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Instituto Universitario de Estudios e Desenvolvemento de Galicia

GEOGRAPHY YOUNG SCHOLARS • 3

**TRANSFORMING CITIES:  
URBAN PROCESSES  
AND STRUCTURE**

**EDITORS:**

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# **Transforming cities: Urban processes and structure**

Young Scholars Book • 3  
Geography

Edited by  
Niamh Moore-Cherry and Maria-José Piñeira-Mantiñan

July 2013

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# Introduction


This third volume of the International Geographical Union Young Scholars Committee focuses on the theme of transforming cities in a range of international contexts from Europe to Japan. The individual chapters focus on particular dimensions of that transformation – governance, social, cultural and economic - drawing on on-going research from all of the scholars included. Key concepts such as urban and regional development, agents of change, urban structure and regeneration are examined. While the focus is on particular case studies, we believe these issues are of importance more generally and hope they provide a resource and contribute to a better understanding of cities and urban processes in comparative perspective.

The first chapter in the volume was a collaborative effort that emerged from the Young Scholars workshop held at the 2012 IGU Urban Commission conference in Dortmund, Germany. During that workshop, colleagues from across the world discussed a number of key issues facing cities with the overall goal of trying to address major similarities and differences faced by urban areas globally. Following the workshop, a collaborative writing exercise took place on-line to develop this paper that was then finalised by the editors.

The Young Scholars Committee aims to encourage participation and debate among younger academics on pressing urban issues at and beyond the regular urban commission conferences, as well as providing a forum for network-building and a platform for possible future research collaborations. Our goal is to develop a community of inquiry that shares and learns from international practice and can support better understanding of our towns and cities.

Niamh Moore-Cherry and Maria-José Piñeira-Mantiñán  
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July 2013





# A New Urban Crisis? International perspectives

Edited by:  
*Niamh Moore-Cherry and  
Maria-José Piñeira-Mantinan*

The IGU Urban Commission Young Scholars met at the annual meeting in Dortmund, Germany to discuss the theme of ‘A New Urban Crisis’. Over the last five years, the global economic crisis has re-shaped the context within which cities are developing. In many parts of the world, ‘cities are clearly on the front line when it comes to the impact of the crisis and ... will play a major role in both exploring and implementing many of the solutions which directly effect people’s lives’ ([www.urbact.eu](http://www.urbact.eu)). The radical transformations affecting the socio-economic structure are having particularly intense impact among urban populations and in the urban environment. Regeneration and development projects conceived during periods of growth are now put at risk by lack of finance for the new services they promised to offer. However, the ‘global’ economic crisis is not so global in nature. While Europe and North America have experienced major economic upheavals, other parts of the world have been less affected, such as Australia. In parts of the world, like Brazil, India and China economic growth is driving significant development

and generating management pressures. Our workshop aimed to explore the variety of challenges affecting cities globally, highlighting in particular global differences and similarities; to discuss whether it is possible to define a 'new' urban crisis or whether we are simply witnessing the intensification of 'latent processes'; and to share ideas / solutions / innovations that could present a path through the range of challenges being faced by urban areas.

## **Challenges being faced by cities**

In the contemporary context, cities face a range of social, economic, environmental/physical challenges. These vary spatially but a number of key issues can be identified at a macro-scale. During discussion, each participant identified the key challenges affecting the cities with which they are most familiar and the results are presented in Table 1 below. Broadly, a number of major issues have been defined as follows:

1. European cities have been particularly negatively affected by the economic crisis and key challenges appear to be: Unemployment, housing, attracting investment, transforming economic structures, lower budgets / income and lack of public money. In a Japanese context, maintaining urban vitality and developing sustainable suburbs are key issues in ensuring the continued economic development of the cities.
2. From a social perspective, a range of common issues have been identified that affect a number of regions. Specifically these include: ageing populations, small number of children affecting the viability of certain services, increasing social polarisation, safety issues particularly in immigrant neighbourhoods, exclusion, and how education policy can link to growth strategies.
3. However, cities globally are also challenged by environmental and physical issues, including *inter alia*, lack of public spaces, deterioration of public spaces and buildings, poorly planned and inadequate infrastructure, issues relating to climate change, particularly in an Asian context, and lack of clarity about how best to develop the idea of 'eco-cities'.

While some of these clearly affect cities all over the globe, others are more regionally-specific. Our discussion therefore continues by assessing the most appropriate scale at which to understand and therefore begin to address urban challenges.

## **The scalar dimension**

Urban areas worldwide currently face significant challenges that might impact their future viability and vitality. These dynamics are completely reshaping our thinking about cities and other urban areas and have to do with economic, social, physical and environmental issues as well as with cultural, identity and individual challenges. It is necessary to question their regional implications to understand the issues planners need to deal with.

When we consider the significant number of challenges from different points of view, one can conclude that almost all have a global dimension. Focusing on the social dimension, questions like ageing, education or unemployment arise as major issues for almost all regions, as seen in the scientific literature and the political discourse in recent years. Economically, globalization and internationalization processes have turned the world into a global playing field where all urban areas compete. In this context, innovation and competitiveness emerge as key words to understand the global urban challenges. Regarding environmental aspects, sustainability became one of the main global urban objectives of the last decade of the 20th century, even though a majority of countries and regions have tended to favour economic growth at the expense of environmental concerns. Finally, physical challenges also appear at the global scale, translating the effects of social, economic and environmental policies on the urban territories through housing, accessibility and mobility policies.

Although we argue that most of the current urban challenges arise at a global scale, we propose that these global problems have different rhythm scales and should be dealt with on a regional level. The “spiky world” identified by Richard Florida is characterized by a differentiated distribution of population, economic activities and innovation dynamics, but also by other factors such as social and cultural differences. Subsequent local idiosyncrasies must be taken into account when looking at practical

solutions. Regional economic issues, predominantly innovation and differentiation, are particularly relevant in today's global world. Regions need to find and sometimes alter their own *raison d'être*, and find niches through which they can compete on a global stage. As far as housing is concerned, some areas experience a lack of affordable housing while others deal with the quality and diversity of the housing stock. Issues arising from the development of high density urban areas in Asia or in South America (e.g. Brazilian favelas) are very different from problems relating to the flight from the city in some European cases. In terms of labour, some countries are dealing with growing numbers of youth unemployment (e.g. the "PIIGS" – Portugal, Ireland, Italy, Greece and Spain) while others are still dealing with working condition reforms. Indeed, while most of these problems are global in nature, they manifest themselves very differently at the local level.

In this context, governance and welfare emerge as key elements to consider in understanding urban challenges and potential solutions. Due to the global dimensions of these challenges, it is possible that cities and regions can learn from each other across the spectrum. New governance and planning models emerging around the world can be examined and adapted to achieve better welfare and sustainability, albeit within the context of different social and cultural norms that structure and influence approaches to change. The challenges that make spatial planning increasingly complex in our everyday changing world are multi-scalar and multi-temporal. Despite the importance of global concerns, responses to current challenges must be adaptable to the specificities of each area and responsive to particular territorial and population needs.

## **Opportunities to address urban challenges**

Finding solutions to the challenges of urban policy may in the next 5-10 years be more difficult than before. In the face of the economic crisis and the declining GDP growth rate, a major problem arises – how to generate financial resources for urban development. In new economic conditions large infrastructure investments such as the flagship and symbolic projects that drove the development strategies of cities across the world in the 1990s and first decade of the 21<sup>st</sup> century may be difficult to realize. It will also be

more difficult in the current fiscal environment to obtain funding from national budgets and international funds (e.g. European Union) to address urban challenges.

In this context, the need for more communication and cooperation between cities should be underlined. On the one hand, it is important to share experiences and best practices. The effective, efficient and socially acceptable solutions to urban problems that were successfully introduced in some cities can make their way, in a culturally sensitive way, to other urban regions. Cooperation could also lead to joint investment projects or at least coordination of urban development strategies and programmes across regions and perhaps frontiers. Instead of competing and ‘copying’ metropolitan or supra-local functions, especially those that require costly investments, a focus on achieving greater complementarity between cities and regional centers should become a priority.

The more rational management of public funds is required and this could mean moving away from large flagship ventures to more human-scale projects, which directly benefit the citizens and involve the more in creating urban development policy. The crisis calls for increased public participation in the management of the city and could be an opportunity to remodel city management structures in order to increase participation and create more liveable cities.

TRANSFORMING CITIES: URBAN PROCESSES AND STRUCTURE

| <b>Economic</b>  |                                 | <b>Social</b>  |  | <b>Physical</b>  |                                     | <b>Other</b>  |                                 |
|--|---------------------------------|--|--|--|-------------------------------------|---|---------------------------------|
| Linking urban growth to port development, new types of activity for them                                       | Le Havre, Antwerp, Rotterdam    | Deterioration of city centres                                      | Small and medium-sizes cities in Japan | Sustainable development in suburbs (housing)                     | Tokyo                               | Climate change, CO2, Energy                                 | Tokyo                           |
| Urban employment in relation to port needs   | Le Have, Antwerp and Rotterdam  | Destruction of welfare state'                                      | Girona                                 | Big projects which end in a financial disaster                   | Bonn (but also other German cities) | Freiburg as 'ecocity'                                       |                                 |
| ~  | Shangha (China)                 | Youth unemployment   | Girona                                 | Poor condition of old tenements (pre-1914)                       | Poznan                              | Separation of living quarters by large transport arteries   | Antwerp                         |
| Lower budget income (central govt cuts in taxes and subsidies, suburbanisation and outflow of richer residents | Poznan                          | Drugs and criminality  | Porto                                  | Road infrastructure from Communist period                        | Poznan                              | Lack of greenspace  | Tokyo                           |
| High debt as result of Euro 2012 investment  | Poznan                          | Concentration of poverty   | Porto                                  | Deterioration of builings and public space                       | Porto                               | Public transportation & mobility                            | Tokyo and other Japanese cities |
| Overurbanisation   | Tokyo                           | High% of aged people in urban centres                              | Porto                                  | Parking and accessibility  | Porto                               | Efficient public transport between city core and urban area | Santiago de Compostela          |
| Position of Moscow in relation to other Russian cities for FDI   | Moscow                          | Aging  | Cities in Tohoku region, Japan         | Governance and planning: the "real" functional city and mobility | Girona                              |   |                                 |
| Maintaining vitality of city in post-growth society  | Sendai City, Japan              | Aging and low fertility  | Japan                                  | Pollution  | Girona                              |   |                                 |
| Unemployment   | southern Europe                 | Housing crisis, especially housing lower classes                   | Paris                                  |  |                                     |   |                                 |
| How to continue to attract MNC's   | Lausanne                        | Resistance against large infrastructure projects (NIMBY)           | Antwerp                                |  |                                     |   |                                 |
| Lack of money to solve problems  | Porto                           | Social polarisation  | Brussels                               |  |                                     |   |                                 |
| Lack of regional articulation concerning, for example, housing policy  | Porto                           | Harassment of women and general unsafety in migrant neighbourhoods | Brussels                               |  |                                     |   |                                 |
| Economic diversifications  | Santiago de Compostela          | Age prpblem  | EU and China                           |  |                                     |   |                                 |
| Local debt / debt of the communities   | Bonn and North Rhine Westphalia | Food security  | China                                  |  |                                     |   |                                 |
| Long term recession and negative economic condition  | Tokyo                           | Overpoliticised decsions   | Hungary                                |  |                                     |   |                                 |
| Housing shortage / bubble  | Paris                           | Lack of transparency in development projects                       | Hungary                                |  |                                     |   |                                 |
| Transform economic basis from reliance on construction and unskilled services                                  | Girona                          | Social polarisation  | Ruhr region                            |  |                                     |   |                                 |
| Housing at affordable prices   | Girona                          | Aging and low fertility  | Tokyo                                  |  |                                     |   |                                 |
|  |                                 | Insecurity, mobility, pollution                                    | Mexico City                            |  |                                     |   |                                 |
|  |                                 | Favouring use of cultural facilities by cultural associations      | Santiago de Compostela                 |  |                                     |   |                                 |
|  |                                 | Lower number of children and young people / closing of schools     | Poznan                                 |  |                                     |   |                                 |
|  |                                 | Ageing of population   | Poznan                                 |  |                                     |   |                                 |
|  |                                 | Movement / anti-capital movement                                   | Berlin                                 |  |                                     |   |                                 |

**Table 1: Selected challenges facing contemporary cities globally**



## **Conclusion – A possible research agenda**

This short paper has reported on the collaborative work undertaken within, and after, the Young Scholars workshop at the Dortmund conference. The different challenges faced by cities in Europe, Asia and Latin America at present are recognised, but all are developing within specific local and national contexts influenced by more general global trends. The possibility of adopting cross-national and comparative approaches to understanding and dealing with pressing urban issues has been highlighted and provides a possible research agenda into the future. Some of the themes examined in this paper such as the need for multi-scalar understandings of urban governance, housing crises, regeneration and the financialisation of the city are discussed in more detail with reference to specific case studies in the following chapters.

