



SUSTAINABLE REVITALIZATION OF DEGRADATED BUILDINGS AND AREAS



Erasmus+

SUSTAINABLE REVITALIZATION OF DEGRADATED BUILDINGS AND AREAS

REVITALIZATION: FINANCING

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SOURCES OF FUNDING

- Municipality,
- European Union,
- Private Founds,
- Public-Private Partnership (PPP)

Financial instruments constitute a set of incentive mechanisms encouraging investors to voluntarily carry out renovation works in the revitalization area and enabling local authorities to implement the action plan.

The choice of financial instruments depends on the role of the commune in the revitalization process

Most often local authorities use two approaches to revitalization financing.

In the first approach, the municipality acts as a direct investor in the revitalization process.

In the second approach assumes the role of a manager of the real estate market and an indirect investor

First case: commune as a direct investor

The commune implements revitalization projects which are a result of planned activities and then uses own funds, loans, EU structural funds and other financial resources

Second case: commune as a manager

The commune as the manager of the real estate market and indirect investor is responsible for stimulating investments carried out by the private and civil sector (developers, owners, entrepreneurs)

Both approaches include internal financial instruments (local taxes, rents, loans, bonds, etc.), as well as external instruments which combined with EU funds allow preparation of revitalization projects

MUNICIPALITY

Apart from being the coordinator of the revitalization process, the commune also has a direct financial contribution

MUNICIPALITY

A sum devoted to that goal is allocated from the city budget, which is the basis for further fundraising (in case those funds are insufficient for covering all costs of revitalization).

Erroneous assumption: Revitalization process will be implemented by using only external funds!

EUROPEAN UNION

After Poland's accession to the EU (2004), structural funds of the European Union became an important source of financing revitalization programs.

Those funds help degraded areas get out of crisis.

Since 2004, the formal requirement for receiving co-financing has been the creation of a Local Revitalization Program

EUROPEAN UNION

The beneficiary of EU funds:

- Government,
- Foundations, associations,
- Housing cooperatives,
- Cultural institutions,
- Churches and religious associations.

For receiving financial support from the EU, an application for revitalization project must be attached to the Local Revitalization Program created by local authorities

PRIVATE FUNDS

Local government should cooperate with the private sector. An important source of financing are the resources of property owners and managers (residents, external investors).

They **fill the budget gaps** and **reduce the involvement of public funds**

PRIVATE FUNDS

In practice, however, those funds are having a low financial potential and are used in the last stage of the revitalization process.

Therefore, in order to activate it, local authorities should prepare **incentives** as well as determine **legal instruments** which will enable conservation works within revitalization area

PUBLIC-PRIVATE PARTNERSHIP

A cooperative arrangement between two or more **public and private sectors**, typically of a **long-term nature**. Such a cooperation enables the combination of governments` efforts and experiences and private sector in the implementation of revitalization projects.

Financing a project through a public-private partnership can allow a project to be **completed sooner** or make it a possibility in the first place



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