EUROPEAN INVESTMENT BANK

Financing Urban Renewal and Development

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Presentation

- EU background
- EIB financing of urban renewal and development
- Integrated approach to urban development
- Quality standards for public urban infrastructure
- EIB financing of social and affordable housing
- Example: Technical assistance to prepare a project outside EU
The Urban Century: The Creation of Sustainable Cities

Challenges

- Urbanisation, energy, the environment, demographic trends, social exclusion, ...

- Very diverse demographic development:
  - rapid population growth with uncontrolled urbanisation
  - rural/urban migration flows
  - shrinking population, ageing societies (in Europe)

- Cities are at the forefront of climate-protection policies (accounting for approximately 70% of total EU primary energy demand)
European Union Approach to Urban Policy

- Principle of subsidiarity
- Cohesion Policy’s urban dimension

EUROPE 2020 Strategy Objectives:
- Promoting smart, sustainable and inclusive growth
- 3% of GDP for investments, e.g. in R & D
- 20/20/20 climate target (20% CO2 reduction by 2020)
- 75% of population aged 20-64 in employment
- Combating poverty: some 80 m people in EU are at risk
Geographical Coverage

- Focus on the EU-27

- Some urban renewal and housing projects outside Europe (Maghreb, Middle East, South Africa)

- Provision of Technical Assistance (especially) outside the EU (capacity building, quality of investments, implementation process, etc.)
EIB Financing of Urban Renewal and Development

Investment sectors

- Urban renewal and development (i.e. public infrastructures)
- Social housing (rehabilitation and new construction, special focus on energy efficiency measures)
- Individual buildings of public interest (e.g. cultural heritage)
- Public transport
- Education and health facilities
- Water management and improvement of the environment, including waste treatment
- Utilities, including district heating & street lighting
EIB Financing of Urban Renewal and Development

Type of Finance

- Traditional Financing (EIB loans)
- Taking more risk (Structures finance facilities)
- Financial Engineering > JESSICA INITIATIVE: in 2006 launched by the EC with the EIB and the Council of Europe Development Bank
EIB Financing of Urban Renewal and Development

Reaching out to small and medium-sized investment projects:

Direct Loans or Loans through Intermediaries

- Public intermediaries (national and regional institutions)
- Financial intermediaries (commercial or public banks)

- On average, around 10% of the annual lending activity of the Bank
Fostering an Integrated Approach to Urban Development

- Managing urban growth/adaptation to shrinking population and promoting urban renewal and regeneration of city areas
- Diagnosing problems and implementing solutions at the most appropriate spatial scale
- Integration of a housing policy with concrete programmes and plans
- Locally adapted solutions
- Extensive involvement of local communities
- Involvement of private sector
Fostering an Integrated Approach to Urban Development

- Comprehensive strategy on city/agglo/metro level based on sound diagnosis

- Defining scale and scope of interventions

- Precise definition of land use and infrastructure requirements

- Assessment of environmental impacts

- Social impacts, including employment

- Financial sustainability of investments

- Adequate governance and public consultation

- Long-term public management of facilities and services
Integrated Approach to Urban Development

- Setting framework for sustainable urban development

- Comprehensive and inclusive approach at different spatial levels:
  - Long-term strategic level (city/agglomeration/country)
  - District/neighbourhood level
  - Individual project level
Integrated Approach to Urban Development

City / Agglomeration Level

District / Neighbourhood Level

Project Level

STRATEGIC PLAN
Long-term Multi-Sector Urban Development Policy

Housing Policy
Mobility Plan
Climate Plan …

Local Area Plan

Project

Project

Project

Project

…
Public Urban Infrastructure Quality Standards

- Giving incentive to quality

- Good practice / setting quality standards:
  Design/materials, accessibility, affordability, safety, maintenance and management of facilities, provision of services, etc.

