

EIB – Investing in the reconversion of industrial areas



STOA Conference
Gerry Muscat, February 2019

Outline

- Why a priority for the EIB?
- Partners in industrial conversion
- How can industrial conversion be financed?
- Project approaches – making it happen

Industrial reconversion – a priority for EIB

- A way to transform declining cities and districts and stimulate the local economy
- Re-use of buildings – part of the Circular Economy
- Efficient use of existing utilities and other resources
- A solution to environmental impacts and liabilities
- Potential for revenue generation and private sector involvement



An important area of EIB
urban lending, blending and
advisory support

Partners in industrial conversion investment

- Cities and Regions
- Urban Development Agencies
- Urban Remediation and Regeneration Funds
- Real estate developers
- National promotional banks and municipal banks

Partnering with a City: Limerick Property Development, Ireland

- Dell moved out in 2009, city was suburbanizing, “hollowing out” of city centre
- Limerick2030 DAC developed urban regeneration approach approved by merged local/regional authority
- EIB and CEB partnered with the City and each provided EUR 85m for redevelopment project “Opera”
- 3000 jobs, planning-led regeneration of city centre, brownfield site, green building LEED Gold certified
- Strong market demand + public anchor tenant



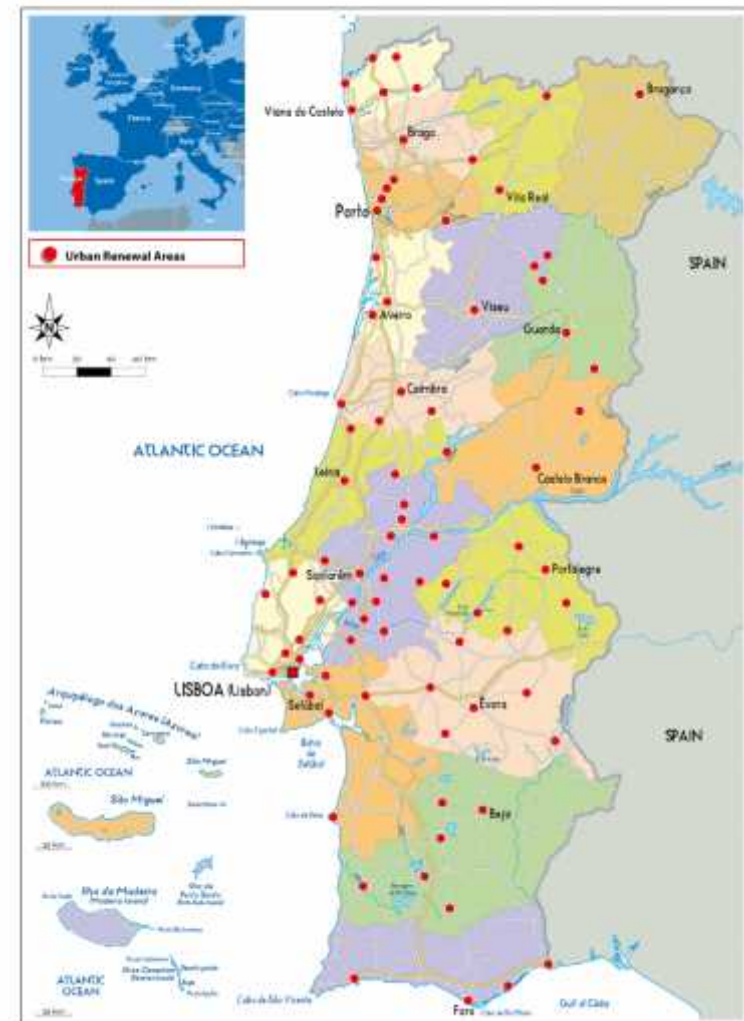
Partnering with national promotional banks and municipal finance institutions



Example: IFRRU 2020 Financial Instrument targeting reconversion across Portugal

- IFRRU 2020 Financial Instrument blending ESIF, EIB and CEB funds
- Aims to support urban rehabilitation and revitalization, including regeneration of industrial brownfields
- Co-financing and channeling via financial intermediary banks
- EIB loan to leverage self-sustaining use of ESIF resources on a revolving basis
- Projects to be located in priority areas in different cities where an integrated regeneration plan is in place
- <https://www.portaldahabitacao.pt/pt/portugal/reabilitacao/ifrru/>

