

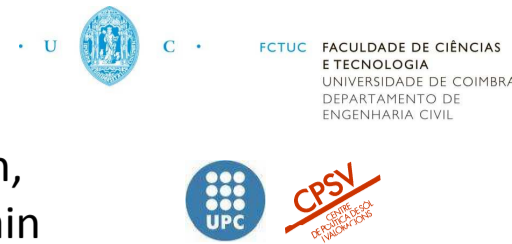
The impacts of urban regeneration companies in Portugal

The case of Porto Vivo SRU

Luis Neto¹ hounouz@gmail.com Nuno Pinto¹ npinto@dec.uc.pt Malcolm Burns² malcolm.burns@upc.edu

¹ Department of Civil Engineering, University of Coimbra, Portugal

² Center for Land Policy and Valuation, Technical University of Catalonia, Spain



Case Study – Porto Vivo SRU

Porto Vivo SRU was incorporated in November of 2004 according to DL 104/2004, with the IHRU, the National Department for Housing and Urban Rehabilitation (60% of its capital) and Porto's City Council (40%) as shareholders. It operates over a legally defined ACRRU (Critical Area for Urban Rehabilitation), within which a priority intervention area (ZIP) was defined (Figure 1).

Porto Vivo SRU outlined a comprehensive intervention policy:

- "Re-housing", new housing policy to encourage the settlement of new homes in the city centre;
- Commerce development and promotion, working on the creation of new businesses;
- Revitalization of retail, increasing its competitiveness, based on its identity and uniqueness;
- The stimulation of tourism, culture and entertainment;
- Regeneration of the public realm, rehabilitating and creating infrastructures, public facilities and public space, and reorganizing the transport system by promoting pedestrian mobility and public transport.

Performance Assessment

Our evaluation is based on two approaches. First, we addressed a representative sample of stakeholders to understand their perception of SRU's performance and impacts. Second, we analyzed some indicators from the scattered data available to try to quantify SRU's activities.

The main conclusions drawn from the interviews were that

- the company is very effective in recovering buildings but not so successful in ameliorating the public realm, possibly due to the a lack of interaction between public authorities;
- some believe that the SRU is social oriented and that it benefits from a proximity factor while others affirm that, even though it has well-intended persons, they do not have the sensitivity needed to solve social issues;
- Porto's city centre is much more alive than it was two or three years ago, but such changes are apparently more related to external factors like the increase in the tourism influx or the improvements in the accessibility in the centre;
- without the SRU, the situation in Porto's city centre would be far worse, especially in the physical conditions of the buildings;
- Porto Vivo SRU will be a significant factor for change in the Baixa in the near future, playing the role of a catalyst, a process hastener and a fund raiser;
- Porto Vivo's business model is not sustainable since it requires a continuous injection of significant amounts of public funds in order to financially support its operations;
- a more feasible model is said to be the creation of real estate funds which aim to leverage the investment through the access to commercial bank or private loans.

The quantification of some performance indicators was made using data provided by Porto Vivo SRU, Statistics Portugal, and Confidencial Imobiliário, a real estate data provider. Some considerations could also be drawn from the most relevant findings, which considered four areas of analysis (Figure 2).

- rental values of housing stabilized in the years that coincide with the activity of Porto Vivo SRU and are even decreasing after the global crisis of 2007 (Figure 3);
- the historic centre's rental values have been consistently growing at a faster pace than the remaining areas since 1998 (Figure 3), being possible that this fact is associated to the SRU's interventions and the expectations that they generate; This may be a first sign of an emerging gentrification;
- number of issued permits for rehabilitation works is not very satisfactory since they did not have a significant increase since the creation of Porto Vivo SRU (Figure 4);
- the rehabilitation sector is not very relevant in Portugal, representing roughly 20% of the permits issued per year (Figure 4);
- 2006 was a turning year for urban rehabilitation within the ACRRU because of the great increase in rehabilitation permits, coinciding with the beginning of a more exposed activity of Porto Vivo SRU (Figure 5);
- the start of the global crisis in 2007 took its toll in the numbers related to the construction sector (Figure 5);
- the values for 2009 allow us to expect a change in this aspect since the numbers show an increase in the number of permits issued in every area of analysis (Figure 5), representing what might be a turning point in the Portuguese scenario as many interviewees foresee.

