Public and Private Partnership: A Strategy to Repair Old Texture

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Abstract

Today's, due to high construction costs and lack of economic potential of owners of old textures, public and private partnership is one of the restoration methods of these textures. Public-private partnership in the investment and implementation of worn and old textures’ restoration with guidance, support and supervision of governmental and public pillars is considered as a master key in restoration of old textures. This study aims at examining the effect of public and private partnership on restoration of old textures as well as providing strategies for strengthening and expanding this type of partnership. This article, based on descriptive-analytical approach, initially analyzes the existing problems and empowers the sections related to the rehabilitation and modernization of the textures. Then, through public and private partnership dealing with features such as shortening project times, reducing the project's financial problems, having financial–technical power, adopting equal rights for partners, and using flexible planning. Further, according to the findings of this study, in the case of legal infrastructures for public-private partnership, compliance of urbanism criteria with major goals of urban textures’ modernization, adequacy of facilities and incentive packages, the cooperation of owners, an increase in the supervision of the relevant institutions on partnership and the use of local experts and investors, the success of this partnership and restoration may be stably guaranteed.

Keywords: Empowerment, Public-private partnerships, Urban restoration, Urban worn textures.

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Introduction

The city, as a physical, cultural, social, political, economic, and technological symbol in every era, can be a criterion for evaluation of the social development process. Urban textures in every country and in every era and time are formed according to the degree of development of the country and due to various factors and social, economic, political and cultural conditions of country at any time influence the formation of urban textures. The changes are reflected in the urban new texture in the form of stable and unstable (marginalization) modernism and in the old texture in the form of worn. Iran is not an exception and old and worn textures are shaped as the result of a significant portion of the area of this country and cities and considering old and worn textures and eliminating their instability have converted to some serious issues. Accordingly, in order to deal with these urban issues, various suggestions, solutions, and theories are proposed. Some have been regarded as a viable solution and some others have increased urban problems. The theories that have considered infill development to sustain the urban spatial form in these textures and their main objective and basic strategy is restoring problematic and inefficient textures to current life cycle in the city through various partnerships.

Most cities in Iran are suffering from the old, worn and inefficient textures, and this has prompted urban management to provide an optimal method for renovation by offering new patterns according to the conditions of each area or region. Contribution of public and private sector refers to any practical agreement, based on the mutual obligations and responsibilities between the public sector and partners that operate out of this section. Actually, this type of contribution is a new notion that deals with long-term partnership relations between the public and private sectors so that government seeks to increase private sector involvement and intervention in delivering public services. In the meantime, the public sector deals with the private sector people and establishing the relationship between these two is considered the main task of the public sector (Proceeding of Worn Texture Conference, 2010). In this regard, attracting the private sector partnerships to pay attention to the sustainable development issues and ignoring the interests of local communities and attracting citizens’ partnerships, due to the involvement of poor people in worn textures and public and governmental sector, due to the lack of financial resources, require another strategy. Accordingly, many countries with different development levels in today’s world have turned to public-private partnership approach. This type of partnership is based on the understanding of this point that both the
public-private sector can benefit by sharing their financial resources, knowledge and expertise to improve basic services for all citizens (Mohammadi Doust, 2012: 70).

Research objectives
- Achieving the necessity and motivations of public and governmental sectors’ partnerships
- Providing the patterns for public and private participation in restoration of urban worn textures
- The benefits of public-private partnerships in urban worn textures’ restoration

Methodology
The present study is developed to achieve concepts fundamentally and in terms of methodology is based on the investigation of conceptual areas. This study generally investigates the concept of public-private partnership as well as the patterns and practices and benefits of participation in the restoration of old urban texture. In order to collect data library-documentary method is used and are developed based on descriptive analysis.

Definitions of variables
Public- private participation
Public-Private Partnership is a mechanism in which the public sector, i.e., government and other state institutions provides infrastructural services including water and wastewater, transport, health, education, etc. and utilizes the capacities of the private sector such as knowledge, experience and financial resources. In other words, the private sector in some cases takes the duties and responsibilities of the service provision on behalf of the state. In public-private participation, a contract is concluded between the public and private sector to share risk, responsibility, benefits and synergy of resources and expertise between them in the provision of infrastructural services. In public-private participation, the role of government from investment, implementation and operation in infrastructural projects has converted to policy maker, regulator of regulations, and supervisor of services quality and quantity.
Urban restoration

Urban restoration refers to the conscious intervention in urban spaces to prevent its erosion and regeneration. In this regard, the term regeneration of urban texture is raised which means a process that creates a new urban space while preserving the key spatial features. In this action, a new urban space is created that in addition to maintaining the basic similarities with the old urban spaces, displays substantive and conceptual differences with the old space (Habibi, 2002: 18). Urban restoration was enjoyed from two fundamental aspects in the late 1990s by UNESCO:

- Future for the past: In this aspect, the present can act as a bridge between the past and the future.
- Emancipation of future from the past: this means that getting rid of outdated beliefs of the past can be effective in the design of a new future.

