

Integrated urban operations in Portugal: how to improve equity and efficiency?

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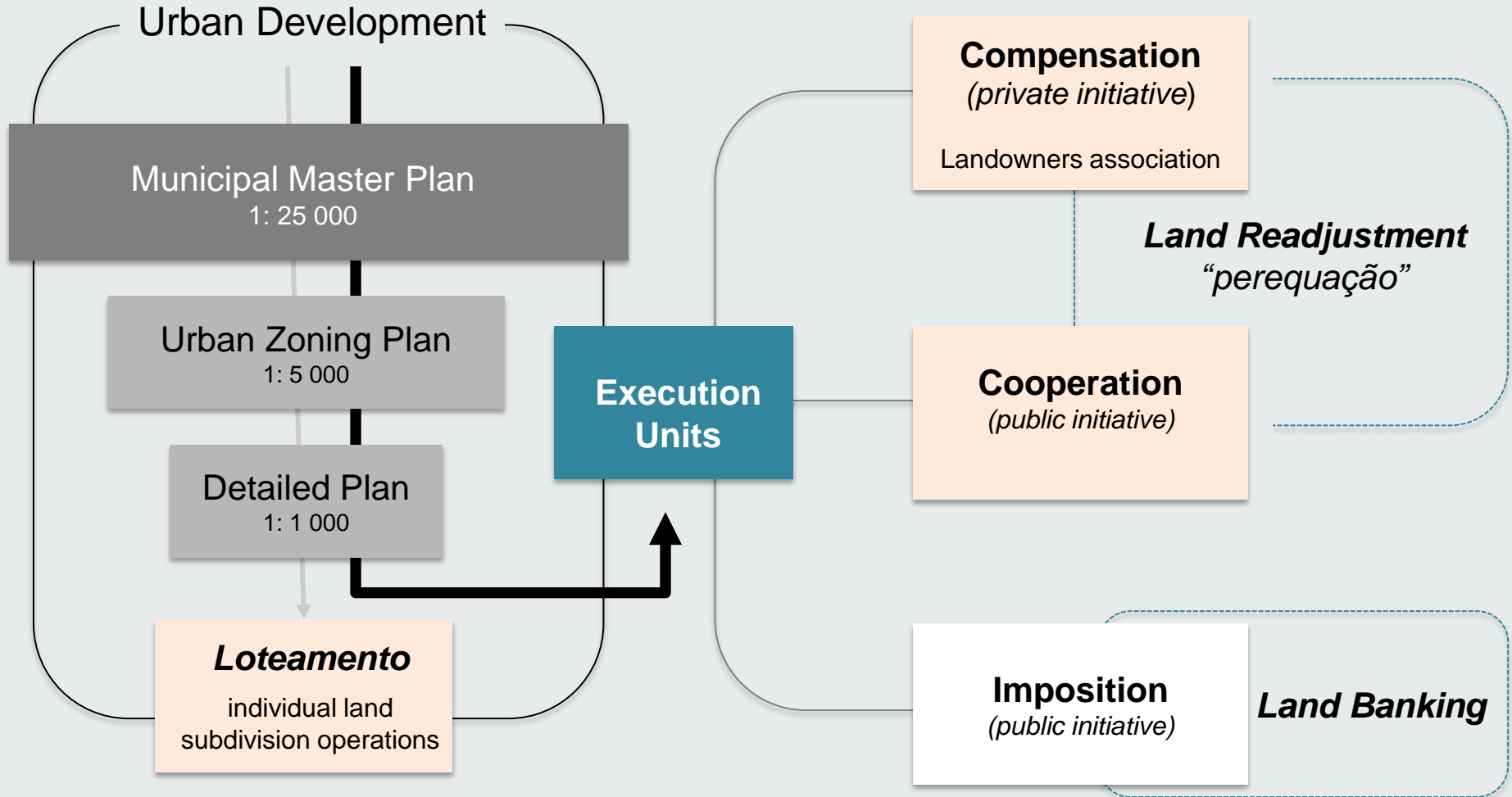
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Portuguese Legal Framework (since 1999)

