

## **System of incentives to urbanistic operations with municipal interest**

**ID: 171**

CITTA - Research Centre for Territory, Transports and Environment, University of Porto - Faculty of Engineering, Department of Civil Engineering, Territorial, Urban and Environment Planning Division; pORTUGAL

### **Abstract**

The research reported in this article presents a proposal to develop a system of incentives to urban municipal-interest operations intended to improve the use of already existing buildings and sites that meet municipal strategic urban goals (despite these buildings and sites are valueless for real estate promoters). The current system of incentives proposes a device that vests municipal powers with the right to assign construction credits – that represent tradable edification rights -, directed to those that pursuit certain kinds of urban operations that refer, namely, to (i) repopulation concerns; (ii) rehabilitation of buildings (iii) restoration of heritage buildings; (iv) integration within the municipal domain of municipal land parcels aimed at green spaces; (v) demolition of existent buildings in urban spaces or spaces aimed at consolidation; (vi) promotion of buildings', infrastructures' and public spaces' energetic efficiency, and integration of bioclimatic concepts in a more efficient use of resources; and (vii) provision of additional parking in new urban operations with parking shortage.

**Keywords:** urban regeneration; construction credits; territorial management instruments; private initiative

### **Introduction**

This research fits the revision of the juridical regime of the instruments aimed at territorial management, currently taking place in Portugal. The proposed system of incentives is an instrument of urban management that should be applied together with other planning and fiscal instruments (which revision is under way). The current assessment of the instruments aimed at territorial management is especially important in the scope of the current Portuguese economic crisis that strongly impacts on municipal finance and it pursuits the goal to provide municipalities with policy tools that enable them to defend and sustain the interests of their populations. These concerns are currently being approached by the revision of the municipal regulation of the system of incentives to urban operations with municipal

interest carried out by the municipalities of Lisbon and Porto<sup>1</sup> (the two main cities in Portugal, with rather important historical centres) (Câmara Municipal de Lisboa, 2012; Câmara Municipal do Porto, 2007)

### **Framework of official works**

The main goal of the system of incentives to municipal-interest operations consists in the assignment of building credits to those that pursue urban development operations that meet the urban strategic goals stated in the correspondent Municipal Master Plans. This instrument of urban management is intended to be applied together with municipal development charges, special contributions, property transfers and compensations, and systems to assign the surplus-values engendered by plans to social uses.

According to n.º 3 of the 84<sup>th</sup> article of the regulation of Lisbon's Municipal Master Plan (Diário da República, 2012), the municipal regulation of the system of incentives to urban operations with municipal interest carried out by this municipality (Câmara Municipal de Lisboa, 2012) proposes a better use of the existing buildings, and sets a device to assign tradable building rights to certain urban development initiatives that pursue municipal goals (despite being valueless from a real estate promotion perspective).

As stated in point II of the preamble, these municipal interests refer to:

- Repopulation;
- Rehabilitation of buildings, namely:
  - Promotion of housing and protection of resident occupants;
  - Improvement of housing conditions, accessibility and building's security
  - Safeguard and valorization of the built heritage;
  - Energy performance and environmental sustainability;
- Incentives to the restoration of assets identified in the national or municipal heritage maps;
- Integration within the municipal domain of private parcels aimed at green spaces;
- Demolition of already existing buildings within green spaces or spaces assigned to consolidation;
- Support to the integration of bioclimatic concepts, and promotion of a more efficient use of resources, namely buildings', infrastructures' and public spaces' energetic efficiency;
- Provision of additional parking spaces in new urban development operations within the areas showing parking shortages.

In nº 2 of the 1<sup>st</sup> article, building credits are defined as tradable values ascribed by the town council to promoters of urban development operations that fulfil municipal-interest solutions stated in the Municipal Master Plan, according to a multi-criteria assessment that considers, namely, the location coefficient according to surfaces, and the land or floor surface. The number of building credits to grant is computed as a function of the merit of the operation (expressed in square meters as a multiple of the licensed building surface). This increase may take place either in the proper original operation or in another one, according to the rules stated by the Municipal Master Plan and in the current regulation. Maximum building indexes for the different types of spaces shouldn't be exceeded, neither should the maximum height or gable depth.

The project of municipal regulation of the information multi-criteria system in Porto city (SIM-PORTO) proposes a similar assessment, also based on the assignment of concrete building rights.

