

URBACT INFODAYS CROATIA

Integrated urban development – lessons from European projects and the potentials of the new Cohesion Policy tools

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Connecting cities
Building successes



Structure of the presentation

- › What is integrated development?
- › Problems and challenges of integrated development illustrated by a concrete example
- › Opportunities offered by the new Cohesion policy tools

Future urban challenges and their links

The main challenge of the upcoming decades is to **handle the following challenges**

- demographic (ageing)
- economic (growing global competition),
- environmental (less renewable energy sources, more carbon produced)
- socio-spatial (migration with growing inclusion problems, growing inequalities within society)

AT THE SAME TIME

Integrated answers are needed

Instead of mono-sectoral („best” for the given sector) interventions **integrated answers** are needed

The **smart, sustainable and inclusive** aspects of growth have to be linked to each other

However, there are **strong interests against integrated planning**:

- „revanchist regeneration” (making inner cities attractive to maximize tax incomes) in western Europe
- free market led development without planning and public control (Spanish and Irish examples)
- „opportunity planning” in east-central European countries (subordinate urban development to investors)

The crisis makes integration makes integration needed but even more difficult

The financial crisis has **changed all the conditions of development:**

- for a number of years there will be **no** (or only little) **economic growth**
- the capacities of the **public sector** will be much more limited than so far
- the **tolerance level of the people** (regarding inequalities and democracy deficits) is sharply decreasing

The different types of integration

- **Horizontal: between policy areas**, aiming for coordination between the policy fields
- **Vertical: between different levels of government**, aiming for multi-level governance
- **Territorial: between neighbouring municipalities**, aiming for cooperation in functional urban areas

Horizontal: between policy areas

Avoiding **silos of policy making**

All sectoral decisions should be **controlled** regarding their effects on other sectors

Needs **strong initiatives**:

- policy schemes (national, regional or local) for integrated planning;
- appropriate tools (for investments, for management);
- special organizations managing the integrated process;
- citizen participation

Integrated development might require **sub-optimal solutions along each dimension** in order to reach good balance between all dimensions

Examples on policy integration

- › **Neighbourhood regeneration:** improving the physical environment with measures helping local people into jobs and promote social and cultural cohesion
 - Duisburg area with 13 th people (RegGov; URBACT Results:54)
- › **Neighbourhood management:** to bring local services together to address long-standing problems in the area. Participation of local communities is crucial.
 - Nijmegen Integrated Community Centre, with joined-up plan ,Behind the front door' to address anti-social behaviour (CoNet; URBACT Results:55)







Coordination through area based programme

- › To overcome the difficulties of coordination **small spatial units** can be selected to focus on.
- › URBAN programme (up till 2006): concentration on **deprived areas**.
- › National examples imitating URBAN: **national policy framework for regenerating deprived areas**, selected on the basis of indicators.
 - Example: the socially sensitive urban regeneration programme of Hungary, 2005 - onwards

Area based socially sensitive urban regeneration program in Budapest

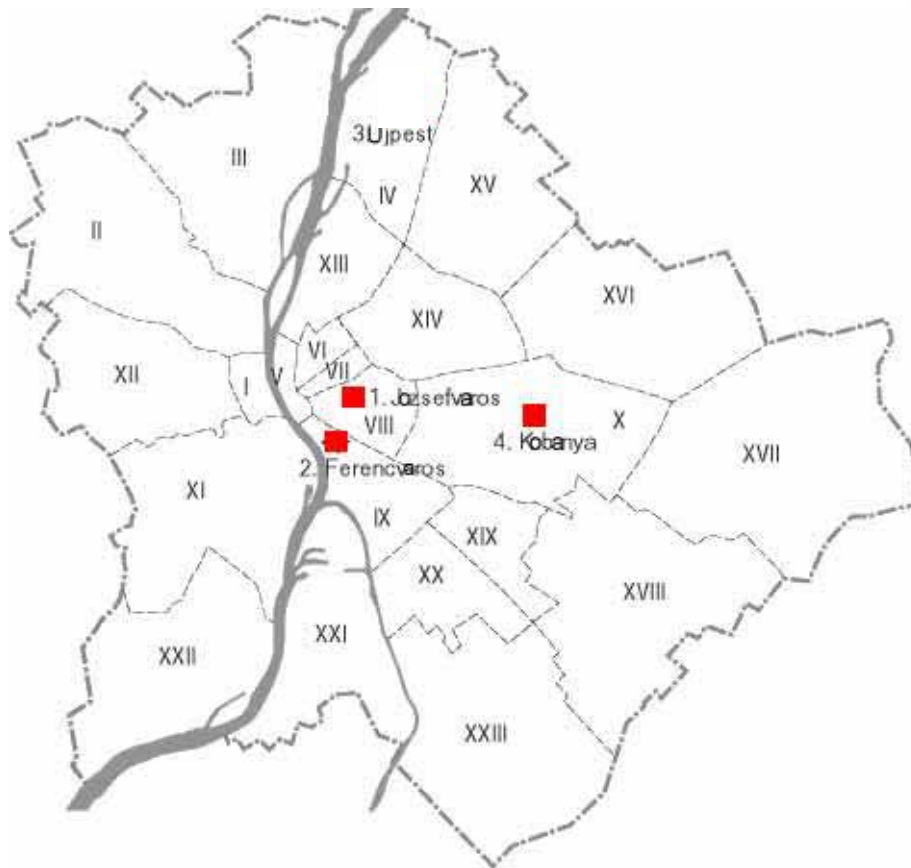
2005: introduction of **socially sensitive urban regeneration** in Budapest (target areas selected on the basis of deprivation)

- › Magdolna became **one of three pilot areas** designated for area based socially sensitive urban regeneration program
- › The Magdolna neighbourhood forms an **integral part of the city**, while the other two rather resemble social estates

District VIII. Magdolna quarter regeneration:

http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/50_projects/urban_dev_erdf50.pdf

Elhelyezkedés / Location



A projekt terület

Nagyfuvaros utca -
Népszínház utca - Fiumei út - Baross utca - Koszorú utca által határolt terület

Budapest belvárosának határán, Józsefváros középső részén

L: 12.068 fő

T: 263.800 m²

The project area

It's bounded by
Nagyfuvaros - Népszínház - Fiumei - Baross - Koszorú streets

Location: in the periphery of the downtown of Budapest, in the middle of the district 8. of Budapest

Inhabitant: 12.068

Area: 263.800 m²









Budapest, Magdolna quarter programme

- Strategic plan of district VIII for fifteen years (2005-2020)
- Socially sensitive urban regeneration programme:
 - **Phase I (2005-2008)**: funded jointly by the Budapest and the District 8th Municipalities – pilot project for Budapest Rehabilitation Fund socially sensitive subprogramme, **2.7 million eur** total investment
 - **Phase II (2008-2011)**: ERDF funding (ROP) – key project and a model program, **7.2 million eur** total investment
 - **Phase III – (2013-2015)** ERDF, **13 m eur** total investment
- Integrated programmes: both physical and soft projects with extended partnership

Magdolna programme: project management

- RÉV8 established 1997 with 10 persons, later it grew to 20 staff
- Interdisciplinary (urban experts, architects, engineers, sociologists, social workers, economists)
- Capital: 240 th eur (60% district, 40% municipality ownership of shares)
- All property decisions taken by the district local government, monthly financing, based on annual financial plan.