Considering these two basic aspects in urban restoration, it can be found that urban restoration attempts to make creative connection between past and future. The purpose of urban restoration goes beyond the physical and spatial action. Urban restoration is a cultural operation that can make culture. Urban restoration tries to transfer the physical values of location to the future and this transition is along with the addition of contemporary values to the old stable values. This transfer refers to the regeneration of monument that is being studied from both physical and spiritual dimensions (Habibi, 2002: 9). Regeneration of monuments from the material perspective means the manipulation in monument for creative dialogue between old stable values and great contemporary values and not cross-sectional and transient decisions. Regeneration of monuments from the spiritual perspective means transforming the material and cultural heritage to material and cultural wealth. If these structures are not updated, heritage in terms of semantic becomes synonymous with concepts such as ancient, old, memorial, useless and so on. Returning the monument is from the heritage to the wealth that immediately situates the monument in economic, social, political, cultural, and emotional process and even in the mentality of person or the community. In this regard, urban restoration pursues the development of new collective memory in the city and by creating a strong symbolic city tries to contribute the occurrence of urban events (Habibi, 2002: 9-10). According to Habibi (2008), urban restoration can be accomplished in three main ways including improvement, modernization, and reconstruction.
**Urban deteriorated texture**

*Urban deteriorated texture* refers to some parts of the urban textures that their physical and functional quality have decreased and disrupted. Depreciation is in two types: physical deterioration and functional depreciation. If the activities and users meet the needs but the body to be damaged or if system of activities and users to be disrupted but body to be preserved, the deterioration is relative. If both deterioration types to be happened, it is a complete depreciation (Habibi and Maghsoudi, 2002: 15-16). Depreciation refers to the inefficiency and efficiency reduction of a texture, compared to other urban textures. Deteriorated texture and its internal elements are because of antiquity or because of the lack of development program and technical supervision on texture formation. Consequence of deteriorated texture is eventually the loss of prestige in the minds of citizens and it can be identified in various forms such as the reduction or absence of livability conditions and safety as well as physical, social, economic disorders, etc. (Educational Department of SID, 2006: 364). Depreciation is one of the most important issues that affect urban texture and leads to the disorganization, imbalance, disproportion and urban texture dysplasia. Depreciation is a factor leading to the elimination of collective memory, decline of real urban life and formation of everyday urban life (Habib and Maghsoudi, 2005: 15).

**Theoretical foundations of study**

**Objectives of Public-Private Partnership**

The purpose of public and private partnerships is establishing cooperation between these two sectors for public service delivery. Public and private partnership refers to any practical agreement based on mutual commitment and responsibilities between the public sector and partners that operate outside the public sector and it is applied in the area of scientific terms to show the interference or involvement of the private sector in public services delivery (Poggesi, 2007). Public-private partnership is a contractual agreement and formal cooperation between one or more representatives and public institutions with one or more institutions of the private sector. Through this agreement, the skills and assets of both sectors are shared to deliver services with special facilities and for the use of entire population. In addition, each sector is also involved in profits and possible losses of the delivery of services or facilities. It is obvious that this partnership is shaped based on the principles of sustainable development and supervision of the public sector and within the approved objectives and policies of the
urban development plans. The eighties is the beginning of "the era of public-private partnerships" in the field of planning and urban design that on one hand, indicates moving away from centralized and imperative planning and on the other hand, reflects the prevention of free market abuse from urban and regional development. Public-private partnerships have flourished through various factors. The most effective factor is confronting with budget constraints that are funded by local authorities and public sector (Norment, 2007).

