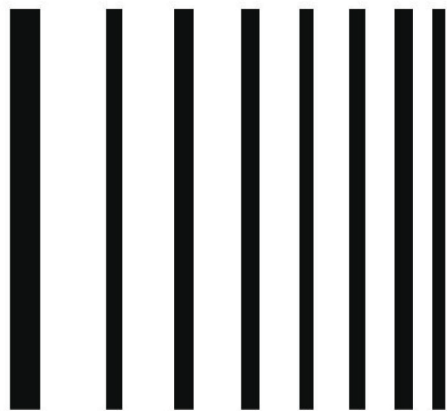


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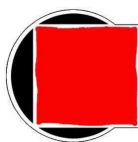
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VALUE STABILIZED FINANCE MODEL FOR IMPROVEMENTS A FINANCE FOR BUILT CULTURAL HERITAGE

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ABSTRACT

Today we are facing with a growth of sites of built heritage. This is because the built cultural heritage have a new role in modern world, that is economics asset for development strategies and the same definition of built heritage as a concept is widened. Sustainable development of heritage is possible with sufficient heritage funding. Financers' inducement to fund cultural heritage depends on that heritage's current value estimation and only highly revered sites qualify for support.

This inquiry aspires to supplement the findings of Cultural Economics, but from the viewpoint of actual building conservation practice. The aim of this paper is to investigate the prospects of securing the successful future of built heritage by proposing a value stabilizing finance model, based on; the acquiring, the economizing and the assuring of heritage funding. The strategy of this inquiry involves five steps.

Accelerators proved to determine all aspects of the heritage finance model, since these accelerators increase the values of built heritage sites by revealing the payback capacity of financial commitments to that heritage. Heritage funding in Serbia have many problem, and alternative model of funding is need.

The suggested contribution of this inquiry is the exploratory analysis of the mechanisms behind heritage funding including its accelerators, hence introducing new terminology into building conservation instigated by the idiom of economics, which could ease future strategic planning of heritage funding.

Keywords: Heritage, Funding, Finance model

THEORETICAL FRAMEWORK

The main purpose of heritage protection is preservation of important places, buildings and ambient for future generations. However, pressure on public funds, limitation of free ground for buildings, real estate demand growth, new employment and other factors have impact on

heritage protection. Because of that, economic component of protection must be reconsidered. Main forces joined with other aspects affects heritage into mass goods. Agenda of economic development have discovered natural partner trough tourism, so protection of build heritage gives added value to sustainable development and the quality of life. More than 10% of GDP of worldwide countries is realized through tourism, and more than 200 people is employed in this sector (1).

Protection of immovable heritage is complex work and it include basic protection with research, evaluation and listing of immovable cultural property, legal protection, protection through documentation, urban planes as well as taking care about property. On the other hand, the operational or technical protection measures, should not be forgotten. They includes all direct technical protection-from the programming of major projects, through implementation of conservation and restoration and other architectural-construction works, to the complete renovation, protection, rehabilitation and presentation of build heritage property.

Condition of most objects from the total fund of immovable cultural property is not appropriate in view of their importance. Incomplete exploration of objects or archaeological sites, the poor condition of conservation works, inadequate presentation of cultural monuments and the lack of campaigns to popularization presents the current state of architectural heritage in Serbia.

The reasons for this situation should be in the low level of consciousness of the importance of cultural and historical heritage and inadequate legal framework, and the lack of financial obligation to invest in its maintenance. Few percent of local government budgets is used for financing of cultural institutions, but only a small part of budget is used for programs of protection, presentation and promotion of build cultural monuments. This situation in many ways is the result of the lack of clearly defined policy of maintenance and management of cultural monuments. Because the philosophy of protecting and preserving the cultural heritage in Europe have been changed long time ago, where its base consists of the rehabilitation of cultural heritage and integration of heritage into development projects, and less protection and conservation as independent processes.

The critical condition of the architectural heritage in Serbia necessarily requires the action for its rescue and revitalization. Beside the previous conservation, historical and sociological approach, in this paper is tried to introduce the economic aspect of preservation. Conservation practice has raised the issue of whether the architectural heritage preserved prohibitions, which is placed under the "Status Quo" for their customers and they only can watch the decline. Since the monuments are always someone's property, and we want to preserve for their architectural

value, it is logical to assume that for the preservation of monumental value is necessary to preserve the economic value of monuments (2). Due to the owner's inability to freely dispose of their property on the market, property values often decline, which we as a society should compensate the owners to preserve these buildings for future generations.