Main pillars of Magdolna Phase I.

The aim of the programme is not to turn Magdolna into a rich area, but **terminate deep poverty**

- **Building renewal:** special programme for the tenants
 - To involve them into the renewal
- Programme for **creating communities**
 - Create a community house, give rooms for civil organizations
- **Public space** program
 - Improve the central square (Greenkeys, Interreg IIB)
- **Educational** program, **safety** program
 - De-segregate the school (from 98% to 'normal' share of Roma kids)

Józsefváros 2000-2015

We started the work with 4 houses - about 100 families. They participated into the project voluntary way.

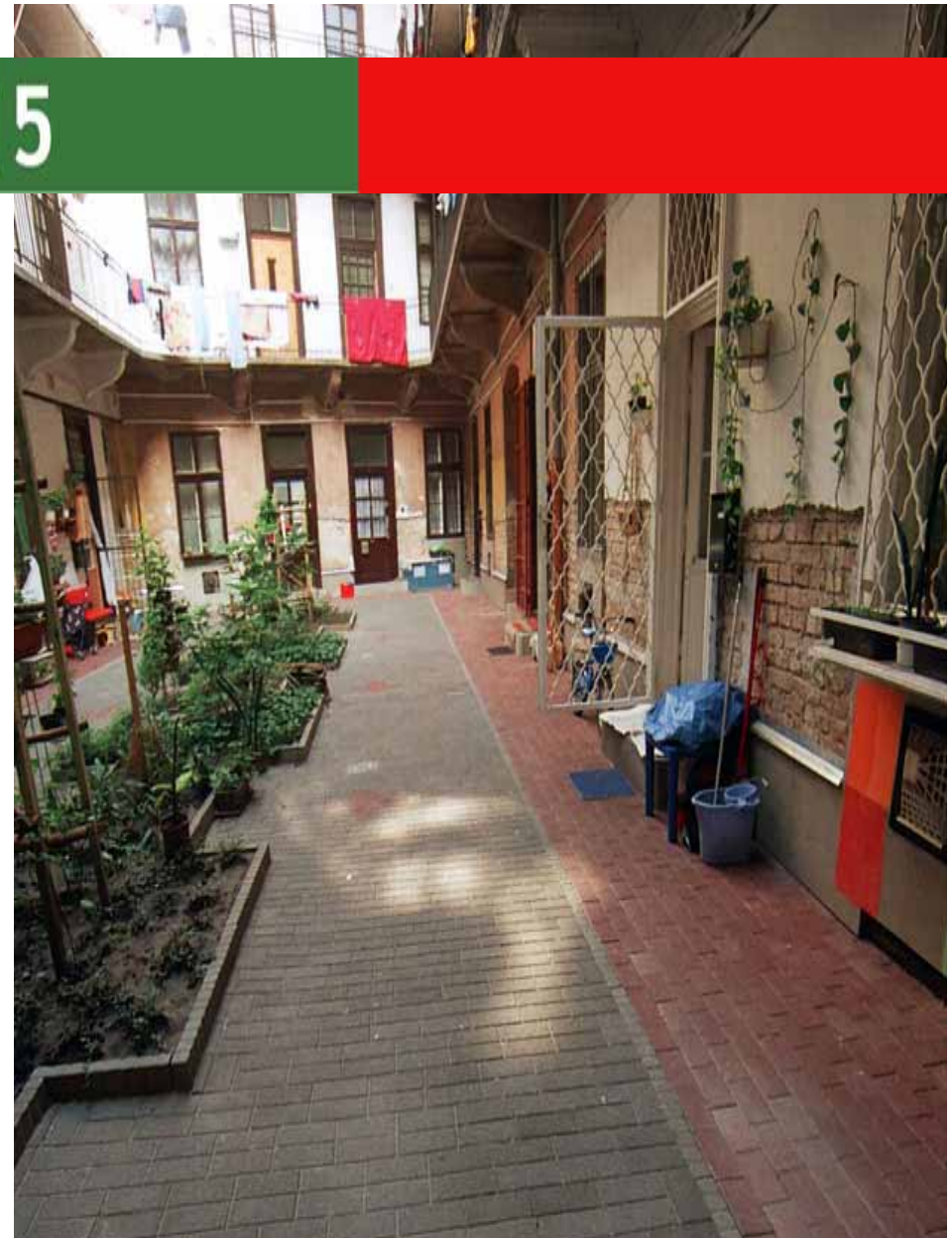
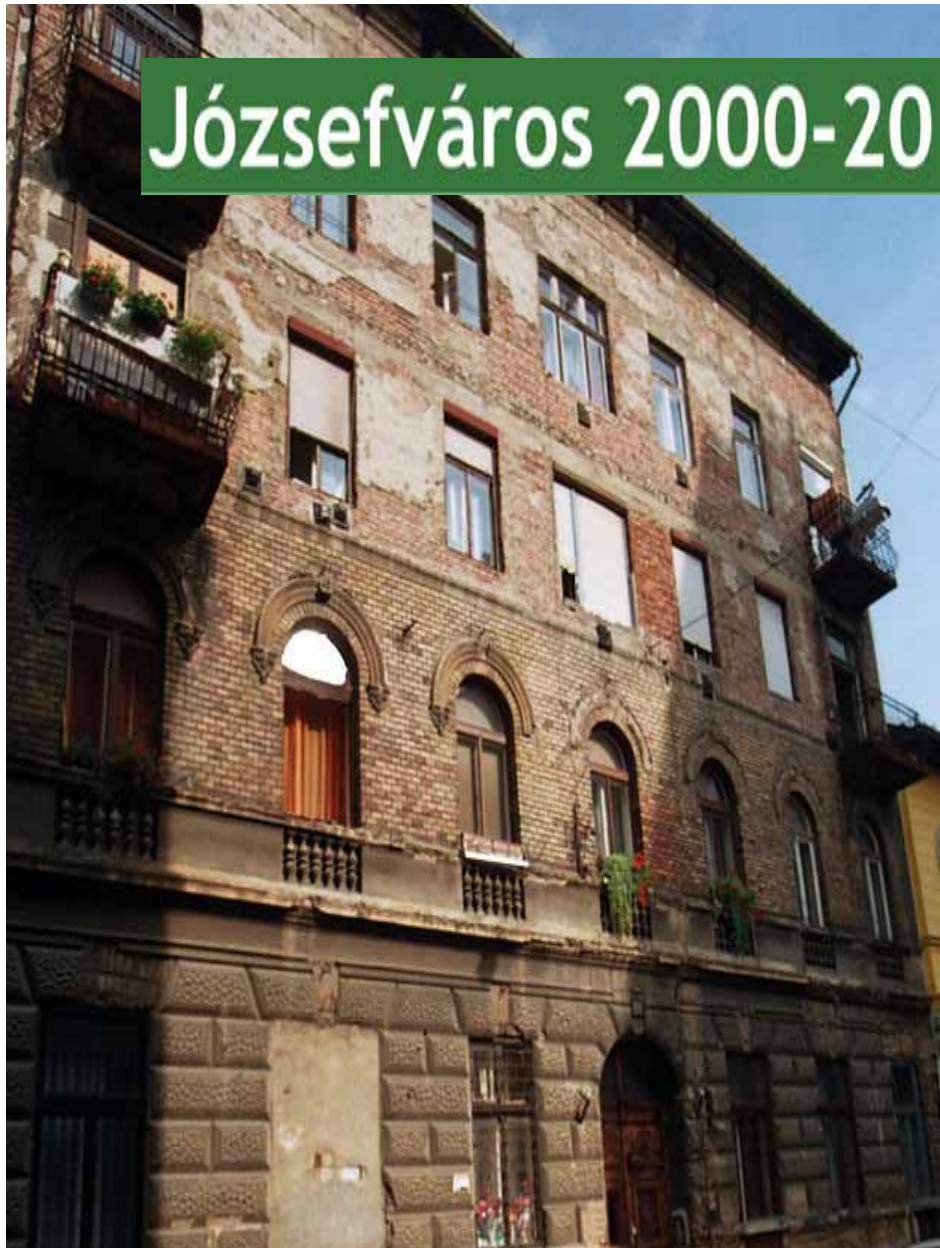
the steps:

- We have to obtain the confidence and keep the confidence
- planning the renovation/construction work together the people , the budget was fixed
- determined the common work (cleaning the cellar, building a garden, planting painting the wall)
- determined the compensation of the work
- contract between the house and the local government
- managed the implementation

Building renewal by involvement of the tenants

Alföldi György DLA
Rév8 - Józsefvárosi
Onkormányzat

Józsefváros 2000-2015



Building renewal by involvement of the tenants

**Alföldi György DLA
Rév8 - Józsefvárosi
Onkormányzat**



**Program #1 / Building renewal by
involvement of the tenants**

**Alföldi György DLA
Rév8 - Józsefvárosi
Onkormányzat**

Inhabitants

- lowest income people,
- people moved into the city from rural area
- Middle class family

Community

Our hypothesis were

- if the people work themselves in the renovation process, they will care of the common area better.
- The other thought was, that the common work could help building community



Building renewal by involvement of the tenants

Alföldi György DLA
Rév8 - Józsefvárosi
Onkormányzat

Józsefváros 2000-2015



Building renewal by involvement of the tenants

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Onkormányzat

Józsefváros 2000-2015

Dankó u. 7



Building renewal by involvement of the tenants

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Józsefváros 2000-2015



**Program #1 / Building renewal by
involvement of the tenants**

**Alföldi György DLA
Rév8 - Józsefvárosi
Onkormányzat**



Main interventions of Magdolna Phase II

- **Hard physical** investments
 - To improve housing conditions (60% of the project): 7 condominiums, 16 social housing buildings (2 fully, 10 partially, 2 facades)
 - To improve living environment: public spaces
- To strengthen **local social services**
- To improve the **educational** service
- To improve the **employability** of people
- To improve **public safety** conditions

Józsefváros 2000-2015



Phase 2: building renewal with EU money

Józsefváros 2000-2015



Phase 2: building renewal with EU money

Results and problems of the integrated approach in Magdolna quarter

1. Management structure of social urban renewal
2. Link between politics and management
3. Public participation
4. The level of improvements
5. The importance of local education
6. Crime prevention
7. National policy framework and financing
8. Integration under financial crisis

1. Management structure of social urban renewal

Mayors offices are too bureaucratic and thematically focused (silos).

- RÉV8, as publicly owned company, **outside the office**, is a good solution to develop long-term integrated solutions
- **Interdisciplinary** company, international learning is very important – RÉV8 has learnt a lot from other countries

National policy and financial frameworks are needed.

- In Hungary also the ministry has learnt a lot and created the **policy for Integrated Urban Development Planning**. Unfortunately, only with short term EU financing.

Conclusion: integrated urban renewal is a **difficult** and **long-term** intervention which needs **national policy framework**, **long term financing** and **dedicated local management**.

2. Link between politics and management

RÉV8 has gradually lost decision-making power over the years
Cooperation between politics and management should be close and consistent

- residents expressed at the beginning that they will not contribute to renewal because **the mayor promised** them (10 years earlier) that they will get other flats...
- RÉV8 has learnt that it should be very **careful to offer agreement with residents** – many times both sides promised something but later the municipality did not help the company to be able to fulfil the promises...