## **Methodology**

The research herein reported proposes the adoption of the formula suggested by the system of incentives to urban operations with municipal interest carried out by the municipality of Lisbon, which is based on an exhaustive multi-criteria assessment:

$$CC = PP \times LO \times W/100$$

where:

CC – value of the building credits, expressed in square meters of floor surface, assigned to the urban development operation the request refers to;

PP – score assigned to the urban development operation concerning each criterion referred to in appendices II and III of respective regulation (an adaptation is proposed in Table 1)

LO – location coefficient, according to the considered surfaces:

- Residential areas or primary intervention areas (LO = 2);
- Systematic rehabilitation areas (LO = 2);
- Simple urban rehabilitation areas (LO = 1,5);

- Remaining city areas (LO = 1).

W – Floor surface or land surface on which the computation of the building credits is focused.

The assignment of building credits in urban rehabilitation operations or in the restoration of assets identified in the National or Municipal Heritage Maps starts with the request of an integrated inspection in order to assess the real estate asset aimed at rehabilitation (survey of its physical and preservation characteristics), followed by the assessment of the rehabilitation project according to a set of criteria (that supports the evaluation of the proposal in relation to the pre-existent situation).

The integrated inspection leads to the working out of inspection proceedings and of a technical report on the proposed intervention. The integrated inspection – carried out by a technician or a technical team with appropriate qualifications – points out the building pathologies and lack of functionalities, identifies the environmental and patrimonial values, and describes the socioeconomic situation of the resident households.

The technical report of the intervention, by its turn, should include the description of the proposed intervention based on the characterization reported in the inspection proceedings. Both the integrated proceedings and the technical report are, then, submitted for the approval of the entity entitled to assess the urban development operation (despite it may delegate this power to the heads of the municipal services or to the entities that manage urban rehabilitation societies or similar ones from legal or regulation grounds).

The assessment of the rehabilitation project finishes with the attribution of a score to the project that requested the license (or to the prior communication inherent in the urban operation) as a function of the following goals:

- Provision of dwellings subjected to a maximum rent or selling price;
- Promotion of housing and protection of the situation of its occupants;
- Evaluation of the housing qualification and security;
- Evaluation of safeguard and valorization of the built heritage;
- Integration of bioclimatic concepts and promotion of the buildings' efficient use of resources, namely energy ones.

The achievement of these goals is gauged as a function of the appreciation of the project in the light of the criteria and sub-criteria listed in Table 1 (considering the situation prior to the inspection proceedings):

<b>Criteria and Subcriteria</b>		<b>PP</b>
<b>1</b>	<b>Provision of dwellings subject to maximum rent or selling prices</b>	
<b>1.1</b>	It is expected that more than 75% of dwellings are subject to maximum rent or selling prices.	<b>2,5</b>
<b>1.2.</b>	It is expected that 50% to 75% of dwellings are subject to maximum rent or selling prices.	<b>1,5</b>
<b>1.3.</b>	It is expected that 25% to 50% of dwellings are subject to maximum rent or selling prices.	<b>1</b>
<b>1.4.</b>	It is expected that less than 25% of dwellings are subject to maximum rent or selling prices.	<b>0,5</b>
<b>1.5.</b>	The provision of dwellings subject to maximum rents or selling prices isn't expected	<b>0</b>
<b>2.</b>	<b>Promotion of housing and protection of the situation of resident occupants</b>	
<b>2.1.</b>	Keeping of households	
<b>2.1.1.</b>	Keeping of all resident households, regardless the existence of a rental contract	<b>2,5</b>
<b>2.1.2.</b>	Keeping of resident households that hold tenancy agreements.	<b>1,5</b>
<b>2.1.3.</b>	Keeping of more than 50% of resident households.	<b>1</b>
<b>2.1.4.</b>	Keeping up to 50% of resident households that hold tenancy agreements.	<b>0,5</b>
<b>2.1.5.</b>	There aren't any resident households or keeping any of the existing ones isn't expected.	<b>0</b>

