people; some schools expenditure by the age distribution of children; some health spending services can again be divided by age group. This gives a slightly better picture than simple division per head of population but still does not accurately reflect local spending.

**Mapping spend through activity analysis:** An assessment of local spend may also be developed through mapping local service provision and making an estimate of how much the activities carried out in the neighbourhood cost. This involves finding out the following data for each organisation active in neighbourhood service provision:

- The number of neighbourhood based staff and the extent to which their time can be allocated to neighbourhood duties.
- The number of outreach staff from organisations outside the neighbourhood who spend some part of their time on neighbourhood work.
- The services provided to the neighbourhood by larger teams for whom the neighbourhood is only part of the total area they serve.
- The amount of time that central services staff spend on neighbourhood issues. This is one area where population estimates are most often used but it is important to try to establish whether the neighbourhood is receiving its ‘proper’ share of central services.
- The amounts spent on buildings (staffing, maintenance, building improvements) together with the share of the capital programme that is to be spent in the neighbourhood, and the extent that it benefits local people.

**Bending main programmes:** is something that is done when there is no special initiative in the neighbourhood or when the money for the neighbourhood programme(s) runs out (or is cutback) and as such is useful in a period of fiscal pressure such as that currently facing Leon. It can be achieved in a variety of ways:

- Main programme departments can re-direct resources released through efficiency savings;
- Service level agreements between the neighbourhood and the main organisations should specify clearly what resources are to be allocated to the neighbourhood;
- Main programme/ policy/ service departments and organisations should re-examine their priorities and think about giving lower priority to other user groups, areas or services in order to release resources to priority CSA neighbourhoods.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Sources:
Bending the spend: harnessing the power of public spending to build better neighbourhoods ODPM 2002

<table>
<thead>
<tr>
<th>Id: EC4</th>
<th>Containing tourist activities in one area : tourist concentration model</th>
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<tbody>
<tr>
<td><strong>Aim of the instrument:</strong></td>
<td>To form a balance between tourist and residential functions of city centre and make city centre more attractive to its inhabitants.</td>
</tr>
<tr>
<td><strong>Description of the instrument:</strong></td>
<td>The activities, connected with tourism, are allowed only in one part of the city centre. This creates an island of tourist activities, surrounded with residential and resident-related ones.</td>
</tr>
<tr>
<td><strong>How the instrument works:</strong></td>
<td>City building regulations demand building permit for changes of use. Therefore, any building, converting to a hotel or tourist shop, has to apply for it. This way, city council has control over development and location of tourist-related activities.</td>
</tr>
</tbody>
</table>
| **Best Practice Examples:** | • ed. Robert Pickard: Management of Historic Centres  
• B.Beernaert, W. Desimpelaere;  
• Bruges, Belgium |
Developing a Community Cohesion Baseline

AIMS OF THE INSTRUMENT:
The objective behind baselining is to determine how community cohesion could most effectively be achieved in Leon. The principal objectives are to:

- review current City Council and partner policies, structures and processes that promote community cohesion;
- learn lessons from the past;
- identify potential triggers and factors likely to cause tensions and fragmentation between Leon's main communities;
- identify barriers and obstacles to welcoming newcomers from abroad;
- profile current and future community needs and aspirations, including perceptions of community pride and sense of belonging; and
- assess the potential for strengthening existing partnership arrangements.

DESCRIPTION OF THE INSTRUMENT:
Through dialogue (directed by both questionnaire and facilitator) the level of community cohesion in the case study areas can be evaluated and this acts as a basis (a 'baseline') for activities aimed at improving this level.

The instrument produces amongst other elements:

- A 'collaboration' between the politicians, officers, partnerships, faith groups and communities who get involved;
- A clarification of issues affecting community cohesion under 12 headings ranging from ‘Vision and Political Leadership’ to ‘Press and Media’, also suggesting ‘Priority Issues for the Future’ under each heading;
- A determination of a clear policy focus and service delivery proposals under four headings:
  - vision and leadership
  - young people
  - engaging the city’s outer area communities, and
  - Black and Minority Ethnic communities

HOW THE INSTRUMENT WORKS:

- In-depth interviews with leading politicians, businesspeople, community leaders and locally-based civil servants;
- Attendance at a number of events and formal and informal partnerships, including neighbourhood forums, citizens groups, parent-teacher meetings, council committees and 'umbrella' organisations for ethnic groupings, the private sector and community volunteers;
- Community Workshops designed to canvas the views of residents, neighbourhood community workers and volunteers in different communities across the city
- All of which produces a clear picture of the nature and extent of cohesion within the various Leon communities which can be used to measure (and influence the nature) policy effectiveness.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

Leicester City Council
Barnet Borough Council
Rochdale Borough Council
Tower Hamlets Borough Council
Tewkesbury Council
**AIMS OF THE INSTRUMENT:**

To work with residents to develop new approaches, ultimately changing the culture from one of leaving the problems of litter, graffiti and untidy spaces to the Council, to one of residents taking pride and ownership in their area.