- Catalytic impact

- Triggering economic and social development
EIB Financing of Social and Affordable Housing

Challenges and Objectives:

- Increasing demand for social and affordable housing especially in large cities and agglomerations
- Promoting social inclusion and urban regeneration by providing access to decent housing
- Economic dimension: Poverty alleviation and job creation via the provision of housing for low income households
EIB Financing of Social Housing

Eligibility and Quality Conditions

- Quality requirements (e.g. on energy efficiency)
- Location of housing projects of new construction:
  - Brownfield sites/infill development
  - Greenfield sites: if part of urban regeneration and/or local housing plan
- Investment, not maintenance
Fostering an integrated approach to urban regeneration and development:

- Preparation of a project outside the EU via technical assistance
Meknes medina TA Study: The overall framework

- TA Study to prepare an urban regeneration and renewal project in the historical centre (medina) of Meknes
- EIB’s pilot operation within the framework of the Bank’s “Medinas 2030 Initiative”
- Pilot for both, the Bank and the Promoter Holding Al Omrane
- Consultant: PARQUE EXPO, Lisbon
- EUR 400,000; September 2010 – August 2011
Meknes medina TA Study: The local situation

- The Meknes medina as a whole is classified as UNESCO World Cultural Heritage site:

<table>
<thead>
<tr>
<th>Study Area</th>
<th>ha</th>
<th>Population</th>
<th>Persons per ha</th>
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<tr>
<td>Tizimi Study area within medina</td>
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<td>City of Meknes</td>
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</table>

Key figures on the study area “Tizimi” (TA study survey):
- 5 ha with in total 342 buildings/plots
- 774 families with 3,044 inhabitants out of which around two thirds are below 40 years of age
Meknes medina TA Study: Three levels of activities

1. **Institutional level:**
   - Proposals for institutional set up

2. **City level:**
   - Integrated scenario for intervention
   - Urban regeneration programme for Meknes medina

3. **Project level:**
   - Project preparation
   - Project proposal (2 phases of in total 8 years)
Meknes medina TA Study: The institutional level

Institutional level

Proposals for institutional set up concerning:

- National urban regeneration policy for historic centres
- Comprehensive local urban renewal programmes for historic centres (multi-sector)
- Municipal urban regeneration agencies to implement the medium-term investment programmes
Meknes medina TA Study: The city level

City level

Integrated scenario for intervention:

- Concerning 3 fields:
  - building stock and structures,
  - social and economic development

Urban regeneration programme for Meknes medina:

- Outlined strategic fields of intervention:
  - Improving quality of life of local population;
  - Promoting local economic development;
  - Revalorising cultural heritage
Meknes medina TA Study: Proposed housing standards

City level
In addition to a de-densification,

Proposal of 7 minimum criteria for decent housing:

1. Sheltered space (completely covered);
2. Ensuring adequate provision of ventilation and daylight;
3. Connection to drinking water system;
4. Connection to sewage system;
5. Minimum habitable space per person:
   - 14m² for the household persons 1-4,
   - 10m² for every further person;
6. The habitable space needs to comprise at least:
   - WC inside the habitable space (exclusive or as shared facility)
   - Bathroom (exclusive or as shared facility)
   - Kitchen (exclusive or as shared facility);
7. The building needs to be structurally sound and safe (e.g. no danger stemming from deformation/degradation/dilapidation of structural elements, walls, staircases, etc. …)
Meknes medina TA Study: The project level

Project level

Project preparation:

- Comprehensive survey for study area/neighbourhood
- Multi-sector diagnosis + analysis covering 8 fields:
  - Housing, economic activities, social/educational/health infrastructure and facilities, physical infrastructure, cultural heritage, accessibility and mobility, public spaces and environmental issues/risks.

Project proposal (2 phases of in total 8 years, EUR 27 m):

- 9 major multi-sector sub-projects at medina level
- 30 important multi-sector sub-projects in study area Tizimi and vicinity
- 6 pilot rehabilitation sub-projects in study area
Meknes medina TA Study: Housing investments

Project level

The 6 pilot rehabilitation sub-projects in the study area comprise:

- Demolition and reconstruction of buildings affecting some 350 persons
- Rehabilitation of buildings including 129 plots with some 1,370 persons
- Upgrading of buildings involving 241 plots with some 2,350 persons
- Relocation of some 1,360 persons occupying buildings in overcrowded conditions.
Meknes medina TA Study: Conclusions

- Very ambitious and innovative TA (multi-sector; integrated approach, very impoverished inner city neighbourhood)

- Good quality results; bankable urban renewal project;

- Development of standards such as minimum criteria for decent housing and rehabilitation cost indicators;

- Demonstration of a potential EIB role in promoting urban regeneration and renewal in the region;

- Potentially replicable as it demonstrates how to:
  - rehabilitate, restructure and integrate urban neighbourhoods
  - use public urban infrastructure investments to encourage private investment and trigger development in inner city areas
Impressions from the study …