<b>2.2.</b>	<b>Keeping or installation of trade, services and other facilities compatible with the housing function</b>	
2.2.1.	Creation of equipment within the scope of the social equipment networks, the educational act, the health equipment act, or the sports and/or arts act that belong to the heritage municipal map and/or other trade units relevant from the socioeconomic and cultural points of view.	<b>2,5</b>
2.2.2.	Keeping of historic or artistic reference shops that belong to the heritage municipal map and/or other trade units relevant from the socioeconomic and cultural points of view.	<b>2</b>
2.2.3.	Keeping of preexistent areas assigned to trade, services or equipment units compatible with the housing function.	<b>1,5</b>
2.2.4.	Keeping of the preexistent trade, services or equipment units and introduction of new units compatible with the housing function.	<b>1</b>
2.2.5.	Preexistent trade, services or equipment units don't exist or keeping any of the existing ones isn't expected.	<b>0</b>
<b>3</b>	<b>Evaluation of housing qualification and safety</b>	
<b>3.1</b>	<b>Improvement in housing comfort conditions</b>	
3.1.1.	Increase in housing quality patterns are expected with the execution of works in common internal and external areas and inside all the properties, including the upgrade in infrastructures.	<b>2,5</b>
3.1.2.	Increase in housing quality patterns are expected through the introduction of basic hygiene and comfort conditions, with the creation of autonomous kitchens and bathrooms and the execution of works in common internal and external areas (roofs, frontage and distribution areas), upgrading networks' infrastructure.	<b>2</b>
3.1.3.	Assures that legal requirements are met.	<b>1</b>
<b>3.2.</b>	<b>Promotion of accessibility for people with restricted mobility</b>	

<b>3.2.1.</b>	Improvement of accessibility conditions in common areas are expected with the introduction of lifts and/or other mechanical devices, and inside the properties through removal or reduction of architectural barriers, thus promoting the independence of inhabitants, and keeping it compatible with the preservation of buildings' constructive, typological or spatial characteristics.	<b>2,5</b>
<b>3.2.2.</b>	Improvement of accessibility conditions in common areas are expected with the introduction of lifts and/or other mechanical devices, compatible with the preservation of buildings' constructive, typological and spatial characteristics.	<b>2</b>
<b>3.2.3.</b>	Improvement of accessibility conditions in common areas are expected, that are compatible with the preservation of buildings' constructive, typological and spatial characteristics.	<b>1,5</b>
<b>3.2.4.</b>	Improvements in accessibility conditions in common areas and/or inside the properties are expected, at sacrifice of constructive, typological and spatial characteristics of the buildings.	<b>1</b>
<b>3.2.5.</b>	Improvements in accessibility conditions aren't expected.	<b>0</b>
<b>3.3.</b>	<b>Consolidation and structural reinforcement of buildings aimed at reducing the seismic vulnerability</b>	
<b>3.3.1.</b>	The introduction of a component of seismic reinforcement is expected, resorting to low-intrusive techniques compatible with the preservation of original buildings' typologies.	
<b>3.3.2.</b>	The introduction of consolidation and structural reinforcement measures are expected, at sacrifice of the maintenance of architectural and constructive characteristics.	
<b>3.3.3.</b>	The introduction of any measure of consolidation or structural reinforcement isn't expected.	
<b>3.4.</b>	<b>Installation and updating of a detection and protection fire system</b>	

<b>3.4.1.</b>	The introduction or upgrade of detection and protection fire systems is expected.	<b>2,5</b>
<b>3.4.2.</b>	The introduction or upgrade of fire detection means or systems isn't expected	<b>0</b>
<b>3.5.</b>	<b>Provision of additional car parking spaces for resident people</b>	
<b>3.5.1.</b>	The creation of additional car parking spaces for resident people is expected.	<b>2,5</b>
<b>3.5.2.</b>	The creation of additional car parking spaces isn't expected.	<b>0</b>
<b>4</b>	<b>Evaluation of safeguard and valorization of the building heritage</b>	
<b>4.1</b>	<b>Conservation and rehabilitation of historic-heritage buildings</b>	
<b>4.1.1.</b>	The execution of conservation or valorization works in classified buildings or in buildings being classified is expected, with recourse to heritage preservation and restoration techniques.	<b>2,5</b>
<b>4.1.2.</b>	The execution of preservation or alteration works that embrace the whole building is expected, from the perspective of a morphological and typological preservation, keeping the implantation surface and the preexistent roof shape in areas where these parameters may be changed.	<b>2</b>
<b>4.1.3.</b>	The execution of alteration works that embrace the whole building are expected, according to the admissible parameters.	<b>1,5</b>
<b>4.1.4.</b>	The execution of alteration and/or enlargement works that embrace the whole building are expected, according to the admissible parameters.	<b>1</b>
<b>4.1.5.</b>	The execution of preservation works in outside common areas are expected, namely frontages, gables and roofs.	<b>0,5</b>

