



# SUSTAINABLE REVITALIZATION OF DEGRADATED BUILDINGS AND AREAS



Erasmus+

# **SUSTAINABLE REVITALIZATION OF DEGRADATED AREAS**

# **ECONOMIC REVITALIZATION AND REAL ESTATE MARKET**

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**The economic aspect of  
revitalization can be assessed  
objectively by indicators and  
statistics**

## Economic indicators of revitalization:

- Income increase,
- Unemployment decrease ,
- Employment growth,
- Taxes income increase,
- Possibility of using various sources of financing,
- Distribution of investment costs into the public and private sectors,
- Introduction of monitoring and evaluation systems,
- Attractive real estate market

The real estate market - both primary and secondary - responds quickly to changes in urban tissue.

Those changes **improve the investment attractiveness** of the revitalized areas.

The Act on Revitalization introduces economic solutions both for authorities and residents, such as:

- Preemption,
- Betterment levy,
- Grant for revitalization

# PREEMPTION

The commune has **the right of pre-emption of all real estates located in the revitalization area**

# BETTERMENT LEVY

If, as a result of revitalization, the **value of the real estate located in the Revitalization Zone increases**, the owner of this real estate may be forced to pay an **adjacent fee** (betterment levy)

# **BETTERMENT LEVY**

The amount of this fee is no more than 75% of the difference between the value that the property had before and its value after

# GRANT FOR REVITALIZATION

In a situation where the property is located in a Revitalization Zone, the commune may grant its owner a **subsidy up to 50% of expenditures** necessary for works as renovation, reconstruction and restoration

Changing the character of the district in the vast majority brings economic benefits for the city.

However, those transformations cause a change in the population structure within the revitalized area.

This situation is challenging for municipal authorities, which can not lead to the **gentrification**

# GENTRIFICATION

Process of renovating deteriorated urban neighborhoods by means of the **influx of more affluent residents.**

Gentrification can **improve the material quality** of a neighborhood, while also **potentially forcing relocation** of current residents/businesses

# GENTRIFICATION

The gentrification process is typically the result of **increasing attraction** of an area by people with higher incomes.

Further steps are **increased investments** of real estate development businesses, local government, or community activists and resulting economic development, increased attraction and lower crime rate

# GENTRIFICATION

In addition to these potential benefits, gentrification can lead to **population migration and displacement**



An important economic aspect of revitalization are **Public-Private Partnerships**, which are listed as one of the key stakeholders of the process

# PUBLIC-PRIVATE PARTNERSHIP



# PUBLIC-PRIVATE PARTNERSHIP

How to provide investment companies and potential property owners with 'investment profitability'? One of the solutions is creating public-private partnerships.

A public-private partnerships is a **cooperative arrangement between two or more public and private sectors, typically of a long-term nature.**

# PUBLIC-PRIVATE PARTNERSHIP

The solution allows for a wider scale of operations. The benefits for both parties are:

- The possibility of providing **additional capital**,
- The provision of **alternative management and implementation skills**,
- The **provision of value** added to the consumer and the public at large,
- The **identification of needs and optimal use of resources**.

# PUBLIC-PRIVATE PARTNERSHIP

	<b>MODEL 1</b> PRIVATE INVESTMENT, PUBLIC FACILITATION	<b>MODEL 2</b> PRIVATE EXECUTION, PUBLIC FUNDING	<b>MODEL 3</b> SHARED INVESTMENT & RISK
<b>RISK</b>	LOW	HIGH	MODERATE
<b>BENEFIT</b>	POTENTIAL BUT NOT ASSURED	HIGH	HIGH
<b>CONTROL</b>	NONE	MODERATE	MODERATE

# PUBLIC-PRIVATE PARTNERSHIP

However, attention should be paid to the **time** after which the revitalization effects will be visible and bring benefits.

This is a risk that developers are reluctant to take, which is why local authorities should **extend the decision horizon** for potential investors, as well as **lower investment risk rates**





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