Conclusion: **politicians should keep strategic decisions** but should **devolve everyday management to the company**

3. Public participation

- **First phase: 2,7 mill eur**, working with 4 publicly owned buildings, making the cellar areas clean. **Agreement with residents** taking their own work into account when determining the new rent level.
- **Second phase: 7,2 mill eur**, 85% funded by the EU. Renovation of 16 publicly owned buildings, support to 7 condominiums.
The use of EU money is extremely rigid and the Hungarian programme required too quick decisions which **made the real involvement of people impossible**. People only start to believe and being interested when the contract is signed and the money assured. In the contract very detailed plans have to be prepared which can not be discussed any more with the people...
- **Third phase: 13 mill eur**, out of the 28 programmes only one (public space renewal) will be implemented really with the people together – in all others the municipality found it too risky to accept real involvement of people

Conclusion: **the more EU money, the less opportunity for participatory planning** (under present rules of Cohesion Policy and national application)

4. The level of improvements

In the second phase in a deprived building (flats without water) during renovation all flats got WC and shower. Rent increased 2-3 times and utility payments even more drastically. **Tenants did not want to move back.**

- The national social safety net has been drastically cut recently, to a fraction of the original level (upper limits introduced, limitation of money for one family...)
- Theory (Jacquier graph): **the higher you go with renovation, the less is the chance to keep the original residents** – if social safety net is missing

Conclusion: social renewal can only be inclusive and successful if **the national social benefit system** is following the increase of housing costs of original residents

Józsefváros 2000-2015



Phase 2: building renewal with EU money

Drift through urban space and time

Position of communities in fragmented urban space.

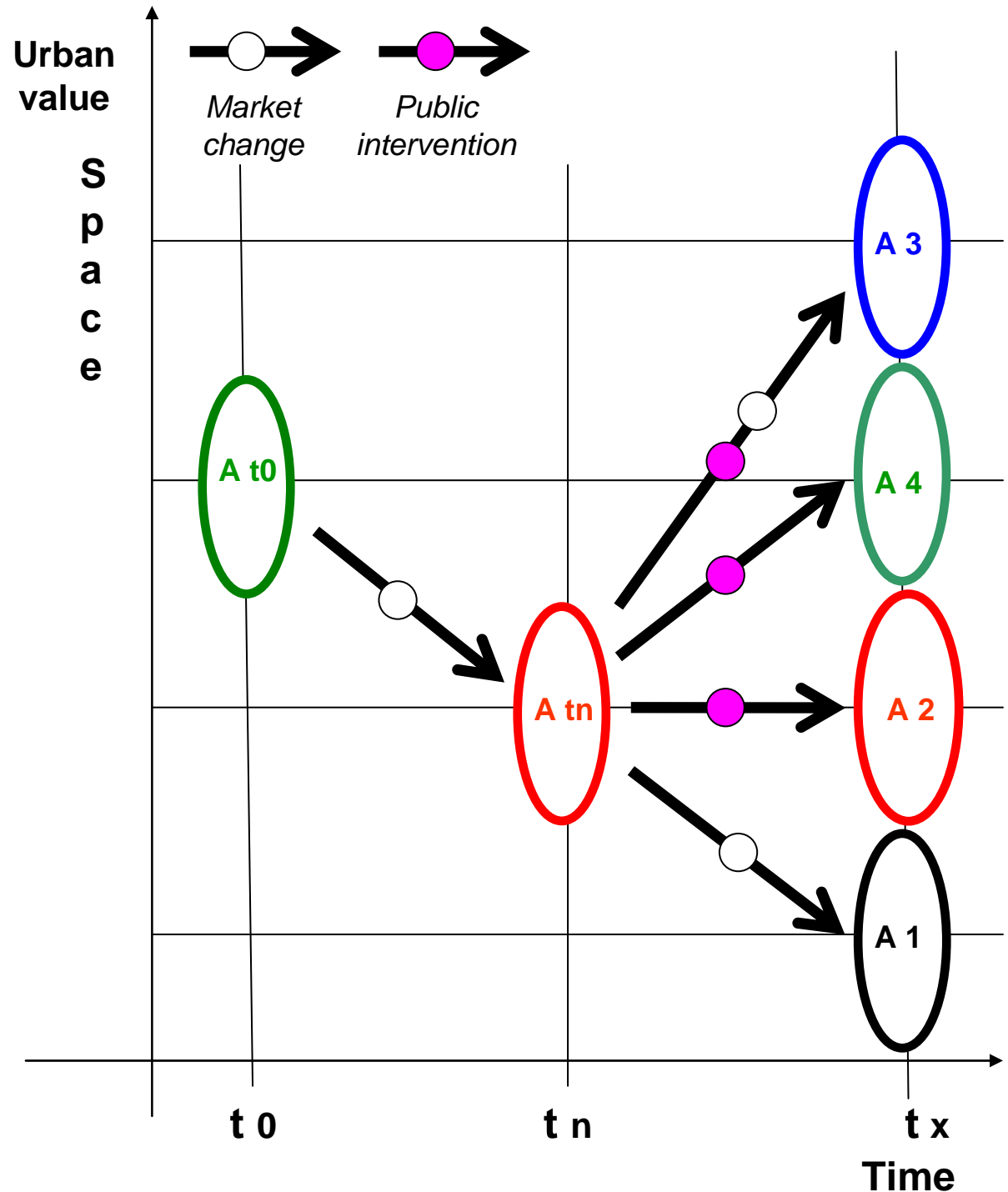
Which strategies?

A1 decline

A2 steady state

A3 gentrification

A4 coherence
best practice



5. The importance of local education

- Even (better off) Roma families took out the kids from this school. Most kids have one parent or someone in prison... There was no good link between the teachers and the parents.
- 100 kids at school, classes are not full. **EU money was only available for soft programs**, 10-50 th eur has been spent on the school. A club was created, accessibility. Efforts to prevent crime at school...
- The education curricula changed many times, now the independence of the school is close to nil. There were 5 directors in the last years...

Berlin school story: teachers did not want to teach any more in the school of a deprived area (98% migrant kids, very aggressive). Berlin Senate has shut down the school and **re-opened it after spending 10 million euro on the school making it into magnet school** (with higher teacher/kids ration) to where from every part of Berlin parents bring their kids – into a previously no-go area...

- Comparison: the whole Magdolna budget is below 8 mill eur ...

Conclusion: **the local school is crucial. High level inclusive education can not be introduced purely by local will.**

6. Crime prevention

- **If poverty takes over, also crime will increase.** More crime exists where there is less state.
- **Neighbourhood police** is a good idea but can not solve the situation in itself.