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# Multi-level development perspectives and the European Capital of Culture: Pécs 2010 and Turku 2011

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## **Abstract**

This paper analyses the role of multi-level governance in the development and potential long-term impact of individual European Capital of Culture (ECOC) projects. By introducing the relationship between regional and national development plans and the ECOC, the study reveals why the general guidelines of the ECOC programme are interpreted in dissimilar ways. It illustrates how they are differently adopted not only at European and local local, but also in response to national and regional potentials and preferences. The paper draws on research carried out about two cases; the Pécs 2010 (Hungary) and the Turku 2011 (Finland) ECOC projects.

**Key words:** European Capital of Culture, multi-level governance, spatial development, Pécs-Hungary, Turku-Finland

## Introduction

The European Capital of Culture (ECOC) initiative has been rapidly gaining popularity since its launch in 1985; the competition for the title is increasing, the selection procedure is getting more complex, and project proposals are growing more and more comprehensive. By hosting the event, cities seek to create conditions for enhancing their competitiveness and promoting urban development. However, the initiative means far more than a simple urban development project serving the aims and needs of the hosting cities alone. The implementation of the programme is managed by the European Commission, and the national governments also have an important role in the evolution of the individual ECOC projects both in terms of co-financing and related to development strategies.

Sykes raises the issue of the “multi-scalar and layered nature” of the ECOC projects (Sykes 2011:9). The current paper reflects on this by explaining the processes between these different layers of interest and authority with particular reference to the Pécs 2010 and Turku 2011 projects, thus adopting a multi-level governance perspective. The ECOC initiative is one of the most flexible programmes funded and co-ordinated by the European Union, and throughout its history of nearly three decades, several successful schemes have been developed by participating cities. However, it is important to note that straightforward copies of solutions offered by local success stories often do not fit in their new contexts due to differences both between local socio-cultural environments and country-specific institutional arrangements. Hence this paper continues Booth’s discussion that research on the processes and effects of the ECOC programme need to go way beyond the simple study of “specific inputs and outputs of the localities compared” (2011, 24-25). Furthermore, the analysis is narrowed down to a focus on the latter of the above mentioned reasons for diverse local contexts. Although the study is based on experiences from two particular ECOC cases, it analyses why the general guidelines of the ECOC programme can (and are) being interpreted in different ways and by what processes they are adjusted in response to European and local, but also national and regional, potentials and preferences.

## **An attractive instrument for urban and regional development**

As the decline and abandonment of city centres became a common feature of urban Europe in the 1980s, cities responded by preparing different local strategies to attract new inward investment, diversify their economies by introducing new service sectors, as well as to reduce unemployment and develop local infrastructures. Decision makers paid increasing attention to the expansion of sectors like leisure, tourism, the media and other ‘cultural industries’ in order to compensate for the jobs lost in de-industrialised regions, as well as to improving the safety and accessibility of city centres and encouraging open-air, free events (Bianchini and Parkinson 1993). Even in cases where structural changes did not necessitate functional revitalization and architectural rehabilitation, and especially in the case of non-capital cities, organizing major international events can offer global competitive advantage for cities. One-off ‘mega-events’ (e.g. Olympics and ECOC) are such opportunities, as they have international significance and participation (Apostolopoulos et al. 1996). Notwithstanding their temporal nature (i.e. generally happening only once in the same location in any given period), in the hope of raising their profile and getting a significant economic return, cities are willing to put enormous efforts into applying for, preparing and hosting such events.

This study is focused on one particular urban cultural project, a cultural mega-event of increasing popularity in the last two decades, the European Capital of Culture. The ECOC event is different from other cultural events not only because of its time-frame (the title is awarded for a whole year and the hosting city gains international attention years before holding the actual event) but also because of its expected significance for urban and regional development.

However, a more sustained impact can be achieved only if projects are supported on as many levels as possible, and involve a range of groups and parties from the planning stage through the organisation process to the event year. The major focus in this paper is the role and motivations of local governments and national authorities, as well as partly of regional agencies in carrying out the ECOC projects.

## **Multi-level governance aspects: a local mix of various European, national and regional interests**

In the European context, the phrase ‘*multi-level governance*’ was used first by Marks (1993) to explain developments in EU structural policy after 1988. More recently, the concept has been applied more broadly to EU decision-making. Multi-level governance is a product of two main processes: integration has shifted influence on many fields of policy-making from national states to the European level, while regionalization processes have opened up more space for subnational levels of government. Multi-level refers to the increased interdependence of governments operating at different spatial scales, while governance describes the growing interdependence between governments and non-governmental actors at these different spatial-administrative levels. While it is still the nation state where most of the decision-making occurs, the politics within that policy arena may be heavily influenced by the European context (Hooghe and Marks, 2001). Public administration of the EU member states go through a convergence process (especially in terms of forms and scales) as the implementation of European policies is performed by the national administrations. However, there are still no general schemes for territorial integration; the convergence and Europeanisation of public administration occurs in with the context of different needs, power structures and values (Pálné Kovács 2009, 2011). Importantly, in the multi-level governance concept, the ‘region’ is rendered as a bounded space (where lower-scale spatial entities are contained by higher-level regions) often for the practical purposes of territorial administration, monitoring and measuring development and performance, as well as to facilitate the disbursement of regional assistance programmes.

With respect to governance, the European Capital of Culture initiative provides an interesting example of contradictory processes; the unique combination of local, national and European sets of conditions and interests do not always support each other in every respect.

Currently, the European Capital of Culture action is one of the ‘special actions’ included under Strand 1.3 of the Culture Programme (2007-13) of the EU. Since these ‘special actions’ are considered as one-off actions, there is no particular emphasis on their sustainability, i.e. their continued, long-

term positive impact. This is reflected in the funding policy of the ECOC: the European Commission, through the EU Culture Programme awards a one-off financial support (Melina Mercouri Prize) of a maximum of €1.5 million for the event year. Because the implementation of the programme is managed by the European Commission, it is expected that individual projects have a very strong symbolic focus on the European level. Being one of the main criteria of a successful application for the title, this is often referred to as the “European dimension”, aiming at highlighting the richness and diversity as well as the common features of European culture(s). The objectives of the ECOC initiative therefore are strongly framed around EU policies, such as the ‘European Agenda for Culture in a Globalising World’ and the ‘Article 167’ of the Treaty on the functioning of the EU. The Agenda was built on three interrelated sets of objectives: “promotion of cultural diversity and intercultural dialogue; promotion of culture as a catalyst for creativity in the framework of the Lisbon Strategy for growth and jobs; promotion of culture as a vital element in the Union's international relations”. (CEC, 2007). The Article states that “the Union should contribute to the flowering of the cultures of the Member States, while respecting their national and regional diversity and at the same time bringing the common cultural heritage to the fore”. The Article states that “the Union should contribute to the flowering of the cultures of the Member States, while respecting their national and regional diversity and at the same time bringing the common cultural heritage to the fore”.

Aiming at grand European-level objectives, but receiving only minimal direct financial support from the EU, the European Capital of Culture programme has developed in specific ways. Despite the fact that funding does not specifically finance sustainability aims related to the individual ECOC projects, the event is generally meant to have long-term effects on the cultural, social and economic development of the city and its region (Rampton and McCoshan, 2010). In other words, while the ECOC initiative is not directly aimed at the promotion of local urban and regional development from the Commission’s point of view, cities try to make the most out of the powerful brand the title gives them. In order to achieve maximum benefits, many of the ECOC cities try to mobilise a great diversity of local actors, and invite ones from beyond their limits, too.

## **Local/regional and national development plans and the ECOC**

The ECOC concept has always been broadly defined, having a set of very general features, which might be due to its intergovernmental origins. As a consequence, it is often considered as the most flexible programme of the EU, providing guidelines for applicant cities rather than outlining strict criteria for participation. Sassatelli (2006, p. 34) claims that indeed, this lack of central control and the relatively small scale of the funding contribute largely to the general popularity and success of the ECOC by “avoiding the feeling that the programme is a top-down invasion of the delicate sphere of cultural identities”. As a consequence, both the way of using the ECOC label and the real budget of the project mostly depend on the hosting country and the city or city-region. Because the funding largely comes from (or at least through) the national and local level, the primary factors driving the individual projects are to be found in regional development strategies and plans. In order to understand the reasons behind the different approaches of the Pécs 2010 and Turku 2011 projects to the European Capital of Culture initiative, we need to be familiar with the main characteristics and directions of the Hungarian and Finnish spatial development concepts, representing the so-called “visible power relations” (VeneKlasen and Miller, 2002) in these two countries.

### **Pécs 2010**

Hungary's urban network is rather monocentric due to the substantial development of the capital and its surrounding region. One of the most important aims of the ECOC programme in Pécs was to support the process of cultural decentralisation in the country, or provide a counter-balance to the dominance of Budapest in cultural life. This very aim of the project fits well into the national development priorities. The Hungarian National Regional Development Concept aims to promote territorially more balanced, polycentric development through six development poles, and strengthen their roles as regional centres. This means the reinforcement of the regional (innovation, economic, cultural, governing and commercial) functions of the



poles, but simultaneously creating the necessary preconditions for spill-over effects: good accessibility, co-operation links, and the development of sub-centres. The different measures of the Development Pole of Pécs programme are defined in the South Transdanubia (NUTS 2) regional Operational Programme in which the Pécs 2010 European Cultural Capital programme was designated as a flagship project (DDOP 2007).

Even though this aspect had not been emphasized in the call for competition, due to a primary focus on the national and regional development concepts, the application by Pécs for the ECOC title concentrated very much on the regional dimension. The promotion of the cultural and tourism sectors is of outstanding importance in Pécs, and the plans proposed in the application document for the ECOC 2010 focused on these two inter-related and strategically important sectors. The main concept of the project was to create a real international-regional cultural centre outside of the traditional development-axis of Vienna-Budapest. Development potentials were envisioned in interregional co-operation; therefore, the inclusion of not only the Hungarian South Transdanubian region but also of the cities of its broader international cultural region was an important feature in Pécs's application. (Takáts 2005)

The regional dimension of the Pécs 2010 project was very clear in the bidding phase. It integrated the smaller towns of Southern Transdanubia and the major cities on the boundary of the region. By the event year, participants and events from over 40 settlements in the region had aligned with the ECOC, even though most of them could not get direct financial support from the project. This kind of inclusion of the wider region was seen as advantageous both by the city and the surrounding areas, especially in terms of tourism. The city of Pécs could only generate and hope for the continuation of longer-term tourist visits if it 'joined forces' with its strong 'hinterland' with rural, wine and health tourism potentials. Equally, other municipalities that were linked to the project hoped to benefit from their use of the Pécs 2010 brand during the cultural year.

## **Turku 2011**

Since the recession of the 1990s, the Finnish national government has prioritized investment into research and development. A key driver was to strengthen the competence bases of urban regions, to integrate them into the national innovation system and link them to global information hubs. A study conducted by Nordregio concluded that Finland was the Nordic country “with the most systematic approach to urban issues in regional and national development strategies”. The development programmes in this country “see urban areas as the main targets” (Nordregio 2006, pp. 59-60). In the framework of the Finnish innovation strategy, the Centre of Expertise Programme (launched in 1994) has had a clear focus on cities at the top of the urban hierarchy (comprising 21 urban regions in 2007-2013). The Regional Development Act of 2003 included an explicit urban-centred articulation of growth dynamics, and the aims of regional development for 2007-2011 follow this closely.

Not only the general regional development aim of strengthening the urban centres is supported well by the ECOC programme in case of Finland, but the project aims of the Turku 2011 programme also reflected the same development priorities. Two of the five priority axes in the Southern Finland Operational Programme (representing a NUTS 2 region), namely, the development of large urban areas and supporting special interregional themes (e.g.: networking between the business and public sectors, environment, well-being, international co-operations) are identical with the main objectives of the Turku 2011 project, i.e. increasing well-being, developing creative industries and cultural exports and strengthening internationality (Määttänen, 2010). Echoing the national development priority of increasing well-being, the Turku 2011 project evolved in a rather particular way: the practice of the so-called 'cultural prescriptions' had been introduced for the cultural year, which promoted culture by free tickets to events prescribed by 'municipal healthcare'. This is perhaps indicative of the Finnish national ambition to retain the strong welfare state and support social equality (Andersson and Ruoppila 2011).