Project: IFRRU 2014-2020 – Portugal



Partnering with urban regeneration special purpose enterprises

- A dedicated agency focused on regeneration of an urban district
- Can have public, private or mixed capital
- May be given delegated planning powers
- May be given revenue raising authority
- Can receive public / EU grants

Example: special purpose enterprise with city / region's support

Rouen eco-quartiers - France



Project Cost: EUR 152m
Loan Amount: EUR 76m

**Multi-component urban
regeneration investment on
former industrial sites in the
centre and west of Rouen**

Objectives:

Supporting urban renewal and regeneration:
Remediation of port/ industrial brownfields

Preparation of sites for mixed residential,
commercial, public space, culture, leisure uses.

Emphasis on sustainable mobility, near-passive energy municipal building,
geothermal heating network

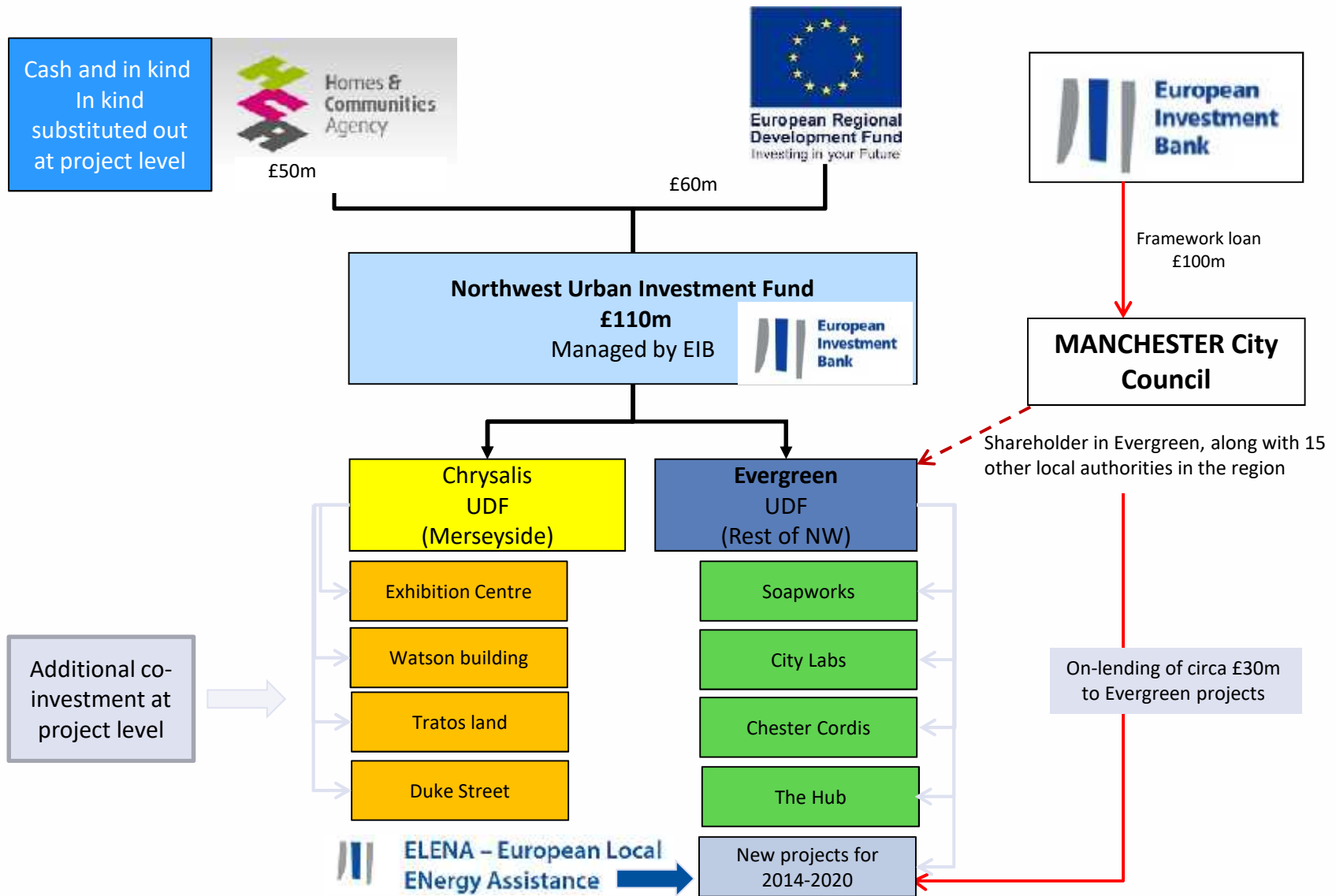


City-Metropolitan Urban Development Funds

What is an Urban Development Fund?

- An assembler of funding from diverse investors (public and private)
- Vehicle for targeting investments with specific urban objectives
- Spatial / geographical focus
- Vehicle for loan or equity investments
- Financier for private or public projects
- Provider of soft financing tailored to address market failures (if public funds available)
- May be structured as a “revolving fund”

Northwest Urban Investment Fund



Aiming to deliver job creation, new and refurbished floor space, and redevelopment of brownfield land outputs

Evergreen – Soapworks Industrial Reconversion, Manchester



Partnering with Industrial Brownfield Regeneration Funds

Models based on real EIB-financed cases:

- Private equity fund investing in brownfield rehab.
- Fund managers experienced in site remediation
- Centre city sites of high commercial value with heavy pollution (asbestos, heavy metals etc)
- Sites acquired, depolluted, redeveloped, sold
- Environmental auditing, insurance of residual risks
- Strong resource efficiency benefits
- Strong environmental benefits
- Strong socio-economic benefits

First Urban EFSI – Brownfield Sustainable Land-use

Ginkgo Fund (EUR 120m)

- invests in contaminated former industrial sites
- remediates sites and sells the upgraded property for further real estate development



- Approx. 12 schemes in France and Belgium
- Contributes to Circular Economy by bringing back brownfield sites into economic use
- Use of environmentally sound, efficient and innovative techniques