**DESCRIPTION OF THE INSTRUMENT:**

Resident-based methods include:

- Setting up Neighbourhood Management Schemes,
- Organising Spring Clean-Ups,
- Organising a 'Make a Difference Day',
- Employing neighbourhood caretakers,
- Establishing a Community Development Trust,
- Launching an education programme,
- Instigating an 'Adopt a Spot' or 'Adopt a Block' scheme,
- Creating legalised graffiti sites,
- Establishing Street Action Groups

**HOW THE INSTRUMENT WORKS:**

Each scheme requires different types and levels of input, however there are some common themes:

- Focus on an area which attracts interest; one that is important to local people,
- Provide sufficient advertising to attract participation,
- Ensure residents can see how their efforts are going to contribute,
- Ensure that residents’ voices are heard,
- Ensure one organisation takes the lead,
- Residents’ time may come free, but equipment should be funded by an appropriate organisation, e.g. Local Authority,
- Adopt a partnership approach.

For other schemes the following were essential:

- Make the scheme interesting to children,
- Ensure adequate funding,
- Fund an officer to lead a project, e.g. Neighbourhood Management.
- The Municipality prioritising community regeneration by providing adequate officer time to design schemes, bid for grants, and manage both the project and resident involvement.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

http://www.springbourneandboscombe.org.uk/

www.manchester.gov.uk

www.indymedia.org.uk

www.swansea.gov.uk

http://northumbria.ac.uk/business/pa/

www.greenwich.gov.uk
ID: LG3

NAME:

Renewing and maintaining neighbourhood green spaces

AIMS OF THE INSTRUMENT:

Well-designed and maintained green spaces that involve local communities can make a major contribution to neighbourhood renewal.

DESCRIPTION OF THE INSTRUMENT:

There are many different types of green spaces, each with their special qualities. The UK Government's Urban Green Spaces Taskforce developed a simple typology of urban open and green spaces. Green spaces include:

- parks and gardens,
- outdoor sports facilities,
- allotments and urban farms,

while civic spaces include

- sea fronts,
- civic squares and
- pedestrian streets.

HOW THE INSTRUMENT WORKS:

Several questions/ issues need to be addressed when managing open/ green space improvements:

- **How can we build on current local expertise in parks and green spaces?** Advice is available in parks and leisure services departments of local authorities, from local groups already involved and from national organisations
- **Can we get more funding?** Private sponsor/ local-regional business/ bending the spend;
- **How can we reduce vandalism, litter and graffiti?** Involve young people in design and planning of facilities, create specific facilities to meet their needs, alongside good security and monitoring by trained staff so that any damage is quickly repaired;
- **How do we maximise wildlife benefits?** As well as taking advice and building on existing strengths, a network of linked green spaces will be more beneficial than isolated sites- strategic approach;
- **How do we maximise economic benefits?** High quality green spaces are the best guarantee of return on investment, and on ensuring the enhancement of the neighbourhood. Building training opportunities into schemes, through job brokerage, time banking, social enterprise or micro enterprise can lead to the establishment of community businesses which in turn contribute to maintenance;
- **How do we maximise social benefit, and inclusivity among users?** Careful planning of involvement processes to ensure no groups are excluded in planning facilities;
- **How can we increase political support and demonstrate the popularity of specific parks and green spaces?** Polls, user surveys and national information sources can all be used, and
- **How can we promote our own achievements more widely?** Local regional and national print radio and visual medias.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

- Deep Pits / Manor Fields Park, Sheffield. This project began in 1999 and is part of a major regeneration programme in the Manor and Castle wards of Sheffield. Part of the site is next to a new housing development. There have been various consultation activities including the production of a touring proposals model. Stone-carving events have been held, mainly with local youth groups, and the works produced are being incorporated into the boundary wall. Railings produced through community metalworking workshops will complete the wall. There will then be major landscaping, play features and art in landscape.

- Mint Street Park, Bankside Open Spaces Trust (BOST), London. Landscaping improvements and a gardening club for residents and homeless people had already been developed on this park before phase 2 was commissioned in 2002. The next stage is to upgrade the sports pitch and lighting, and put in flowerbeds and play equipment. A community art project will be commissioned, and a feasibility study for a new building and to redraw the site’s master plan to include disused roads is being considered.

- Glass Park, Doncaster. This new park was started in 1999 on a former Pilkingtons glassworks that had sports pitches, but had fallen into disrepair. A trust, controlled by the local community in partnership with the local authority, was created to develop the park. Pilkingtons continues to support and sponsor the facilities. A Millennium Green is being created, as well as sports grounds, a city farm and an organic market. A wildlife campaign had been running locally for many years, so conservation will be a theme.

