

# **URBAN II Evaluation**

## Case Study: Graz



# 1.0 Introduction

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Graz West was the main industrial district in Graz, with its heavy industries and brewing sectors it was severely affected by industrial closures and resulting unemployment. The URBAN area was large and heterogeneous, encompassing an area of 753 hectares, (5.8% of the city's total area) with 32,000 residents. The area had been losing population relative to the rest of the city, although this had been stabilised by a growing ethnic minority population attracted by the availability of more affordable accommodation. The area has a concentration of socially disadvantaged groups, with unemployment three points higher than the city average. Other problems included shortage of kindergarten places, high crime levels and a bad external image.

The main aim of the URBAN programme was the economic re-vitalisation of the target area, by bringing businesses in and making the area more competitive and suited to modern economic conditions. It also sought to encourage a mixture of new uses (employment, leisure, education etc.), making the area more attractive as a place to live (especially through the provision of quality public and green space for residents) and improving transport links to the city centre.

€23.6m total (€4.3m ERDF) was allocated to the programme, with 49% of funding going to economic measures and a total of 40 individual projects were supported. The programme was constructed around two major focal points, the relocation of the technical college and establishment of the business start-up centre. The city's economic development team have applied a sector approach, seeking to develop links between businesses and technical college and develop local strengths such as automotive, human technology, environmental and creative industries.

Project ideas came mainly from council departments and it not always clear that strategy development was designed with the most pressing needs of the local population in mind. It appears that URBAN funding provided the council with an opportunity to implement some of its existing plans and strategic priorities for the area, co-ordinating them into a coherent urban development programme.

## 1.1 Realisations on the ground

The most visible achievements relate to physical projects such as the new technical college (and hall of residence), the conversion of the Helmut List Halle concert venue and, support and facilities for technological businesses and the start-up centre (although these potentially benefit residents and businesses from anywhere in the city as opposed to those that are most deprived).

The main benefits for local people are likely to be the physical improvements such as local transport hub and railway underpass, new services such as the community library, kindergarten and crèche plus the qualifications and training schemes. There is no information available on

whether beneficiaries (businesses accessing support, people gaining jobs or benefiting from training) were from the target area or elsewhere in the city.

There were no major strategic changes to the programme content, but the management team felt that the programme covered all themes, so did not need to change focus significantly. Achievements were less strong in the areas of environmental improvements and developing the cultural offer, while it appears that housing associations were less willing to get involved in improving public spaces than originally hoped. As a result, the programme team did move some resources around in 2006, in favour of other physical projects. They also planned to create an art and creative industries cluster around Helmut List Halle concert venue – linked to Graz Capital of Culture in 2003. Again this didn't happen, as cultural events were concentrated in the city centre and there were management problems at the concert venue itself.

## 2.0 Outputs, Results and Impacts

The vast majority of targets have been met with most progress being made against economic objectives such as business starts, new jobs created, participation in training and networking etc (except local people re-integrated into labour market). The table below provides a summary of all of the outputs and results collected by the programme (drawn mainly from the annual report of 2006).

Indicator	Overall		
	Target	Actual	%
<b>Output</b>			
Advice sessions in economic and employment field	200	3521	1761%
Created or upgraded public space (m <sup>2</sup> )	2000	29326	1466%
Events for target groups	20	212	1060%
Advice and information discussions	500	3933	787%
SMEs supported	30	139	463%
Investment in ecological projects (€m)	1	2.233	223%
Created or upgraded open space (m <sup>2</sup> )	20000	39112	196%
Investment in innovative projects (€m)	10	14.8	148%
Extension of cycle paths (km)	10.12	7.29	72%
Investment in leisure projects (€m)	20	8.486	42%
<b>Results</b>			
Business start-ups	5-10	55	550%
Participants in training and qualifications	200	745	373%
Participants in communication events	3000	9969	332%
Jobs created	100	298	298%
Media reports	400	772	193%
Reduction in delays at rail crossings, average waiting time	-40%	-50%	125%
Persons entering labour market	50	26	52%

An analysis of the output information shows that the majority have been achieved or exceeded, with only the amount of cycle paths and investment in leisure projects falling behind original expectations. Several of the best performing output indicators relate to activity of the programme staff (i.e. advice sessions, events and discussions) the scale of which may be difficult to predict in advance. However the programme also exceeded targets for the amount of public space and numbers of SMEs supported by a considerable margin.

A similar pattern is evident for results, with the increased number of communication events leading to an increase in the numbers of people taking part. The general economic results of the programme are also excellent, especially in relation to numbers of start-ups, participants in training and numbers of jobs created in total. However, it is our understanding that these figures include businesses and people from anywhere in the city of Graz. The performance against number of people entering the labour market supports the assertion that it is much more difficult to prove that the programme has had a direct impact on the employment prospects of local people.