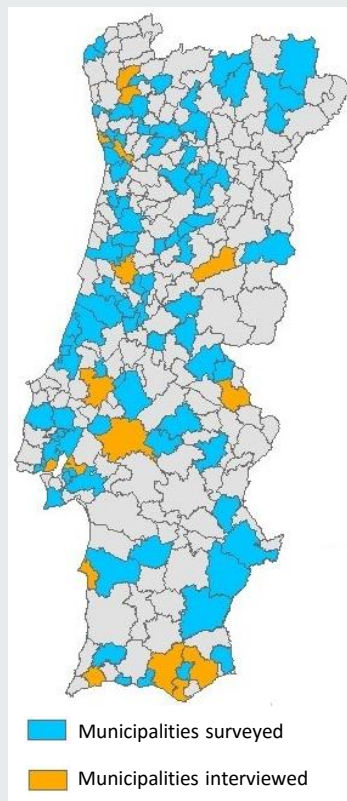


PERCOM Project – Main Objectives...

Characterization and critical analysis of Portuguese land readjustment practice in detailed plans (DP)



Proposal of a more efficient land readjustment execution model to address the problem of the conjugation of interests in the urban development process



and methods

Literature review

Contents analysis of DP

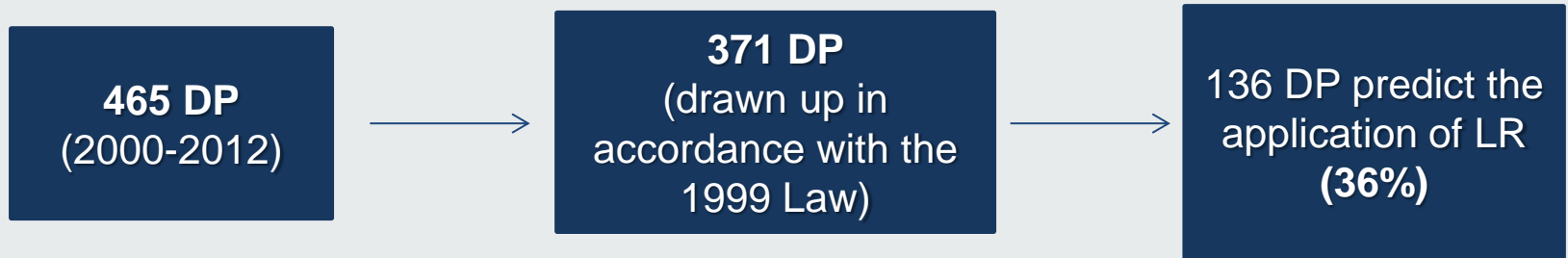
Municipalities surveys

Interviews with municipal planning technicians

Interviews with the leading financial institutions in Portugal

Workshops with expert panels

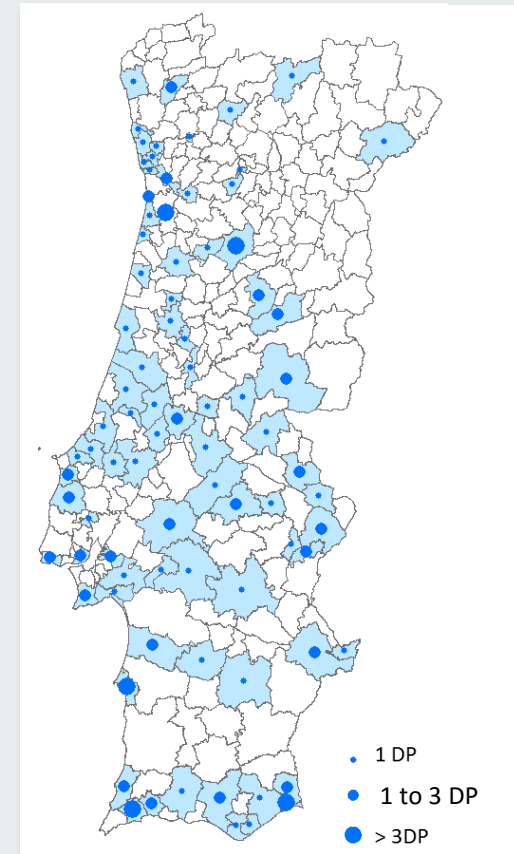
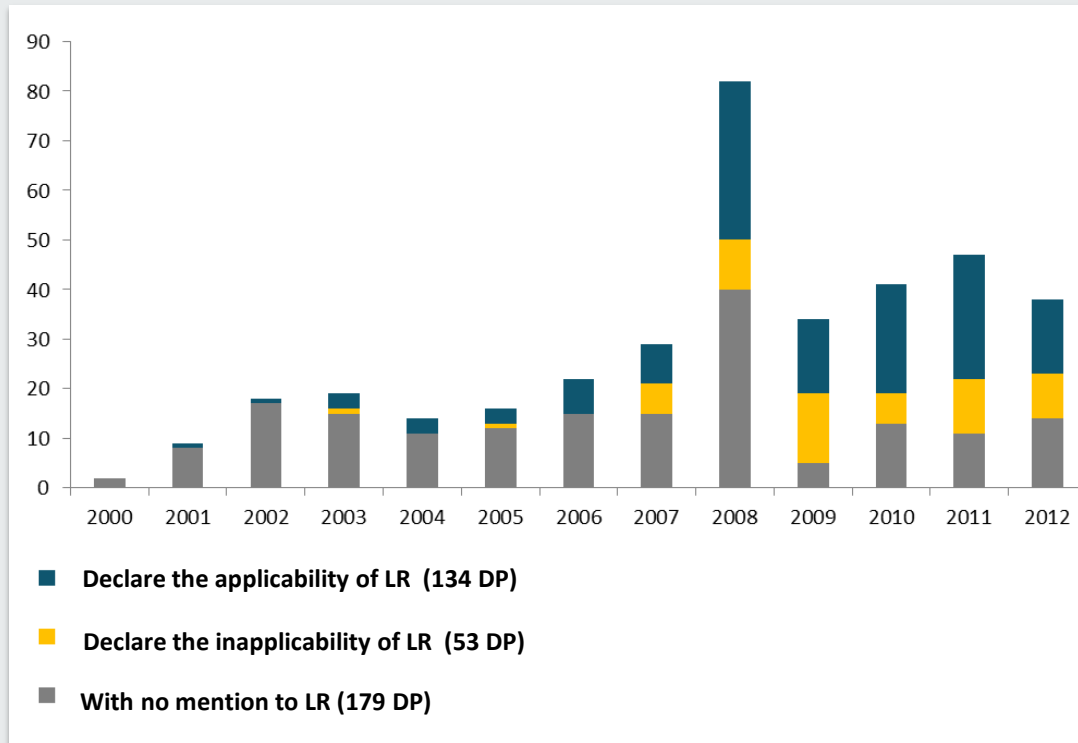
Detailed Plans – Overview



DP in Portugal (drawn up under the Spatial Planning Law of 1999)

- 55% for **residential** or **mixed use**
- 65% with **urban expansion** as dominant planning dynamic
- Average size is 73,6 ha (of 286 DP)
- 80% are made up mainly of **private property** (of 230 DP)
- 63% have more than 10 landowners (of 77 DP)
- 21% define full provisions framework for their implementation (execution system, execution units and definition of execution instruments)
- Average time period for DP formulation is **54 months** (of 245 DP)

Detailed Plans – Application of land readjustment



Low level of application of land readjustment on DP

Development contents of land readjustment are quite diversified

84 municipalities have DP with LR

Detailed Plans – Execution rate

Low execution rate of DP



Sample of 91 DP

% of DP with execution complete	% of DP with no execution
2%	55%

Sample of 80 DP

Average rate of execution 18%

- Economic and financial crises
- **Lack of funds available** to municipalities and property developers
- DP rigidity
- **Loss of opportunity** for the developers
- **Misfit** between the **urban solution** and the interest of the landowners
- **LR associated difficulties**