- Liquorice Park, Lincoln. A coincidence of a community festival group canvassing ideas for local projects, public demand to do something about derelict allotments, Lincoln City Council's Local Agenda 21 strategy and the Countryside Agency's Millennium Greens grant led the project to create a new park on an area where liquorice used to be grown commercially. The community campaign developed sub-groups to work on habitat management, public involvement and fundraising, and

- Berryhill Fields. This is a huge 168-acre site, once covered in mining spoil heaps, which had become a mix of wet pasture, heath land and scrub. A community campaign led to proposals for a park that would enhance wildlife habitats, improve public access and safety and involve the local community. All the restoration work was completed with help from the local Groundwork trust and Stoke on Trent City Council now maintains the site with the Friends of Berryhill, which local residents formed as an independent charitable trust.
AIMS OF THE INSTRUMENT:
To bring together all actors and stakeholders in the culture/heritage domain and progress collaborative working on a number of issues, projects and activities to preserve and enhance cultural/heritage issues.

DESCRIPTION OF THE INSTRUMENT:
A cross-sector organisation with a strategy and utilised exiting municipal powers/duties, private sector expertise, premises and sometimes funds and community involvement with the energy and enthusiasm of the people.

It is similar to TCM but only focussed on the specifics of culture and heritage rather than retail, services and streetscape management—though there will be coordination and collaboration here as well ('governance').

HOW THE INSTRUMENT WORKS:
The municipality is only one of many providers of cultural activity. Much is organised by the voluntary sector of clubs and societies, by smaller 'communities of owners'/local groups and such like, by schools and universities, and by other agencies. The private sector is active in many ways—from arts and antiques shops and individual craftspeople, to the tourist attractions, hotels and health clubs, nightclubs and pubs.

So a Cultural Strategy is concerned with all forms of culture and recreation in the municipality CSA's. While the municipality has an important part to play, the Strategy looks for collaboration and PARTNERSHIP between organisations and sectors as the best way to deliver progress on cultural and Heritage issue.

1. An extensive consultation process shapes the development of the strategy. It normally consists of questionnaires, a short series of focus groups and discussions with representatives of cultural organisations and agencies.

2. Next a firm of management consultants is tasked to develop a strategy specifically for the municipality by devising a local action plan which meets all the qualitative criteria identified in the consultation.
BEST PRACTICE EXAMPLES IN THE UNITED KINGDOM:

http://www.culture.gov.uk/PDF/cultural_strategy.pdf

http://www.manchester.gov.uk/regen/culture(strategy/index.htm


http://www.bolton-life.com/intro.asp

http://www.wycombe.gov.uk/leisure/default.asp?id=401&step=2

LJUBLJANA INSTRUMENTS
<table>
<thead>
<tr>
<th>Id</th>
<th>1 - access (traffic, parking)</th>
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</table>
| 1-1 | short-term parking in city centre  
   | o source: Ljubljana, Lerwick  
   | (http://www.lerwicktowncentre.com) |
| 1-2 | improving traffic flow (traffic loops to city ring, one-way street system, pedestrian zones - improving traffic flow, building of big underground and smaller above-ground car parks)  
   | o source: ed. Robert Pickard: Management of Historic Centres; B.Beernaert, W. Desimpelaere; Bruges, Belgium |
| 1-3 | improving public transport via subsidies for special groups, special lanes for buses, increase in frequency, traffic lights change sensors…  
   | o source: ed. Robert Pickard: Management of Historic Centres; B.Beernaert, W. Desimpelaere; Bruges, Belgium |

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<tr>
<th>Id</th>
<th>2 - undeveloped strategy and poor performance of city management</th>
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</table>
| 2-1 | improving performance of city management  
   | o source: ed. Robert Pickard: Management of Historic Centres; B.Beernaert, W. Desimpelaere; Bruges, Belgium and B. Coussy; Rochefort, France |
| 2-2 | development of long-term city centre regeneration policy  
   | o source: ed. Robert Pickard: Management of Historic Centres; B.Beernaert, W. Desimpelaere; Bruges, Belgium and E. Negussie; Dublin, Ireland |

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<tr>
<th>Id</th>
<th>3 – improving economic growth</th>
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</table>
| 3-1 | Tax benefits and subsidies for commercial activities  
   | o source: ed. Robert Pickard: Management of Historic Centres; E. Negussie; Dublin, Ireland |
| 3-2 | Shop Loyalty Card Scheme in city centre area  
   | o source: Association of Town Centre Management  
   | http://www.atcm.org/doc.asp?doc=1506&cat=121 |
| 3-3 | Business Development Courses to aid entrepreneurs in city centre area  
   | (improving customer service, improving shop interior design, window displays)  
   | o source: Lerwick (http://www.lerwicktowncentre.com) |
| 3-4 | Adjusting shop opening hours  
   | o source: Lerwick (http://www.lerwicktowncentre.com) |