Concluding Remarks and Current Research

It is difficult to quantify the contribution that Porto Vivo SRU already gave to the changes in Baixa. Its activity is still very recent and the first tangible impacts (especially the renovated housing stocks) entered the market only last year. There are also many exogenous factors related to the macroeconomic context that global markets are currently facing, particularly construction and housing markets, which have a great influence in Porto's urban rehabilitation. Nonetheless, our dual approach of assessing the perception of stakeholders and of devising some indicators from available data helped to shed some light on the apparent correlation of SRU's activity with a new rehabilitation dynamic in Porto.

Current research continues to develop an evaluation methodology that can be replicated in every city where this model of urban rehabilitation is already in application. We will also establish a more robust set of performance indicators based on population and employment data, legal procedures, and real estate market data in order to properly inform decision making processes concerning rehabilitation policies.

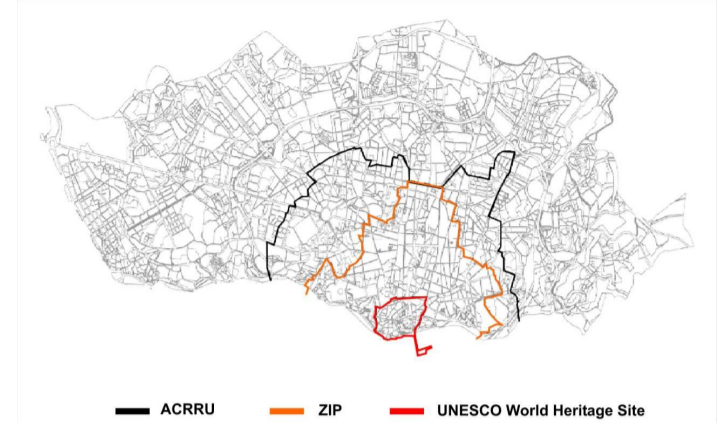


Figure 1: ACRRU, ZIP, and UNESCO World Heritage Site within the municipality of Porto.

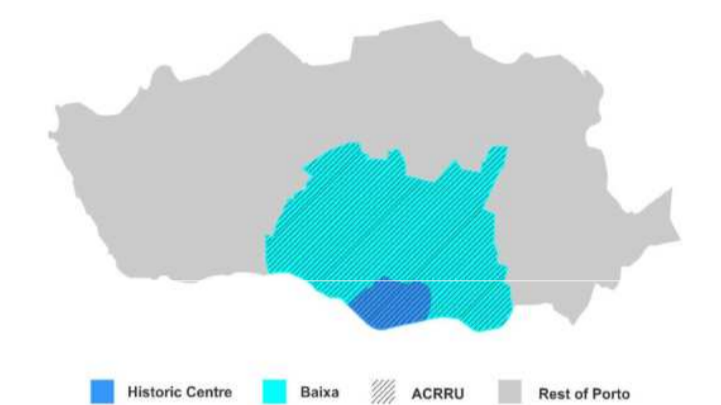


Figure 2: Areas of analysis

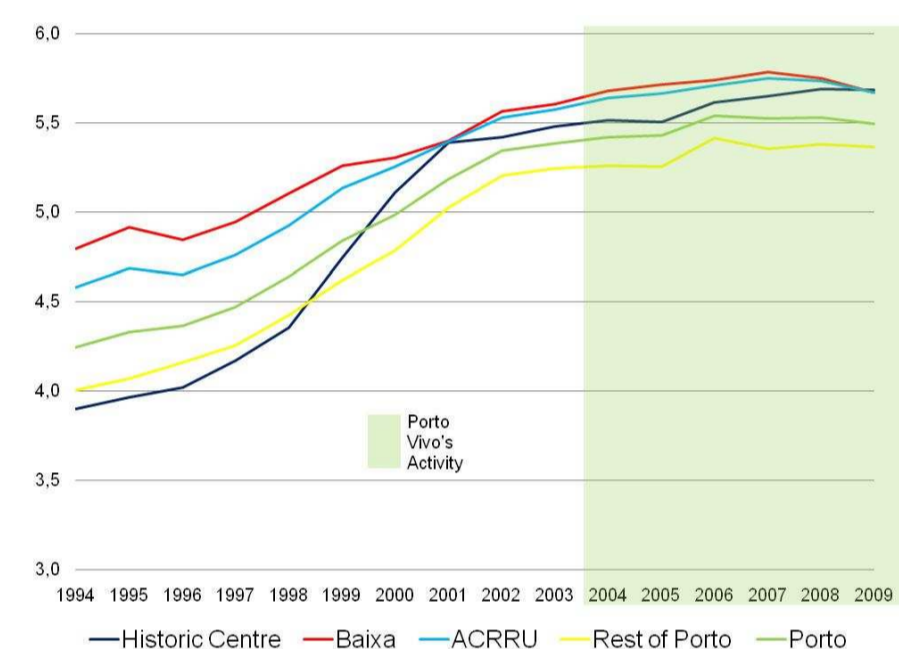


Figure 3: Rental values of housing (€/m²) per area of analysis.