The necessity of public-private partnership

Nowadays, it is more evident that the government alone cannot cope with steady demands of services and it is necessary to seek the help of other sectors of society. Public-private partnership is one of the most promising forms of such cooperation. This partnership is based on the understanding of the point that both public and private sectors can benefit from sharing financial resources, knowledge and expertise to improve the quality of basic services delivery to all citizens. Moreover, public-private partnership is considered as an alternative to the general privatization by combining the advantages of both sectors in the following cases:

- Social responsibility, environmental awareness and accountability of the private sector against the public
- Financing, technology, managerial efficiency and entrepreneurial spirit of the private sector (Tsenkova, 2002)

Motivations of public-private partnership

Based on the motivations of players and executives, the followings were concluded:

- Institutions and administrators, by assigning the necessary authorities to urban management, will provide the sphere of realization of an integrated urban management.
- Urban management (City Council and municipalities) as trustee of process, through outsourcing the possible processes and activities, will pave the way for achieving the goals of the system.
- Popular organizations have social motives.
- Achievement of system objectives requires the participation of residents of deteriorated textures; otherwise, performing some activities may not be possible.
Therefore, indices of determining trustee for outsourcing activities are as follows:

*The existence of economic interests:* when activities have an economic nature, private sector may involve better. Thus, if an outsourced activity has the economic benefits and to be profitable, depending on the type of activity it can be assigned to one of groups with economic incentive.

*The existence of social benefits:* popular organizations are more deserving than others in applying ethical principles and being responsible for behavior. These organizations also believe in the principles of special value and are willing to implement them and in this way, finance expenditures are not important for them (Ozborn, 2010). Thus, if the addressed activity has no economic interests, but has social benefits, it can be assigned to popular organizations.

*The importance of participation:* citizens’ participation in urban issues with the aim to empower societies and local communities is an issue that was initially formed in the late 1950s and early 1960s in the United States and in the second half of the 1960 was introduced in the UK and then, other countries welcomed it (Habib and Saeedi Rezvani, 2005).

The levels of system for renovation and modernization of the texture are as follow (Haji Ali Akbari, 2010):

*Executive level:* it refers to the processes that are done in executive scale and by residents, investors, contractors and brokers and by outsourcing. These activities lead to the implementation of housing projects, urban services and value added and stimulus of development.

*Level of support:* processes that facilitate the modernization process and main activities, including technical, legal, and financial support.

*Level of management:* processes that are done in order to develop goals, strategies, policies and programs of the system and mainly in the outsourcing system the modernization of deteriorated textures includes policy making. For example, planning and monitoring are some of these process.
Findings of the study

Public-private partnership pattern

The term public-private partnership is regarded as an entity that makes cooperation between the government as the public sector and one or more partners of private sector in a project with common interests through distribution and sharing of risks, costs and decision making right (Central Plan Bureau, 2001). In writing, four arguments are generally expressed in the assistance of partnership including synergy, transfer, development of the budget, and capacity development (Mohammadi Doust, 2012: 71).

When two or more partners work together to achieve a common goal, synergy is achieved in the form of additional profit due to the participation of the private sector in the production of new developmental sources of social goals. The second point is the transfer and conversion which refers to the process whereby the actors seek change or challenge of goals and factor of others’ culture (Hastings, 1996). Partnership is a tool that injects private sector’s power to the public sector. Therefore, decision making becomes linear flow more. In this mechanism, the public and private sectors compete to accept more social goals, regardless of the short-term profit. The third point is the development of the budget that is formed with the aim of attracting more money and wealth by trying to get additional support. In this regard, it is necessary to pass some laws. For example, in Europe Union whatever local governments could participate private sector in project cooperation, they can receive more financial resources whether from the government or European Union. The fourth point is the capacity development that government agencies are more responsible for the lack of resources (UN Habitat Report, 2011)

Table 1. Partnership models for modernization of urban deteriorated textures (Mohammadi, 2014)

<table>
<thead>
<tr>
<th>Partnership models for modernization of urban deteriorated textures</th>
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<tbody>
<tr>
<td>Public sector</td>
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<tr>
<td>Features of public participation</td>
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<td>Positive</td>
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<tr>
<td>Principles and processes of the public-private partnership in urban restoration</td>
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<td>---------------------------------</td>
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<tr>
<td>Outsourcing System Principles of modernization of urban deteriorated textures are as follows:</td>
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<tr>
<td>- Building trust among owners monitoring project</td>
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<td>- Financial assistance</td>
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<td>- Having a social nature</td>
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<td>- Increasing the time of project</td>
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</table>
- *Participation-oriented*: paying attention to the principle of public participation in all stages of the process and utilizing the ability of people to perform administrative activities.

- *Guarantor*: ensuring and paving the way for activity of private sector through assigning the necessary authorities.

- *Transparency and reliability*: providing all the macro and micro objectives, strategies and executive policies and plans and programs in order to pave the way for judgment.

- *Flexibility*: designing the system based on the variable criteria and conditions and possibility of revising goals and policies.

- *Knowledge-oriented*: paying attention to the creative aspects by using date knowledge.