With expected commitments in the future about financing heritage in Serbia, a major concern of preserving built heritage can be in the current model of funding that exists in most of Europe. It is necessary to improve the management of architectural heritage in the future, in order to prevent the current financial inadequacy. With the introduction of mandatory financial subsidies for objects that are classified as cultural monuments, this requires identifying incentives and capacity among existing funders, finding new ways of financing with finding opportunities to reduce maintenance costs.

The conservation and management of cultural, artistic and architectural heritage has given rise to a vast body of literature. International organizations, national and local authorities, NGOs and a wide range of private and public donors are involved in conservation and management. And as the nature of conservation evolves, as well its links with urban development, the tourist sector and the creative industries, has been discussed many times. Whatever the emphasis and the angle of discussion, however, the management and conservation of heritage goods will require resources – so investment needs and the funding issue have to be addressed.

So we come to the main question in the work: how to find an economically sustainable funding model, which can respond to present challenges in order to prevent the disappearance of important cultural monuments? This work is focused on the present, as well as on the improvement of financing in the future through the ability to increase revenue.

The objective of this paper is to suggest a stable financial model, in order to improve economic management of architectural heritage in the future.

CHALLENGES OF PRESENT FUNDING

One of the reasons for the necessity of changing the existing financial environment in Europe, but certainly in the rest of the world, is the need to invest in the preservation of architectural heritage, the limitations of the available funds, public or private.

Although many actors engaged in preserving heritage with various aspects of the protection of buildings, reviving the city, encouraging employment to the improvement of the environment, there is considerable fragmentation among the actors. Many of the organizations dealing with the promotion of heritage is often not well coordinated and difficult to bring together and find

a common initiative to work together. So that is one of the most critical challenges to find a way to limit this fragmentation and realize synergy between operators.

Another significant problem is the increase of the number of buildings that require financing. According to UNESCO, the list of world cultural heritage objects of great value is increased to over 700 locations in 47 countries around the world (3). The number of registered cultural monuments increased and by individual states, too. In Serbia, due to specific social circumstances this number has not increased dramatically in the last 20 years. However, higher investment in research is expected with better economic conditions and in that case the number of registered monuments may increase. The current number of registered build cultural property in Serbia is 782 of which 200 is of great importance (155 cultural monuments, 11 spatial cultural-historical sites, 18 archaeological sites and 16 places of interest), and 582 monuments of great importance (4).

Increase of registered monuments of culture in Europe reflects the growing respect for the past and the current need for its own national identity of individual countries. This increase is also the direct result of political decisions that affected the management of heritage. There are two important reasons for this. The first one is new role of economics in the protection of heritage, considered as a generator of development, especially in the third world countries. Most responsible policy of the UN to third world countries identifies the role of culture in economic development in the fight against poverty. The World Bank has supported these programs through credit lines for the integrated restoration of monuments and their storage, which will in the future provide income through cultural tourism. Second reason is the expansion of definition as itself, which the architectural heritage is considered as irreplaceable resource. The expanding of definition of architectural heritage was mostly contributed by events in the 20th century, especially after Second World War. This period is followed by increasing of the number of cars and extensive reconstruction of cities streets due to the adjustment to new means of transport. In these works many cultural monuments and valuable parts of cities with environmental characteristics disappeared. Up to the end of the 20th century, in most cases less valuable objects and whole ambient units only are protected. All the great cultural richness of today has led to an increase in the number of places that are protected, which caused an increase in requests for regular maintenance of these buildings. All this cultural wealth today has led to an increase in the number of places that are protected, which caused an increase in requests for regular maintenance of these buildings.

The expected changes in the future may cause further reduce of income and the increase of maintenance costs due to climate change, wars, the development of the science of conservation

but not the use of many buildings. Abrupt climate changes because the increase of physical damage of protected buildings. Various emissions, industrial pollution and pollution from fossil fuels have accelerated this process. Since 1960's due to air pollution in London, degradation of buildings has been observed through the change of colors on buildings. Today, generally accepted assumption is, as a consequence of global warming lead to an increase in maintenance costs. The expected increase in the quantity and intensity of rainfall will likely accelerate decay and husking stone, so it works with stone should be followed by reinforcing the structure. Most of the built heritage of natural stone usually was built by sedimentary rocks due easier processing, but also which are porous structure and is prone to rapid decay. Places exposed during works on the rock structure are more exposed to predicted weather changes. Wars are a constant threat of destruction of the built heritage, because of the political dimensions as built heritage often represents the national identity of a country. Numerous examples from the recent past illustrate about the common practice that foreign forces destroyed historical buildings in conquered countries. Unfortunately this behavior is still present in recent armed conflicts, which often require huge expenditures for reconstruction after the conflict. In the 20th century, with the internationalization of the protection of heritage and the emergence of organizations, such as the Council of Europe in 1949, ICCROM in 1959 and ICOMOS in 1965, established a highly scientific method of protection which also increased costs. Under the leadership of prominent experts traditional local building maintenance has evolved into a technically advanced science.

