

Title: CzechInvest wants to resurrect old industrial sites; regeneration of sites to be supported by EU funds
Date: 20.11.2006
Source: Hospodářské noviny

Many places in the Czech Republic contain industrial sites that are now abandoned and derelict, taking up space and hindering the development of regions. Due to their appearance, these sites are not often interesting for potential investors. On the other hand, however, occasionally these sites represent an interesting or unique example of industrial heritage. The term "brownfield" is also used for this type of property.

"These sites have great investment potential in that they can benefit from their advantageous location, existing infrastructure and the possibility to apply for support through EU structural funds. However, in the Czech Republic there currently is not a database containing all types of these properties and monitoring conditions for their future use," say Zdenek Jana, Director of CzechInvest's Business Properties and Infrastructure Division.

The Czech Republic currently contains over 3,000 brownfields covering a total area of more than 11,000 hectares with a total built-up area of around 22.5 thousand square metres.

These figures are part of the "Brownfields 3000" project, which CzechInvest introduced as part of a research study conducted for the purpose of locating these sites. Individual sites originated mainly as a result of a long-term lack of interest in their surroundings and insufficient will to improve their condition. In order to solve this problem, CzechInvest formulated the "National Brownfield Regeneration Strategy".

At the end of 2005 CzechInvest, in cooperation with individual regions, commenced seeking out and determining the exact locations of brownfields in the Czech Republic. The entire project will be completed in spring 2007, though preliminary results have already been presented.

On the basis of this study, a comprehensive overview of brownfields throughout the Czech Republic will be made available, and a complete database of such sites will be compiled, from which it will be possible to select projects for regeneration and development of further investment opportunities for developers and investors.

Today it is possible to classify brownfields in the Czech Republic as follows (in relation to their number in the CR):

- § 30% industrial
- § 40% agricultural
- § 6% military
- § 10% civic amenities
- § 4% residential
- § 10% other

Thanks to the results of the study, it can also be stated that more than fifty percent of brownfields are not ecologically burdened and more than seventy percent of these sites are under private ownership.

In order to simplify the regeneration process, CzechInvest is offering cooperation with other entities, both public and private, in the implementation of the National Brownfield Regeneration Strategy, the goal of which is to regenerate the maximum number of sites in the Czech Republic and to ensure the creation of a suitable environment for these projects.

CzechInvest currently estimates that the financial resources needed to regenerate 3,000 sites amount to CZK 100 billion and that the period of implementation will span nine years. Three phases of implementation have been proposed, during the first of which a quarter of the brownfields should be converted.

At the same time, CzechInvest will support the regeneration of brownfields in coming years through the Operational Programme Enterprise and Innovation. According to preliminary estimates, it is expected that the orientation amount of funding from the OPEI–Real Estate Programme will be approximately CZK 10 billion for the period 2007-2013.

This amount is derived from the respective submitted projects (quality and quantity of projects). It should be possible to obtain an additional roughly CZK 40 billion from the resources of other ministries, individual regions and municipalities, as well as from the private sector.

EU funds to also support regeneration of sites

Tens of billions of crowns – that is the sum of estimated costs for the regeneration of brownfields, which will come from both the public and private sectors. CzechInvest made these figures public in the research study. However, the revitalisation of disused, neglected and, in some cases, contaminated properties represents not only expenditures for regeneration, but also income which, however, is difficult to estimate at this time. In the coming period 2007-2013, the Czech Republic will have the opportunity to utilise the largest per capita amount of funding from EU of all 25 EU member states.

"Most operational programmes are in the preparation phase at this time, and therefore the amount of support that may be provided for the regeneration of brownfields from these prepared programmes cannot be calculated. Like the structure of the operational programmes, the financial allocations are currently only generally defined, and therefore the data are only tentative," says Lucie Dolezelova, project manager in the Business Properties Division at CzechInvest, which has prepared a strategy for the revitalisation of brownfields in the Czech Republic.

If the goals of the National Brownfield Regeneration Strategy are to be fulfilled, it is not possible for all projects to be undertaken with support from grant programmes. In this case, the possibilities of further investment in regeneration are important. Even before the abbreviated period for implementation of structural funds (2004-2006) the Czech Republic was able to utilise European funding within the framework of the pre-accession funds. Within the Phare programme, for example, a study of the Vitkovice regeneration was conducted. The Czech Republic's accession to the EU opened up the possibility to draw from structural funds and from the cohesion fund.

Four operational programmes, one joint regional programme and one uniform programme document were in use in the period 2004-2006. For the regeneration of brownfields, the most important of these was the Operational Programme Industry and Enterprise (OPIE) under the sponsorship of the Ministry of Industry and Trade (MIT). OPIE encompassed the Real Estate Programme, one part of which was focused on the regeneration of industrial zones and buildings.

In that period regeneration projects in the amount of CZK 1.4 billion were submitted. From national programmes, the MIT's Industrial Zone Development Programme (CZK 1.3 billion) and some programmes of the Ministry for Regional Development were most extensively used.

Seven operational programmes, seven regional programmes and two operational programmes for Prague have been prepared for the period 2007-2013.

It will be nominally possible to use some of these programmes for the regeneration of brownfields, as will be further explained in the following overview. From this description it is clear that some programmes are more focused on brownfield regeneration, whereas others can be used for regeneration if there is the possibility and will to give brownfields priority over new construction.

Even though individual regions are dedicating attention to solving problems such as brownfields, whether it is introduced into practice will depend not only on available means of public support, but to a substantial

extent on the resolution of property rights relationships and possibilities of co-financing, as indicated by some development operational programmes.

Overview of operational programmes in relation to regeneration in 2007-2013

OP Enterprise and Innovation – This programme contains 22 support programmes. The Real Estate Programme particularly concerns regeneration of brownfields. In addition to development of business properties and infrastructure, one of its aims is the regeneration of brownfields for business. Allocation for 2007-2013 – CZK 8.85 billion.

OP Environment – The programme is especially useful for eliminating ecological damage and, to a lesser extent, for regeneration of brownfields without further development (restoration of greenfields). Estimated allocation for support of elimination of ecological burdens – EUR 776 million, and for support of regeneration of urbanised landscape – EUR 518 million.

Integrated OP – This programme is not directly intended for regeneration of brownfields. It will be possible to implement projects if a given brownfield partially serves for the travel industry (EUR 776 million), for activation of cultural development resources (EUR 264 million) and revitalisation of prefabricated housing estates (EUR 476 million).

OP Rural Development – Possibility to use grants in the following programmes: Improvement of Competitiveness of Agriculture and Forestry (EUR 748.19 million), Quality of Life in Rural Areas and Diversification of the Rural Economy (EUR 565.71 million), and in the Leader Programme (EUR 156.63 million).

Regional OP – Support for regeneration of brownfields in areas dedicated to the development of cities, business, countryside and the travel industry. Individual areas of support enable regeneration and revitalisation of existing disused properties and land. Budgets for individual ROPs are around EUR 600 million.

Source: CzechInvest

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