Turku is the centre of the Finland Proper Region (Varsinais Suomi, NUTS 3), and the majority of the region's population (approximately 300,000 people) lives in the Turku Region (Turun seutukunta, LAU 1) with 180,000 people within the limits of the city itself. Based on interviews with the city government (Akkanen 2010) and the Turku 2011 Foundation (Hätönen 2010), the inclusion of the region was not the most important aim of the project. Because of the high spatial concentration of the population, by organising some events with the Turku 2011 label in the nearer surroundings of Turku (which are the most populated municipalities), regional participation was still embraced in the Turku 2011 project, but – in contrast with the Hungarian ECOC - concrete initiatives for the more extensive inclusion of the wider region (e.g.: Southwest Finland) were not apparent.

## **Effects of local conditions and interests**

### ***Pécs 2010***

The constrained finances of local municipalities in Hungary from the beginning of the 1990s for general urban refurbishments and developments resulted in the emergence of an opportunistic development strategy. As with other applicant cities in the country, Pécs viewed the ECOC nomination as an opportunity for large-scale urban regeneration, and a chance to access resources for long-desired urban developments (not only cultural buildings, but also public spaces, such as squares, parks, playgrounds, etc). Consequently, from the very beginning, a key pillar of the Pécs 2010 European Capital of Culture Programme was urban infrastructural investment, with high expectations for economic regeneration in the city and its region. This intention was reflected in the budget of the Hungarian ECOC project. Over €160 million euro was spent, 80% of which was spent on 'hard' construction projects, leaving only 20 percent assigned to actual cultural events.

The promotion of a strong civil society is still in the process of evolution in Hungary (Kuti 2008) and the disconnect between the idea of (local, regional) civil initiatives and existing (more centralised) structures was highlighted by the Pécs 2010 programme. Similarly to other European

Capital of Culture projects, the cultural program for the ECOC year in Pécs was organised by a separate, temporary organisation set up during the preparation phase: the Pécs 2010 Management Centre. However, as the cultural year approached, the national government took more control over the preparations through an Art Council set up in March 2008 (with three local members, two members from Budapest and one international). As programme development was not considered efficient enough, the government gave support through the Budapest-based national event organiser company, Hungarofest Ltd. to organise the final program for the cultural year. The original local initiative of the ECOC project of Pécs was gradually taken over by national control, including a growing number of actors in the fields of cultural planning and production from outside the city and its region.

### *Turku 2011*

In contrast, local decisions on cultural planning and production were one of the most important aspects of the Turku 2011 project. There is a tendency among the European Capital of Culture projects to create a separate management organisation for the purpose of the event, but the degree of independence varies among the cases. In Finland, the cultural program of the ECOC year was managed by the Turku 2011 Foundation (building on the positive experience of the Helsinki 2000 ECOC), supported by the Turku City Council but relatively independent from the city (as well as national) administration (Rampton et al. 2012). The Foundation was operational from 2008 and took charge of all preparations and the cultural programme. Through the establishment of a separate organisation the aim was to build a temporary, politically more independent institution to engage with the cultural sector, private organisations in other sectors as well as the wider public.

The majority (65%) of the actual content of the Turku 2011 programme came from open project applications; around 1,000 project proposals were submitted to the Foundation following an open call as early as in the spring of 2008. In contrast with the Pécs 2010 ECOC, a single artistic director was not appointed for the whole programme, instead, each project had their own artistic director and the Foundation's role was to provide assistance.

## Conclusions

The purpose of this paper was to analyse one evident influential force that effects the implementation of the individual projects; institutional frameworks and governing powers at different scales. This study does not touch on the social embeddedness of the projects, which is an equally important element in the evolution of the individual ECOC projects. However, the complexity of the issue is well explained by looking at the visible, multi-level governance processes surrounding the European Capital of Culture programme. When a city aims to use the ECOC brand and the direct kick-off fund from the European Commission, various complementary local, regional and national resources need to be recruited.

Existing national development plans already provide a project framework to a large extent. Hungarian national and regional development strategies aim to work against the long-standing monocentricity, focussing on the development of second-tier cities and strengthening the regional hinterland. This trend could be detected in the majority of the applications in the national competition for the ECOC title, and was especially visible in the winning Pécs 2010 project. Finnish spatial plans have a clear focus on the further development of strong urban centres to promote national competitiveness and innovation. Beyond this, the Turku 2011 project reflected other national development priorities such as promoting healthy lifestyles and general well-being or developing creative industries.

Not only European or national priorities shape the projects, but the different local power-relations and interests influence them in various ways, too. For example, the local combination of urban regeneration-oriented strategies and the availability of financial resources can move ECOCs towards hard-infrastructural developments. Management of the event can also evolve in different ways depending on local power-relations and the level of inclusion from the planning phase to the actual cultural events. Based on the two examples studied above, the initial hypothesis that European Capital of Culture projects evolve variably is supported. Understandably, the variability of the constellation of power relations between the local-regional-national levels is particularly important for a programme such as the ECOC, where the set of criteria for participation can

be the subject of multiple interpretations, and where the learning process is an important part of the whole initiative.

It can be concluded that some sort of co-existence of and co-operation between different spatial-administrative interests are inevitable for many reasons. Firstly, different spatial-political levels are driven by particular interests and they perceive different opportunities in the ECOC title. Secondly, the European Capital of Culture projects always need to draw on various, complementary resources not only to win the title, but more crucially to realise a large-scale event. Finally, but most importantly, the co-operation of these spatial-administrative interests is required to meet their common aims of sustaining a positive impact from the event. However, the relative influence of local, regional or central/national powers largely depends on the wider political cultures, which can vary between European countries.

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# Urban regeneration and city centre governance in Porto

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## **Abstract**

In recent decades, urban territories went through a set of transformations that affected and transformed the way cities deal with their problems. New spatial patterns, structures and management models have emerged, highlighting the importance of scalar articulations and the relations established among actors and spaces of different types and at different levels. In Portugal, as in many countries worldwide, urban regeneration is seen as a fundamental strategic element, associated with a broad set of economic and fiscal supports and incentives to integrated intervention, and delivered based on the principles of governance. This paper focuses on the relationship between governance and regeneration with special reference to the project of Morro da Sé (Porto), with particular reference to: the balance between architectural/physical investments and socioeconomic issues; the growing importance of private investment (even though public funds continue to be very significant) and the so-called “privatisation of urban regeneration”, concentrated around the interests and influence of large economic actors; the solutions designed to involve different partners, to promote participation and to develop collectively integrated urban regeneration strategic processes; and finally scalar articulations and regional cooperation.

**Keywords:** governance; planning; Porto city centre; public policies; urban regeneration

## **Introduction**

Recent economic, social and political transformations, in addition to the increasing complexity of the territorial-organised mosaic have, in general, illustrated that the post-war governance model (Jessop, 2003) has been unable to adapt to change arising from the globalization and internationalisation of the economy (Amin and Thrift, 1994; Castells, 1996; Jabbara and Dwiveri, 2004); the emergence of the private sector (Young et al, 2006); fragmentation and failure of the political system (Healey, 1998; Keil, 2006); transformations in the system of international relationships (Albrechts et al., 2003); and the revival and strengthening of local and regional identities (Albrechts et al., 2003). This is the backdrop against which we should take into consideration the growing importance of cities and the emergence/enhancement of governance concepts and urban regeneration. Particularly in Europe and in the case of older areas of the largest cities, it is recognised that abandoned spaces cannot be regarded simply as problem areas in their physical environment, but rather as sensitive economic and social spaces that require innovative and more integrated planning models and instruments (Van Marissing et al, 2006).

Following this argument, planning is now undertaken within a governance framework, involving a large set of practices (planning and management), activities (public and private, and “third sector”, usually strongly linked and interdependent), players (of various kinds) and territorial bases. In the case of urban centres, these strategies seek to “revive”, “reorganise”, “rehabilitate”, “enhance” and/or “improve” them through material actions designed and implemented in an integrated way, and coordinated with social and economic interventions.

## **Governance, regeneration and urban policy in Portugal**

The development of Portuguese urban policy has, in general, followed European policies, investing in capacity building and bolstering the participation of various local agents in planning and urban rehabilitation processes (Serdoura and Almeida, 2009). Gradually more integrated models were developed based on governance principles and expanding the scope of

urban rehabilitation to include urban regeneration processes as well as all policies aimed at improving urban space and the welfare and quality of life of the population. This integrated approach meant the transformation of procedural models of thinking and the identification of a set of goals much closer to the residents needs. Urban management and governance became much less based on the influence of institutional powers and focused more on the importance of partnerships, participation, cooperation, integration and flexibility (Lopes, 2009).

A set of changes and reforms in the State's organisation and operation, as well as in the instruments of territorial management are closely linked to European principles and guidelines of decentralisation, accountability, participation, coordination, cooperation, partnership and contracting (Ferrão, 2010). However institutional cooperation and the practice of governance is still limited in Portugal, a context that illustrates "institutional atomism", "insufficient trust between players to share joint solutions for the same problems" (Feio and Chorincas, 2009, p. 147) and a political culture marked by changes in policy guidelines with every general election. Nonetheless key urban regeneration processes are underway, especially through the Partnerships for Urban Regeneration programme (PRU) that resulted in the establishment of Urban Rehabilitation Societies by the central government and municipalities after 2004.

The PRU is a very important instrument to enforce the City Policy POLIS XXI, defining the mechanisms used to support interventions in intra-urban spaces, to finance integrated programmes, prepared and implemented by local partnerships. According to POLIS XXI, the Local Partnership should correspond to a structured and formal process of cooperation between the various entities committed to a common Action Programme intended to regenerate a specific territory of a given city. In addition to the municipality, it will involve companies, business associations, central administration services and other public entities, providers of public services, in particular in the areas of transport and environment, education establishments, vocational training and research, non-governmental organisation, residents and their associations, and other urban players holding relevant projects for the urban regeneration of the territory in question. They aim to build a shared vision for the future, and enable greater articulation between cities, and between cities and surrounding areas. This paper analyses the action

programme for Morro da Sé, one of the four programmes being implemented in the historical centres of Porto and Vila Nova de Gaia.

## **Urban regeneration and governance in Morro da Sé**

The “Urban Rehabilitation Programme for Morro da Sé” involves a total investment of about €15.5M (with the support of about €7M of EU funding through the PRU), allocated to 12 operations:

1. O1 – Creation of a students’ residence;
2. O2 – Creation of a tourism accommodation facility;
3. O3 – Expansion of the Seniors Residence;
4. O4 – Enhancement of the image and energy efficiency of buildings;
5. O5 – Qualification of the public space;
6. O6 – Creation of a Proprietors Advice Bureau;
7. O7 – Set up and implementation of the Urban Area Management (GAU);
8. O8 – Implementation of the Entrepreneurship Programme;
9. O9 – Promotion of self-esteem stories/workshops;
10. O10 – Prepare a documentary;
11. O11 – Set up the technical support structure;
12. O12 – Carry out a communication plan

The Urban Revitalization Society (SRU) “Porto Vivo” coordinates the programme. Apart from PRU, the SRU is also directing interventions in housing with a public investment of about €8M and a private investment of about €15M, raising the total amount for urban rehabilitation and regeneration of Morro da Sé to about €38.5 M.

### ***The nature of operations: regeneration or rehabilitation?***

The analysis of the twelve operations comprising the Urban Rehabilitation Programme for Morro da Sé, if based on the PRU regulations (table 1), shows the strong focus on economic development and the upgrade of public spaces, comprising about 91% of the total amount of investment. If

we look closely into the different operations, we can see that the strategy defined to promote economic development is largely associated to two major infrastructures (undertaken by public-private consortia, wherein the exclusive right to operate for 50 years is assigned to one of the consortia formed by three private entities).

| Type of activity     | Qualification of the public space and urban environment | Economic development | Social development | Cultural development | Management and fostering local partnerships | Activities that cut across all areas |
|----------------------|---|----------------------|--------------------|----------------------|---|--------------------------------------|
| Number of activities | 3   | 3                    | 2                  | 1                    | 2   | 1                                    |
| Investment (%)       | 24,27%  | 66,72%               | 6,37%              | 0,08%                | 1,86%                                       | 0,70%                                |

Table 1 – Type of activities in the Urban Rehabilitation Programme for Morro da Sé, according to PRU Regulations

The analysis of the three pillars of urban regeneration (Table 2) shows that investment in the physical dimension comprises 96.76% of the total investment including enhancement of the public space (including interventions done in streets and building façades), energy efficiency of houses and rehabilitation/reconstruction of buildings for hotel and students' residence, or improvement of existing social services (old age residence).

| Dimension         | Architectural/<br>Physical<br>(interventions in the public space, buildings and urban environment) | Economic<br>(Direct support to the environment and local economic agents) | Social<br>(support to residents, disadvantaged groups and strengthening identity / culture) | Others<br>(cross-cutting activities or to foster and manage local partnerships) |
|-------------------|--|---|---|---|
| No. of activities | 6  | 1   | 2   | 3   |
| Investment (%)    | 96,76%   | 0,55%   | 0,13%   | 2,56%   |

Table 1 - Type of activities in the Urban Rehabilitation Programme for Morro da Sé

Urban rehabilitation thus dominates the programme, with social concerns (which are outside the legal scope of SRU Porto Vivo, programme Coordinator, but are part of the Porto City Council’s duties, promoter of the urban regeneration programme) neglected, since they deal only with some activities with the local population (self-esteem stories and workshops) and the expansion works at the seniors residence, and not other relevant social issues that persist in the area.



