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7.10 Reactivation of Derelict Industrial Sites in Romania a Project of GTZ for Economic and Employment Promotion

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ABSTRACT

For the moment Romania is a very interesting market for investors. The GTZ, an international cooperation enterprise for sustainable development in cooperation with the Romanian Ministry for European Integration, intend to promote the reactivation of derelict industrial sites to direct the settling of investors to all regions of the country and to keep them away from Greenfields.

The planning process in Eastern Europe is actually not comprehensive to the well regulated Western European system. Starting civil works on Greenfields, is time-uncalculable.

"Reactivation of Derelict Industrial Sites in Romania" has the scope to develop a methodology how this sites benefit of a shorter location- and planning process time, than Greenfields.

The first step was designing a database of derelict industrial sites. For potential investors, it offers the opportunity get quickly informations. Following there will be, on the example of pilot projects, a training how to use the methodology.

Introduction

The socio-economic effect, caused by the drastic structural change in the German federal state North Rhine-Westphalia and East Germany has been researched the last years. So there is a high experience and designed solutions which can be transferred to other countries with structural change problems.

Considering this it is not astonishing that the Romanian Ministry for European Integration asked the German Federal Ministry for Economic Cooperation and Development for consultancy and project support.

The project "Reactivation of Derelict Industrial sites in Romania" was developed. The project is supported by the gts (cooperation enterprise for sustainable development) and accomplished by Düsseldorfer Consult GmbH, Stadtwerke Düsseldorfer AG and INGENIEUR Berlin.

Most profitable European market

The (former) low prices for real estate and the absence of modern office space caused, in the bigger cities in Romania, a high building structure activity. Even for South-East Europe it is a high level.

Recently the investment by developers of building projects is very high. Numerous land speculators increase the prices for land in Bucarest and some big cities. Mainly the speed of the increase was astonishing. Real estates in the congested urban area are very expensive in comparison with other upcoming markets in South-East-Europe. This is not only in Bucarest, it also in other big cities in regions of Transylvania and the Banat, (especially in the centre and around Timisoara) in certain areas the prices grow up to 80% per year. Some market observers have the
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opinion that there will be a consolidation phase, at least for certain real estates.

Does it mean that investment in Romanian real estates are no more profitable? Far from it. According to a recent published study by PriceWaterhouseCoopers, the Romanian real estate market is the most lucrative from 20 researched states in Europe. The requirement, specially in infrastructure projects, is immense. The same applies for modern apartments. The standard of living and the income of young Romanians increase. Furthermore there are big differences between prices within the country. The metropolitan areas still have a high investment potential, that is confirmed by the unbowed investments. But investors become choosy.

"Greenfields" are preferred

In the last months there was a phenomenon respectively a shifting of interests to be seen: facing the high differences between prices of not only top locations in bigger cities and sites located at the periphery or outside congested areas and considering the high need to catch up of these areas they gain interest.

Often foreign investors choose greenfields. They don't know the tasks and risks concerning to that. Many of these areas are (not already) declared as to be used for construction. Instead of that they are declared for agriculture use. The areas should be used for industry and commerce projects often and the investors speculate that the traffic routes which have to be build will develop the area. This approach needs preparing work by the investor, for example the passing of additional administrative procedures before the project can be started.

First step would be to assign the area into the "within an city" range. This can take from some weeks to some month. On the quality of contacts to the administration and on the importance of the planned project for the city. If this is arranged the area normally has to change its declaration from agriculture use to building land. This also takes from some weeks to some month. Afterwards finally the apply for the construction permit can be made.

In this context it must be pointed out, that as result of the restitution of agricultural land, which was appropriate during the communist era, the agricultural land is spitted. Mostly each owner has only a small area of agricultural land. To posses a adequate area to build up a industrial or commercial park, they have to conclude several contracts of purchase with different persons.

Another risk beneath the risk not to be declared as "within an city" range and as building land is that the taxes for the change of declaration can be up to 400 percent (!) of the purchase price of the land.

Vantages of derelict industrial sites

Because of cost and time reasons the focus of investors is put on derelict industrial and military sites.

