PUBLIC PRIVATE PARTNERSHIPS IN REFURBISHMENT OF DISADVANTAGED URBAN AREAS

NEI Kolpron Finance
NEI Kolpron Finance is a strong player in the Dutch real estate consultancy market. NEI Kolpron has a great experience in supporting both public (municipalities, ministry of housing) and private (investors, constructors) parties in the set-up of PPP-structures in various Dutch refurbishment programs, for example in Amsterdam, Utrecht and Maastricht. Internationally NEI Kolpron Finance is active in housing finance in Central and Eastern Europe.

PPP in city refurbishment-programs
The increase in private initiatives throughout Europe on the sphere of activities that where formerly considered as being ‘typical public’, fits in the common belief that the government should leave as much as possible to the private sector. For example in the UK we have seen some successful PFI-programs in the construction and operation of infrastructure, prisons and schools.

As operating prisons, schools and infrastructure, the execution of refurbishment programs have long been seen as a public responsibility. In most European countries this belief has had dramatic consequences for the living conditions in these disadvantaged areas. It needs no explanation that a governmental organisation is not a property-developer, and therefore has insufficient insight in how to develop high-quality residential areas.

This does not mean that refurbishment is not a public responsibility; it is. What is does mean is that when public and private parties join there forces in the execution of refurbishment programs and take advantage of the each strengths, it is possible to achieve positive results. An excellent example of the result of a well-structured co-operation between public and private parties is the refurbishment of the Ceramique-area in Maastricht.

The problems in disadvantaged areas are complex

- Little economic activity
- Poor housing conditions
- Feeling of insecurity
- Imbalance in composition of population
Often this combination of problems is the main reason why private investors and property-developers seem to be not interested in these disadvantaged areas, though the geographical location of many of these areas is good compared to the suburbs. For example, the [MEATBUURT?] in New York and ‘De Pijp’ in Amsterdam used to be problem-areas but are nowadays extremely popular. Tackling the problems mentioned can have a great impact on the quality of the neighbourhood. The question is how to get the perpetual motion machine in action.

**A variety of problems requires a variety of parties involved**

As we have seen above the problems in disadvantaged areas are not one-dimensional. It has no use to develop new real estate, when the people in the neighbourhood are still the same and still have the same problems. A key success factor is an integral approach in which there is attention for both the ‘hardware’-the development of real estate and infrastructure- and the’ soft-ware’ -social support-programs, enhancement of economic infrastructure and extra police-attention.

The local government and the (social) housing corporations are primary responsible, so it is best for them to take the lead. But besides the municipality and the (social) housing corporations a broad range of parties should be involved, like local residents, property-developers, investors, charity-organisations, local churches and health-organisations.

**How to organise a PPP in refurbishment of disadvantaged areas**

As stated above the local government and (social) housing corporations should take the lead in the execution of refurbishment-programs. The diversity of parties involved, each with its individual objectives, requires an efficient and decisive organisational structure.

In the event that we will be invited to give a lecture on this subject we would like to pay attention to the conditions for a successful PPP, key success factors, threats and points of interest in organising a PPP-structure. In addition to that, we would like to discuss some successful PPP-programs on refurbishment in the Netherlands.