Conclusion: **without strong welfare state local solutions can only be limited.** The key is multi-level governance cooperation, the world can not be changed only from below

7. National policy framework and financing

- In **France** Politique de la Ville exists since the 1980s, and also a **Ministry exists for integrated policies** (this is not the case in Hungary at all)
- France recognised that from the million level projects now there is a need to go for billion eur projects to achieve better results

Conclusion: in Magdolna the fate of the area can not be changed with 3+7+13 mill euros. The problems with school, crime, bad houses, employment remain unsolved and **the neighbourhood will collapse after EU money dries out**

Hungarian national framework of urban regeneration



Follows the idea of EC Community Initiative "Urban"
Political commitment – IUDS incorporated in the Building Act

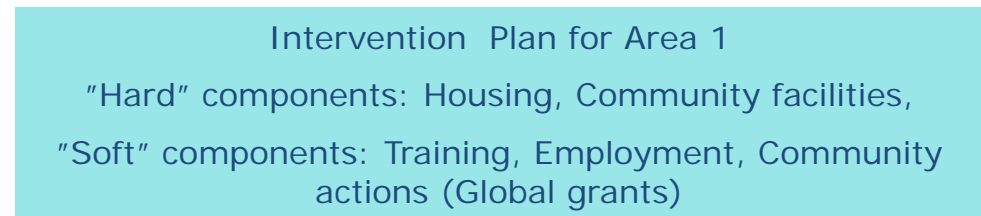
Strategic approach



Area-based approach



Integrated approach



8. Integration under financial crisis

- Contradictions between the sustainability and social aspects. The **modern sustainable solutions are too expensive in poor areas** (climatized windows are rejected in Magdolna...) – it is more affordable to go on with the cheaper and not the most modern solutions
- On EU level there is a **dominance of energy aspects** (compulsorily prescribing close to zero emission in old houses...)

Conclusion: integrated approach is needed more than ever as **more has to be achieved with less money**. The EU should be very careful **to avoid that any aspect (e.g. jobs or energy renewal) become dominant over social aims**.

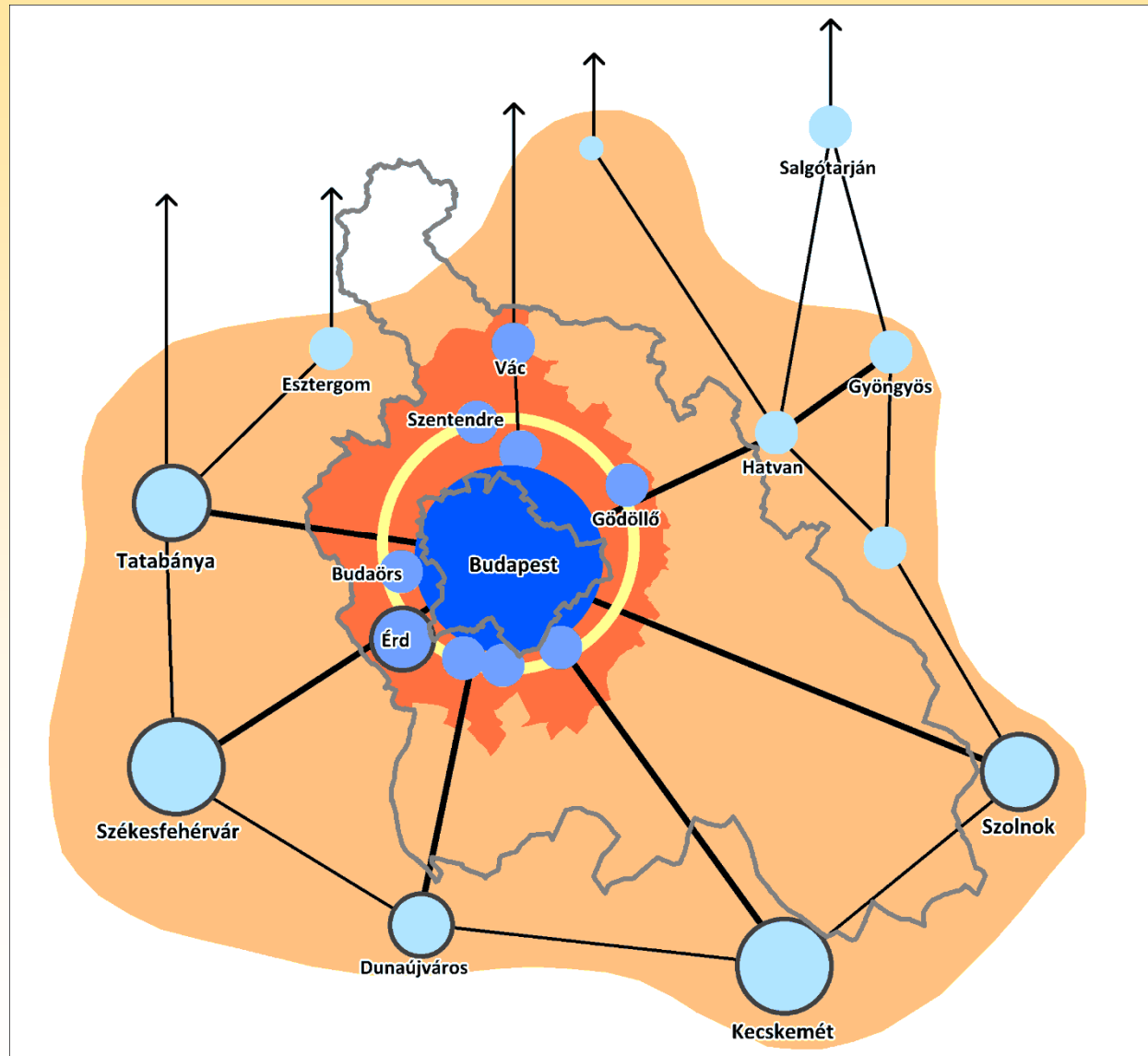
Strategy for integrated development: application of all types of integration

Real integration means the application of **all three integration mechanisms**. This requires **strategic planning** and **coordinated implementation** of the integrated plan.