One of the biggest losses of income for property owners is the fact that the most significant built heritage designated as a historical landmark is not operational. In our country, because of the social specificity after World War II, many monuments were nationalized and taken away from owners. For facilities that are legally protected any changes were forbidden, which inevitably caused the building could not get another purpose. Often the original purpose because of which the building was built does not exist anymore, and therefore there is no genuine income that is realized buildings, while maintenance costs have not disappeared but on the contrary have been increased dramatically. The continued growth of certain city characteristics and protected heritage leads to the greatest number of facilities that have no purpose. The request for funding the entire heritage faces the challenge to meet the level that has never been existed. Of course it is possible to compensate for some costs, such as collecting rents in cases when historical buildings are adapted to the new purpose for buildings.

However, when cultural heritage is included on the list in its original edition there is a problem. If we allow change of purpose, that inevitably leads to changes in the physical structure, which some experts consider intolerable, while others consider it completely acceptable. Historical buildings often have higher maintenance costs than oldest cultural assets

that are protected from the direct use and often placed in a controlled climate. The question of repurposing will always be reviewed in relation to the request to reduce costs and preserve authenticity. Thinking that the premises built for practical use should remain frozen in time in order to preserve its value is less obvious from the financial aspect. Because under the influence of time and involved stakeholders built heritage defines the various conservation objectives in accordance with the circumstances. (5)

DEFINITION OF VALUATION OF HERITAGE, THE CONNECTION BETWEEN THE VALORIZATION OF HERITAGE AND ENVIRONMENTAL CONDITIONS

In order to better defining the funding mechanisms, at first, it is necessary to further explain concept of value. The definition of values is extensive and generally applicable in many disciplines. A special feature of cultural capital is that has two fundamental kinds of values, economic and cultural. When talking about economic value, in the past the value of goods is always determined by the market through a process of exchange. Here, it is necessary to make a difference between private and public property. Owner of a certain cultural property, individual person or company, appropriates entirely benefits from using the property. Valuation of use is reflected through the price that people pay while visiting certain cultural objects. Unlike private, the benefits of using public goods receive whole community. Public buildings are described by economists as non-exclusive goods, because nobody can prohibit the use of these goods, and as non-rival good, because the use of a good does not diminish the value of the other. Public goods are classified as non-market because there is no market in which the rights of the facility can be exchanged. Their value derives beyond conventional processes in the market. The value of public goods with “no market value” could be measured by “willingness of individuals to pay” for these benefits, for example by donating to specific funds, or through a dedicated tax increase. So when talking about the economic value of heritage, it refers to the kind of value that individuals recognize and for which they are willing to pay on one of two ways. The cultural value in this context is expressed through multi dimensional concept that reflects the aesthetic, symbolic, spiritual or historical quality that arises from each aspect separately. These qualities directly affect our individual assessment of the value of the measures and how they affect depends on good economic assessment (1).

The subject of this paper is to explore methodologies for an accurate assessment of an individual’s willingness to pay through the analysis of potential methods of valuation. For further work is necessary to understand the full assessment of the economic evaluation of the architectural heritage. Generally there are three types of **economic value** depending on whether users have direct benefits through the use of the object or indirect benefit from the existence