Fig. 1 – Undergoing rehabilitation under the resettlement program, recovering some old buildings which were totally destroyed.



Fig. 2 – Building at Rua Mouzinho da Silveira, where SRU challenges private investors to rehabilitate by putting some “card people” on the Windows

Despite the strong involvement of local businessmen/residents to support entrepreneurship, there has been minimal economic development success, and many proposed projects in PRU are running behind schedule. In short, physical urban rehabilitation has replaced more general ideas about urban regeneration. Although an additional investment of €22.5M is being made in housing, there is no clear goal in relation to improving social cohesion and the mix between the different groups, namely between current residents and new residents.

### ***The selection process and the design of the action programme***

In the development of the action programme for Morro da Sé, the strategic plans for the different quarters were essential as well as the choice of the private partner for the major construction works. The Strategic Documents (SDs) and the Management Plan approved in 2008 were essential to be incorporated into the plans, with consideration of the SDs being compulsory. The SRU, in collaboration with proprietors and tenants (through briefings and public discussions), were to prepare detailed plans listing buildings to be rehabilitated, their characterisation in terms of safety, health and aesthetics, the strategic options, the justification of the choices made according to the different public interests, and an inventory of potential investors and partners.

In this context, the action programme for Morro da Sé easily met the tender requirements for the shared design of proposals, as most projects were the result of participative processes which defined the construction of a students' residence (at Quarteirão da Bainharia), a tourism accommodation facility (at Quarteirão de Pelames) and the expansion of the seniors residence (a former project of the Foundation of the Development of the Historical Area of Porto) as essential for the area. The biggest challenge was then to select a private partner for the projects to provide larger investments, with two consortia led by NOVOPCA Investimentos Imobiliário SA being chosen. The PRUs were thus regarded as an opportunity to obtain long-awaited projects, that had previously been identified in SD's but had no available funding, as well as poor involvement of the population and local institutions in the process.

### ***Involvement and participation of local players***

Looking at the list of players formally included in the local partnership for the implementation of the urban regeneration project, there is an abundance of public institutions controlled or depending on municipal powers (City Council of Porto, Porto Vivo, Associação Porto Digital and FDZHP) with a limited number of private partners. As for the participation of the population and local institutions in the urban project for Morro da Sé, there was a clear intention to promote the capacity-building of local agents.

This is visible in the interactions with directly affected local populations through initiatives such as Self-esteem stories and workshops, and in the development of a participative model and an Urban Area Management bureau. However, the involvement of local players in all phases of the project has been variable.

### *Nature of the investment*

As previously mentioned, the total investment raised for the Morro da Sé project was about €38.5M, of which €15.5 million related to the 12 operations approved by the PRUs, and €23 million related to the rehabilitation of buildings. If we examine the nature of PRU investment (Table 3), we see that the outright grants from QREN (EU), account for 80.73% of eligible expenditure in the programme's funding and 48.24% of the total investment in the 12 operations. The financial involvement of private partners, especially of the two consortia led by NOVOPCA, is equally important, accounting for 38.23% of the total and this is all the more significant if we consider that the participation of the SRU Porto Vivo in this consortia does not entail the direct raising of investment capital, only the assignment of buildings (involving, or not, expropriations and related costs) and use and exploration rights. Private money accounts for more than half (53.90%) of the total investment.

| Institution/Source     | Investment<br>(% of the total) | Totals                                 |
|------------------------|--------------------------------|--|
| QREN – PRU             | 48.24%                         | Financiamento<br>comunitário<br>48.24% |
| City Council of Porto  | 6.79%                          | Investimento público<br>13.53%         |
| SRU Porto Vivo         | 6,52%                          |  |
| Porto Digital          | 0.22%                          |  |
| PPP (NOVOPCA/SPRU/SRU) | 38.23%                         | Investimento privado<br>38.23%         |

Table 3 – Nature of the investment for the Urban Rehabilitation Programme of Morro da Sé



In short, the many problems identified in Morro da Sé and the costs of intervention in this historical and World Heritage area force the urban rehabilitation and regeneration to depend on private capital and interests, which obviously constrains the type of intervention and outcomes, and neglects some of the social and economic concerns more directly related to local residents.

### *Coordination and cooperation between scales and administrations*

The Portuguese context may be generally characterised by a lack of cooperation and networking, with administrative powers and responsibilities being too centralised in the main government (and on a lesser extend in municipalities), without intermediate structures to discuss, plan and manage the territory. This helps us to bring into context the implementation of this and other territorial-based initiatives at local scale, where the dominant trend points to an isolated and individualised planning and intervention, often resulting in border conflicts and low efficiency of the action. In the specific cases of PRU, it should be noted that this is a programme targeted to interventions in restrict urban areas, and does not anticipate the creation of a coordinated effort in different urban centers. However, a broader view of the city in a strategic vision for Morro da Sé is lacking including a view on different spaces, resources and functions not limited by administrative limits or party loyalties.

The intervention process in Morro da Sé, however, shows a total lack of coordination, cooperation and dialogue between neighbouring municipal public entities and dramatically forgets the spatial continuity of the historical area of Porto across the Douro river, in the Vila Nova de Gaia municipality, with intersection of administrative scales done only through the participation of a Government institution – Instituto de Habitação e Reabilitação Urbana (IHRU)– in SRU Porto Vivo (40%), although it does not intervene directly in the implementation of interventions (Fernandes, 2011; Fernandes & Ramos, 2007; Fernandes & Chamusca, 2009).

### *Intervention effectiveness and outcomes*

It is difficult to assess the effectiveness and results of such an ambitious urban programme in view of the goals and funding involved, not least because the urban regeneration process implies a lengthy and integrating perspective that can not be evaluated by the immediate results. Moreover, the delays in implementing the PRU of Morro da Sé mean that even if the “lighter” physical and non-physical activities are almost concluded, some key projects are only now being started. The upgrading of public spaces has improved the attractiveness of the area; the creation of offices to support entrepreneurship and proprietors has bolstered the awareness of local agents to the enhancement of their homes, and to the creation and modernisation of commercial facilities. Also, the efforts made in reporting and disseminating operations, in the form of a documentary, the self-esteem stories and workshops have all contributed to strengthening transparency and increasing the awareness of local players to urban rehabilitation and regeneration. The development of the Management Unit of the Urban Area has also strengthened the connection between the different local players in the context of shared management of a common space, albeit in well-defined spheres. Nonetheless, there are also issues of concern, in particular the strong dependence on private capital, constraining the strategy and the deadline for the implementation of some of the investments (as in the students’ residence, and hotel); the insufficient attention paid to social issues; and a gradual gentrification of the area due to the high cost of rehabilitation and dominance of a market-oriented policy, which seeks to sell part of the already rehabilitated buildings (within the complementary intervention) at prices affordable only to the upper-middle class.

## **Conclusion**

The present analysis, part of a research in progress on the Greater Porto area, is enough to conclude that governance is still not very “territorialised” and rooted in the Morro da Sé experience. The following trends are evident.

1. There is an excessive focus of investment on urban qualification interventions, confirming an historical trend in which architecture

triumphs over economic and social geography in urbanism (Fernandes, 2011);

2. The importance of public-private partnerships and the attraction of private investment (although public money is still very important), with a sort of “privatisation of urban regeneration”, as the interests of major economic agents do not always coincide with the goals of the city, civil society and remaining agents (McAreavey, 2009);
3. A great number of hybrid and complex processes and solutions, with different public and private partners;
4. The mechanisms of participation are not explored to the fullest. There has been reduced involvement of civil society in the phases of construction and selection of operations, as well as in their implementation phase;



Fig. 3 – Example of the first results of the Urban Area Management action (photos from Porto Vivo SRU)


5. Increasing integrated urban regeneration strategies, with the requalification of the public space initiatives associated in some cases with the creation and upgrading of facilities and infrastructures, as well as social and cultural initiatives;
6. Clearly deficient articulation of scale and total lack of supra-municipal planning.

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# Changes in the housing market in Tokyo: Residential preference and condominium supply

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## **Introduction**

Since the late 1990s, condominium supply has been increasing rapidly in Tokyo and the residential structure of the city has changed dramatically. This study aims to assess the transformation of the housing market in Tokyo in terms of condominium supply and residential mobility, focusing on the diversification of homeowners and their housing preferences. The paper begins by focusing on two key themes: 1) the housing market and urban structure and 2) geographical studies concerning condominiums, especially within a Japanese context.

## Japanese housing studies

### *Housing and urban structure*

Residences serve a significant urban function, and the distribution of housing and residents has been used as an index to explain urban structure. As Yui (1999) noted, the urban structure model created in Western countries directly focuses on the residential structures of cities, and these models were constructed on the basis of residential segregation in terms of income, race, and class. Studies on residences and residents of cities are generally Western-focused (Johnston 1984), and many models of the distribution of housing and residents as well as residential mobility have been discussed in the literature (Robson 1975; Knox and Pinch 2000).

However, Yui (1991) notes that Western models are not applicable to Japanese cities due to differences in the Japanese housing market conditions. Unlike western settings, clear residential segregation and social classes are also not confirmed in Japan (Abe, 2003). Therefore, Japanese urban geographers cannot apply Western urban structure models to Japanese cities.

### *Condominiums in Japanese cities*

Studies on condominiums in Japan illustrate that condominiums play a significant role in creating the urban residential structure in Japan, including condominium supply (e.g., Kagawa 1984), the relationship between condominium supply and transformation of residents (e.g., Kagawa 1988), and the relationship between condominium supply and residential mobility of condominium residents (e.g., Yui 1986). Studies on condominium supply and residential mobility were discussed in the 1990s, but little attention was paid to the characteristics of residents as demonstrated by their lifestyles or household structures, or on the locational decision-making of urban households. There was a strong tendency for the residential mobility or location decisions of condominium residents to be discussed as separate from the urban residential structure. However, drawing on literature on western cities, there could potentially be a close relationship between them. Condominiums are becoming increasingly important properties to owner-occupiers in the Japanese housing market, especially in cities. This chapter



focuses on the features of residents and home ownership of condominiums to explain changes in Tokyo's urban residential structure.

## **Methodology**

A three-step methodology is adopted. First, the features of housing customs and the housing market of Japan will be described, in order to understand the differences between Japanese and Western cities. Second, the conditions of the housing market in Tokyo since the 1990s will be considered with regard to changes to the traditional Japanese housing market. Finally, the influence of the increasingly popular condominium lifestyle on the urban restructuring of Tokyo will be discussed.

## **Post-1950 Tokyo housing market**

### *Housing and the family system in Japan*

The Japanese civil law passed in the 1870s was based on *ie-seido* (family institution), which categorized people by the unit of family or parentage and allowed them to maintain property, such as houses and land. Following this enactment, the heads of household would transfer property ownership to their eldest sons, and the other sons and daughters would leave the family home and form their own family and property units. The younger sons (i.e., the newly formed families) needed to find employment, driving residential mobility from rural areas to densely populated areas. Based on the housing custom of the family institution, the ideology of home-ownership was intensified in Japan (Ronald 2004).

Although this institution was abolished in 1947, in many rural areas, patriarchal housing customs remained until recent years. As Kato (2003) pointed out, more than 30% of couples married for more than 10 years have moved to live together with their parents. In addition, this system strongly affected the residential mobility and housing purchase behavior of the Japanese; people tended to move to metropolitan centers in order to find jobs, wished to buy detached houses to remind them of their hometowns, and thus had a major influence on Japanese urban structure.

