

Source:	Ekonom
Date of issue:	23.11.2006
Section:	Sonda
Page	14
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Second Wind

How can old industrial zones be successfully resurrected? It requires a long-term vision, the involvement of local communities in projects and ensuring the transparency of relationships. Several thousand sites are awaiting revitalisation in the Czech Republic.

Imagine a shopping centre, modern apartments, office buildings, and possibly a museum and cultural centre taking the place of coking plants, mines, steelworks, heating plants and other industrial structures. Instead of tired miners with circles under their eyes, think of cheerful young people in stylish clothes. This is how the centre of Ostrava should look in a couple of years. In the meantime, projects for regeneration of local brownfields are at most halfway to completion. Most dirty heavy-industrial plants have disappeared from the centre of the city, clean-up is underway and plans for their future use are on the table.

In Ostrava, however, this does not involve only one project. Much is currently being said about the Karolina site, where approximately 60 hectares have already been cleaned up and the company Multi Development is to build a modern quarter with residential construction and office buildings on more than 30 hectares. The city announced the development tender in December last year and projects had to be prepared by April. The short time allowed for the preparation of offers was the subject of criticism, and some of the participants in the tender were unhappy with the overly vague criteria stipulated by the city. This notwithstanding, experts confirm that the Ostrava city-centre construction project is one of the largest of its kind now being realised throughout Central Europe.

A shopping centre where once there was a coking plant. According to available information, Multi Development does not want to realise any grandiose vision, but rather wants to adapt, to the greatest possible extent, the new construction to the existing cityscape, tying it to the combination of existing streets and squares. According to Lubos Koci, Director and Chairman of the Board at Multi Development Czech Republic (a part of Multi Corporation, which associates companies from around Europe that are engaged in various disciplines in the areas of development, investment, shopping-centre management, etc.), office spaces, 1-2 thousand apartments and 80 thousand square metres of commercial spaces should be constructed.

Connected to Karolina, there is another site called Dolni oblast Vitkovice, which will be regenerated under the direction of another company, Vitkovice, which is also the site's owner (Karolina, on the other hand, belongs to the city). In Dolni oblast Vitkovice, which covers over 150 hectares, they are not far behind. According to Jaroslav Borak, a consultant involved with Vitkovice's strategy, in cooperation with the ministry of Finance a project is now being prepared, on the basis of which the site will be cleaned up. As with the Karolina site, this involves a state guarantee; the Ministry of Finance took it over from the defunct National Property Fund. Borak says that approximately 80 buildings must be demolished. The site is divided into three sections, whereas the northern section is partially a national cultural monument. This means that certain structures there will have to be preserved, and would involve, for example, converting a former power facility into a structure for cultural purposes, such as an exhibition hall.

Vitkovice's subsidiaries are currently working in the central section. This operation will be preserved for the time being. At this time it is not completely clear what will be in the southern section, which would offer the path of least resistance to the growth of large halls for the most various use, though according to J. Borak, Vitkovice does not want that.

The view from outside. It is obvious that developers are betting on growing interest in Ostrava. The carmaker Hyundai is setting up shop in nearby Nosovice, and its suppliers are following. Over time these activities should attract more business, including services. However, there is the question of whether projects such as the exhibition hall in Ostrava can be sustained. Lubos Koci is not convinced of this: "Karolina does not need any public assistance, but if someone is planning galleries and exhibition, private and public investors should be involved in this."

Gwyn Griffiths, a private investor from Great Britain who had the opportunity to become familiar with the Vitkovice project, sees a huge opportunity in the regeneration of Dolni oblast. Griffiths considers the project's strengths to be, among other things, the expansive size of the site which offers the possibility of various uses, integration with the city, and good infrastructure. But the project also involves risks. According to Griffiths, such a large area can conflict with the interests of many groups, and Czech developers also have little experience such projects. It will also be difficult to ensure the flow of financing. Among other things, Griffiths recommends that the area that is a cultural monument not be needlessly expensive.

Based on his experience in Great Britain, Gwyn Griffiths names some of the fundamental problems that cities must solve when dealing with deteriorating sites: in the first place, they must determine and settle ownership relations, precisely define the optimum future uses and, if necessary, amend the land-use plan and remove ecological burdens. Most projects implemented in cities work if they are started by the public sector and then handed over to private entities for completion. An alliance of the public and private sectors

is almost the alpha and omega of success for large revitalisation projects.

Three thousand sites. Eleven thousand hectares. These are the figures cited by CzechInvest in reference to the number of brownfields in the Czech Republic – disused industrial, agricultural, military and mining sites. These are mostly leftover from the socialist period and are reminders of the rich industrial tradition of the former Czechoslovakia. In the new structure of the economy, uses were not found for most of these sites and now they are deteriorating, six percent of them are demonstrably contaminated, and roughly 40% of them are thought to be contaminated. In spite of this, there is a chance that these sites can be put to use in the future, especially since there is a rapidly diminishing number of locations where it is possible to establish new industrial zones on greenfields.

“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 current need to map abandoned industrial and agricultural sites and to find new uses for them led CzechInvest to conduct a research study of brownfields in cooperation with individual regions. The study is still far from finished (it should be concluded in spring 2007), but the preliminary results were presented at the Brownfields Invest Czech 2006, the first international conference dedicated to these issues, which was recently held in Prague. Incidentally, the event took place in a fitting environment: the newly renovated sewage-treatment plant in Prague-Bubenec. Conference participants included representatives of state institutions, primarily the Ministry of Industry and Trade, private developers, people from banks, architects, representatives of regions and local authorities, and owners of brownfields. All of these groups play a significant role in the regeneration of brownfields. The conference also featured the participation of experienced specialists in the area of brownfields from Great Britain – which has been engaged in the regeneration of brownfields for over twenty years.