of good. The first and one of the basic values of every building is its **use value (U)**, because it is the main reason for which the facility is built. This value is a measure of the capacity of the object to be used everyday. If the church is in use, it is 100% of value. If it is used as a divided church and museum, this level of use value is reduced by half. One of the biggest threats to the survival of heritage today is unused objects. Because of that the histories of the object after the termination of the original function have other purpose. Use value is characterized by the direct use of heritage and can be manifested in different ways. For example, through property ownership, or through services such as housing, or work in a building that is a cultural asset. This value can be reflected on the market through the value of rent, apartments or commercial premises. Direct use value also can be reflected through building visits for tourism purposes. In this case, use-value can be measured through the number of sold tickets, or in the case of consumer goods through the “travel-cost” analysis. Another aspect of the individual valuation of heritage represents **indirect or passive use value (PV)** of the object which is experienced by the individual, but that is not reflected in market processes. It is primarily the **existential value** of the building itself, where people value the object simply because it exists. People often want to keep the **option value** to use art in a different time in the future. Individuals gave the value of legacy to objects because they want to transfer the value of previous generations to future generations. This evaluation leads to non-market demand for the protection of buildings. The problem arises when it is necessary to define this value in economic terms and when the value should be expressed as a numerical amount. The economic definition of values has been developed over time. The most common method being used to estimate the non-market value is called the contingent valuation method (CVM) or discrete method of choice and it is based on the direct response of people to the questionnaires and surveys that aim to determine their relation to the heritage. In addition to this, other methods are used, like arrival at the destination costs (travel - cost method) or method of hedonic price, but, use of these methods for a public objects is more theoretical. By CVM methods in survey, we can examine the respondents with question how much are they ready to pay for the monument that is protected, or for restoration of the same monument. Besides these two values there is an overall benefit as a third type of value which include previous two. It derives from the fact that heritage may cause a positive impact for its residents. For example, buildings and cities as a cultural heritage can increase the overall benefit. If a passerby is walking in Paris or Rome and at the same time enjoys aesthetic and historical qualities of objects. Basically the economic value of this benefit is difficult to calculate a practical example. (6) (p 109). In addition to these parameters, which are used in the process of valorisation during putting on the list of cultural heritage, it is necessary to measure the actuality of a certain object in the society where is located. **The nominal value (N)** is often used as an independent unit of assessment that reveals the level of financial investment so far. The recently

renovated historic building have a higher nominal value than building that has been neglected or exposed to poor maintenance leading to unexpected costs.

The cultural value on the other side has no measurement units because of its multi-dimensional character. So it would be reasonable to diversify the value of the components, which consists of tangible and intangible cultural elements. One of the main characteristics of the object recognized by an individual or group, regardless of the expert criteria, which shows the beauty and harmony of the object is its **Aesthetic value (EV)**. There are numerous examples where the aesthetic quality of the facade or interior raises the overall value of the building. **The spiritual value (DV)** arises from the fact that the object can provide to people a sense of connection with the infinite, or can get a religious message or the meaning of certain religion or conviction. Examples include all the sanctities such as places of worship, churches, cathedrals, mosques and other buildings, as well as works of art that depict religious themes, or in secular terms that help to define the nature of human existence. **Social value** is derived from the definition of culture as shared value and beliefs that connects a particular community of people. Immovable cultural assets are transferred social value by informing people about the nature of the company itself or by contributing to social stability and cohesion in the community. **The historical value (IV)** is inherent for every object that represents heritage and represents valuable cultural component that can be easily noticed. The main advantage can be seen in the way how historical value helps defining of identity, providing connections with the past in order to discover the origin of the present. It includes all the qualitative and quantitative characteristics that can confirm the connection between the built heritage and the past and the spirit of the times. The ruins like the Parthenon and other ancient sites have the most significant historical value that prevails over other values. Regardless of the degree of structural stability or poor condition due to atmospheric influences, the time of appearance of this structure is the important fact worthy of respect. **The symbolic value** refers to how heritage can transmit different cultural messages, especially those related to cultural identity. The buildings that represent the heritage were often linked to political, religious and social events. In modern society, the ancient monuments are respected for various reasons, regardless of their present role. For example, the Parthenon throughout its history had four different forms: it was temple, then church, then mosque, and today becomes a museum piece. The ability of object to arouse national sentiments, it seems that sometimes this value can endanger the existence of historic buildings in its extreme and negative exposures, which may become the case in political conflicts. Even the destruction of the World Trade Center was an attack on symbolic value. **The value of authenticity** was attributed to the fact that certain objects are real, unique and inimitable. Supporting characteristic is integrity, which means that object is not amended, upgraded or destroyed. When you move an object to a different location, that object loses its value of the original, but has only a value as replica. **The**

location value increases when the places where there are heritage buildings is added cultural significance. This value is particularly important when objects are close to each other, as is the case in historical ambience units. The location value has places where important events for human history happend. Numerous examples can be listed, ranging from individual buildings in Venice which are located in a unique urban environment, to places in Serbia where important historical battles happened (6).

The differences between the economic and cultural value can cretate confusion in the process of evaluating of heritage. On one side are almost limited principles of economic assessment, on the other hand cultural value refuses to be precise, objective and effective. Two interpretations are confronted, creating an uncertain environment for cultural goods. The main question in the politics of cultural protection is emphasized which type of value should be accent while making decisions relating to the production, dissemination and use of cultural goods.