### ***Suburbanization and home ownership***

In the 1950s, as residential supply became very tight due to the shortage of building materials after the Second World War, legislation was implemented to improve the quality of housing. In 1950, the Japanese Housing Finance Agency began financing home ownership for high-income households. The Japan Housing Corporation (now the Urban Renaissance Agency) was established in 1955 to develop collective housing estates for middle-class households. Rented houses and public housing were provided for low-income households (Japan Federation of Housing Organizations 2002; Kageyama 2004). Non-nuclear households were marginalized in the owner-occupied market in Japan. Therefore, housing purchases by single or elderly households were fewer than in Western countries (Kageyama 2004; Tahara et al. 2003).

The ideology of homeownership has achieved increasingly greater currency (Hirayama and Ronald 2007), with the rate of private homeownership reaching 60% at the beginning of the 1960s (Ronald 2008). Since the 1960s, suburban housing estates have developed because high housing prices caused a lack of affordable housing in the city centers (Hasegawa 1997; Matsubara 1982). Detached houses in the suburbs have welcomed the increasingly large middle-class. Commuters to city centers have tended to move when life events occurred (e.g., marriage) and ended up in the suburbs when they purchased housing (Kawaguchi 1997). Householders who did not own properties in metropolitan areas and who moved from the countryside rushed to the suburbs, and drove rapid suburbanization in Japan (Tani 1997).

Soaring land prices in the 1980s and the so-called myth of real property strengthened the preference for detached houses in suburbs (Van Vliet and Hirayama 1994), while condominiums were thought of as temporary residences rented before the purchase of detached houses. However, the role of condominiums in the Japanese housing market is changing such that they are now frequently owner occupied.

Alongside this major change in housing tenure and residential preference, the *Population Census of Japan* (2010) showed a surprising fact. In central Tokyo, the percentage of single person households reached almost 50% of all households; whereas, among nuclear families, the percentage of married couples with children decreased gradually. A diversification of household types linked to changing lifestyles has become increasingly apparent in

Tokyo with condominiums more suited to smaller families and singles. This paper thus hypothesises that owner-occupied condominiums have played an important role in the modern diversification.

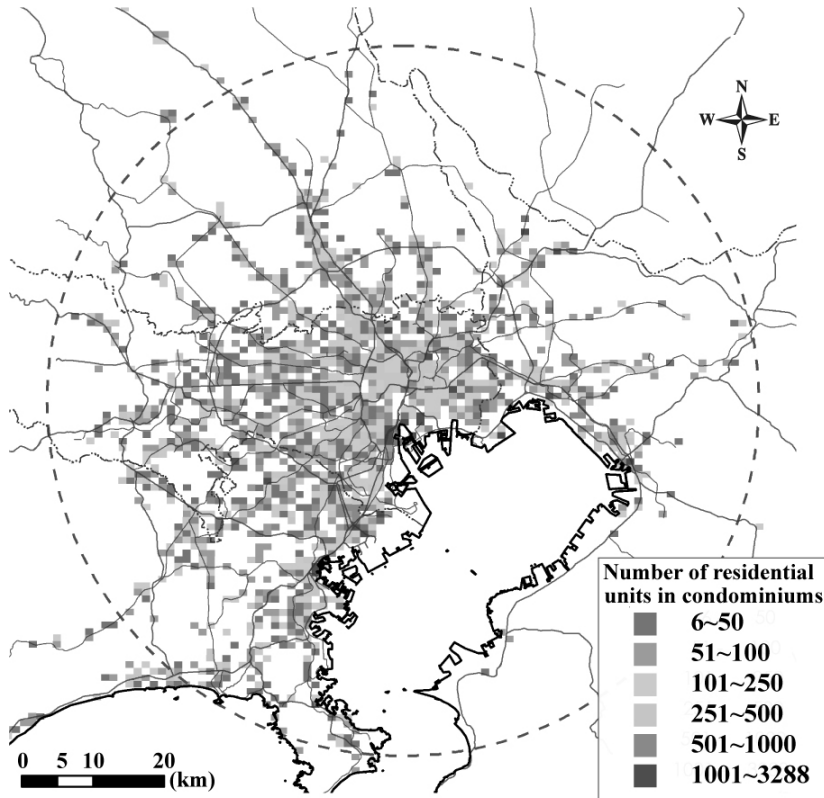
## **Shrinking cities and changes in suburbs**

In recent years, suburban housing estates have lost their appeal as potential homeowners demonstrate preferences for city-centre condominiums. Suburbanization slowed to a halt and the city began to shrink in response to changes in socioeconomic conditions, the housing market, and lifestyles. Now, suburban neighborhoods have become less popular as residential areas and are facing serious social problems, such as the aging of residents (Naganuma et al. 2006). The aging population phenomenon has also highlighted unique characteristics of the housing market in Japan. According to the Statistics Bureau of Japan's *Housing and Land Survey 2003*, more than 70% of homeowners obtained their residences by building new houses or purchasing newly built houses from 1999 to 2003. The second-hand housing market is weak in Japan as a whole. Once people have purchased their houses, they tend to remain in the same house for decades and as they age, the aging rate of a housing district naturally increases (Yui 1999).

## **Tokyo's housing market after the late 1990s: Condominiums in Tokyo**

### ***Housing supply in Tokyo***

From around 1995 onwards, people who could own homes began to move into central Tokyo (Figure 1). The children of baby boomers had different preferences in terms of life-styles and housing wishing to live in central Tokyo rather than detached houses in the suburbs. Changes in the housing market also facilitated the establishment of a new life-style trend in central Tokyo. For example, compact condominiums have been sold to single women aged in their 30s and 40s. In the 2000s, nuclear families, elderly couples, and single people displayed great interest in tower condominiums resulting in the formation of a new residential structure.



**Fig. 1** Number of condominiums sold in Tokyo (2005~2009)

Source: Real estate economic institute, 'Condominium Market Trend Search 2005-2009' .

***Changing families and residential preferences: A case study of near suburb***

The characteristics of condominiums residents in Makuhari Bay Town, which was developed on land reclaimed from Tokyo Bay in the beginning of the 1990s, has been the subject of previous discussion (Kubo, 2010). Makuhari Bay Town and the surrounding areas were developed by the Chiba Prefecture for the purpose of creating Makuhari New City, which includes both business and residential districts, and which had a total population of 18,427 residents in 2005 (6,526 households) (Statistics Bureau *Population Census of Japan 2005*). All of the housing buildings in Makuhari Bay Town are rental apartments or condominiums owned by households. Developments located on reclaimed land became a destination of choice for those who had

lived in the suburbs. In addition, the high housing prices in the region contributed to the image of the town as a luxury residential area. Expensive and well-designed condominiums or condominium towers were regarded as a symbol of a “successful life.”

Most of the current residents have grown up in metropolitan suburbs: their parents were the first generation that moved into suburban housing estates during the suburbanization trend in Japan. Parents of the residents tended to live close to their sons and daughters, and some moved to Makuhari Bay Town or neighboring areas. The need for elderly parents to live close to their sons and daughters generated a demand for second-hand residences and rented condominiums in the area. During the suburbanization period, parents purchased residences in suburbs with which they had no acquaintance simply because of their convenience for commuting. They had little attachment to their land or houses. Thus, they could easily move to the areas in which their grown sons and daughters lived.

To summarize the case study, sons or daughters of both baby boomers and following generations who tended to move from non-metropolitan areas into metropolitan areas showed quite different residential preferences: They select condominiums rather than detached houses. The condominium lifestyle now has a symbolic meaning; hence, young families wish to select luxurious condominiums. Another change is that they wished to live close (not together with) to their relatives in newly developed areas.

### *Changing lifestyle: The case of home ownership by single-persons*

A second major demographic and residential changes has also become apparent in Tokyo in recent years, condominium-purchases by single women in central Tokyo (Kubo and Yui 2011b). Since the late 1990s, and aligned with the diversification of household structure in central Tokyo, various types of condominiums have been supplied. In particular, the supply of “compact” condominiums - comprising small-sized living spaces, such as studios and/or small-sized, owner-occupied units - has increased. Originally, compact condominiums were supplied for single women in their 30s or 40s, who had been marginalized in the housing market in Japan in earlier decades. Since the late 1990s, studio-type condominiums were marketed by

middle-sized condominium suppliers specifically at single-person households, and approximately 70% of them were purchased by single women (Yui 2000). Single women who purchased the condominiums were not necessarily rich and professional workers. They chose owner-occupied residences because the monthly rent of their previous residences was so high that often the monthly mortgage payment was less than, or equal to, the rent. Moreover, facilities available in condominiums as compared to those of rental apartments were considered better (Yui 2003).

In Japan, there have been a limited number of residences suitable for the housing needs of single-person households since the 1950s; therefore, condominiums fulfilled a latent demand promoting security and facilitating commuting (Kamiya et al. 2002). Wakabayashi et al. (2002) considered the residential choices of single women in their 30s in the Tokyo metropolitan area and found that they purchased condominiums for the purpose of asset formation and retirement preparation and their annual income ranged from five to seven million yen (Yui, 2003). They saved approximately 20% of their income, enabling them to purchase their own condominiums (Kubo and Yui 2011a). High rent in central Tokyo also stimulated the move to increasing homeownership by single women in their 30s or 40s.

## **Conclusions**

In this section, we discuss the role that condominiums have played in Tokyo's restructuring. The results show that a complementary relationship between metropolitan centers and the suburbs has been maintained since the period of suburbanization, but the commuter suburbs have gotten progressively closer to the city centers. In addition, new residential careers and housing purchase behaviors are also apparent with a second generation now at the housing purchase age. They have grown up in the metropolitan suburbs, and residential preferences, household structure, and income rather than traditional notions of inheriting property or living with their parents drives their housing choices. The lifestyle of purchasing condominiums has thereby been generated, and a large number of residents regard condominiums as permanent residential housing forms, a major shift from previous desires to privately own land.

Tokyo offers many opportunities for working and living that has facilitated diversification of the housing market, and resulted in changes in the urban residential structure in Tokyo. The case studies have uncovered some important perspectives that explain residential segregation in terms of household structures, life stages, residential preferences, and incomes in the Tokyo metropolitan area.

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# Development of a financialized rental investment product: private serviced residences in the Paris region (Ile-de-France)

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## **Abstract**

Most research on the financialization of the real-estate sector tends to focus on commercial property, although such a trend also affects the rental housing market. In France, *private serviced residences* (namely student residences, business-tourist residences, senior residences and retirement homes) represent the rental investment product closest to standard financial securities. Despite the very limited presence of institutional investors, this paper argues that serviced residences can still be considered “financialized” as they share two striking similarities with products offered on the tertiary property market: the search for maximum intermediation between the investor and the acquired property; geographic patterns which are increasingly shaped by the potential investments' rates of return. In this paper, I analyse the serviced residence sector in the Paris region (Ile-de-France). A geo-localized database, established at the level of postal address, was built for four main types of private residences. The dataset is based on information provided by the actors of the sector.

**Keywords:** serviced residences; Paris region (Ile-de-France); financialization; housing

## Introduction

In France, serviced residences (*“résidences avec services”*) first emerged in the late 1960s and early 1970s, mainly in the form of tourist residences offered by real-estate developers in winter and seaside resorts. From the 1980s, this model gradually spread to other types of residential properties but the real boom of the sector dates from the mid-1990s. As a result, the share of serviced residences in total new-build housing units has increased in France from 1.9% in the period 1990-1994 to 4.7% in the period 2005-2009. This trend is even more pronounced in the Paris region (*Ile-de-France*), where this share has gone up from 1.4% to 8.3% in the same period. The label “private serviced residence” now encompasses four main types of rental properties, designed for different types of populations, namely: student residences; tourist-business residences, also known as “apart-hotel” or “self-catering” apartments; senior residences, for independent elderly people; and retirement homes, also called EHPAD (or “nursing homes for dependent elderly people”). Due to their apparent heterogeneity – at least from a tenant point of view –, these various properties are usually studied separately. However, from an investor point of view, they all belong to the same family of rental investment products aimed at private individual investors.

Significantly, the take-off of the serviced residential sector started at the same time as the financialization process that began to affect the French property market at the turn of the 1990s. However, in the French context, it is generally assumed that financialization has above all impacted on the tertiary property market of great metropolises (business, commercial properties, urban infrastructures). Indeed, in France, financialization has led to a global withdrawal of institutional investors (e.g. banks, insurance companies, pension funds) from the national rental housing market (Nappi-Choulet, 2009), whereas this process is generally considered as going hand in hand with a growing involvement of such financial actors. But despite the very limited presence of institutional investors in the serviced residence sector in favor of private individual investors, this paper argues that these residential products can still be considered “financialized” as they share two striking similarities with those offered to institutional investors on the tertiary property market. First, there is in both cases the search for maximum intermediation between the investor and the acquired property

(Theurillat, 2011). A second common feature is their geographic patterns, which are in both cases increasingly shaped by the potential rates of return on investments (Crouzet, 2001; Harvey, 1985). The growth of the serviced residence sector has also been possible because of advantageous tax relief attached to this type of housing product (Pollard, 2010; Vergriete & Guerrini, 2012).