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<tr>
<th>Id</th>
<th>4 - disrepair, poor maintenance and poor appearance of historical buildings</th>
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</thead>
</table>
| 4-1 | Taxation of poorly maintained buildings  
<p>| o source: ed. Robert Pickard: Management of Historic Centres; B.Beernaert, W. Desimpelaere; Bruges, Belgium |</p>
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<tr>
<th>Id</th>
<th>5 - worsening of inhabitant age structure (emigration of young people, increase of aged inhabitants)</th>
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<tr>
<td>5-1</td>
<td>Tax benefits for residential owner occupiers</td>
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<tr>
<td></td>
<td>o source: ed. Robert Pickard: Management of Historic Centres; B. Coussy; Rochefort, France</td>
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<tr>
<td>5-2</td>
<td>Good maintenance and restoration of public spaces</td>
</tr>
<tr>
<td></td>
<td>o source: ed. Robert Pickard: Management of Historic Centres; B. Coussy; Rochefort, France</td>
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<td></td>
<td>o source: Lerwick (<a href="http://www.lerwicktowncentre.com">http://www.lerwicktowncentre.com</a>)</td>
</tr>
<tr>
<td>5-3</td>
<td>Stimulating use of empty dwellings above shops</td>
</tr>
<tr>
<td></td>
<td>o source: Lerwick (<a href="http://www.lerwicktowncentre.com">http://www.lerwicktowncentre.com</a>)</td>
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<th>Id</th>
<th>6 - poor participation and commitment of local inhabitants</th>
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<tr>
<td>6-1</td>
<td>City and Department of Historical Monuments organize workshops, cultural and promotional events</td>
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<tr>
<td></td>
<td>o source: ed. Robert Pickard: Management of Historic Centres; B. Beernaert, W. Desimpelaere; Bruges, Belgium ter B. Coussy; Rochefort, France</td>
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<tr>
<th>Id</th>
<th>7 - conflict between inhabitants versus retail and tourism</th>
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<tbody>
<tr>
<td>7-1</td>
<td>Containing tourist activities in one area = tourist concentration model</td>
</tr>
<tr>
<td></td>
<td>o source: ed. Robert Pickard: Management of Historic Centres; B. Beernaert, W. Desimpelaere; Bruges, Belgium ter B. Coussy; Rochefort, France</td>
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<td>o source: Lerwick (<a href="http://www.lerwicktowncentre.com">http://www.lerwicktowncentre.com</a>)</td>
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<tr>
<td>Id</td>
<td>8 - vacant buildings</td>
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<tr>
<td>8-1</td>
<td>Taxation of longstanding vacancies and under-utilized premises</td>
</tr>
<tr>
<td></td>
<td>o source: ed. Robert Pickard: Management of Historic Centres; B.Beernaert, W. Desimpelaere; Bruges, Belgium</td>
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Instruments – detailed:

<table>
<thead>
<tr>
<th>Id: 1-1</th>
<th>Short-term parking in city centre</th>
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</table>

**Aim of the instrument:**

To make parking space available for short-stay visitors of city centre.

**Description of the instrument:**

Dedicating and marking parking lots for short term parking only. This enables better access for people who come to the city centre for shopping or with other purpose that does not take more than a couple of hours. This prevents that people working in the city centre permanently take the parking lots for the time of their working hours and prevent short term visitors to CSA.

**How the instrument works:**

Some parking areas in city centre are available only for short-term parking, therefore eliminating one crucial and obvious disadvantage of city centre – lack of parking space.

**Best Practice Examples:**

- Ljubljana, Slovenia
- Lerwick, UK ([http://www.lerwicktowncentre.com](http://www.lerwicktowncentre.com))
<table>
<thead>
<tr>
<th>Id: 1-2</th>
<th>Improving traffic flow</th>
</tr>
</thead>
</table>

**Aim of the instrument:**

To improve access and stimulate migration of people and business to city centre and to enable more closely connected shopping and entertainment area by redirecting the flow of pass through traffic away from the city centre.

**Description of the instrument:**

Traffic loops to city ring, one-way street system and pedestrian zones in city centre, building big underground and smaller above-ground car parks.

**How the instrument works:**

Traffic loops redirect traffic flow to city ring, a ring of parking facilities around city centre enables parking for inhabitants, shoppers and businessmen. Transformation of narrow streets into one-way lanes reduces traffic in city centre and enables the formation of pedestrian areas.