Economic values		Cultural values	
U	Use value	E	Aesthetic value
PV	Passive value	DV	Spiritural value
SU	Overall value	D	Social value
N	Nominal value	IV	Historic value
		S	Symbolic value
		A	Value of authenticity
		L	Location value

For practical reasons were necessary to develop multi-criteria method as a valuable concept to classify various objects. The challenge with this model is that it is should be sufficiently broad and inclusive to cover different categories of objects, from temple to folk architecture. It was necessary to be independent for the current legal protection of the objects and must have logical approach to allow comparison of the locations and values of changes for each building over time.

Here should be said that the perception of values in the evaluation diagram always be unique to a particular moment in time and it mainly reflects the individual progress of each object. All valuations are immediate and it is difficult to predict them in the future. The fact is the certain historic building due to immediate loss of one value can regain the respect after that loss and can be renewed, what proves that the value is not determined in time.

The official estimate of the value accepted by the decision makers in the the field of heritage for the establishment of legal value (LV) is theoretical and based on exclusive values. This value system is established with the aim to limited groups of experts to assess and civil perceptions of values are not included. Because of that often this type of value is misinterpreted by citizens.

Since the architectural heritage can contribute to the overall economic growth, it is necessary to do new value assessments which are based on the inclusion of the values accepted by the majority, which allow each to find its value element to guarantee the future existence of the built heritage. According to Thorsby, meaning of value is a prerequisite for any further economic behavior. Because of that it is essential to put the value of the object on the top, to put regular maintenance always present.

Analyzing these valuable units, it can be noted the concept of a multi criteria varies depending on external conditions that can improve some value over time. These variations are the result of the impact of actions that take place in society, with the possibility to initiate a movement where the built heritage is respected trough new variables. **Human percepction, from the other side, register that changes and they are identified as an Activator (A).** This may encourage the whole society to have different type of perceive of values of the built heritage and thus encourage behavior that is favorable for its protection. Because society is under constant change, external conditions are changed for every man and his experience of valuable. This is why some historic buildings remain significant, while others gradually fade into oblivion. (5)

To understand how the action stimulates the activators it is necessary to explain individual effect of each unit of this multi-concept value of the criteria in more details.

The historical type of value refers to the ability of heritage to transfer past time to our senses, while the cognitive value illustrates the scientific and technical dialogue with respect the facts about details. Religious or spiritual value is closely related to the practicing of religion. Aesthetic value refers to the exterior decoration or structure, and unlike the previous one is available to everyone for discussion. The first two values can be described as non-material values, as opposed to aesthetic that does not require a huge study.

The first two values engage more sense and can be said to initiate emotional activators, and aesthetic values related to surface characteristics and because of this are classified in a rational group.

Use value (U) refers to the possibility of profitable revenue of architectural heritage, while the nominal value (N) reveals financial or investment income. Both values represent a rational

assessment and together with aesthetic value (E) may initiate financial activators.

Multi-criteria value units				
Activators	Economic value	Cultural value	Legal value	Group
Emotional		Historic		I
Financial	Aesthetic, Use, Nominal	Authentic, Location		II
Political	Symbolic	Social, Spiritual		III
Obligational			Legal	IV

Symbolic value (S), which assesses the heritage based on political, religious or social filters can be incorporated into any of these groups. Because this value is hard to cause emotional or financial activators. This unit is a special third group and can cause completely unpredictable outcome for heritage. Therefore, this property triggers political activators. Symbolic value is able to establish a reliable stabilization of values that can lead to behavior favorable for protection of heritage. (5)

Since the introduction of legal protection facilities in France in 1790 and, most European countries have introduced this mechanism, too. The need to protect the architectural heritage the legal framework has been encouraged obligatory activators, not because of emotional or financial reasons, but from the need for institutionalized legal safety.

Consolidation of the multi-criteria value system and its impact on the activators means that the value units can vary the intensity over time. Two groups of activators can affect on value: the emotional (EA) a financial (FA), while the legal value (LV) and political activators (PA) may not increase the value of heritage. This perception of values may encourage behavior in a society that can be beneficial for funding heritage.

ACTIONS, PROOF OF ADAPTIVE VALUE AND THE KEY ASPECTS OF THE FINANCING

Statistics show that the number of facilities identified as a world cultural heritage is at the highest level, and a global awareness of the value of heritage has been also increased. Physical buildings have been existed for a long time, but our understanding of their values has changed. What society considers valuable cultural heritage is not absolute, but depends on what the spirit of the time is considered irreplaceable heritage.