Although the particular form and scope of the serviced residence model are specific to the French context, the role played by investors in the development of similar “purpose-built” properties has been researched in several other countries, within various theoretical frameworks. For instance, the growth of private student residences has been analyzed as a consequence of new flows of international student populations (Tsutsumi & O'Connor, 2011). This phenomenon is also often regarded as symptomatic of a specific type of gentrification: “studentification” (Hubbard, 2009; Smith, 2009). Senior residences are often studied by looking at their most extreme form: gated communities intended for elderly people (“sun cities”, “retirement communities”) (Pihet, 1999; Stroud, 1995). In the field of the geography of tourism, tourist-business residences are analyzed as a specific sort of secondary residence or a new branch of the hospitality sector (Johns & Lynch, 2007; Nicod *et al.*, 2007), while retirement homes are mainly a research subject within the geography of health and aging (Joseph & Chalmers, 1996; Ford & Smith, 2008)

This paper puts emphasis on the intrinsic quality of serviced residences as rental investment products, as they are the closest to the ideal of dematerialized property assets equivalent to standard financial securities on the French housing market. This paper also aims to provide a picture of the serviced residence market which has remained unexplored by using information provided (notably online) by major actors of the sector: private real-estate developers, property managers, real-estate agencies, specialized advertisement websites. A geo-localized database, established at the level of postal address and intended to be as exhaustive as possible, was built for the purpose of this study by collecting data on the four main types of private residences above-mentioned. I chose to focus on the Paris region (*Île-de-France*) as this area provides a good case to explore the dynamics of the sector and the activities of its actors. The first French metropolitan area is the oldest and biggest French urban market for serviced residences. It

represented 18% of the new-build serviced residence housing units in the country in the period 2005 to 2009. Furthermore, the four main types of serviced residences are well represented in this area. The database includes data on 564 residences in operation at the time of this research (first quarter of 2012), which represent more than 50,000 housing units. In addition, detailed information (including advertised rates of return) was compiled on about thirty serviced residences commercialized in the same period.

First, through a description of the main characteristics of the serviced residence model, I will shed light on practical ways sectoral actors use to achieve intermediation. Then, I will analyze the dynamics of construction and location patterns of these financialized products in the Paris region, with a specific emphasis on the influence of investors rates of return. Finally, as the serviced residence sector remains segmented, each type of residence following its own logic, I will show how these subsectoral dynamics are reflected in the profiles of the players involved in each branch.

## **The serviced residence model: definition and delimitation**

The French General Tax Code provides a unifying definition of serviced residence accommodation : 'a furnished apartment (...) including, in addition to accommodation, at least three of the following services delivered in similar conditions to those offered in professionally-run hotels : breakfast, regular cleaning of the premises, providing of the household linen and reception of customers, even not individualized.' (Article 261 D 4° b of the General Tax Code (CGI)). This type of accommodation is a mix between a furnished rental apartment and a hotel room, but it differs from both on several aspects. On the one hand, it differs from a furnished rental apartment with regard to the hotel-like services provided, the fact that it is intended for special categories of tenants and that it is located in specifically designed housing complexes (and never in standard residential buildings). On the other hand, it differs from an hotel room as stress is put on the autonomy of each apartment; theoretically, a tenant should be able to live in a serviced residence without having recourse to the collective hotel-like services offered. This requirement implies in particular the presence of a kitchen –

hence the term of “self-catering residence” mainly used in the business-tourist sector. It also differs in terms of ownership structure: in most cases, the apartments of a serviced residence are sold on a lot-by-lot basis to private individual investors and are not owned by a single owner, like most hotels.

***Serviced residence as a rental investment product: the benefits of intermediation***

The serviced residence model is mainly based on the idea of intermediation between investors and real physical properties pushed to its maximum. But what does this intermediation concretely consist in? Serviced residences are generally designed from the very beginning in close cooperation between a real-estate developer and a property manager. It is quite usual for these two actors to be part of the same real-estate group. Prior to the property purchase, the developer offers investors a financial package rather than a tangible apartment (sold most often 'off plan'); this package already takes account of tax reliefs corresponding to this kind of product and includes an advantageous loan pre-negotiated with a financial partner of the operation. This financial package is made even more attractive through the systematic involvement, after the purchase, of the property manager who relieves the investors from any rental management tasks: he will attend to tenant search, lease management, rent collection and provision of services attached to the property. The involvement of a single manager for the whole residence plays the role of an insurance mechanism for the investor, as it ensures steady rental income flows guaranteed by contract at a pre-negotiated rate, irrespective of whether his particular apartment is actually rented or not; it secures at the same time the tax breaks linked to this kind of investment product. In return, the investor just has to sign a compulsory long-term commercial lease (at least nine years duration) in favor of the appointed manager. As a result, the investor bears no rental risk at all and the only variables he has to consider are the amount of capital to provide and the expected rates of return. Due to this far-reaching system of intermediation, serviced residence apartments can be sold as dematerialized financial assets, very close to bonds, and are often referred to as 'packaged products'.

### *Serviced residence as a tax exemption tool*

The development of the serviced residence sector was and is also largely driven by tax considerations. Since the mid-1990s, the French governments implemented a series of tax deductions aimed at boosting the new rental housing sector through investment from private individuals. Even though those tax deductions were above all targeted at the conventional rental sector, investors in certain types of residences (notably student residences and retirement homes) could also benefit from them. Until recently, owners of serviced residence lodgings could also be granted an advantageous fiscal status called LMP (for 'Professional Furnished Accommodation Renter') under a simple condition of minimum rental income in this type of rental housing, even when they were not actual 'professionals'. But this LMP status was eventually denounced as a tax-evasion tool and was drastically restricted in 2009.

Partly in order to offset this restriction and prevent investors from abandoning the sector, a tax abatement specifically designed for serviced residences and called 'Censi-Bouvard' (or 'Scellier LMNP') was set up the same year (Article 199 of the General Tax Code (CGI)). This measure concerns all the before-mentioned types of serviced residences, except senior ones. This decision was politically justified by the social functions these products are supposed to fulfill, especially on tight property markets: they target growing populations that face difficulties finding suitable accommodation for economic and/or comfort reasons. Serviced residences are usually presented to private investors as “socially responsible investments” (SRI), once again mirroring an emerging trend on financial markets. Yet this assertion is very questionable as the tax reductions provided by the Censi-Bouvard law do not depend on social conditions – e.g. protected rents or conditions as to tenants' income –, nor on any spatial constraints regarding the location of the apartment.



## The dynamics of the private serviced residence market: a geography of return rates

### *A high-growth sector since the mid-1990s*

The number of new serviced residence lodgings built per year in the Paris region has steadily increased from the mid-1990s (Figure 1).

**Figure 1.** Construction of serviced residence apartments in the Paris region (1985-2009). *Source:* SIT@DEL2 (data) / Trouillard E. (treatments)

The timing of this expansion is closely connected to the development of the tax measures promoting investments in new rental housing. The major trend has been a progressive spatial deconcentration, first in favor of the inner suburbs (60% of the constructions in 1995-1999), and eventually in favor of the outer suburbs where most of the constructions took place over the last period (49% in 2005-2009) (Table 1). This shift in the construction of serviced residences towards the outskirts of the Paris region has to be connected with the important increase of land and real-estate prices on this market, mainly since the late 1990s (Friggit, 2011). The development of the serviced residence sector took place at the national level, but the Paris metropolis is particularly attractive and safe for investors as its real-estate market remains tight and potential demand for such products is high. Indeed,

quite an important part of the populations targeted by these rental products (students, tourists, businessmen, seniors) is concentrated in the area.

*A production concentrated along a north-south axis...*

Data available at a communal level for the 2000-2009 period (Figure 2) show that construction in the serviced residence sector is highly concentrated along a central north-south axis that crosses most of the inner suburbs of the Paris region. This distribution can be explained by an underlying axis of high rates of return, as evidenced by the map representing the private serviced residences under development in the Paris region by their advertised rate of return (Figure 3): this connection is particularly clear in the case of the north-east of the inner suburbs (in the department of Seine-Saint-Denis) as well as in the south of the inner city of Paris, where most of the highest rates (superior to 4%) are located.

**Figure 2.** Construction activity of the serviced residence sector in the Paris region between 2000 and 2009. *Source:* SIT@DEL2 (data) / Trouillard E. (treatments)

**Figure 3.** Projects of private serviced residences in Ile-de-France according to their advertised rate of return. Source: Author's database

Rates of return result from a trade-off between new housing prices in the Paris region and the level of rents a location is likely to generate for a certain category of tenants. The lower the housing prices and the higher the collected rents (two conditions rather contradictory in practice), the higher the final rate of return for an operation. Given these conditions, it is no surprise to observe that both the axes of construction and rates of return actually follow and reflect a dividing line in terms of housing prices: this dividing line separates the Paris agglomeration into a wealthier western part, more attractive but also more expensive, and a cheaper eastern part, with more people from lower social classes. In most cases, it is along this dividing line that the chances of maximizing the rates of return will be the highest.

***...But a sector that remains segmented: variety of residences, variety of trade-offs***

Substantial differences can be observed when examining the distribution of the different types of existing private residences in the Paris region (Figure 4). First, it appears that the different branches are not equally developed from a quantitative point of view. Second, the maps show distinct location patterns.

**Figure 4.** Locations of private serviced residences in the Paris region according to their type. *Source:* Author's database

Those results indicate that each type of residence still has its own specificity and constraints. Each is characterized by specific trade-offs to maximize the profits generated. For instance, students' financial capacities are not comparable to those of the elderly, and their requirements when moving into a residence are not the same either. For student residences, central locations are generally sought, as the proximity of educational establishments (high schools, colleges and other establishments of higher education) as well as that of the city center and its amenities are regarded as key variables. The price of the centrality will be balanced out with a provision of services limited to the minimum required by law to obtain the tax abatement, so as to limit rent levels. Conversely, retirement homes are characterized by heavy expenses in mandatory medical services, which necessarily have a significant impact on the financial equilibrium of the residence. In addition, potential tenants are advanced in age, dependent and much less mobile. As a result, the centrality of the residence is often less decisive for the tenants than its immediate surroundings, its liveliness and the comfort of the apartments. Marketers also emphasize security aspects such as restricted access, fences and presence of a security guard. The additional costs generated by these services can be offset by choosing a less central location with lower land prices.

It appears that the key activity in the conception of products like student residences is development, as the services provided are of secondary importance in comparison with the location of the residence. On the contrary, the crucial activity in the case of retirement homes is management, as the quality and quantity of services provided are more important for the success of the residence than its centrality. By contrast, senior residences and tourist residences are situated in an intermediate position, with a less clear-cut trade-off between location and services.

## **The players of the financialization process in the serviced residence sector**

Who are the “anchoring actors” (Theurillat, 2011) of serviced residences in the Paris region, concretely responsible for the production (the anchoring) of these financialized products on the real property market? The existence of specific constraints and trade-offs for each type of residence clearly results in specialization: despite the standardization of the sector, the serviced residence market remains segmented as property groups with strong positions in several branches are still the exception rather than the rule. Moreover, activities in each branch are concentrated in the hands of a limited number of big players along with many small participants operating only a few residences (often only one). It is possible to distinguish between three main categories of players currently operating residences in the Paris area. Two of these categories comprise players who combine property development and management activities. The first category corresponds to specialized subsidiaries of big generalist property developers (e.g. Nexity, Kaufman & Broad, BNP Paribas real-estate). The second category is 'tax-exempting developers' (Vergriete, 2012) specialized in rental investment properties (e.g. Pierre & Vacances, the Réside Études group). Lastly, there are also pure property managers – i.e. without a property development division –, coming mainly from the hotel business (e.g. Accor group, The Ascott Limited) or from the medical sector (e.g. Korian, Medica, Orpea).

The historical development of each branch determines to a large extent its system of actors as well as the weight of private individual investors in its functioning. Private student and senior residences have developed according

to the serviced residence paradigm – which was originally designed by and for groups with development activities and directed towards individual investors. Conversely, the private retirement home sector already existed before the development of the serviced residence model and is thus mainly structured around pure managers from the medical field. Likewise, the proximity between urban tourist residences and conventional hotels explains the strong presence of pure managers in this branch. Institutional investors also play a greater role in these two sectors. More generally, there is a trend towards the integration within a single property group of a set of functions as large as possible, ranging from property development and management to marketing, via provision of services and construction activities. The integration of various activities is beneficial to the group as it ensures the capture of a greater part of the income flows generated at each step of the “lifespan” of the investment products. It facilitates the creation and the promotion of a brand image as the serviced residence sector is largely structured around great brands (chains) of residences in the same way as the hotel sector.