The problems caused by underused use of greenfields make the reactivation of derelict sites an essential component of an economic and sustainable city development.

Many derelict sites dispose of a good equipment, have an exposed position and good infrastructure conditions - this means a large potential for development.

For the regional development the reactivation of a derelict site means not only a revaluation of the site but also of its periphery. If the reactivation is made soon after the end of the former use, movement of labour can be avoided and social stability can be abided. Regional decision-making units, which have this in mind will assist reactivation projects as much as possible.

Data base eliminates information deficit

One of the main reasons why investors use Greenfields most of the time is the lack of information about available derelict industrial sites and about how to handle them. With a data base including all relevant information about a site, especially about existing pollution, the risks will be calculable for investors. By this way the location-specific advantages are available.

Therefore the assembling of a national wide data base about derelict industrial sites was the first step of project work. The database includes all military and industrial sites which are not in use any more in Romania. The specific data for the sites should answer the main questions for investment decisions: use in the past, kind of pollution, available infrastructure and so on.

With the assembly of important site information a potential investor/user gets the needed help for site selection. Time is an important factor for investors - the data base presents the possibility to save time. Currently greenfield areas have to be redeveloped in Romania most of the time - this can take about two years. With the bundling of information in the data base investors have the possibility to search with different focus and to compete different sites.

At the moment the needed data is collected from municipalities, Regional Development Agencies, the Ministry of Environment and the Privatisation Agency - work should be finished by end of 2007. The continuous update of the data base will be assured. More information about the project can be found under www.reactivation.de

The data base includes information from the following sections:

- Cover page with basic information about the area and with pictures and maps in different scales
- Estate concerning information
- Information about valuation and financing
- Information about the business location
- Construction law concerning framework
- Preparation of land for building

Pilot projects

Goal of the project is the development of a methodology for the reactivation of derelict industrial sites which considers the situation in Romania. This methodology will be shown and tested by pilot projects. All results will build a manual which will be available for the public to include a large range of people into future projects.

Project organisation

Reactivation of derelict industrial sites is an interdisciplinary task for planners, engineers, project developers, licensing authorities, construction and waste management companies and many other actors. It has to balance the interests of all of them, especially the interest of the local authorities, the owner of the site, investors, users and people living close to the site. That is the reason because many projects fail on problems with a clear attribution of authority and many not defined interfaces and responsibilities.

The above mentioned fact makes a goal-oriented organisation of the project necessary. The project steering group will integrate their competences cross section oriented into the project group and the project advisory board. It will cover the topics planning, technique and controlling. The project steering group structures all partitions of the project and arranges competences and decision making power.

Successful reactivation of derelict indus-
trial sites projects base on an effective working together of a multitude of experts and licensing authorities. This makes a goal-oriented organisation of the steering group working together with the project group necessary.

In a close collaboration between the consultants and the project group the different modules survey, development of the concept for a second use, analysing the relevant law, conditioning of the site will be trained and implemented by the project group. Workshops will be used for a working together evaluation.

The following tasks will be managed by the project group after close consulting with the steering group:
- clarification of all questions related with the ownership of the site
- preparation and realisation of the derelict site specific survey
- coordination of planning and licensing procedure
- adjustment and optimising between the planned new use and the conditioning of the site necessary for that
- preparation of the economic efficiency / cost control system
- analyse of the legal framework
- organisation of public relation and marketing
- early coordination of the project with the municipality and the planning sovereignty
- contract management
- cost controlling for the project
- financial management of the subsidies

The project group should integrate the knowledge of the responsible communal planning and construction agencies, the environmental agencies, the monument protection agency and the relevant regional and national institutions of Romania.

The project advisory board should be build of regional multipliers from the environment of the pilot project – from public administration and from private companies – for example the mayor, potential future users, directly involved people. They should be able to include their interests. In one workshop there should be fixed leading goals and developed using ideas. The advisory board should also help setting the planning procedure and the appliance for subsidies. It should also support the public relation work.

The support organisation of the project will include responsible people for regional planning and reactivation of derelict industrial sites – that increases the competence of the team in a technical, methodical and organisational way.