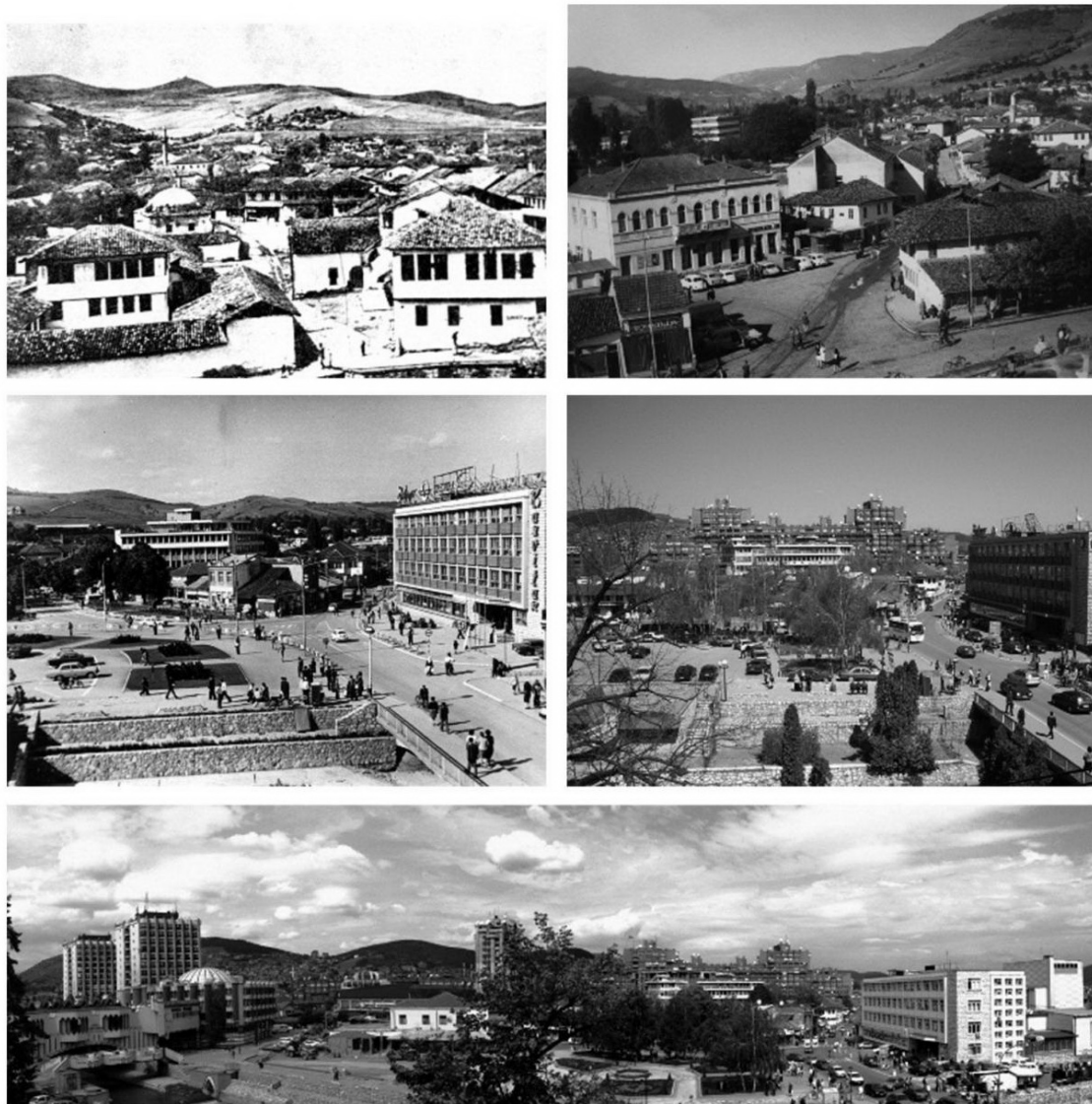


Figure 1. City landscape in 1916, 1960, 1970 year and today view of center of Novi Pazar

The case of the old town of Novi Pazar reveals the way in which society's attitude towards heritage can change in less than 50 years. The downtown was built in the mid fifteenth century,

first on the left and then on the right bank of the river Raska which reached its culmination in the second half of the seventeenth century, when it was a big and rich oriental bazaar, with several “hans” (stopovers), the caravansaries, covered bazaars, hammam and about 1200 stores. The mere fact that at the time of Evliya Çelebi in the sixteenth century Novi Pazar had the status of Seher, apart from Belgrade, Skopje, Sarajevo and only a dozen of other cities, speaks of the wealth and development of the city. From the nineteenth century until the liberation from the Turks in 1912, Novi Pazar achieved a significant degree of economic development and most of the historic buildings that are still here originate from that period. In the postwar period, historic city center has undergone significant changes, alterations, demolition and new construction. Especially in the last thirty years there have been major changes; instead of the old crafts which were dying out inadequate purposes were introduced, interventions were superficial, unprofessional and without analysis and the right access. Replacement of cobblestones with asphalt in 1965 as well as alive automobile traffic has further broken the atmosphere of the historic city center.