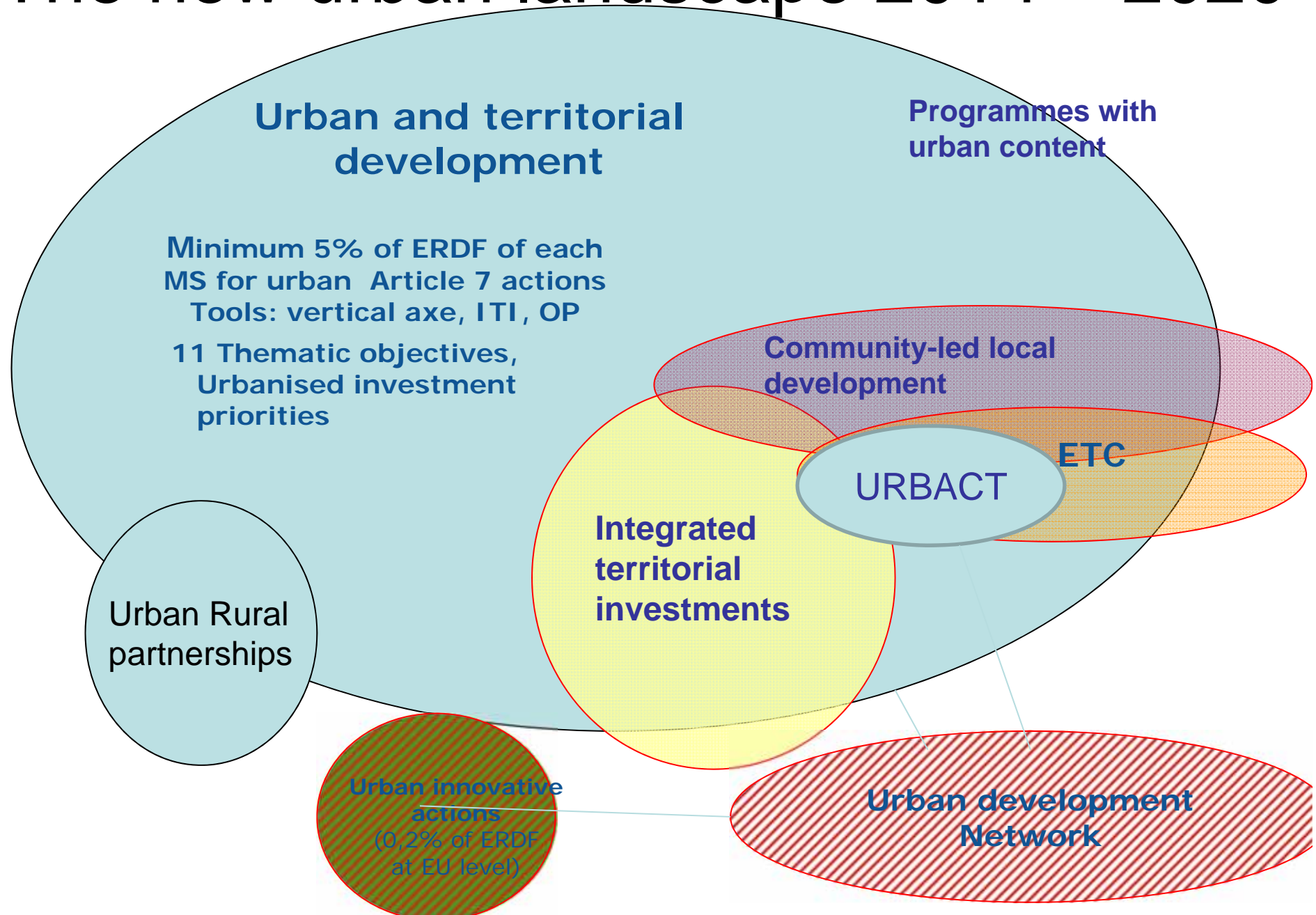
Illustration: an elaborated decision on new shopping developments would need all three types of integration:

- Horizontal
- Vertical
- Territorial

Integrated development of shopping in urban areas



The new urban landscape 2014 – 2020



At least 5 % of the ERDF resources allocated at national level under the Investment for growth and jobs goal shall be allocated to **integrated actions for sustainable urban development ...**

Sustainable urban development shall be undertaken through **Integrated territorial investment** as referred to in Article 36 of Regulation (EU) No 1303/2013, or through **a specific operational programme**, or through **a specific priority axis** in accordance with point (c) of the first subparagraph of Article 96(1) of Regulation (EU) No 1303 /2013.

... cities, sub-regional or local bodies responsible for implementing sustainable urban strategies ("urban authorities") shall be responsible for tasks relating, **at least, to the selection of operations**

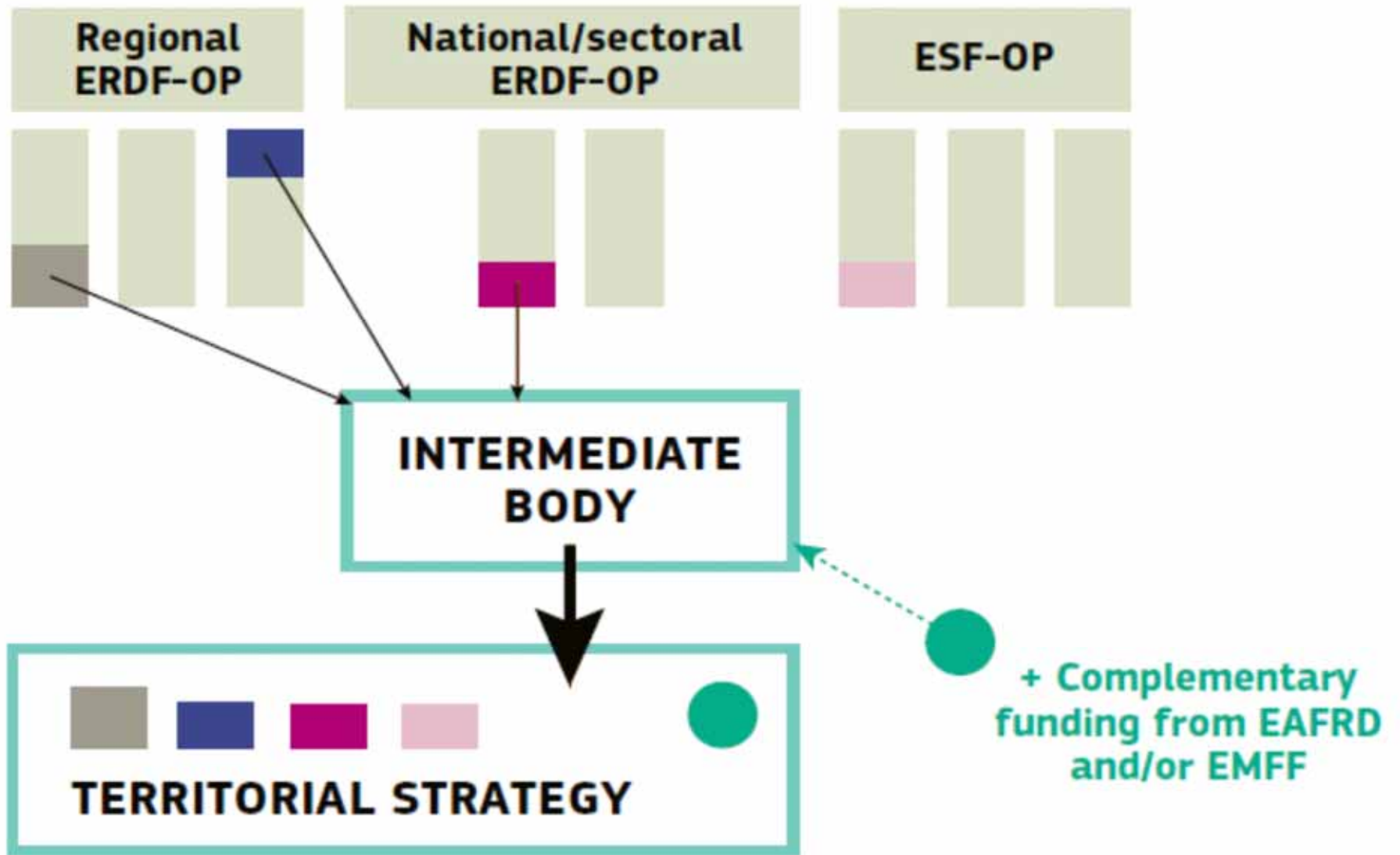
Taking into account its specific territorial situation, each Member State shall establish in its **Partnership Agreement the principles for the selection of urban areas** where integrated actions for sustainable urban development are to be implemented and an **indicative allocation** for those actions at national level.