Pitfalls in LR practice

- **Difficulty** landowners and property developers have in **understanding LR**
- **Divergence of interests and motivations** between private and public actors
- Absence of a predisposition to promote **joint action**
- Lack of efficient **mechanisms** to induce **voluntary negotiations**
- **Lack of know-how** of municipal planning technicians and/or consulting teams
- **Lack of an updated land-ownership structure**
- Lack of reliable and independent **land valuation mechanisms**

Instrument for supporting joint urban operations

DP has been an **inadequate** instrument for effective implementation of joint urban operations:

- The **scale** of the intervention area
- Its main goal (**urban expansion**)
- **Focused on supply** rather than demand
- Urban solution **rigidity**
- **Long formulating time**
- Ineffectiveness of DP connected to **existence of alternative** execution models (e.g. land subdivision operations or isolated buildings)
- Inability to **motivate landowners** towards joint action

Literature review of international practice suggests ...

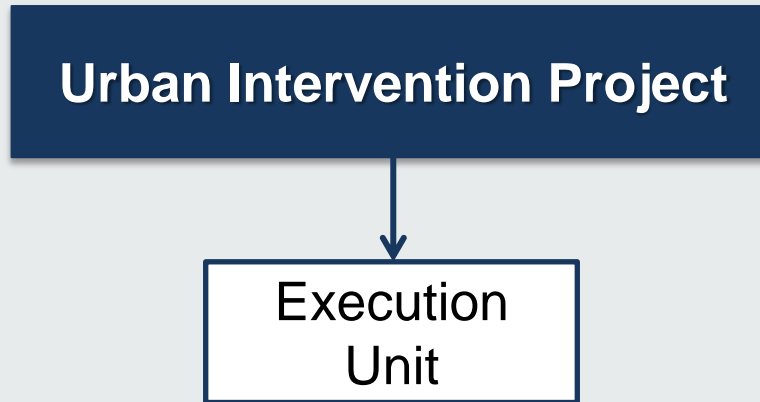
Necessary Conditions for success:

- Collection of information on **property values** and **property structure** by reliable and independent bodies
- Negotiation from early stages and **landowners' active participation** in project formulation
- Effective mechanisms to **promote** instigated **consensus**
- Agreement of a **majority or all affected landowners** is a *sine qua non* condition to boost the operation
- **Transparency** and **simplicity** of the process management

New legal framework on land use and spatial planning (2014 and 2015)

- Growing concern about the **implementation** and **programming** of urban operations
 - need to justify the plan's **economic and financial feasibility**
 - obligation to register the **plan's programming** with the **municipal activity plans and budget**
 - new **execution instruments** (e.g. compulsory sale)
- Paradigm shift regarding the urban transformation process, focusing on **urban rehabilitation and regeneration**
- **Urban expansion** is limited to **exceptional** cases

A “new” instrument for supporting joint urban operations



- Ensure **immediate execution**, creating a structure for urban operations that are developed by public and/or private stakeholders within **areas with multiple landowners**
- **Criteria to delimit the execution units** defined within municipal plans
- Municipality or private stakeholders can delimit the execution units

Urban Intervention Project – Contents



**Urban Intervention
Project**

Expand the contents of the current execution unit:

- Urban design agreed by and among landowners
- Initial and final land ownership structure
- Property appraisal
- Business Plan
 - Demand studies
 - Economic and financial viability studies
 - Scheduling
- Identification of managing body

Urban Intervention Project – Managing body

Who manages and leads the intervention?

Managing body

Qualified to **design** and **manage** the project; to **negotiate** with and **motivate** landowners; to **attract investors** and bank financing and to market the finished product

Duly accredited in terms of its **technical** skills and **financial situation**

Final Remarks

- **Joint interventions** are crucial to encourage participation in the LR process and render it an **attractive instrument** compared to the urban development alternatives
- **Urban Intervention Project**, within execution units, directed towards **short-term interventions**
- Only operations that are **economically attractive and financially viable** can fall within the scope of this approach
- Rather than amendments to existing legislation, the main focus should be the **alteration of the established practices** in municipal planning and management

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