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Public-Private Partnerships in Urban Regeneration Areas in Denmark

Michael Tophøj SØRENSEN and Christian AUNSBORG,
Aalborg University, Denmark

XXIII FIG Congress
Munich, Germany, October 8-13, 2006

Michael Tophøj Sørensen and Christian Aunsborg
Aalborg University, Denmark

The urban re-development potential



In 2001 ...

...it was estimated that 2.700 hectares – equivalent to 6-8% - of Denmark's total industrial and commercial built-up areas were mature to be re-developed

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The urban re-development challenge (I/II)



- In periods with recession the challenge is how to make developers interested and to engage them in re-development

– How to support and encourage developers to re-develop, e.g. by use of subsidies?

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The urban re-development challenge (II/II)



- When developers are interested in re-development, and especially in periods with a building boom, the challenge is how to steer and regulate re-development in order to safeguard public interests

– How to safeguard certain financial or other public/neighbor interests, e.g. exceeding what is directly permitted by written law?

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The re-development cities



Mainly:

- The Copenhagen-region
- 5-6 other cities, namely in Jutland

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The implementation tools (I/II)

Act no. 384/1992

- Allows municipalities to participate in private companies selling products and services based on municipal knowledge.
- According to recent subordinate legislation from The National Agency for Enterprise and Construction (NAEC) it is assumed that the act also allows formation of so-called re-development companies registered as a limited company owned by municipalities jointly with private development companies.
- As a principal rule municipalities may not own the majority of the shares, and the invested share capital of a municipality is limited to 10 million DKK.
- However, the share capital limit has almost as a matter of routine been exempted up till 50 million DKK.
- The share capital limit has recently been abolished by the amendment Act no. 548/2006.

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The implementation tools (II/II)

- **Binding local plans** that can regulate a wide range of land use factors in details.
- **Compulsory purchase** which is undeniably the most efficient tool in the tool box (when the basic criteria - namely the 'criterion of necessity' - are fulfilled).
- **(Threat of) rejection of planning and building permission** regarding the municipalities' power to (threat to) reject a planning and building permission.
- **The municipal authority (Kommunalfuldmagten)** concerning the municipalities' freedom to decide how to use and spend their resources – in respect towards the legal doctrines.
- **Easements and other agreements in the frame of Civil Law** to safeguard 'municipal interests' in relation to financial support of companies, or to safeguard agreements in continuation of (threats of) rejection of planning and building permission.

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PPP-practice in Copenhagen

Sluseholmen (1,000 dwellings) –
1st stage in developing totally 5,000 housing units in the Sydhavnen



- Municipality of Copenhagen and Port of Copenhagen Ltd. established in 2003 the first formal PPP in Denmark.
- After Municipality of Copenhagen and Port of Copenhagen Ltd. by the Sluseholmen-project 'uncorked' the development, it has since been no problem to attract investors and developers to realize the other 4,000 housing units in Sydhavnen. And financial engagement of Municipality of Copenhagen has not been necessary after the first Sluseholmen-stage.

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