## **Conclusion**

The current developments of the Parisian serviced residence sector are characteristic of two interconnected trends linked to the global process of financialization of the property sector:

1. the development of a system of intermediation that tends to disconnect more and more individual landlords from physical properties and final users (tenants).
2. the generalization of a purely financial approach to owner-investors, where urban spaces are mainly regarded as investment supports and the geography of new residences is governed by the logics of rates of return.

With regard to these trends, it is not an exaggeration to talk of financialized rental investment tools to describe these housing products, even though the market is primarily dominated by private individual investors. These conclusions can be further generalized as the conventional


rental housing sector has also been impacted in the same ways through the growing supply, politically encouraged, of rental investment products (Vergriete, 2012). Nevertheless, this trend is not as strong as in the serviced residence sector, which has become a “pure” investment market where the possibility of home ownership is hardly conceivable, neither in the middle nor the long term. This raises the question of the long-term future of this opportunistic housing stock, beyond the short-sighted perspective of the tax reduction it makes possible. Is it really compatible with the project of a sustainable Parisian urban space? Will the landlords agree to make the necessary investments to avoid the deterioration of properties initially sold as dematerialized products? Can a viable second-hand market of serviced residence emerge without public financial support? These questions provide a challenging agenda for future research.

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# Port governance reform and spatial planning: A comparative approach of Le Havre and Rotterdam port authorities' role in their region

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## **Abstract:**

Over the last few decades, the maritime industry has undergone major changes leading national governments to implement port governance reforms. These reforms result in a renewed role of port authorities in their region, especially since spatial planning has also experienced important evolutions during the last couple of decades. This paper intends to examine the new role of port authorities towards spatial planning issues and policy-making process through a comparison of Le Havre and Rotterdam as a first step to understand the full range of interactions between port and cities in this new configuration.

**Key words:** port-city, port governance reform, spatial planning, Le Havre, Rotterdam.

## Introduction

The maritime industry has undergone major changes over the last few decades. They are mainly due to the globalization of production and distribution of manufactured goods (Brooks and Cullinane, 2007) and technological innovation. This process led to a reorganization of the maritime roads and logistic transport networks. In this new context, the nature of port activity was transformed (Chlomoudis, Karalis, Pallis, 2003). Ports are no longer only dedicated to loading and unloading. Nowadays, they are part of more complex supply chains (Haugstetter and Cahoon, 2010).

Facing these challenges, policy-makers have decided to implement port governance reforms (Ng and Pallis, 2010). Over the past twenty years, several countries have been concerned by seeking what Ng and Pallis identified as « generic solutions », largely inspired from the World Bank, when they examined the port governance reform implementation within three countries, namely Greece, Korea and The Netherlands.

France has started this port governance reform process recently. Indeed, the reform was implemented through a new legal frame established with the law n°2008-660 of July 4th 2008. It created a new institution, the “Grand Port Maritime” for the main ports. Le Havre was concerned and its port authority became the Grand Port Maritime of Le Havre.

As well as the Netherlands are concerned, the reform process has been engaged a bit earlier. The public corporation “Havenbedrijf Rotterdam N.V” (Port of Rotterdam) was created in 2004 from the reunion of the Rotterdam Municipal Port Management Commercial Affairs and the Rotterdam Port Authority (Ng and Pallis, 2010).

Both of those reform processes intend to apply the landlord port model. However, the national institutional frames of these two European countries lead to “implementation asymmetries” which condition ports’ role in their region.

Parallel to the challenges faced by port activity, planning has also underwent major evolutions during the last couple of decades. As a result of processes of devolution engaged in European countries, the narrow process fully led by central governments has been replaced by broader approaches of

planning seen as more integrated and involving various stakeholders (Sykes, 2010, Allmendinger and Haughton, 2009).

In the Netherlands this phenomenon resulted in the application of the « Polder Model », an intensive practice of public-debate (Schrijnen, 2003) where a larger place is given to the private sector. In association to this, a broader view of this policy-making process within the Randstad region where Rotterdam belongs was developed.

As for France, these circumstances also led to an enlargement of the range of stakeholders involved within a more and more integrated planning process. Le Havre city region's policy-making process was also seen in a broader view within the Communauté d'Agglomération of Le Havre (CODAH).

The reunion of these processes (the renewed institutional frame of ports and the shift towards new approaches of planning) now triggers a new configuration of spatial planning issues and policy-making process within port regions. It raises the question to know how the resultant interactions between actors in port-cities affect the role of ports in their region.

To answer that question, this paper first proposes a literature review of port governance and a brief overview on port and cities relationships studies in urban geography. A glance at the new approach of spatial planning proposed by Allmendinger and Haughton will provide an analytical frame to examine its new configuration in port cities. Following the neo-institutional approach, the publication of Ng and Pallis (2010) will be used as a starting point to compare institution structures and the resultant relationships between actors in Le Havre and Rotterdam. Finally, the consequences on the role of port authorities towards spatial planning issues and policy-making process will be dissected combining the analytical frame of spatial planning and the data resulting from the exploration of the port governance reforms.

## Section 1: Literature review

### *Literature review of port governance*

Port governance emerged as a concern for public institutions in the mid-1970'. During the previous period, the port authority seemed to be confused with the port in the widest sense of the word. That situation changed with the creation of a Port Working Group by the European Commission in 1974 (ESPO, 2010). The resultant report from these works is published in 1977. It is dedicated to the institutional and administrative structure of Europe's port and asserts that there is a considerable diversity in the organization, management, operations, finance and legal obligations of ports in the then eight maritime Member States of the European Community (ESPO, 2010).

Later on, at a time when port activity was pressured to adapt and to make new investments to accommodate the larger containerships (Brooks and Cullinane, 2007), port management became an accurate issue for governments. As argued by Brooks and Cullinane, new concepts and practices such as concessions, franchising and public-private partnerships as well as privatization, commercialization and corporatization became a reality.

At the beginning of the 1990', port activity kept on transforming and the look for an enhanced performance led the thinking on ports.

Port governance studies followed this trend and were oriented towards performance by maritime economy and public institutions. These studies define the concept essentially through the criteria of ownership and share of activities between the public sector and the private one. The role and interest of having a public port authority is at the center of the debate.

The public institutions provided their views on port governance in 1995 with the UNACTD report on ports.

Among researchers, Goss's works (1990) paved the way to discussions around modeling port governance in order to define the more efficient one for ports competitiveness within their changing environment. He proposed two changes for port authorities. The first one was to avoid multiport bodies and the second one to move towards the landlord model where the port authority would have limited activities.

Pallis (1997) classified port authorities within three categories regarding the diversity of their management practices from the local municipal management typical of North Western Europe referred to as the Hanseatic type (e.g, The Netherlands, Belgium), to the Latin approach where an influential central government is a feature (e.g, France, Italy), to the trust ports found in the United Kingdom (Brooks and Cullinane, 2007b).

Baird (1995, 1999, 2000), developed a classification based upon the varying degrees of emphasis in the public-private provision of port functions (Brooks and Cullinane, 2007b). He pointed out four models (public, public/private, private/public, private) where he allocated specific port activities to the three port function roles (regulator, landlord and utility).

The years 2000 saw a burst of investigations on port governance still led by public institutions and maritime economy approaches but completed by the arrival of management sciences ones. These researches are largely linked to the implementation of the port reforms started within the 1980' (e.g, De Langen and Van der Lugt, 2007, Brooks and Balthazar, 2001).

Among the public institutions is the World Bank. The third module of the Port Reform Tool Kit (2003) exposes different ownership models (concerning port authorities, superstructures and capital investment), and dock labour and management (Brooks and Cullinane, 2007b). The document differentiates the Public Service port, the Tool port, the Landlord port and the Private Service port.

The European Seaport Organization (ESPO) also published a European port governance report using the objectives and functions of the port authorities, their institutional framework (based on ownership) and financial capability to define port governance. The report pointed out that the current reforms could make the opposition between the two traditions (Hanseatic and Latin) more vague (ESPO, 2010).

The latest contributions to port governance and port reforms use a broader approach including the public policies within which ports authorities are embedded and their internal mechanisms.

Brooks and Cullinane (2007a) stress the importance to go beyond the applicable regulation to dissect port governance. The authors propose to include detailed developments on responsibility for port activity of the port

authority, conflicts of interests and processes and safeguards for the protection of the public interest. Hence the replacement of port governance within the range of governmental policies.

In this vein, Ng and Pallis (2010) adopt a neo-institutional approach to analyse port governance and their reform within three countries, namely Greece, Korea and the Netherlands. Taking into account port authorities' national institutional frameworks, they pay a large attention to power and responsibilities within the port authorities' internal structures. Indeed, they develop a method examining first the pre-reform settings, then the chronology of the establishment of the new entities. They go on with the commonalities in the reform contents and the national specificities in the corporate nature chosen within each country. Eventually they treat the power sharing between the different levels of government before exposing the role of the national government in ports' development projects.

### ***Overview of port and cities relationships in urban geography studies***

In urban geography, port and cities relationships have been explored mainly through a spatial view. These works (e.g, Chaline, 1994) have highlighted the divorce between city and port since the 1970'. They focused on waterfront operations stemmed from the transformation of the old port areas in city center (e.g, Meyer, 1999, Lavaud-Letilleul, 2002).

Other approaches have examined port-cities through the angle of the city's competitiveness. The Research Institute in Industrial and Territorial Strategy (IRSIT) developed a comparative analysis based on 51 European city ports. Their conclusions highlighted the need for a deepening of studies on the links between port and urban dynamics.

### ***A framework to examine spatial planning issues and policy-making***

To contribute to the investigations on the relationships between port and urban dynamics and examine the new configuration of spatial planning issues and policy-making process in city ports regions, it seems useful to adapt the neo-institutional approach developed by Ng and Pallis to port

governance reform and to couple it with Allmendinger and Haughton's analysis on spatial planning and Sykes' one.

Sykes (2010) argues that spatial planning has a larger scope than planning, taking into account other policies. Hence spatial planning is considered more integrated.

According to Allmendinger and Haughton, spatial planning has undergone a large evolution resulting in the fact that "[...] at all levels, an increasingly wide range of bodies and institutions are being drawn into planning apparatus to varying degrees: substantially in the case of economic development, transports, environmental regulators, increasingly so in the case of energy and water providers and very unevenly in the case of social infrastructure, such as education and health sector" (2009).

Sykes and Allmendinger and Haughton's work on the evolution of spatial planning were used to define specific fields concerned by spatial planning activity. Five variables were obtained: land use, economic development, transports, environment and education. The analysis will lead to evaluate the resultant interaction of port authorities with spatial planning issues and their degree of implication in the policy-making process itself.

In this view section two compares the French and Dutch port governance reforms while section three addresses the impact of port governance reform on the role of ports in their region.

## **Section 2: Comparison of the port governance reform processes and contents**

Section two is dedicated to the comparison of the port reform processes and contents in order to draw a picture of the French and Dutch current port governance. In compliance with Ng and Pallis' method, it introduces first the national frame, then the chronology of the new port authorities. Eventually, it attends to the commonalities and specific points of the nature of each port authority and the power sharing between the different levels of government. It has to be said that the role of the national government in ports' development projects is not deeply treated regarding the fact that Le Havre

main project (Port 2000) was decided and started before the reform process begun.

### ***The national institutional settings and the role of ports***

The Dutch national institutional and political context is marked by the Dutch tradition and recent endorsement of new public management which challenge bureaucratic tendencies and advance the concepts of flexibility and entrepreneurship as keys in understanding and executing public policies' (Ng and Pallis, 2010). Another factor to be taken into account in this picture is the development of public debate, according to the "Polder Model" (Schrijnen, 2003) since the years 1980.

The French national institutional and political context is marked by the devolution process, the "décentralisation" which led to give more importance to the regional and local scales in strategic fields (such as economic development and land use). However, the Jacobin tradition is still present as well as national interests are concerned.

According to Pallis' (1997) classification, the Dutch ports responded to the Hanseatic tradition of landlord port authority with powerful managerial economic presence of local or municipal management (Ng and Pallis, 2010) before the reform was implemented.