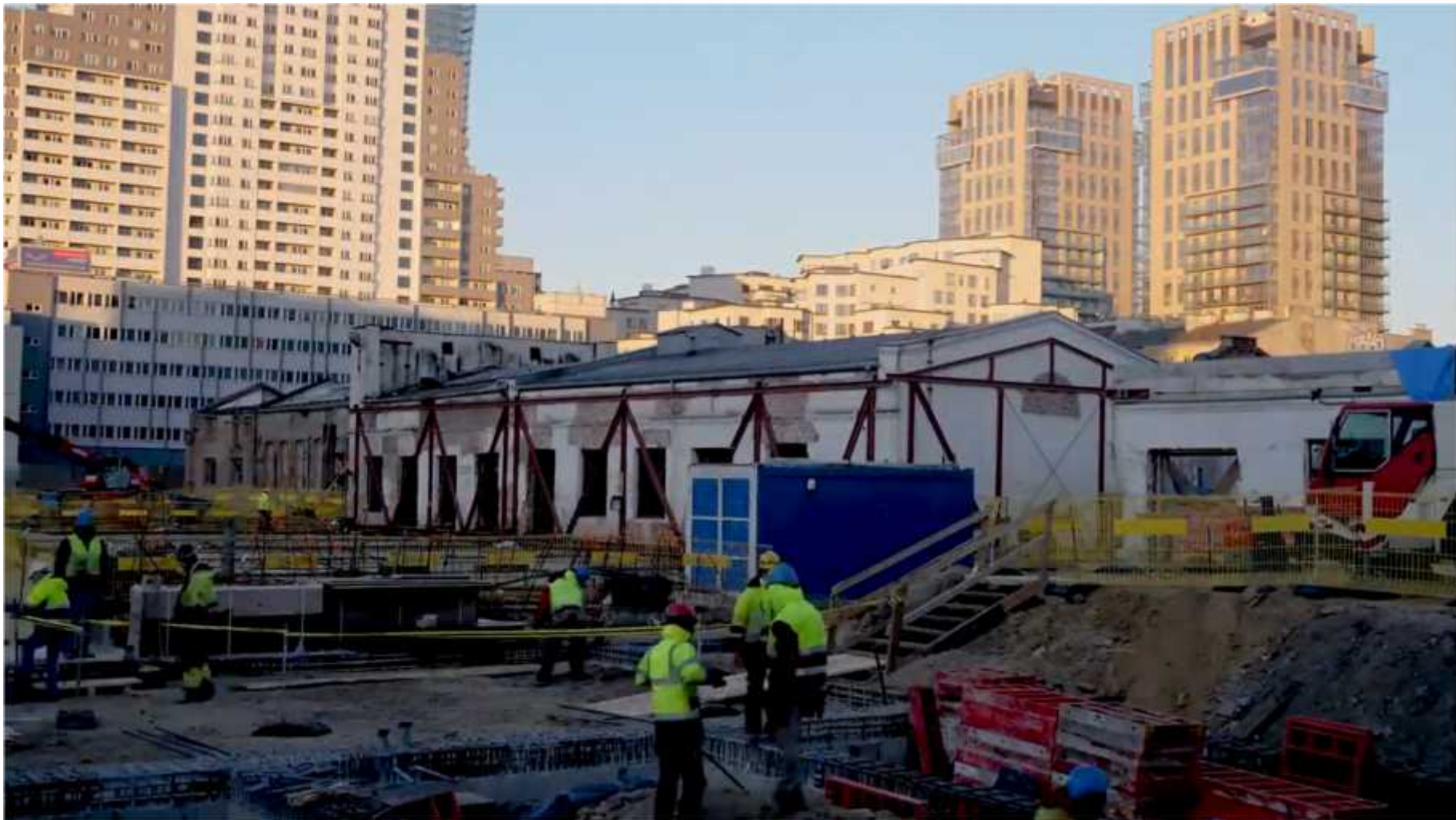
Ginkgo Fund Belgium



Partnering with Real Estate Developers / Real Estate Investment Trusts

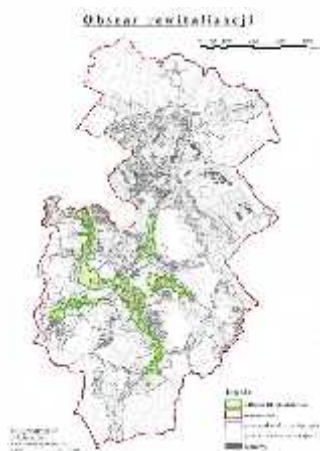
- EIB supports real estate development only where there are clear public policy benefits
- Developers find it harder to raise financing for industrial reconversion than for greenfield
- Projects can be implemented with full cost recovery and no public subsidies

Art Norblin project, Warsaw



Partnering with City networks to share knowledge

Advisory support to Walbrzych



- Walbrzych has been challenged by mining and heavy industry closure causing very high unemployment (~30%) and depopulation (~20%).
- Walbrzych is successfully starting to shift to modern and innovating industries including automotive.
- City still has housing stock in poor condition and insufficient social and cultural infrastructure poorly located to meet present needs.
- EIB signed a loan for the *Walbrzych Urban Revitalisation Project* of EUR 28m in 2018.
- EIB will provide advisory support through URBIS / European Investment Advisory Hub together with LSE - London School of Economics' urban team sharing knowledge of other European cities which have tackled urban industrial reconversion.

Urban Agenda Partnerships

- Circular Cities is an important priority under the EU Urban Agenda
- Industrial reconversion via circular buildings and districts
- EIB working on a Circular City Funding Guide and supporting a circular urban development programme in Kolding, Denmark

Prato, Italy – Circular Economy for urban regeneration



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URBAN
AGENDA EUROPEAN UNION



Prato is also one of the 5G Italian pilot cities,

Handbook

How to implement an urban strategy for
the circular reuse of spaces and buildings

Thank you



www.eib.org/urban