Development and Implementation of a Monitoring and Evaluation System

Within the project a manual with checklists for the reactivation of derelict industrial sites into the economic cycle will be developed and implemented. Main focus will be the aptitude for the use in the practice.

The structure of the manual will be orientated on the characteristic fields of action of the reactivation of derelict industrial sites. It can be used as a decision guide for the preparation of detailed planning and technical supply for future projects. The questions of the checklists cover the content of the main fields of project development for reactivation of derelict industrial sites.

The use of the checklist offers the opportunity to sensitise the project group for the complex structure of a reactivation project. They get an overview about the project and about the project goals.

To decrease project risks it is necessary to implement the project steps and tasks into phases. In the first step the project organisation will be established. During the first workshop the project goals are described by the project group. Only if project control, project group and the gaz have an agreement about the goals, the operations and different activities of the project can be well coordinated.

The adequate instrument for fixing the goals and controlling the project is an action plan. This plan will be developed in the planning phase by all participants in the first workshop. It includes the structuring of the project into goals, sub projects, phases, activities, deadlines, costs and so on and is the base of the project management with all planning, steering and coordination tasks. It allows to analyse deviations and risks and to plan the time table of the project. For the project controlling it is the base for the cost analysis and planning. Results and effects can be controlled and evaluated.

All this shows the importance of a detailed project organisation and steering which should be based on the knowledge and experiences of the project coordinator. The Stadtwärm Düsseldorf AG are glad to include their know-how and experiences in project steering and implementation into the planned reactivation of derelict industrial sites.

Communication

Main goal of the project is to enable a large group of actors to work successful in the field of reactivation of derelict industrial sites. For this a adequate communication is of high importance:
- Intensive exchange during interactive workshops
- Internal based documentation of the project progress and of the project results
- English/German/Romanian speaking contact person
7.11 Can We Really Compare Brownfield Regulation and Redevelopment in the United States and European Union?

Philip Catney, Kristen Yount, John Hanneberry, Peter Meyer

Abstract

This paper is intended as a cautionary tale about international policy comparisons. We argue that comparing and transferring lessons from ‘aggregate’ political units, such as the European Union, are impossible in the face of its internal complexity. Instead, we undertake a focused comparative analysis of brownfield policies in Massachusetts and England. Our analysis examines the institutional and political contexts shaping the different approaches to brownfield redevelopment. Commonalities and differences in program development, policy implementation and environmental and economic outcomes in the two settings are highlighted. We point to methodological and practical difficulties in transferring lessons from one case to the other. However, the comparative case findings are used to derive principles to guide efforts to control for variation in efforts to replicate or translate program experiences from one national – or locally specific – setting to another.

"Politics is the art of looking for trouble, finding it, misdiagnosing it and then misapplying the wrong remedies." -- Groucho Marx

Introduction

This paper asks a deceptively simple question. At first glance, the answer is an obvious ‘Yes!’ Brownfield regulation and approaches to the regeneration of previously developed (and potentially contaminated) property in the United States (US) and the European Union (EU) has previously been compared (Meyer, Williams and Yount, 1995). The real issue is the character and method of the comparison – and the quality of the lessons learned from the exercise.

There is much experience of policy transfer upon which to draw; whether this has occurred within the member states of the EU, between extent EU members and accession states in the past decade (see Boche & Jordan, 2006). A key benefit of lesson-drawing is that the costs of developing innovative programmes are incurred by the first nation. Other countries can learn lessons from the experience of this nation without having to go through a process of trial and error, although there are often costs involved with the process of adaptation (Rose, 2001: 4). These attempts at learning through imitation, often as a short-cut to the development of programs, have met with decidedly mixed results. The history of US-UK economic development policy transfer serves as an object lesson of failure, which might have been heeded by brownfield policy makers (Meyer, 1991). In the past, British policy makers tended to look to the United States when seeking to draw lessons (See for example, Wolman, 1992; Jacobs, 1992; Hambleton 1994; Parkinson, 1999; Dolowitz et al., 2000; Shutt, 2000). There were a number of reasons for this. The two countries share certain characteristics of urban problems (for example, a history of racial tensions) in which the US has had more experience.