- *Facilitator*: facilitating the system’s operating conditions in the environment by facilitating administrative processes and creating financial and legal support and facilities.

- *Development-oriented*: providing the conditions for economic and social development of environment through the adoption of effective planning and implementation of activities.

*Ecology*: paying attention to environmental conditions in developing vision, goals, policies and strategies and executive plans and protection of natural, cultural and historical heritage of city (Naderi Khorshidi et al., 2014: 106).

**Private-public participation in the restoration of deteriorated urban texture**

Old and deteriorated areas of cities are cases that the public participation in the restoration and modernization are examined over the past years in Iran and the world. Continuity and stability of this process requires social mobilization and public intervention and acceptance. Due to the lack of economic and financial power of the public and private sector for investment and broad and direct intervention on the scale of deteriorated texture and to self-reliance and self-healing of worm body, the basis should be based on the effective partnerships of people and public and private sectors. Extensive intervention in the urban texture is important to the extent that its success necessarily depends on the participation and interaction of all present stakeholders, as addressed main community including residents, workers and passers, supervisor stakeholder, as addressed general community including citizens, urban management institutions and government agencies and responsible stakeholders including all components of pillars of executive and managerial organizations of project (Habib et al., 2007).
Public and private partnership refers to any practical agreement based on mutual commitment and responsibilities between the public sector and partners that operate outside the public sector. Actually, this type of partnership is a new notion that concerns with the long-term partnership between the public and private sectors so that the government seeks to increase the private sector involvement in the delivery of public services. In the meantime, the public sector deals with the private sector, and people, and making connection between them is the main task of the public sector (Sharifzadegan et al., 2011). Financial-economic problems of the residents, delay in paying facilities by the government and delay in the process of modernization led to the participation of private sector because of the high potential of these textures as well as the exemptions and facilities granted by the government in modernization projects. But, public and private participation should be planned and managed in a way that does not lead to people’s distrust and despair and this requires the definition of specific mechanisms (Mohammadi et al., 2015: 114).

Due to the possibility of utilizing significant capacities and the construction of house and development of access to urban services, the modernization and reconstruction of urban deteriorated textures program is considered as the urban endogenous development policy program. However, due to the required heavy investment as well as the extensive level of urban deteriorated textures, the realization of this program is not possible only through the participation of the public and private sector. To enjoy the people's participation and social dynamics and achieving sustainable and participative city in the light of active and influential presence of people and private sector and paving way for them, it is necessary to encourage, support and empower them (Mohammadi et al., 2015: 114). To empower the sections associated with the modernization and reconstruction of urban distressed areas, it is essential to plan and act in following three aspects: creating effective motivation among owners, builders and non-governmental investors, creating an atmosphere of confidence for the participation of owners, builders and non-governmental investors, and creating an appropriate legal context to force people to participate in the modernization and removing existing legal barriers like the contradiction between the interest of protecting the lives of all human beings and the sanctity of the exercise of private property rights (Khubayand, 2005).
The benefits of public-private partnerships in the restoration of deteriorated urban texture

Variety of participatory arrangements provides significant benefits for the management and implementation of renovation stages so that these partnerships aim to achieve a beneficial bilateral result that the public and private sector cannot achieve solely (Ministry for the Environment, 2007). According to Tsenkova (2002), public-private partnerships provide the following benefits:

- Ensuring the effective equipment of resources
- More protecting power by relying on the strengths of various partners
- Addressing urban problems in a more comprehensive manner
- Guaranteeing fair services delivery to the different relevant individuals
- Achieving the coordination in different and fragmentary programs and projects

In line with stating the benefits of public-private partnership, Norment initially expresses the strengths of each sector. According to Norment the private sector's strengths include efficient management, utilization of new technologies, locations and efficient activities, cash flow management, personal development (employment planning) and shared resources and the public sector's strengths include legal validity, protection of approved policies, broad, balanced and introverted objectives to achieve common needs and ultimately, major capital resources. Then, introduces the secret of the success of a public-private partnership in establishing balance between strengths of both sectors and considers the following benefits for it (Norment, 2007):

- Taking maximum advantage of the strengths of each section
- Development risk reduction
- The mobilization of additional or low applied assets
- Improving the affair completion in effective and faster manner
- Better fortune about environment
- Improving services delivery to the community
- Improving cost-effectiveness
- Sharing resources
- Sharing losses
- Mutual interests and benefits
Main characteristics of public and private sector in designs of urban deteriorated textures are presented in Table 2 (Mohammadi et al., 2015: 114).