<b>4.2.</b>	<b>Exclusion of dissonant elements</b>	
<b>4.2.1.</b>	The exclusion of dissonant elements that contribute to the architectural de-characterization of licensed buildings is expected, including, namely, the replacement of the buildings' original architectural language, the standardization in the design of the frameworks, and the transference of wiring from the frontage to underground infrastructure.	<b>2,5</b>
<b>4.2.2.</b>	The exclusion of some dissonant elements identified in the previous paragraph and under the same conditions is expected.	<b>1,5</b>
<b>4.2.3.</b>	The exclusion of non-licensed dissonant elements is expected.	<b>0,5</b>
<b>4.2.4.</b>	The exclusion of any of the considered dissonant elements isn't expected.	<b>0</b>
<b>4.3.</b>	<b>Increase in the permeable surface of the public place and respective landscape treatment</b>	
<b>4.3.1.</b>	The exclusion from the public space of licensed cultural valueless constructions is expected, thus enlarging the permeable surface and promoting its landscape treatment and valorization.	<b>2,5</b>
<b>4.3.2.</b>	The public space is expected to be cleared out without increases in licensed floor surfaces.	<b>1,5</b>
<b>4.3.3.</b>	The exclusion from the public space of cultural valueless constructions which lawfulness is not proved is expected, thus increasing the permeable surface and promoting its treatment and landscape valorization.	<b>0,5</b>
<b>4.3.4.</b>	Increases in permeable areas aren't anticipated, nor the existence of public space.	<b>0</b>
<b>5.</b>	<b>Integration of bioclimatic concepts, and efficiency in the use of resources, namely energy efficiency</b>	

<b>5.1.</b>	<b>Implementation of measures to improve the energy performance and the quality of the inside air (according to the energetic and quality of inside air certification system)</b>	
<b>5.1.1.</b>	The accomplishment of measures to improve the energetic performance and the quality of the inside air is expected, in order to increase the current energetic classification of the building in two classes, if the urban development operation is classified as a big rehabilitation.	<b>2,5</b>
<b>5.1.2.</b>	The accomplishment of measures to improve the energetic performance and the quality of the inside air is expected, in order to increase the current energetic classification of the building in one class, if the urban development operation is classified as a big rehabilitation.	<b>1,2</b>
<b>5.1.3.</b>	It isn't expected the introduction of any measures, even if the urban development operation is classified as a big rehabilitation.	<b>0</b>
<b>5.2.</b>	<b>Promotion of the local production of energy that excludes the compulsoriness to install thermal solar systems from buildings' valorization</b>	
<b>5.2.1.</b>	Installation of technologies to exploit renewable energies that warrant the local generation of a minimum of 25% of the expectable energetic needs, according to the computation methodology settled in the National System of Energy Certification.	<b>2,5</b>
<b>5.2.2.</b>	Installation of technologies to exploit renewable energies that warrant the local generation of a minimum of 15% of the expectable energetic needs, according to the computation methodology settled in the National System of Energy Certification.	<b>1,2</b>
<b>5.2.3.</b>	Installation of technologies to exploit renewable energies that warrant the local generation of a minimum of 10% of the expectable energetic needs, according to the computation methodology settled in the National System of Energy Certification.	<b>0,75</b>

5.2.4.	It isn't expected the installation of any technologies to exploit renewable energies.	0
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Table 1. Criteria and sub-criteria to assign scores to urban development municipal-interest operations (Source: Regulamento Municipal que aprova o Sistema de Incentivos a Operações Urbanísticas com Interesse Municipal” (Lisbon), adapted)

### Conclusions and recommendations

The incentives proposed in this research fit into the overall concern to value what already exists, as they: (i) enable the cities to preserve their identities; (ii) thwarts urban degradation processes and the abandonment of ancient sites; (iii) supports private initiatives of urban regeneration and qualification, (iv) curb urban sprawl, keeping urbanization processes within the urban perimeters thus promoting the rational use of already existing infrastructures; (v) protect historical heritage sites and neighbourhoods, while contributing to lodge people into the existent urban fabric; (vi) improve the already existent heritage buildings and sites; and (vii) fosters community involvement in already settled neighbourhoods, thus upgrading the quality of their urban life.

Considering the methodology used and the common urban problems identified in historical centres, this research is applicable to other urban realities all around the world.

### Endnotes

<sup>1</sup> “Regulamento Municipal que aprova o Sistema de Incentivos a Operações Urbanísticas com Interesse Municipal” (Lisbon); and “Projeto de Regulamento Municipal do Sistema Multicritério da Informação da Cidade do Porto (SIM-PORTO)” (Porto)

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