The aforementioned research study is to be the first step in the formulation of the National Brownfield Regeneration Strategy of the Czech Republic. A basis for this already exists; a similar strategy was formulated in 2004 with the use of PHARE funding.

Part of the prepared study is the Brownfields 3000 project. The number in the name refers to the number of sites that CzechInvest has located within the mentioned study and which will be included in the prepared database of brownfields from among which projects that are suitable for revitalisation will be selected. According to CzechInvest, perhaps one-quarter of these projects should be implemented by 2013 and the

remainder by 2025.

CzechInvest promises that on the basis of the database it will create an offer of sites according to the specific requirements of parties interested in the revitalisation of such sites. The agency can also provide consultation concerning preparations, for which funds can be drawn from the Operational Programme Enterprise and Innovation (OPEI, a programme co-financed from European funds). Based on preliminary estimates, it is expected that for the period 2007-2013 not quite CZK 13 billion will be available for this purpose.

Within the national Industrial Zone Development Programme, for example, a military airport has already been regenerated in Zatec, where the Triangle industrial zone was established on 360 hectares. With the same support, the Skoda Plzen industrial site was revitalised and production halls supported from the Real Estate Programme (part of the Operational Programme Industry and Enterprise) are currently being built there. Private investors have brought a range of sites back to life without state support. Such sites include, for example, the Vankovka shopping and cultural centre in Brno, the Semily City Hall and Corso Karlin.

When CzechInvest offers these properties to foreign and Czech investors, they will first come to a range of brownfields whose revitalisation is expected to bring economic growth to the wider area while at the same time dealing with ecological burdens. The existence of large, disused buildings and plots of land causes social problems, not necessarily in the form of drug addicts finding refuge in dilapidated buildings.

The British experience. “Brownfields originated as the result of long-term disinterest in the given problems, lack of political will to solve the problems, passivity of the affected private and public entities, and insufficient resource for revitalisation,” reasons Katerina Lorencova, Project Manager in CzechInvest’s Business Properties and Infrastructure Division. It is worth adding, of course, that the Czech Republic is by far not the only country that must solve similar problems. Brownfields very often arise following radical changes in the structure of economic activity in a given region, a fact to which especially the British can attest.

Twenty years derelict buildings at abandoned docks had long since lost their gates and windows, and had begun to fall victim to the moist English wind. In some of these sites, London’s homeless found a free place to live. Today there is no sight or sound of this inglorious past. Instead, on the banks of the Thames have arisen modern buildings that house the headquarters of international banks and important companies. The old buildings got a new coat and a new purpose.

It sounds simple – demolish some of the buildings; clean and repairs those that remain and adapt them to a new purpose. Industrial sites become apartments or perhaps sporting facilities; military barracks become

classrooms; other disused factories take the form of entertainment centres. Dead, dirty zones are being transformed in the tidy, lively centre. Liz Wrigley of the company Core Connections says, "This doesn't happen all by itself. In order for this to happen and in the end not be some meticulously clean yet empty location where businesses can only generate loss, a range of principles must be maintained."

Liz Wrigley considers the most important aspect to be communication with local people, long before the project is commenced. They know best what a place needs, or rather what they do not want close to their homes. The second necessary requirement is to ensure transport connections. It is obvious that a sport or entertainment centre in a place that is very difficult to reach will remain empty. The developer must also clearly understand what the land-use plan involves, or amend it in cooperation with local authorities, so that all parties approve.

Clean up? Yes, but.... As the British experts repeatedly made clear at the international conference on brownfields in Prague, in all phases it is necessary to engage the local community, residents and city authorities in the project, even in the case that they do not in any way participate financially in the project. This is also emphasised by Gaynor Asquith, Director of ABRA, a consultancy specialising in all aspects of renewal. According to Asquith, complete transparency must be ensured among all parties involved, and it must be clear who will manage what. It is possible to begin revitalisation once it has been made clear whom the site will serve in future.

There is also a problem with finding agreement in regard to what should be preserved and what should be demolished. Gaynor Asquith says the costs related to preserving some structures can be too high, for example because of the need to remove ecological burdens. Therefore it is necessary to know in advance the purpose that the brownfield will serve – each future use has different clean-up requirements. This was also expressed by Don Shosky, vice-president for special projects at the American company Earth Tech, which has been involved in the development of a range of brownfields, having liquidated over 300 tarry sites and participated in decontamination work in hundreds of projects in Europe, the United States, and Australia. Under Shosky's direction, former gasworks and coking plants have become sports grounds, housing complexes, offices and business centres. He emphasises the necessity of a clear vision, transparency and the extensive involvement of local residents.

At the international conference in Prague, John Waters, general manager of the company ERM, shared his experience from regeneration of former steelworks and coking plants in Wales. He suggested that it is first necessary to map all entities that can have something in common with the project or which will in some way be influenced by it (stakeholders) – and to involve all of them in the project. Thus it is necessary to have a long-term vision. If ecological burdens are involved, Waters does not think that it is necessary to reduce them to zero, but only to the level where they will not negatively affect the future use of the site. He also

recommends involving public financing in the project. "When a project is successful, more jobs will be created on the former production site than were there originally," says Waters.

Brownfields in the Czech Republic. The results of CzechInvest's research study as of the end of 2005: Sites located: 3,096. Total area: 11,060 hectares. Ecologically burdened: minimum 6%, expected 40%. Surface areas of structures: 22,609 thousand m². Distribution, by original use (% of total number): 30% industrial, 40% agricultural, 6% military, 10% civic amenities, 4% residential, 10% other. Locations: more than 50% in municipalities with up to 2,000 residents. Current ownership relations: more than 70% under private ownership.