There has been a major physical transformation in the URBAN area, with consultations suggesting that the prospects for future development have been greatly improved – especially by the business infrastructure and support projects. The vast majority of new businesses are still in existence although programme team do not have statistical evidence of the impact of the programme on local people or businesses (for example they did not limit support to or prioritise local businesses). Additional impacts include

- Number of businesses in the area up from 538 to 700 by 2008
- 90 businesses supported under rent subsidy scheme
- By 2003 the start-up centre was full, 12 of 25 businesses have since moved out, though 10 have expanded into premises elsewhere in Graz

The city is likely to have benefited from the increased economic activity in the area (through tax payments etc.) and some high profile companies and organisations have moved in to the area, such as Roche and the Eco World Styria network. The programme team also tried to develop linkages between the technical college and local businesses through events such as presentations to local businesses by college staff, but this has not been as successful as it was hoped, despite physical proximity and good attendance at these types of events.

Between 2000 and 2006 the area lost some population, while the city's grew by 8%. However, unemployment grew by 0.8%, a slower rate than for the city as a whole. It is unclear whether URBAN has played a role in this, the programme team have not done a detailed analysis of who got the jobs and the impact of activities on unemployment. This is partly because the target area covers parts of four local districts. There are no real comparator areas, there was another part of the city with empty industrial space that the city tried to redevelop, while they did get some businesses to move in it is still essentially a "dead area".

Without URBAN some redevelopment work would have occurred, carried out by the three of four main private landowners and the city council, but it would have been much 'patchier', with private partners focussing on/competing over the most lucrative projects. One respondent stated that Graz West has become a much more attractive place to live – especially for young people – and its image has improved. Before URBAN there were no real reasons to come into the area, it now has the Helmut List Halle for example, that brings different groups of people in from across the city.

## **3.0 Links with Other Programmes and Policies**

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Before URBAN the city council had plans to regenerate Graz West (Go West) but this did not really work out due to lack of political support and differing local agendas. URBAN has helped this process through the application of an objective set of criteria and helping to build consensus and avoiding competition between localities. URBAN funding meant that Graz could implement many of its (pre-existing) project ideas in an integrated and coherent way, and one of the main benefits has been that stakeholders now see what can be achieved with a programme of this type.

Urban regeneration is not well-established in Austria and was not always seen as a priority (especially for regional and national government), plus it is difficult to convert programmes into mainstream strategies. However, URBAN linked to national and regional programmes on transport/connectivity improvements, through projects such as the new railway crossing

In Austria, regional government has a strong focus on economic development and URBAN was linked to the regional agenda of improving economic competitiveness. There was also a feeling that the region of Styria was initially suspicious of Graz developing economic support initiatives. Co-operation through URBAN projects such as the business start up centre have improved the atmosphere and enabled further progress.

In 2007 the economic support package was extended to rest of the city with URBAN helping to identify the successful or useful parts of the programme (e.g. rent subsidies, networking events and trade fair visits) able to be more widely applied. As the business centre does not have a huge amount of space, they explored other ideas for supporting business, for example by bolstering reciprocal linkages. Project teams were able to try out new, innovative ideas, subsequently felt to have been popular and effective such as a rental subsidy scheme and networking events such as an entrepreneur's breakfasts

The city council has developed a plan for the south of the city called URBAN plus. This has been shaped by lessons learned under URBAN, such as projects that worked well and innovative ideas. This programme incorporates partnership working with local areas bordering the city, linked to Objective 2 programmes.

## 4.0 Factors of Success

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The programme team highlight good relationships between the different agencies, departments and other local stakeholders and suggest that with hindsight the preparation phase was crucial in the incorporation of partners and experts. There was a pre-urban programme of two years where options were explored and developed.

They also mention the effort and resources put into communication and consultation, creating awareness and understanding amongst the population, and creating a sense that the area was improving and demonstrating the commitment of city council and agencies. Rather than purely information events, the team sought to incorporate elements of entertainment to create interest and encourage ideas, as well as using newer research techniques like a digital survey.

The organisational structure changed completely in 2005, with implementation of a flatter model with direct links to the main decision makers in different departments. The programme had a clear implementation structure, with one person having an overview and able to tell people whether projects are feasible or fundable, and able to integrate different funding streams. Respondents also mentioned the importance of placing URBAN with a department that has a sufficiently high profile and influence at the local council.

The department responsible for URBAN did not have sufficient numbers of staff to cover all the administrative work, so the external agency provided flexible support on more bureaucratic tasks. Continuity of staff was also mentioned as important, and while the whole team changed in 2005, the external agency retained to provide management support also allowed for a degree of continuity and knowledge of the programme's development.

Although Graz has been involved in European programmes since Austrian accession in 1995, they knew very little about European programmes at the beginning. The original programme manager built up a great deal of knowledge through the ELMAS urban pilot project and URBAN I programme, but retired in 2004. However, these previous rounds did a huge amount to build consensus and encourage the council to reserve funds for URBAN II.