Three delivery options under Article 7

- Vertical axis
- City programme
- Integrated Territorial investments

ITI – how does it work?

- **Bundle funding** from different priority axes and programmes (ERDF, ESF, CF, not EFARD)
- For implementing **integrated territorial/urban development strategy**
- For a **functional area** at the appropriate territorial scale
 - e.g. at the level of neighbourhoods, cities, city-regions, metropolitan areas, rural areas, functional areas
- Possible **delegation of the management** to one or more intermediate bodies (compulsory to delegate at least project selection for cities in case of 5% for sustainable urban development)
- Decision on package of operations for **integrated strategy – predictability for implementation**



Article 7 – national examples

Germany

All potential tools are included into the PA. Thus the Lander can use those tools for Art 7 which they consider the best. Negotiations between Lander and EC are still ongoing.

In last period 8% of ERDF (1.1 bn eur) was dedicated to integrated urban development. For next period 11% of ERDF is planned (1.4 bn eur). Nearly all Lander use Art 7, in most cases in form of mixed priority axis. Only 2 Lander will use ITI.

Italy

Dedicated chapter in PA for Art 7. Dedicated urban axis is the main form (only one region will use ITI, Sicily).

National programme will exist for the 14 largest cities, these cities will be Intermediate Bodies within this dedicated axis. More focussed approach than in the past. Content: services to the citizens, social inclusion, ...

National programme will be built up together with the cities.

France

The new Contract de Ville includes integrated urban approach. Municipalities have to define their deprived areas on the basis of nationwide indicators. 10% of ERDF (and 1.8% of ESF) will be dedicated to Art 7. Regional authorities will become the MA-s (this is decentralization in France!). Subsidiarity: inter-municipality level gets large role. In the PA it is not specified whether ITI or urban axis – it is a choice for the regional level. There is no multi-fund financing.

Ile-de-France: Art 7 will be implemented through ITI, concentrating on sensitive urban areas. 20% of ERDF+ESF will be devoted to urban areas. 10-12 ITI-s will be implemented with a minimum budget of 5 mill eur for each ITI.

Netherlands

The ITI will be focused on the Randstad area. This focus is needed as the ERDF budget is 40% lower than earlier. The cities can select their focus according to their needs and there is a multi-fund approach. 25% of money delegated to cities has to go for ITI.

Rotterdam is the IB and the MA at the same time for the Randstad case.

West programme: 4 cities and 4 provinces. The four cities develop one joint OP.

Poland

ITI has been selected to be the tool for Art 7, this choice was made quite early.

Compulsory FUA approach regarding the capitals of the 16 regions. Over 5% of ERDF and ESF is transferred to the ROP from which the ITI-s will be financed. There are examples also for sub-regional level ITI-s.

Wroclaw: letter of intent signed in 2013 with 15 local governments. Four different bodies: steering committee, presidium, board, ITI office. Joint strategy is prepared which is part of the ROP of the region.

The Polish case in more details

- The Government requires ITI associations to be formed in the **16 regional capitals** with the municipalities belonging to their **functional urban areas**
- The Government provided **lists of settlements of the FUA** – at least half of the settlements should become part
- The municipalities within the FUA, which do not join the ITI, will have a **more difficult access to EU funds** in fields, where the ITI will have projects
- The association creates a **Board** (to be headed by the **mayor of the core city**) which has to prepare integrated strategy
- The **carrot of the EU funds in the form of ITI** seems to be efficient in the Warsaw Functional Area (Franz Thun)

Warsaw Functional Area – *the key potential for the development of Poland*

- *The first success:* The new EU instrument ITI and a favourable national framework with an incentive has unleashed an initiative from below:
- a voluntary cooperation of 38 municipalities within the Warsaw Functional Area (2.656.917 inhabitants, 50,3% of the regional population)



Governance model: *a combination of initiatives from below and from above*

- **Free** choice concerning **accession** to the ITI
- **Incentive:** Priority given to projects within ITI in relation to similar projects proposed by municipalities outside ITI
- Free choice of the **legal model of cooperation** out of three options; agreement between municipalities has been chosen
- **Leadership** of the core city as negotiator with the ministry and the management authority of Regional Operational Programme, management of ITI
- **Cost sharing:** Management cost financed by OP „Technical Assistance”, not qualified costs are shared following number of inhabitants, local co-financing by municipality proposing a project
- Except for infrastructure, **cooperation with private sector and NGO's**



Regional operational programme for the Warsaw Metropolitan Area for 2014-2020

Regional operational programme
Mazovian Voievodship

2087.9 mln EUR



Integrated Territorial Investment
(ITI)
in the Warsaw Metropolitan Area

164.8 mln EUR



Thematic fields (*EU-Cofinancing*)

- **50.5 mln EUR** Bicycle tracks
- **33.1 mln EUR** Park-and-Ride parking lots
- **34.3 mln EUR** Job creation, support to start-ups, innovation, preparation of investment lots, economic promotion of metropolitan area
- **16.9 mln EUR** e- tickets, e-administration, e-learning, e-health



Summary of national reactions on ITI

- Mostly oriented towards **large cities** (except for England and Hungary)
- France and Poland: explicit requirement to **include the FUA level**
- **Delegation** to metropolitan associations strong in Poland, in England (to the LEPs), no delegation in Germany
- **Thematically broad** in England and Poland, narrow (deprived areas) in France and Germany
- **Legal form** ITI or urban axis

The question of delegation

- It is only the **Netherlands** where delegation to the local level is the approach, in other countries „delefobia” prevails
- Poland: **smallest delegation** is applied (project selection). ITI association is formed, led by the core city. Project ranking, each project has to affect at least 2 municipalities, has to have soft and hard items, ITI strategy has to be the starting point.
- England: one national programme, only one IB, London. Core cities were lobbying for some delegation with little success.

