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**INTERNATIONAL WORKSHOP ON URBAN RENEWAL AND
HOUSING MODERNIZATION**

Report prepared by the secretariat in consultation with the Czech authorities

Introduction

1. The international workshop on urban renewal and housing modernization was organized by the Ministry for Regional Development of the Czech Republic and the United Nations Economic Commission for Europe. It took place at the Palace 'Žofín', Prague, from 14 to 17 June 2000, following a decision by the UN/ECE Committee on Human Settlements at its sixtieth session (Geneva, 13 – 15 September 1999). It was attended by representatives from the following UN/ECE countries: Austria, Belgium, Canada, Czech Republic, Denmark, France, Germany, Greece, Hungary, Israel, Latvia, Malta, Poland, Romania, Russian Federation, Slovakia, Switzerland, and United Kingdom.

2. In 1995 the UN/ECE Committee on Human Settlements established a task force to investigate the implementation of urban renewal and housing modernization policies. To better understand the subject, four separate case studies ensued, focusing attention on implementation strategies in Vienna, Budapest, Bratislava and Ljubljana. The work of the task force has been presented in six separate publications which serve to advance the knowledge base of practitioners and politicians engaged in the challenging task of urban renewal and housing modernization (see annex below). The workshop in Prague sought to disseminate these findings to an international audience, whilst at the same time provide an opportunity for countries to present their own experiences and responses to the most important issues.

3. Ms. Daniela Grabmullerova (Czech Republic) formally opened the workshop. Mr. Karel Hejtmánek, Deputy Minister for Regional Development of the Czech Republic, addressed the workshop, followed by Mr. Jan Burgermeister, Mayor of Prague 1. Ms. Christina von Schweinichen, Deputy Director of the UN/ECE Environment and Human Settlements Division, outlined the purpose of the workshop. The workshop was predicated on four crucial themes for urban renewal and housing modernization:

- (a) Defining the main problems;
- (b) The legislative and institutional framework for implementation;
- (c) Sourcing and channelling public and private financial resources;
- (d) The contribution of residents.

Study tours took place in the City of Prague, where the operation of these four themes could be evidenced and discussed.

I. CONCLUSIONS

4. The conclusions can be subdivided into five major areas:

- (a) The need for clear leadership;
- (b) The impact of privatization and the role of the market;
- (c) Addressing socio-economic as well as physical challenges;
- (d) Evaluating effectiveness;
- (e) The importance of effectively functioning condominium institutions, including issues for housing management.

A. Leadership in urban renewal and housing modernization

5. There is a need for vision and strategy at all levels, to understand the importance of urban renewal and housing modernization. Urban renewal should be a priority at national level and should form part of national policy. This should be reflected in national State budgets.

6. At the national level, the ministry responsible for housing policy should take clear responsibility, and be the promoter and driving force of urban renewal and housing modernization. In some countries the absence of a ministry responsible for housing was noted.

7. Local authorities should launch urban renewal and housing modernization programmes, under the umbrella of a national policy.

8. Continuous professional development, education and training are required at all levels for politicians and practitioners involved in urban renewal and housing modernization.

9. Criteria for selecting areas for renewal need to have clear objectives, and preferably focus on those areas with the greatest social and physical problems. However, to test different approaches and achieve short-term results, pilot schemes could be developed in areas which do not necessarily have the worst conditions.

