Methods and Instruments Used for Urban Revitalization in Latvia

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Regional development tendencies

Income tax per inhabitant in local municipalities budget, 2014
Urban areas in Latvia

- 77 cities and towns, including:
  - 9 republican cities – more than 20 thousand inhabitants
  - 4 cities – more than 50 thousand inhabitants
  - 21 regional centres – 5 to 20 thousand inhabitants
- Largest city – Riga more than 640 thousand inhabitants
- Smallest town – Durbe 527 inhabitants
- Urban areas cover 11% of all the country
- Degree of urbanisation – 68%
The most urgent urban challenges

- **Economical and social:**
  - high unemployment, increasing poverty rate,
  - insufficient business environment and need for new jobs
  - lack of skilled labour
  - outdated infrastructure networks

- **Demographic:**
  - population decline, brain drain
  - ageing population, need to review the service network of local governments, etc.

- **Environmental and climate:**
  - deprived and contaminated territories in former industrial areas
  - low energy efficiency of buildings, poor condition of heating networks that causes high heat losses
Largest cities demonstrate higher growth potential

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Republican cities</th>
<th>Municipalities containing regional centres</th>
<th>Other municipalities (without Riga agglomeration)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment level (%)</td>
<td>7%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Income tax per one inhabitant in municipalities budget (EUR)</td>
<td>531</td>
<td>407</td>
<td>339</td>
</tr>
<tr>
<td>Number of enterprises per 1000 of inhabitants</td>
<td>34</td>
<td>23</td>
<td>15</td>
</tr>
</tbody>
</table>
Policy approach in strengthening urban areas

- Integrated local development strategies
- Investment concentration in development centres
- Wider use of place based and integrated solutions
- «Basket» of services for each level of development centres
- Thematic focus of investments
- More active role of municipalities in promotion of development
Methods and instruments for urban revitalisation

- Planning
- Financial
- Fiscal
- Capacity-building
Development programs of local municipalities

- To assess challenges and resources at disposal of territory
- To present a clear vision and solutions for more efficient use of the resources
- To facilitate targeted planning of actions and investments
- To facilitate attraction of investments from all the available sources
- To facilitate recognizable image of the territory (territory marketing)
Differentiated amount of public services related to each level of settlement

Basket of services defined for services in education, health, culture, social care, sports

Higher levels of settlement should provide for wider amount of services
Financial tools

- **EU funding – the main financial source** for urban development (incl. revitalisation)

<table>
<thead>
<tr>
<th>2007-2013</th>
<th>2014-2020</th>
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<tbody>
<tr>
<td>Specific territorially targeted measures</td>
<td>Specific territorially targeted measures</td>
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<tr>
<td>(Polycentric development)</td>
<td>(Integrated Territorial Investments)</td>
</tr>
<tr>
<td>Sectoral measures</td>
<td>Sectoral measures</td>
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</tbody>
</table>
EU funds 2007–2013

ERDF priority “Polycentric development”

- Activities
  - Sustainable development of Riga
  - Growth of national and regional development centres
  - Growth of amalgamated municipalities

Total funding: 323 M EUR
EXAMPLE (I)
Riga city – complex renewal of deprived neighbourhood
EXAMPLE (I)
Renewal of the «Spīķeri» block

Before
EXAMPLE (I)
Renewal of the «Spīķeri» block

After
EXAMPLE (II)
Daugavpils City – renewal of historical fortress area
### EU funds 2014-2020

#### Urban development – ITI investments

<table>
<thead>
<tr>
<th>Specific Development Objective</th>
<th>ERDF</th>
<th>including 9 cities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3.3.1. Infrastructure for entrepreneurship</strong></td>
<td>64,219,292</td>
<td>16,114,183</td>
</tr>
<tr>
<td><strong>5.6.2. Revitalization of deprived areas</strong></td>
<td>262,623,652</td>
<td>120,237,953</td>
</tr>
<tr>
<td><strong>8.1.2. Infrastructure for general education</strong></td>
<td>142,484,746</td>
<td>62,226,934</td>
</tr>
<tr>
<td><strong>8.1.3. Infrastructure for vocational education</strong></td>
<td>89,068,647</td>
<td>5,711,177</td>
</tr>
<tr>
<td><strong>4.2.2. Energy-efficiency of municipalities</strong></td>
<td>46,996,394</td>
<td>31,299,565</td>
</tr>
<tr>
<td><strong>9.3.1. Social services</strong></td>
<td>41,241,194</td>
<td>13,450,032</td>
</tr>
</tbody>
</table>
Preconditions for public business support infrastructure

- **Business demand**
  - Clear link between business demand and gap’s in infrastructure
  - Support for connections – *not* for the entire infrastructure of municipality
  - Infrastructure has to show positive impact on entrepreneurs performance: number of job places and attracted private investments

- **Partnership with entrepreneur**
  - Entrepreneurs as final beneficiaries
  - Priority to exporters and manufacturers

- **Project ideas are part of Local Development Program and are selected by municipality**
EXAMPLE (I)

Private investments
- Trainings for employees

Public investments
- Building or reconstruction of premises
- Equipment, technologies
- Power supply, gas supply
- Water supply and sewerage, rainwater drainage system, heating system
- Access roads

EXAMPLE (I)
Fiscal tool

- **Real estate tax**
  - the right to local municipalities to vary the tax rate for individual private owners (0.2 - 3% from cadastral value)
    - can be used as stimulus/motivation for private owners to develop their property
ESF 2007-2013 activities

- The purpose – to improve development planning capacity

Norwegian financial tool 2013-2016 activities

- The purpose:
  - to improve the development planning skills
  - to strengthen the ability of local and regional authorities to improve the business environment, providing necessary support to entrepreneurs
Example (I)

«Knowledge Angels» programme for local governments

- **The purpose** – to improve the skills of municipal staff responsible:
  - for consultative work with local community in development and commercialization of creative business ideas
  - advisory work to increase the competitiveness of existing companies
EXAMPLE (III)
Future City Game

- Interactive methodology for urban development planning
- Involvement of different players in designing local development
- Generation, testation and presentation of innovative ideas for better living environment
Ministry of Environmental Protection and Regional Development
Republic of Latvia

Thank you!

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