Relatively strong flow of pass-through traffic through the city centre destroys the possible cohesion of the CSA as a commercial and entertainment centre. With the redirection of this transit only traffic away from the CSA area the area would benefit also from better (less time consuming) access of the CSA for those with CSA being their final destination.

**Best Practice Examples:**

- ed. Robert Pickard: Management of Historic Centres;
- B. Beernaert, W. Desimpelaere;
- Bruges, Belgium
- Vienna, Austria
### Id: 1-3 Improving public transport

| **Aim of the instrument:** |  
To increase use of public transport and promote sustainability in city centre. |
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Description of the instrument:</strong></td>
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</tr>
</tbody>
</table>
Making public transport more advantageous mean of transport in comparison to cars by making the speed of public transportation more independent of the state of traffic (traffic jams) and therefore faster in the rush hours. |
| **How the instrument works:** |  
Subsidies for special groups, special lanes for buses, increase in frequency, traffic lights preferential treatment, optimisation of public transport links are some of the ways with which city centre can successfully improve public transport and promote its use. Possible introduction of tram. |
| **Best Practice Examples:** |  
- ed. Robert Pickard: Management of Historic Centres;  
- B.Beernaert, W. Desimpelaere; Bruges, Belgium  
- Lerwick ([http://www.lerwicktowncentre.com](http://www.lerwicktowncentre.com)) |
**Id: 2-1**  Improving performance of city management

<table>
<thead>
<tr>
<th>Aim of the instrument:</th>
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<tbody>
<tr>
<td>To implement policy of regeneration.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Description of the instrument:</th>
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</thead>
<tbody>
<tr>
<td>Depending on the size of the city in question and complexity of the problems, connected with regeneration of city centre, a special group within local administration is selected to implement regeneration strategy.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How the instrument works:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The city forms special Town Planning Service that is directly responsible for city centre regeneration and cultural heritage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Best Practice Examples:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• ed. Robert Pickard: Management of Historic Centres;</td>
</tr>
<tr>
<td>• B. Beernaert, W. Desimpelaere;</td>
</tr>
<tr>
<td>• Bruges, Belgium</td>
</tr>
<tr>
<td>• B. Coussy;</td>
</tr>
<tr>
<td>• Rochefort, France</td>
</tr>
</tbody>
</table>
### Aim of the instrument:

To form a basic philosophy for dealing with urban regeneration problem.

### Description of the instrument:

The master plan is a dynamic planning approach, capable of evolving and adapting to the changing economic and spatial conditions. Main aims of the master plan are:

- to attract more city dwellers,
- to remove large scale businesses from city centre,
- the commercial core of the city must be preserved and made competitive with out-of-town malls,
- to conserve city character,
- to eliminate noise and pollution,
- to form a successful traffic policy.

The plan consisted of three phases; the first was a survey, the second a detailed examination of the city and third consisted of feedback on the detailed examination studies. Cost analysis and feasibility study were also part of the plan.

### How the instrument works:

The formulation of a consistent policy enables the city to list its problems and then formulate strategies for solving them.

### Best Practice Examples:

- ed. Robert Pickard: Management of Historic Centres;
- B.Beernaert, W. Desimpelaere;
- Bruges, Belgium
- E. Negussie; Dublin, Ireland
<table>
<thead>
<tr>
<th><strong>Id: 2-3</strong></th>
<th><strong>Enhancing Private Sector Engagement</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aim of the instrument:</strong></td>
<td>To produce a framework for closer and more effective involvement of the private sector (shopkeepers, restaurant bar owners etc.) in management of the case study areas.</td>
</tr>
<tr>
<td><strong>Description of the instrument:</strong></td>
<td>Initiating and maintaining greater private sector involvement in the case study neighbourhoods through supporting the intra business cooperation and cooperation among businesses and local authority. Engaging businesses in initiation, preparation and realization of festivals, holiday celebrations and other special occasions.</td>
</tr>
</tbody>
</table>
| **How the instrument works:** | A strategy for private sector engagement will have several elements:  
  - persuading business that there is real benefit in their engagement  
  - supporting the communication among stakeholders in the business community  
  - finding and engaging business and agreeing what might be their best contribution  
  - taking action  
  
  In order to achieve good cooperation among local authorities and business community ongoing communication has to be established with both sides collecting feedback information on the results of the cooperation. |
### Tax benefits and subsidies for commercial activities

**Aim of the instrument:**
To stimulate (re)migration of business to city centre.

**Description of the instrument:**
Formulation of special tax relief’s to encourage private sector redevelopment, special remissions of rates (including capital allowances) for commercial development, subsidies and rent allowances for commercial activities.

**How the instrument works:**
Tax benefits and subsidies made city centre more attractive for businesses and softened economic crisis in the inner city.