B. Privatization and markets

10. The privatization of housing makes urban renewal and housing modernization more complex. The public sector has subsequently lost its direct control over urban renewal. In many countries rapid mass privatization has left new owner-occupiers facing repair and maintenance responsibilities without the financial means or legal and institutional prerequisites to make the necessary investments. For example, legal and institutional arrangements are lacking for the institutionalization of condominium associations. In other instances they exist but have failed to be effectively implemented.
11. The banking sector, and capital markets generally, are not fully developed in some countries. However, even with the absence of the financial means, countries need to prepare strategies and priorities for urban renewal and housing modernization programmes for the next five to ten years.
12. Legally imposed rents fixed at very low levels, i.e. well below the market rent, pose a serious deterrent to private investment in urban renewal and housing modernization.
13. Families that live in panel housing need help to make more informed choices about investment in their newly acquired housing units. This means raising awareness about the need to make provision for the repair and maintenance of their properties, joining residents' associations and condominium institutions.
14. Cultural as well as economic barriers to investment in housing exist in countries where mass privatization of housing has occurred. Responsibility for repair and maintenance of housing now falls upon the individual owners, however the new owners are still inclined to expect the local municipal company to carry out the remedial work.
15. Improvements to the efficiency of the construction industry bring down the price of new construction. Therefore, efforts need to be made to develop the construction sector. For example, stringent tendering procedures that seek to raise the quality of construction projects whilst reducing the price need to be put in place.
16. Urban renewal needs to take place in the context of the market. Local authorities have to be clear about their role in urban renewal and continue to guide, enable and facilitate the process. They need to create robust legal and administrative frameworks for channelling private sector investment into projects which also fit within the context of local urban policies.
17. Urban renewal should form part of more general urban development policy. However, housing renewal can fall victim to competition which focuses on new housing development outside the urban area. A clear vision of the urban future is required, backed up by firm political resolve, to ensure that an appropriate balance is struck which favours investment within the bounds of the city.
18. Cities are the engine rooms of regional and national economies. Urban managers need to obtain a better grasp of private sector investment priorities and objectives to ensure that investor capital is attracted to viable urban renewal projects.

19. Public utilities should charge customers on the basis of what they use. Services must be improved and become accountable and transparent. Ideally, this also means that meters should be installed for all households.

C. Socio-economic challenges

20. In some countries concentrations of ageing populations affect cities and their future. Outward migration from city to suburb causes a mix of socio-economic problems for those who remain. Urban renewal can encourage a mix of land uses which meet the aspirations of young and old alike. In this way renewal can be used to prevent or reverse the stagnation of urban areas.

21. Housing renewal needs to be used as a tool for responding to social and economic needs, not merely to re-establish the physical fabric of an area. Strategies therefore need to be integrated, that is, they need to be designed to address physical and socio-economic problems.

22. Consideration and time need to be given to engaging local residents in urban renewal projects from the outset. Participation needs to occur at every stage of a project, including implementation and management. To achieve this, substantial investment of time and resources will be required both to raise the capacity of local residents and to improve the receptiveness of managers of local public services.

23. The participation of local residents does not supersede existing urban policies, rather it should complement and help contribute to the realization of existing municipal aims.

D. Monitoring and evaluation

24. It is important to have evaluation systems in place to assess the effectiveness and impact of renewal projects. Projects should be objectively evaluated against cost and quality criteria, which include reference to important local social, economic and ecological conditions. More dissemination of the findings arising from such systematic evaluation is also needed.

25. Justification for urban renewal and housing modernization can be based on experience which reveals that investment in renewal activity can create many more jobs than new construction. Renewal, as opposed to green-field development, is also likely to offer a more sustainable approach to urban and housing problems.

E. Condominiums associations and housing management

26. Condominium law must be introduced and enforced, since it represents the cornerstone of ensuring investment in housing renewal activity in most central and east European countries. Legislation must include provision for the establishment of the condominium institution, and for its functioning, financing and management. The relationship between the individual household

and the condominium institution must be clearly defined.

27. Finance for the renewal of condominiums will not be forthcoming unless and until residents are legally obliged to form condominium associations. These institutions are fundamental for organizing and ministering to the economic and, potentially, to some of the social needs of the new owner-occupiers. Governments must therefore carefully evaluate their position on condominium associations if they seek to prevent the erosion of their countries' newly privatized housing stock.

28. Housing legislation needs to be enforced much more rigorously. The balance of protection has shifted too far in favour of the tenant in many countries. For example, there is a need to apply eviction procedures in cases where rent remains unpaid, or where persistent neighbourhood nuisance is caused. This also applies to the non-payment of bills to local utilities. Condominium legislation needs to be enforced as well, for instance with respect to membership fees and contribution to maintenance and repair.

II. PRESENTATIONS, RESPONSE PAPERS AND STUDY TOURS

A. Defining the main problems of urban renewal and housing modernization

29. The session was chaired by Ms. Daniela Grabmullerova. The Vienna case study was presented by Mr. Wolfgang Forster (Austria). Response papers were summarized and presented by Mr. Adam Kowaleski (Poland), Ms. Maya Brinkworth (Malta) and Ms. Teodora Coman (Romania).