In urban terms, Novi Pazar is like most cities in the former Yugoslavia, and thanks to the changing social and ideological premises, it has experienced a drastic urban transformation after World War II. The first general urban plan of Novi Pazar was adopted in 1956, and its author was Belgrade architect Jozef Kortus. Soon after, in 1968, the Novi Pazar architects Toma Milovanovic and Amir Corovic brought the project of the city centre which gave the Novi Pazar city centre a completely new spatial and visual identity. With this solution of the city centre, dominated by tall buildings along the arched roads that form the wall, the city is divided into the centre and the periphery (7).

As it can be seen in the urban plan, the relationship of the architects toward the existing architecture was the refusal to fit in with existing architects’ tradition. Today, the most important remaining buildings from the 18th and 19th centuries on the left bank of the Raska, such as the building of the City museum, “Amir-aga khan”, symbol of the city and the building “Uniprom”, one of the most beautiful facilities of Art Nouveau architecture, were supposed to shelter and give way to new buildings in the pseudo Islamic style. With this architecture, the city was given a new identity, whose form does not reflect the inherited urban values but make brand new identity. Namely, the built live-shaped objects, meant to be something new and different, with its distinctive artistry necessarily aspire to the position of the visual dominant or formative point in the urban tissue. That’s how the unpurposeful competition has been produced between the elements of the urban structure, which, instead of operating in conjunction, interact as the opposition. The result of this spatial and visual competition is a powerful impression of the urban incoherence.



Figure 2, Han Granata, then and now

Facilities that were under the strict conditions of conservation and which were owned by the state since they were nationalized after World War II suffered significant damage. The most drastic example is the “Smailbegovica” Han from the eighteenth century, which was nationalized by the family Smailbegovic. The Han was in very poor condition last twenty years and required immediate intervention.

Insufficient financial resources for its maintenance and inadequate use of the facility led to its decline even faster. Even when the facility was returned to the heirs of the family Smailbegovic, due to lack of funds for maintenance and strict conservation requirements, the facility remained in the same condition for several years. The highlight of its destruction happened on 8 August 2013 when the entire facility went up in flames for unexplained reasons.

Numerous facilities in Europe that were destroyed due to inadequate purposes, or due to lack of funds for their maintenance, could generate new value and change the attitude of society towards those objects with the change of use. These fluctuations in the understanding of the value determine the fate of facilities, because they can stimulate people’s willingness to financially support the project. The very original purpose of the facility is not sufficient to determine our understanding of the value of the monument. A more likely valuation of the architectural heritage is determined by the balance of external factors or actions towards the heritage. Therefore, it is possible to change this image and to improve it.

Highly valued historic facilities have a greater chance for financial investment than those that are considered less valuable. Actions and external influences can change the contextual environment of the heritage. Therefore, the valuation of heritage refers to the way in which

people perceive the facility and not in relation to its constant physical structure, which is why we can say that some buildings have a continuous value. The increased level of respect toward the heritage should be re-established when the right circumstances arise. Awareness of the value is exchangeable and it gives us the opportunity to artificially improve our knowledge that would bring funding for heritage as much as possible.

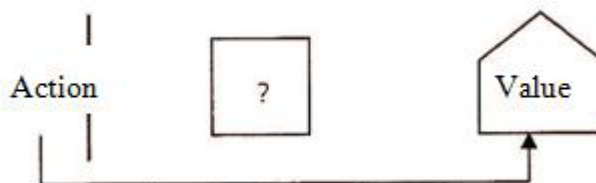


Figure 3, The ratio of actions and values

For example, if the purpose of the Smailbegovic Han in Novi Pazar had been more appropriate, citizens could have created a better relationship with the facility, which could lead to emotional activators (EA) which could stabilize an important historical value of the building, which had been altered by external actions. It could have included the access to the building in terms of unlocking the door of the Han for local and national activities, including the television broadcasting. Parallel to this, it would be necessary to spread information through brochures and booklets, in order to raise awareness. Increasing the potential value of the premises can stimulate particular groups to experience the Smailbegovic Han as a source or action, stimulating financial activators, such as organizing a local lottery fund devoted to taking measures to protect the Han. If this yielded positive results, it would eventually affect politicians and decision-makers to approve indirect resources or loans. If private financiers were motivated by the stimulus and refund policies, there would be a chance that they intervene in the fate of the Hana and contribute.