**Best Practice Examples:**
- ed. Robert Pickard: Management of Historic Centres;
- E. Negussie;
- Dublin, Ireland
<table>
<thead>
<tr>
<th>Id: 3-2</th>
<th>Shop Loyalty Card Scheme in city centre area</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aim of the instrument:</strong></td>
<td>To support independent, local traders by keeping customers in the city centre rather than losing them to larger malls.</td>
</tr>
<tr>
<td><strong>Description of the instrument:</strong></td>
<td>Private sector retailers formed an alliance and introduced special discount card for shoppers in the city centre.</td>
</tr>
<tr>
<td><strong>How the instrument works:</strong></td>
<td>The scheme offers cash discounts on all purchases in participating shops, based on the possession of an electronic ‘smart’ shop and save card. Shoppers pay a small initial fee and discounts increase according to their level of spend and frequency of purchases at each outlet. Retailers set their own discounts using a rented stand-alone card reader. A key factor is the absence of any requirement for users to record their personal details or to amass ‘loyalty points.’</td>
</tr>
<tr>
<td><strong>Best Practice Examples:</strong></td>
<td>• Maldon UK (<a href="http://www.atcm.org/doc.asp?doc=1506&amp;cat=121">http://www.atcm.org/doc.asp?doc=1506&amp;cat=121</a>)</td>
</tr>
<tr>
<td>Id: 3-3</td>
<td>Protection and expansion of tourism</td>
</tr>
<tr>
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</tr>
<tr>
<td><strong>Aim of the instrument:</strong></td>
<td>To stimulate businesses in the CSA by attracting tourists.</td>
</tr>
<tr>
<td><strong>Description of the instrument:</strong></td>
<td>Marketing the city as a central tourist destination that enables one day trips to other destinations in the country. This enables the city to keep the major part of tourist consumption in the city and stimulates business.</td>
</tr>
<tr>
<td><strong>How the instrument works:</strong></td>
<td>Selective marketing should result in the city not being only transit tourist destination but also as central tourist destination from where it is possible to go to other destinations in the country. Marketing should address all countries that have good connection with the city (connected by for example commercial airlines or low fare airlines and trains).</td>
</tr>
</tbody>
</table>
| Id: 3-4 | **Business Development Courses**  
|         | (improving customer service, shop interior design, window displays) |
|         | **Aim of the instrument:** |
|         | To aid entrepreneurs in city centre area and therefore stimulate business in city centre. |
|         | **Description of the instrument:** |
|         | City holding Business Development Courses to address issues such as improving customer service, shop interior design, window displays, etc. |
|         | **How the instrument works:** |
|         | By improving shop front design, customer service and interior design the environmental quality of the area is enhanced which in turn attract more shoppers. |
|         | **Best Practice Examples:** |
|         | • Lerwick (http://www.lerwicktowncentre.com) |

| Id: 3-4 | **Adjustment of shop opening hours** |
|         | **Aim of the instrument:** |
|         | To aid entrepreneurs in city centre area and therefore stimulate business in city centre. |
|         | **Description of the instrument:** |
|         | Extending shop opening hours to include evenings and weekends. |
|         | **How the instrument works:** |
|         | By eliminating the advantage of longer opening hours of shopping malls, the city centre should attract more customers with a wider range of customer service (combinations of cultural events and shopping). |
|         | **Best Practice Examples:** |
|         | • Lerwick (http://www.lerwicktowncentre.com) |
**Taxation of poorly maintained buildings**

**Aim of the instrument:**
To boost restoration and good maintenance of buildings in city centre area.

**Description of the instrument:**
Neglected buildings are noted, their owners informed and, where necessary, taxed by regional government. The tax is accumulative and represents a minimal sum of 7,500 € yearly.

**How the instrument works:**
Taxation of neglected buildings stimulates owners and also tenants to make use of various subsidies from the city, region and state government. Also, the accumulated taxes fund organisation, whose aim is to eliminate slums and vacancies.

**Best Practice Examples:**
- ed. Robert Pickard: Management of Historic Centres;
- B. Beernaert, W. Desimpelaere;
- Bruges, Belgium
<table>
<thead>
<tr>
<th>Id: 4-2</th>
<th>Maintenance obligations and maintenance subsidies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aim of the instrument:</strong></td>
<td>To improve the state of built heritage and also attract more inhabitants to the city centre.</td>
</tr>
<tr>
<td><strong>Description of the instrument:</strong></td>
<td>Lerwick - Grants for repairs and built heritage renewal aid the owners to invest in built heritage instead of building on vacant land.</td>
</tr>
<tr>
<td></td>
<td>Bruges - The owners of listed monuments are obliged to keep their buildings in good repair. They are eligible for maintenance and restoration premiums, in return for which they must present an annual technical report of the building to the government.</td>
</tr>
<tr>
<td></td>
<td>Lisbon – REHABITA project for the improvement of degraded housing in inner-city areas.</td>
</tr>
<tr>
<td></td>
<td>France – private landlords whose dwellings are in need of renovation are entitled to grants by the Agence Nationale pour l’Amélioration de l’Habitat (ANAH).</td>
</tr>
</tbody>
</table>
**How the instrument works:**

Lerwick - Town Scheme and Conservation Grant Scheme grant assistance to property owners within the Conservation Area for the purpose of traditional repairs.