30. The problems of urban renewal are complex and vary from place to place. In Vienna, for example, the main problem is the 19th century housing, whilst in Poland it is panel housing combined with a lack of political priority for the issue. Demographic changes over time present major challenges in Malta, with rents fixed at artificially low levels preventing much needed private sector investment in renewal. Finally, Romania suffers from an even greater level of panel housing, much of which is in precarious condition requiring investment by a new majority of owner-occupiers, who do not yet realize their obligations to pay for repair and maintenance.

31. The discussion identified the lack of properly functioning condominium institutions in the context of existing panel housing as one of the most serious threats to the condition of the housing stock in central and eastern Europe.

B. The legislative and institutional framework for implementing urban renewal and housing modernization.

32. The session was chaired by Ms. Elena Szolgayova (Slovakia). The Budapest case study was presented by Mr. Ivan Tosics (Hungary). Response papers were summarized and presented by Ms. Sandra Noula (Greece), a paper from the private sector (Institut Wohnen und Umwelt GmbH, operating in central and eastern Europe) was presented by Ms Elena Szolgayova. A presentation was also made by Ms. Sasha Tsenkova (Canada).

33. Discussion focused on the extent to which governments had introduced legislation in

their countries, in particular on the extent to which legislation impacted on local authorities, giving them the mandate to engage in renewal activities. Still, roles remained unclear. In many cases local authorities were not being proactive enough, in others authorities had taken up the role of developer.

34. Similarly, for condominiums, legislation appeared to have been enacted in most countries, however there was a lack of effective implementation, which posed a severe problem to those countries where rapid mass privatization of the housing stock had occurred. Mechanisms remained underdeveloped for ensuring private funds were invested in the housing stock.

35. Finally, in a large number of countries there was no enforcement of laws where they existed in relation to eviction, for example, when a tenant failed to pay rent.

C. Sourcing and channelling public and private financial resources into urban renewal and housing modernization.

36. The session was chaired by Mr. Wolfgang Forster. The Bratislava case study was presented by Ms. Elena Szolgayova. Response papers were summarized and presented by Mr. Thomas Knorr-Siedow (Germany), Mr. Malcolm Boorer (United Kingdom) and Ms. Tatiana Kutakova (Russian Federation). A presentation was also made by Mr. Knud-Eric Hansen (Denmark). Theme three commenced with a presentation by Mr. Karel Maier, Vice-Dean of Prague Technical University (Faculty of Architecture).

37. Some concern was voiced in the discussion on this theme about the factors that prevented finance from various sources flowing into urban renewal and housing modernization activity. These included the underdevelopment of banking and capital markets and legislation in some central and east European countries which kept down rent levels in existing housing.

38. Two other major issues concerning the financial aspects of renewal were the lack of properly instituted condominium associations and the inefficient management of utility companies. The wholesale absence of the former effectively prevented any significant or structural refurbishment from taking place. Where condominium associations were formed and legally constituted, they had access to financial markets. Secondly, it was reported that some management companies and public utility companies that had continued from the previous communist regimes continued to receive subsidies. This served to distort the market, and in turn led to inefficiencies. For example, late or non-payment of utility bills by a large number of households made the financial planning by utilities impossible.

D. The contribution of residents to urban renewal and housing modernization

39. The session was chaired by Mr. Ivan Tosics and Ms. Elena Szolgayova. The Ljubljana case study was summarized by Mr. Wolfgang Forster in the absence of the Task Force member from Slovenia. Response papers were presented by Ms. Hagit Hovav (Israel), Mr. Jerzy Fisher (Poland) and Mr. Ian Holland (United Kingdom).

40. The discussion centred around the need for renewal activities to address social as well as physical problems. Housing needed to be integrated with broader economic or social objectives. Renewal activities needed to cut across vertical, more traditional ways of working, both at the local level through implementation and through policy generation within ministries.

41. The contribution which residents could make to renewal was well documented. It was noted, however, that the involvement of communities did not always come easily. More successful initiatives involving communities were longer term (5 to 10 years or more). Typically, this meant gaining the trust of the community, and engaging it in each stage of the renewal project, including the provision of capacity building throughout.