With multi criterion concept as a value-index it is possible to register the impact of external emotional and financial activators. Both groups of activators affect the decline of respect, as shown in this example. The proposed model for increasing the value of the Hana can be encouraged by the actions of provoking emotional activators. For this reason, the best approach for the owners is probably the one where they do not wait for funds to rebuild, but initiate some cheaper actions to stimulate emotional activators. Eventually this could lead to the actions of financial activators, such as loan financing or expected market growth of the facility, which would preserve the Smailbegovic Han for future generations in this case.

THE APPLICATION OF VALUE-STABILIZED FINANCIAL MODEL IN HERITAGE

To acquire more resources in order to ensure secure funding in future, above all it is necessary to examine the current funding mechanisms, the funders' motives, and how to define the value of the heritage and potential appeal. Then, the characteristics of the different funding sources should be examined as well as alternative funding options in order to solve the dilemma of funding heritage in future. To begin with, it is necessary to make an intellectual framework, then operative plan and heritage management plan in order to create the prototype of financial model of missing heritage management.

The demolition of historic buildings is excluded as a viable option for this model, since it represents an irreversible process and involves unfounded waste of energy and waste, as well as money. For this reason, the proposed model involves the acquisition of additional funds, savings and securing permanent financing. Identifying these areas is the focus of this study, and their relationship is expressed through the following statement: *The financial model must ensure that finance can be acquired, saved and maintained for the built cultural heritage* (7).

While the funding model refers to the process, the logical flow out of expression should be determined in such a way as to be operational. It would be possible by perfecting the basic model of financing which is applied within the economics and is used for the calculation of ensuring profit counting expenses and gain on sale.

Sales revenue (sales) **S** - Costs (Costs) **C** = Net profit (profit) **P**.

Inaccuracy in determining the first unknown in the equation explains that the funding model has two value units, these are **V_A** - values that trigger funding and **V_B** values which ensure future funding, called the limit values.

Based on the previous formulas, equations of the model of financing heritage can be expressed as follows:

$$(F + V_A) - C = V_B$$

F – Finance by the financiers, **V_A** – funds activated by the value of the facility, **C** – Conservation costs, **V_B** – Limit value

Operative financial model must ensure the finances of cultural heritage made (**F**) to be acquired (**V_A**), savable (**C**) and permanent (**V_B**) (2).

CONCLUSION

The new role of built cultural heritage, as an economic asset for development strategies, as was proclaimed by the United Nations in 1995 and the widened definition of built cultural heritage as a concept-, explains the rapid increase in the amount of what is defined today as indispensable global heritage. However, this highly-regarded affluence of built heritage sites can only be guaranteed when those sites receive regular maintenance, which naturally requires sufficient funding.

This predicts an inevitable growing finance deficit in the area of heritage, especially as this deficit is already critical internationally, because costs are also increasing. Financers' inducement to fund cultural heritage depends on that heritage's current value estimation and only highly revered sites qualify for support.

The critical condition of the architectural heritage in Serbia necessarily requires the action for its rescue and revitalization. Case studies in object in Novi Pazar illustrate how corresponding "Han Smailbegovica" can meet different fates owing to dissimilar external conditions and circumstances surrounding them. This implies that values are incessantly present in the built cultural heritage and so the level of respect with which a heritage site is viewed, can be re-established when the right external conditions, or actions, arise. The assessment thus reflects the human perception of values projected onto buildings and is not caused by the physical characteristics of the heritage itself. This is way it is possible to modify finance incentive conditions.

Emotional and financial activators proved to determine all economic interventions of the heritage finance model, since it is the activators which stabilize the value of the built environment by revealing the payback capacity of a financial commitment. Financial activators are easier to launch while emotional activators are typically inherited, but the emotional aspect can cause financial activators to rise. Heritage funding in Serbia has stagnated whereas finance policy in the other nations in this study, has progressed. This is due to the nationally weak emotional and financial activators in Serbia, which mean built heritage is at risk of falling into decay. Private finance incentive, which is required from now on, can only be efficient if indirect funding is nationally approved and completely new options for providing alternative funding were to become possible by including credit funding in governments' heritage finance policy.

The professional attitude in investment market, lottery funds and donators is what the heritage funding sector needs. To multiply financial sources, incentives for the private sector are decisive. Tax-exempt have effect for local advocacy groups which limit value turns and improves sustainability.

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