The question of local capacities

Expectation was that cities want to achieve more delegated power

However, this is not always the case: decreasing budgets and limited knowledge of existing staff prevents some cities to want more delegated roles

- URBACT is good learning opportunity. ULSG-s and LAP-s are increasing capacities
- URBACT aims to do more than the usual 3 year long action-planning networks: other types of networks, training of politicians, capacity building for officials

Integrated development and European policies

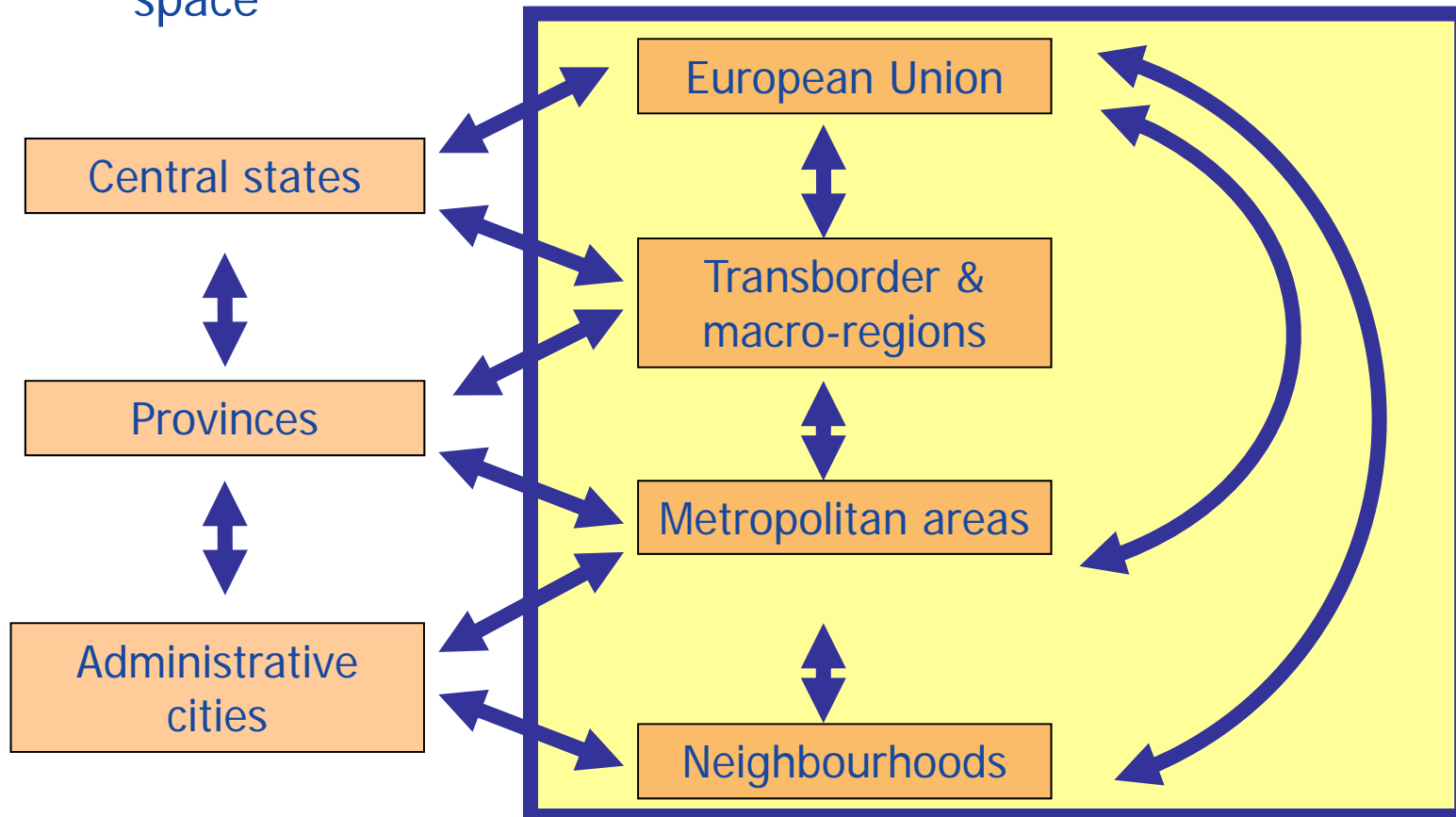
The different levels of functional areas might use different EU tools to strengthen integrated urban development:

- Local-neighbourhood level: **CLLDs**, led by public-private-thirdsector partnerships
- Metropolitan areas: **ITIs**, led by the core city
 - there is a need for defined boundaries and (at least delegated) fixed institutional structure
- Broader economic cooperation areas: **Horizon2020** innovation partnerships (including administrative regions)
 - can and should be kept on flexible spatial level

Government and governance

Old: fixed action space

New: flexible action space



Adapted from Jacquier, 2010

National policies are needed

- The **national level** is of crucial importance in initiating integrated urban development across policy sectors, in functional areas and across levels of policy making
 - Good examples can be discovered e.g. in France, Germany, Poland, Switzerland, Finland; promising discussions seem to go on in Sweden, Norway, Belgium
- **Cities have to lobby** (referring to the EU and to URBACT) their national and regional governments with arguments and ideas towards integrated urban development

Grazie Thanks
Danke **Merci** Gracias
Ευχαριστώ multumesc
Takk dziękuję dakujem hvala
Obrigado dziękować
tänan kiitos köszönöm aciu
Tack děkuji paldies
nizžik ħajr dank u wel