42. Several models of community participation were presented, including concepts of neighbourhood regeneration and neighbourhood management. Finally, local authorities held the key, and their staff had to be adequately trained if they were to get to grips with new ways of working in partnership with communities, as well as with other sectors.

II. CASE STUDIES

43. The case studies were designed to complement the main themes of the workshop. Four site visits took place.

A. City district Jizni Mesto, Prague, project director: Mr. Petr Dvorak

44. The largest panel building settlement in Prague and in the Czech Republic is Jizni Mesto, Prague city district 11. Spread over an area of ten square kilometres, the settlement is the home of some 84,000 inhabitants, who live in 3,000 buildings containing 31,000 apartments. The first structures were completed in the mid-1970s, the last in the early 1990s.

45. Jizni Mesto was intended to be self-sufficient, including amenities and employment opportunities. However, due to a lack of funds only residential buildings and basic amenities were constructed.

46. Its current problems are:

- (a) Lack of employment opportunities — inhabitants have to commute to work elsewhere;
- (b) Lack of parking spaces;
- (c) Defects of residential buildings due to neglected maintenance;
- (d) Social problems due to overcrowding, anonymity, vandalism, lack of safety.

47. To tackle these issues, the following priorities have been set:

- (a) The centre of the settlement needs to be completed;
- (b) New employment opportunities need to be created;
- (c) The quality of housing and public open spaces needs to be improved.

47. The first stage—an analysis—has been undertaken. The municipality has extensively

consulted local residents to determine their problems and opinions about living conditions in the area. In the course of the consultations new partners have been identified and engaged in the renewal process.

49. The regeneration programme will cost in the region of 100 million koruny annually and will be funded by the municipality and subsidized loans available under various government programmes.

B. A new district in an old part of the City: project director: Mr. Vlado Milunic, architect

50. The Star Residential Complex is set within Petriny, one of the oldest settlements in Prague. Since its construction it has generated considerable controversy and has recently featured prominently in the international architectural press.

51. The architect's goal was to create an environment with varied shapes and ample greenery. The project is refreshingly different from the panel buildings which confront it on three sides. At its centre the complex has incorporated an old factory building, and has transformed it into small business units.

52. The high-density complex was first designed in 1994, and constructed between 1996 and 1999. It contains 325 apartments, 16,985 square metres of non-residential space and 513 parking places. Apartments have been sold at prices ranging from 19,000 to 38,000 koruny per square metre.

C. Prague city district Repy, project director: Mr. Jan Fencl, Mayor

53. Repy was attached to the City of Prague in 1968 and is now one of its most densely populated districts, housing 20,000 residents in 158 hectares. It is located nine kilometres from the centre of Prague. The Repy settlement is 20 years old and accommodates buildings of four, eight and twelve storeys, each with traditional flat roofs.

54. Underpinning the housing modernization is a set of principles adopted by the Municipality:

- (a) Housing will be privatized only after completion of overall reconstruction of buildings;
- (b) Responsibility for the poor technical condition of municipal panel buildings should not be transferred to citizens;
- (c) The Municipality will preserve a majority share in residential buildings to maintain control over coordination of regeneration;
- (d) Transparent administration of municipal housing is being promoted through community-based administration organizations;
- (e) The old system of housing management lacked transparency, therefore a municipal administration firm—OPTIMIS, Ltd.—was established. Its sole owner is the Municipality. The firm started property management on 1 January 1996.

55. A second major point of leverage helping to support the success of, and learning arising from, the project is collaboration with a number of professional agencies:

- (a) The Czech Chamber of Authorized Construction Industry Engineers and Technicians, which provides technical input;
- (b) The Faculties of Civil Engineering at the Czech Technical University in Prague and the Technical University in Brno have provided expertise concerning mechanical strength and stability of buildings;
- (c) The Prague Construction Engineering Centre and STU-E Prague have inputted their knowledge of energy saving, thermal insulation and noise protection;
- (d) The Information Centre for Regeneration of Panel Buildings (ICR) has been continuously consulted since its opening in Prague by Keramoprojekt Inc. in 1999.

Collaboration has also occurred through a national exchange project which the Czech Government has with its partners in Berlin.