Bruges – maintenance and restoration premiums for listed monuments' owners in exchange for annual report and good management. Subsidies include:

- annual restoration premiums paid by the city
- subsidies of historically valuable but unlisted private property renovation, which comprise of 50% of restoration costs for visible elements and 30% for some internal or non-visible elements
- subsidies for functional improvement of a dwelling, covering a maximum of 40% of the costs and aimed at improving electricity, bathroom installations, roofing, damp-proofing, etc.

Lisbon - The subsidy may reach up to 65 percent of the renovation cost. The cost of subsidy is borne by the state (60%) and local authority (40%).

France - Grants are allocated up to 25% of renovation costs in return for regulated rent for at least 10 years.

**Best Practice Examples:**

- ed. Robert Pickard: Management of Historic Centres;
- B.Beernaert, W. Desimpelaere;
- Bruges, Belgium
- Lerwick ([http://www.lerwicktowncentre.com](http://www.lerwicktowncentre.com))
- C. Donner: Housing Policy in the EU Member States

**Id: 4-3**

**Developing association of built heritage owners**

**Aim of the instrument:**

To stimulate regular and preventative maintenance of listed buildings.
**Description of the instrument:**

The regional government launched “Monument-Watch for Flanders” in 1991. Owners of listed monuments can join the association and are in turn entitled to a yearly inspection and detailed report of their building. Inspection usually results in a restoration plan and also the carrying out of urgent work, sometimes even at the time of inspection. The scheme also results in better knowledge of the building’s physical state.

**How the instrument works:**

Members of an listed-buildings-owners association are entitled to a yearly inspection and detailed report of their building and smaller repairs.

**Best Practice Examples:**

- ed. Robert Pickard: Management of Historic Centres;
- B.Beernaert, W. Desimpelaere;
- Bruges, Belgium
<table>
<thead>
<tr>
<th>Id: 4-4</th>
<th>Special city centre building regulations</th>
</tr>
</thead>
</table>

**Aim of the instrument:**
To consistently protect cultural heritage when renewing and changing function of buildings.

**Description of the instrument:**
Special regulations include various instruments to ensure proper renewal:
- building permission is needed for roof renovation, alteration of building’s function, installation of signboards, sun blinds, alterations of façade and woodwork, etc.
- strict regulation of new retail businesses
- regulation also concerns building materials

**How the instrument works:**
The Department of Historical Monuments and Urban Renewal and the City Aesthetic Commision aid city administration when granting building permissions.

**Best Practice Examples:**
- ed. Robert Pickard: Management of Historic Centres;
- B.Beernaert, W. Desimpelaere;
- Bruges, Belgium
### Creating a priority list

**Aim of the instrument:**

To prioritise built heritage for better distribution of funds and form a basis for renewal plans.

**Description of the instrument:**

Identification of built heritage and condition analysis of buildings.

**How the instrument works:**

To identify the buildings which are of great historical value and simultaneously in poor repair.