## 5.0 Integrated Approach

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The programme team put a great deal of effort into creating an integrated approach with mutually supporting measures and projects. There was more emphasis placed on economic and physical themes, although individual projects were designed to contribute to various goals, for example the physical projects made social and economic contributions. Examples of complementary projects and linkages include:

- The technical college site was linked to improved transport and public realm work, students are able to use new public library, plus there was a project for single parent families hosted by the technical college,
- Economic support measures and start-up centre were linked to qualifications and training programmes, with employees also able to use the new transport infrastructure, crèche and kindergarten services

They also tried to create a spatially integrated approach, with clusters of supporting projects rather than islands of development distributed over a large and diverse area. This appears to have been a sensible approach for such a large intervention area. In addition, this integrated approach has been applied to the new URBAN plus programme in the south of Graz.

## 6.0 Programme Management and Partnership

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The programme was managed by the building directorate (baudirektion) of the city council, and a great deal of effort went into strategy design over a two year period. Management support was provided by an external agency (Kampus Consulting). The programme had a clear implementation structure, with one person having an overview and able to tell people whether projects are feasible or fundable, and able to integrate the different funding streams. Respondents also mentioned the importance of placing URBAN with a department that has a sufficiently high profile and influence at the council. The same department now looks after the URBAN plus programme.

The main management problems relate to staff changes, especially as the team changed completely in 2004/05. This was due to internal re-organisations at the city council and the retirement of the highly-experienced programme manager. Having some consistency via an external support provider helped to overcome some of these issues.

The steering group was composed mainly of council departments, local and regional stakeholders and organisations implementing projects. Of the institutional partners, there were some problems in working with Austrian rail and local housing associations (dealt with in earlier section). Wider programme management was also complicated by the involvement of regional and national government. They had to conform with national government guidelines on ERDF eligibility criteria, while regional government appears to be more interested in rural areas than in urban policy. The programme team would have liked to have direct contact with EU (as was the case with the ELMAS pilot project).

Local stakeholders and the community were most intensively involved in the planning phase and at the beginning of the programme. Three target groups were involved in these planning stages, with around 200 interviews conducted:

- A range of project organisations of different sizes

- Institutional partners (e.g. Austrian rail, employment service)
- Local area councils and representatives

At the start the local population were involved indirectly through local elected representatives, although there were consultation events introducing and explaining the work of projects and seeking feedback from residents. There was one major kick-off event in the Reininghaus building explaining the programme and its aims, as well as introducing a number of individual projects. Respondents stated that residents were not so interested in strategic development – but rather in issues affecting specific parts of and having an immediate impact on the target area – also including the soft skills measures. Residents were not officially incorporated in programme overview or direction, but through elected representatives, specific projects and events. Rather than purely information events, the team sought to incorporate elements of entertainment to create interest and encourage ideas, as well as using newer research techniques like a digital survey. These consultations highlighted differences in opinion, for example the underpass under the railway was very important to people, but technically very difficult and expensive. They also mentioned that local events in Graz tend to attract the same people, but the engagement of a diverse range of people is an issue for regeneration projects everywhere.

Graz also developed a small project fund, to take forward project ideas from the local community and partners. This supported a number of community measures, such as school music projects, holidays for deprived children, meeting points, teaching/ space for blind children and ice skating rink. However, this was hampered by control mechanisms that were exactly the same as for the large infrastructure projects, putting a disproportionate burden on smaller organisations

## **7.0 Networks**

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Graz was involved in URBACT and the German Austrian URBAN network. Respondents suggested that exchanging experience amongst the pilot projects was useful, but that there is a need to ensure that exchanges don't become a way for the same people in same cities to promote themselves. Respondents also characterised the networking arrangements as formal, or rigid in structure. They also stated that while it is useful to learn new things on an individual level, it is important to consider how knowledge is passed on, what happens as a result and whether lessons are learnt collectively. Specialist, technical, practical lessons are most important and local support groups make it easier (than overseas meetings) to involve local decision-makers.

## **8.0 Sustainability and Legacy**

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A significant number of projects are continuing (estimated to be 60% by stakeholders), supported by public and private investment. As mentioned above there has been a major physical

transformation, with final evaluation report and consultations with the programme team suggesting that Graz West has been transformed from a mono-functional industrial district into something more resembling a contemporary and forward-looking urban quarter. This is defined as an improvement in living conditions but also in the availability of work, education and training, leisure facilities and local services.

The city of Graz see Graz West as a potential driver of economic growth for the city and URBAN funding has given a substantial impulse to these long-term plans. The prospects for future economic development have been improved by the business infrastructure and support projects, which have fostered something of a cluster of technological, knowledge-based businesses, giving this business base a stake in the ongoing renewal of Graz West. Most of the physical and economic projects are continuing, although the social measures, especially around soft skills and training, have found it more difficult to locate replacement funding and are least likely to be continuing post URBAN.

However, the programme has also had a significant impact by bringing local actors and the population together and encouraging these links to continue. It has helped to demonstrate what can be achieved by programmes like this and is likely to be influencing the development of urban policy in Austria. Another longer term impact of work in Graz West is the establishment of an integrated urban development strategy for Graz South using national and city resources and worth around €3m. This has benefited from knowledge developed during URBAN II, especially in terms of identifying things that worked well and were able to be applied more widely or to different parts of the city.