56. It is estimated that funds needed for complete regeneration of municipal buildings in the Repy settlement will exceed one billion koruny.

D. Prague city district Prague One, new housing construction in the historical centre of the City,
project director: Mr. Vladimír Vihan, Mayor

57. Located below Prague castle, the Lesser Town was founded in 1257 by King Premysl Otakar II. It forms part of historic Prague and is one of the most attractive parts of the City. In 1995 the Assembly of Prague One decided to pursue a new residential development on the site of a sports ground, which was to be relocated in the process.

58. The local Municipality has led, funded and controlled every stage of the development process due to its sensitive location. Following an architectural competition, the project was awarded to BIRT, a Prague-based firm.

59. The building works are due for completion in July 2000 at a total cost of 100 million koruny. The development includes 26 new apartments, of which 18 will be sold in the private market and 8 retained for local housing need. 32 car parking spaces have been provided underground. Furthermore, 528 square metres of space has been provided for business and community uses.

IV. PROPOSALS FOR FUTURE WORK

60. This part of the workshop was chaired by Ms. Sasha Tsenkova. At the end of the workshop, participants consulted on future areas of work which would be of interest to member States. In summary, the three following points emerged as priorities:

- (a) **Condominium associations.** The workshop was keen to see further work on condominium associations. It welcomed the priority which the UN/ECE currently attached to the work being undertaken and participants expressed the wish to receive the outcome of the work of the task force on condominiums;

(b) Tackling social housing. Further work was needed to investigate countries' different approaches to tackling social housing. This might involve housing for the elderly, the young, the disabled, or more vulnerable or economically disadvantaged segments of society. An investigation into different housing management models, including different vehicles which had been created to ensure that social housing needs were appropriately met, was required.

Workshop proposal: to investigate the current work programmes of partner organizations (Council of Europe, Organisation for Economic Co-operation and Development, World Bank, etc.) understood to be pursuing work on social housing, and make this information available on the Committee's Web site;

(c) Partnerships for urban renewal. Work needed to be pursued to develop greater knowledge and understanding of the roles which the main actors should be fulfilling in housing modernization and urban renewal. All sectors need to be enabled to engage in the renewal process in ways which maximize their strengths. A more incisive investigation into the value which partnerships could add to urban renewal was proposed. This must consider in particular the specific contributions which national government, local government, the private sector, the NGO sector, and local residents could make to renewal activity. **Workshop proposal:** to make a compilation of existing ongoing case studies, such as the four case studies on urban renewal and housing modernization, the national housing profiles on Bulgaria, Poland, Slovakia and Lithuania, the report of the workshop on public private partnerships held in Manchester (United Kingdom) on 5-6 November 1999, and the ongoing work of the task force on condominiums, where major aspects in public/private sectors were addressed as a useful starting point for providing an insight into forms of public private partnership.

61. The Committee may wish to agree in principle to look into such aspects and to ask the secretariat to prepare options for its Bureau meeting early in 2001. The options might outline the scope and depth of the desired end product, its timescale, and potential sources of funding, including the collaboration of experts from different countries.

Annex

The publications on urban renewal and housing modernization are:

1. Strategies to Implement Human Settlements Policies on Urban Renewal and Housing Modernization. UN/ECE (Geneva). ECE/HBP/97. Sales No. E.96.II.E.8.
2. Implementation of Human Settlements Policies on Urban Renewal and Housing Modernization – Evaluation of Four Case Studies. UN/ECE (Geneva). HBP/1999/9.
3. Vienna Case Study. Implementation of Human Settlements Policies on Urban Renewal and Housing Modernization. UN/ECE (Geneva) 1998. ECE/HBP/106. Sales No. E.97.II.E.22.
4. Bratislava Case Study. Implementation of Human Settlements Policies on Urban Renewal and Housing Modernization. UN/ECE (Geneva) 1999. ECE/HBP/112. Sales No. E.99.II.E.26.
5. Budapest Case Study. Implementation of Human Settlements Policies on Urban Renewal and Housing Modernization. UN/ECE (Geneva) 2000. ECE/HBP/115. Sales No. E. 00.II.E.4.
6. Ljubljana Case Study. Implementation of Human Settlements Policies on Urban Renewal and Housing Modernization. UN/ECE (Geneva). Forthcoming.