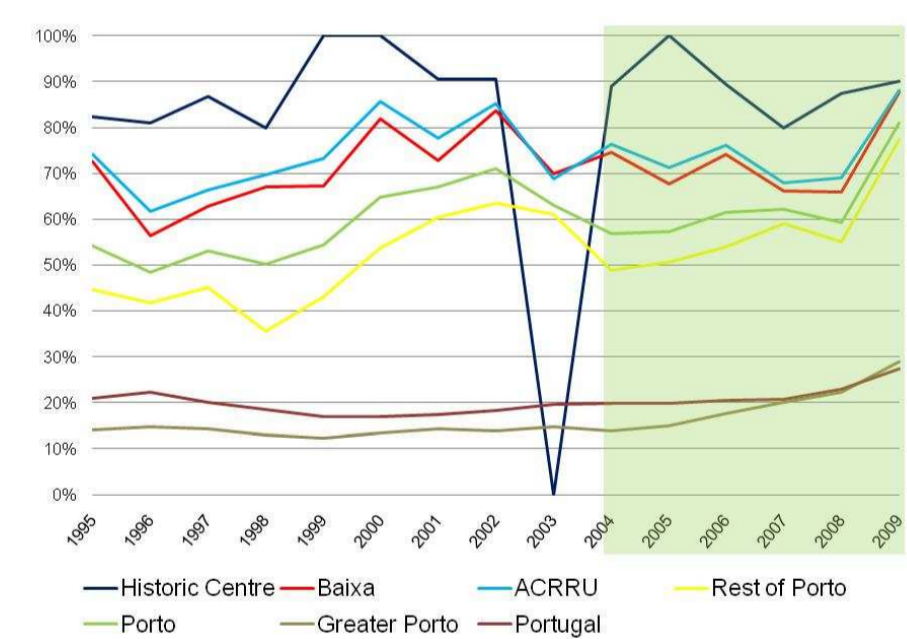


Figure 4: Share of rehabilitation permits over the total number of permits per area of analysis.

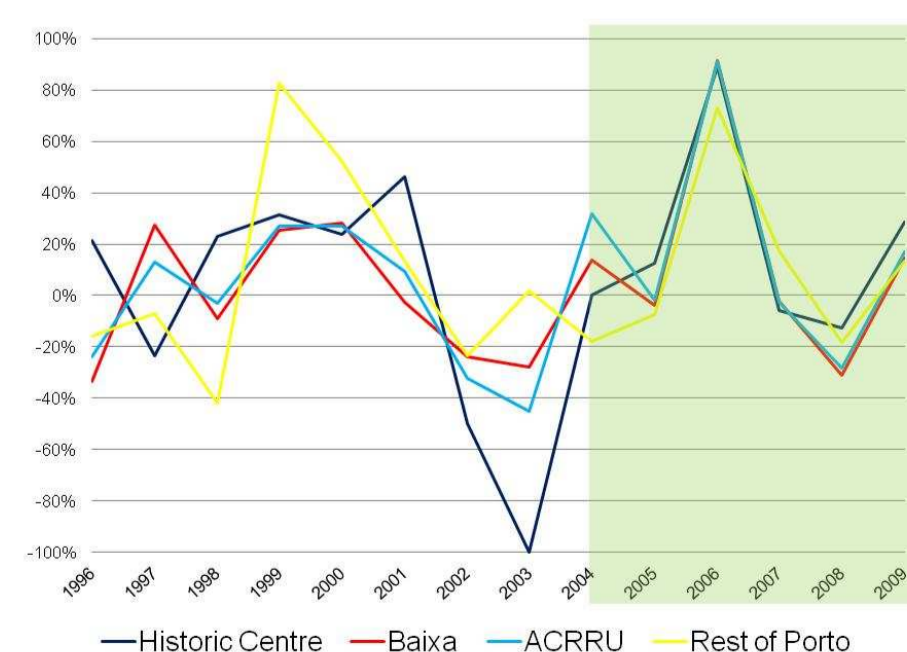


Figure 5: Annual variation of issued permits for rehabilitation works per area of analysis.