**Best Practice Examples:**

- ed. Robert Pickard: Management of Historic Centres;
- B.Beernaert, W. Desimpelaere;
- Bruges, Belgium
<table>
<thead>
<tr>
<th>Id: 5-1</th>
<th>Tax benefits for residential owner occupiers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aim of the instrument:</strong></td>
<td></td>
</tr>
<tr>
<td>Encouraging migration of residents.</td>
<td></td>
</tr>
<tr>
<td><strong>Description of the instrument:</strong></td>
<td></td>
</tr>
<tr>
<td>Special income tax allowance for residential owner occupiers.</td>
<td></td>
</tr>
<tr>
<td><strong>How the instrument works:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Best Practice Examples:</strong></td>
<td></td>
</tr>
<tr>
<td>ed. Robert Pickard: Management of Historic Centres; E. Negussie; Dublin, Ireland</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Id: 5-2</th>
<th>Good maintenance and restoration of public spaces</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aim of the instrument:</strong></td>
<td></td>
</tr>
<tr>
<td>To enhance the city centre attractiveness, to form city centre identity.</td>
<td></td>
</tr>
<tr>
<td><strong>Description of the instrument:</strong></td>
<td></td>
</tr>
<tr>
<td>Physically renewing public spaces and adding suitable urban furniture.</td>
<td></td>
</tr>
<tr>
<td><strong>How the instrument works:</strong></td>
<td></td>
</tr>
<tr>
<td>Restoration and good maintenance of public spaces often act as catalysts for city centre renewal and enhance city centre attractiveness.</td>
<td></td>
</tr>
<tr>
<td><strong>Best Practice Examples:</strong></td>
<td></td>
</tr>
<tr>
<td>• source: ed. Robert Pickard: Management of Historic Centres;</td>
<td></td>
</tr>
<tr>
<td>• B. Coussy; Rochefort, France</td>
<td></td>
</tr>
<tr>
<td>• Lerwick (<a href="http://www.lerwicktowncentre.com">http://www.lerwicktowncentre.com</a>)</td>
<td></td>
</tr>
<tr>
<td>Id: 5-3</td>
<td>Stimulating use of empty dwellings above shops</td>
</tr>
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<td>-----------------------------------------------</td>
</tr>
<tr>
<td><strong>Aim of the instrument:</strong></td>
<td>To increase vitality of city centre.</td>
</tr>
<tr>
<td><strong>Description of the instrument:</strong></td>
<td>Stimulate the private sector to increase the use of vacant premises above shops and offices for residential use with subsidies.</td>
</tr>
<tr>
<td><strong>How the instrument works:</strong></td>
<td>Bruges - A 40 % subsidy is granted for each dwelling installed above shops with a maximum of 14,500 € per building.</td>
</tr>
</tbody>
</table>
| **Best Practice Examples:** | • Lerwick ([http://www.lerwicktowncentre.com](http://www.lerwicktowncentre.com)) - in progress  
• ed. Robert Pickard: Management of Historic Centres;  
• B.Beernaert, W. Desimpelaere; Bruges, Belgium |
<table>
<thead>
<tr>
<th>Id: 6-1</th>
<th>City and Department of Historical Monuments organize workshops, cultural and promotional events</th>
</tr>
</thead>
</table>

**Aim of the instrument:**

To spread heritage consciousness and increase public commitment to the architectural heritage. Also to attract people to the city centre.

**Description of the instrument:**

Examples:
- Heritage Days in Bruges
- Heritage Workshops in Rochefort
- “Discover your Town” theme in Rochefort, which combines discovering the history of the town with museum tours, tourist promotion of the town and increasing awareness of the town children with heritage workshops
- Street Foy Fair in Lerwick (street performers, musicians, amusements and parades)
- Norwegian Independence Day Parade in Lerwick

**How the instrument works:**

The events attract people to city centre and increase public awareness of cultural heritage.

**Best Practice Examples:**

- ed. Robert Pickard: Management of Historic Centres;
- B. Beernaert, W. Desimpelaere
- Bruges, Belgium
- B. Coussy; Rochefort, France
- Lerwick ([http://www.lerwicktowncentre.com](http://www.lerwicktowncentre.com)) - in progress
<table>
<thead>
<tr>
<th>Id: 7-1</th>
<th>Containing tourist activities in one area = tourist concentration model</th>
</tr>
</thead>
</table>

**Aim of the instrument:**

To form a balance between tourist and residential functions of city centre and make city centre more attractive to its inhabitants.

**Description of the instrument:**

The activities, connected with tourism, are allowed only in one part of the city centre. This creates an island of tourist activities, surrounded with residential and resident-related ones.

**How the instrument works:**

City building regulations demand building permit for changes of use. Therefore, any building, converting to a hotel or tourist shop, has to apply for it. This way, city council has control over development and location of tourist-related activities.

**Best Practice Examples:**

- ed. Robert Pickard: Management of Historic Centres
- B.Beernaert, W. Desimpelaere;
- Bruges, Belgium
**Id: 8-1**

<table>
<thead>
<tr>
<th>Taxation of longstanding vacancies</th>
</tr>
</thead>
</table>

**Aim of the instrument:**
To eliminate longstanding vacancies and under-utilized premises in the city centre area.

**Description of the instrument:**
Activating large number of empty properties and vacancies (in Slovenia many of these problems stem from the results of the restitution or unclear and dispersed ownership).

**How the instrument works:**
Taxation stimulates owners and also tenants to make use of various subsidies from the city, region and state government. Also, the accumulated taxes fund an organisation, whose aim is to eliminate slums and vacancies.

With no real estate tax in Slovenia there is no instrument that would motivate the owners to put their properties in use. The Compensation for the use of building land (land tax) does not adequately execute this function. Since there are bad prospects for the introduction of ad valorem property tax, that would force the owners to put their usually high-value properties in use the land taxation has to be changed so that it will put additional tax burden on empty properties in the CSA.

**Best Practice Examples:**
- ed. Robert Pickard: Management of Historic Centres;
- B.Beernaert, W. Desimpelaere
- Bruges, Belgium