**Table 2.** Characteristics of public and private sector in the design of urban deteriorated textures (Ghobadian et al., 2004)

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Public</th>
<th>Private</th>
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<tr>
<td><strong>Major interventionists</strong></td>
<td>- Local community</td>
<td>- Partners with equal rights</td>
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<td></td>
<td>- Direct service users / clients</td>
<td>- Civic institutions</td>
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<td></td>
<td>- Elected representatives</td>
<td>- Urban analysts</td>
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<td></td>
<td>- Parliament</td>
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<tr>
<td><strong>Areas (Service productions range,</strong></td>
<td>- Determined by legal requirements / social considerations</td>
<td>- Determined by economic requirements</td>
</tr>
<tr>
<td><strong>departments and geographic distribution)</strong></td>
<td>- Addressing the lower level of caution by managers</td>
<td>- Addressing a high level of caution by managers</td>
</tr>
<tr>
<td><strong>Scale (range of related vertical activities)</strong></td>
<td>- Relatively imposed from the outside.</td>
<td>- Determined by economic requirements</td>
</tr>
<tr>
<td></td>
<td>- Paying attention to the low or middle level of caution by managers</td>
<td>- Addressing a high level of the economy by managers</td>
</tr>
<tr>
<td><strong>Time limits</strong></td>
<td>- Long-term</td>
<td>- Short-term</td>
</tr>
<tr>
<td><strong>Frequency of innovation</strong></td>
<td>- Low</td>
<td>- High</td>
</tr>
<tr>
<td><strong>The entry and exit of the opportunities</strong></td>
<td>- Inflexible</td>
<td>- Flexible</td>
</tr>
<tr>
<td></td>
<td>- Dealing with lower level of caution by managers</td>
<td>- Considering high level of caution by managers</td>
</tr>
<tr>
<td></td>
<td>- Decision based on tangible social studies</td>
<td>- Decision based on tangible</td>
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</table>
Conclusion

Texture deterioration happens though passing time, increasing the life of buildings and also reducing its performance and activity level. Following the removal of textures function and activity, their price and value are decreased and they lose their competition power. After these conditions, native people gradually leave the neighborhood and texture and this leads to the disruption of its social network. This paves the way for people with low income and immigrants to dwell there and due to social and cultural diversity, neighborhoods are faced with the dilemma of the lack of a sense of belonging to the location. Therefore, the area of participation is reduced. Ideal intervention or optimal participation method in the
modernization of deteriorated textures requires the collective efforts of actors in this field namely, people, state urban management, experts, investors and contractors and new structure should be formed in this regard so that the production line of restoration could regenerate the city perfectly. Hence, many cities around the world have chosen public-private partnership strategy to overcome this problem and for financing of projects. In this type of partnership, all actors agree that partnership is the best tool to achieve a common goal and not following and pursuing individual goals. Modernization of deteriorated textures with urban sustainable development view can be a window into the development and promotion of quality and quantity level of life in cities. Sustainable urban development with empowerment approach in various fields (economic, physical, social, and environmental) can be realized in the light of good urban governance. The issue of urban texture modernization and lack of financial ability of residents require the establishment of a defined scientific and practical and step by step mechanism to achieve the urban planning goals. The discussion of public-private partnerships because of the existence of capital, trust and monitoring working structure, financial and technical strength as well as the state supervision by attracting the trust of residents could take a strong step in urban deteriorated textures’ modernization. In this type of partnership, the people as beneficiaries of the projects, the government as the trustee and the private sector as the implementing part take advantage. In other words, in this approach all stakeholders and participants are win. Accordingly, the following practical suggestions are presented for the development of restoration and public-private partnership:

- Adopting technical and scientific changes in accordance with the deteriorated texture in the detailed plan of the area due to the low density and the number of floors and lack of welcome of private sector investments

- Avoiding to give building permit to unsuitable estate with low main area

- Assigning modernization responsibility to the private sector through the formation of credible and competent companies executing modernization (integrated management of the deteriorated textures’ modernization

- Setting the necessary grounds by the government such as constructing the services applications required for constructed new spaces

- Applying strong regulations to force owners to comply with sustainable development plans of the deteriorated textures’ modernization

- Having development pattern and design to guide the texture and area
- Monitoring the participatory contracts among owners, investors and builders
- Guaranteeing to maintain the property value of the owners of the deteriorated textures and benefit from the added value of the modernization
- Identifying investment potential of private sector in urban services such as parking, recreational and cultural spaces, etc.
- Facilitating the administrative bureaucracy in obtaining the necessary permits from municipal departments and agencies for restoration of housing units

References