On contrary, in France, ports were considered as strategic assets by governments. They were given the status of governmental agency (Industrial and Commercial Public Establishment) directly managed by the central government. The French ports among which Le Havre responded to the Latin tradition involving ownership and intervention by national government, via a public managerial body, where the concept of public welfare services prevailed and national authorities acted as both regulators and service providers through a state-appointed, state-controlled, public port authority (Ng and Pallis, 2010).

In the Netherlands, port competitiveness –particularly Rotterdam's one – has been a core part of the national industrial policies. The port of Rotterdam was seen as a way to maintain the national economy. Hence, the national strategies sought to improve the embedding of the nation's two main ports (Schipol Airport and the Port of Rotterdam) in continental Europe's



transport network and at the same time to accommodate the need for their expansion (Schrijnen, 2003).

On contrary, in France, while ports have been seen as an industrial asset during the 1970', they were not allowed enough funds the finance their development as stated in the Court of Accounts report of 2006.

### *Chronology of the port reform processes*

#### *- Rotterdam*

In 2004, the RMPM (Rotterdam's Municipal Port Management) Commercial Affairs Department and the Rotterdam Port Authority (RPA) formally detached from RMPM to form a public corporation, Havenbedrijf Rotterdam N.V (PoR) (Ng and Pallis, 2010).

The status, objectives and governance structure are stated within the Articles of Association of Havenbedrijf Rotterdam N.V (2009). The public corporation has a major goal proclaimed in the second article. That is to operate as the port authority and to operate or have operate the port industry in order to strengthen the position of the Rotterdam port and industrial estate with a European perspective in the long term and the short term. This main object is divided into two missions. On the one hand, the port authority is supposed to "promote effective, safe and efficient processing of shipping traffic and to ensure nautical and maritime order and safety and to act as the competent port authority in the Rotterdam port area". On the other hand, the port authority is expected to "develop, construct, manage and operate the port and industrial estate in Rotterdam in the widest sense of the word".

The port authority has a large range of tools to achieve its missions, including managing property, entering into joint ventures, providing different types of services, providing loans and exercising port activities outside the Rotterdam region, and "anything else that may be beneficial to realizing the set objects, all in the widest sense of the word".

Those choices have to be exposed each year within a "written summary" (art. 25.5) of the strategic policy, the general and financial risks and the Company's management and audit system and within a Business Plan (The

port Vision) prepared for a period of four years (art 25.7). The last Port Vision, *Port Vision 2030*, was built in 2011.

The shareholders are the Nation-state and the municipality of Rotterdam.

The port authority of Rotterdam is more autonomous in terms of financing since it no longer relies on the municipal services to make common investments. However, as stated in articles 40 and 41 of the Articles of Associations, dividends gained from the port activity must be paid to the shareholders gathered in the General Meeting.

- *Le Havre*

The Port Reform Act was enacted after the French authorities understood the lack of competitiveness French ports were facing. An important report was established by the Court of Accounts in 2006 about French ports' performance.

The starting point of the reform process itself is the recovery plan decided and announced by the central government on January 14<sup>th</sup> 2008. Two parliamentary reports were written within that year: the Revet report and the Besselat one. The law n°2008-660 was enacted on July 4<sup>th</sup> 2008. A new entity was institutionalized, the Grand Port Maritime (Main Seaport) among which the Grand Port Maritime of Le Havre. The disclosed objectives were to refocus the port authorities' missions, to simplify the organization of dock work, to modernize governance and to coordinate the action of port authorities located on the same range or on the same river.

The implementation of the reform lasted three years, especially because of the redaction of strategic projects and of the transfer of superstructure and employees to the private sector (Lacoste and Gallais-Bouchet, 2010).

The objectives given to port authorities are to ensure order and safety in the port, to realize, exploit and maintain maritime access to the port. Besides they are expected to manage and promote the domain owned by them. Port authorities are also expected to manage the natural area and to promote the supply of road, rail and river transport service provided. Eventually, they are expected to plan and manage industrial and logistic estates related to port activity (art. L.101-3).

The main tool of the port is its strategic project. As stated in the article L.103-1, it sets the strategic policy of the port, its actions and its budget for five years. Le Havre strategic project was made in 2009 for the period 2009-2013. It has not been published.

As well as financial aspects are concerned, the article L.111-4 states that the port authority is fully responsible for choosing investments related to its common missions. The port authority also has to pay dividends to its shareholder, that is to say the national government.

### ***Commonalities in the reform contents***

Both countries have chosen corporatization. Within this process, an organization, originally belonged to the public sector, transforms into a corporation with legal status where the government bodies hold the shares of this newly established corporation (Ng and Pallis, 2010).

While there was a powerful coalition in favour of reform in the Netherlands (Ng and Pallis, 2010), this agreement seems to have been present but in a less important way in France. The different levels of government and the private sector expected it (OECD, 2012), but there were still strikes and debates over the labour management aspects.

Along with Ng and Pallis we can observe a shift to a governance system involving more stakeholders as it will be further detailed in the next paragraph.

The two port authorities are concerned by a progress towards financial autonomy as already mentioned.

### ***The corporate nature of port authorities***

The supporting legal documents, namely the Articles of Associations and the Maritime Code resultant of the Law 2008-660 are used here to examine the corporate structures (table 1) and their management organization (tables 2 and 3).

The analysis of the corporate structures of the port authorities reveals that in the case of Rotterdam, the reform results from an arrangement. Indeed,

Rotterdam's municipal authorities invited the national government into discussions on the port's positioning with a view to implementing the Main Port Policy (1992) and the financing of the port expansion project, Maasvlakte 2 (Brolsma, 2007).

On contrary, in France, the port reform has been implemented through a legal process imposed by the state who kept the full shareholding of the port new institutional entity.

As claimed previously, the French port reform has led to open the port governance system what resulted in a shift from a single board to three organs. The board of directors in charge of treating the daily port activity is composed of four members among which a key executive nominated by the president of republic. This board of directors is monitored by a supervisory board which composition is fixed by the article L 102-2 of the French Maritime Code applied by the regional state representative, the prefect. On top of monitoring the key executives, the supervisory board is in charge of preparing the port's strategic policy.

The port's strategy is also discussed within the Conseil de Développement according to the law. This organ is composed of thirty members installed within four colleges (the representatives from the port community, the representatives from the port private companies' workers, the representatives from the local governments surrounding the port area, the representatives from qualified people interested in the port development among which nongovernmental organizations).

Rotterdam's port authority is composed of an Executive board fully appointed by the Supervisory Board. The supervisory institution's constitution is not legally fixed but is not supposed to welcome politicians nor members of interest groups (Ng and Pallis, 2010). Besides it has a voice only as far as the nomination of the Executive Board is concerned.

The shareholders, in other words the different levels of governments, are gathered within the General Meeting who must adopt the Business plan after approval of the Supervisory Board (art. 25.7) and approve the significant port's investments and financial decisions (art.25.8).

**Table 1:** The corporate structures of port authorities

| Category       | Rotterdam           | Le Havre       |
|----------------|---------------------|----------------|
| Name           | PoR                 | GPMH           |
| Legal document | Private law company | Law n°2008-660 |
| Shareholding   | Yes                 | Yes            |

Source: Adapted from Ng and Pallis (2010), Maïté Verdol

**Table 2:** The supervisory institutions and key appointments within port authorities

| Category                         | PoR  | GPMH  |
|----------------------------------|--|---|
| Name                             | Supervisory Board  | Supervisory Board   |
| Composition of supervisory board | Depends on circumstances, but no politicians/members of interest groups                          | Fixed by article L102-2:<br>5 representatives from the government<br>4 representatives from the local institutions<br>3 representatives from the workers<br>5 qualified people chosen by the representatives of the State among which one elected member of the chamber of commerce and one representative from the private |
| Functions                        | Nominates and appoints Executive Board members, including CEO as well as their deem if necessary | Prepare the strategic policy of the port authority and manage the Board of directors  |

Source: Adapted from Ng and Pallis (2010), Maïté Verdol

**Table 3:** Key executives appointments within port authorities

| Category                              | PoR                | GPMH                |
|---------------------------------------|--------------------|---------------------|
| Name                                  | Board of Directors | Board of Directors  |
| CEO appointed by                      | Supervisory Board  | National government |
| Other executives members appointed by | Supervisory Board  | Supervisory Board   |

Source: Adapted from Ng and Pallis (2010), Maïté Verdol

### *Power sharing between different levels of governments*

As detailed in table 4, one can see that 30% of the shares are hold by the state which is slightly involved within port activity. The major part of its involvement is regulatory and financial. The municipal level seems to have more relationships with the port authority since it owns 70% of the port's shares. However, the more relevant element is the ownership of the port's land by the municipality of Rotterdam. Indeed, since the Second World War, the municipality owns the whole port area, that is to say 40 kilometers from the city center to the North Sea.

On contrary, the state's involvement in Le Havre port authority is more important since the national government is the only one shareholder and has managed to enact precise elements in the law about the port's missions and partnerships.

**Table 4:** Power and responsibilities of the national government

| Category   | Rotterdam  | Le Havre   |
|--|--|--|
| Shareholding   | 30%  | 100%   |
| Ownership of the land  | No   | No   |
| Construction of infrastructure                                 | Uninvolved   | Uninvolved   |
| Introduction and enactment of port related laws and regulation | Only ensure that port operation and development are in compliance with national and European regulations | Only ensure that port operation and development are in compliance with national and European regulations |
| Assistance in port networking and marketing                    | Uninvolved   | Ensure that it is applied as in the law for the collaboration within a river axis                        |
| Involvement in port development projects                       | Limited  | Limited  |
| Others   | ---  | ---  |

Source: Adapted from Ng and Pallis (2010), Maïté Verdol

**Table 5:** Power and responsibilities of the municipality

| Category   | Rotterdam      | Le Havre   |
|--|----------------|------------|
| Shareholding   | 70%            | 0%         |
| Ownership of the land  | Yes            | No         |
| Construction of infrastructure                                 | Fully involved | Uninvolved |
| Introduction and enactment of port related laws and regulation | Limited        | Uninvolved |
| Assistance in port networking and marketing                    | Limited        | Limited    |
| Involvement in port development projects                       | Limited        | Limited    |
| Others   | ---            | ---        |

Source: Adapted from Ng and Pallis (2010), Maïté Verdol

The analysis confirms Ng and Pallis's (2010) conclusions about the co-existence of similar governance reformations especially regarding decisional and financial autonomy as well as the involvement of new stakeholders with remaining implementation asymmetries.

The Dutch port reform was implemented with a consensus and a slight legal frame as the frequent use of the expression "in the widest sense of the term" in the Articles of Associations may let it think. Besides, one can note the strong wish from the port services (confused with municipal services at that time) to implement the reform process. Eventually, the port authority, which is now clearly business-oriented (Ng and Pallis, 2010) is identified as a distinguished stakeholder.

The French port reform took place in a context marked by a large state intervention providing a detailed legal frame. Despite the wish from the port authority to see the reform implemented, its mode and agenda were imposed by the national government. Given the various missions of the port authority and the large scope of stakeholders gathered in the port authority's organs established as a response to the criticism about the previous autonomous port, one can observe that this young complex organization will require subtil arrangements in the future to avoid conflicts of interests between the different members of the said organs.

### **Section 3: Comparison of the port authorities' role in their region**

As detailed in table 6, the Dutch port reform contents a reference to the land use issue through the questions of allocation of site (art.25.6) and property in a context where the land belongs to municipality. Economic development issues are addressed through the second article of the Articles of Associations where it is said that the port has to contribute to the development of "port and industrial estates in Rotterdam in the widest sense of the term". However, neither transport, environment nor education are evoked.

The French port reform refers to four of the five spatial planning issues identified. Land use issues are addressed through the fact that the port



authority is owner of its land, has to manage and promote an area of 27 kilometers long and 5 kilometers large from the dikes to the Tancarville Bridge in the surrounding of not least than six municipalities (Le Havre, Harfleur, Gonfreville-l'Orcher, Rogerville, Oudalle and Saint-Vigor). Economic development is treated through the references to the planning of industrial and logistic estates related to port activity. Transports are evoked through the obligation for the port authority to promote the use of road, rail and water transport service in compliance with the national transport strategy. Finally, environmental issues are broadly dealt with. The natural areas have to be identified within the port strategic plan as well as their preserving policy.

**Table 6:** The spatial planning issues in the port governance reforms

| Category                 | Rotterdam | Le Havre |
|--------------------------|-----------|----------|
| Land use                 | Yes       | Yes      |
| Economic development     | Yes       | Yes      |
| Transports               | No        | Yes      |
| Environmental regulation | No        | Yes      |
| Education                | No        | No       |

Source: Maïté Verdol

As far as the port positioning in the policy-making process of spatial planning is concerned, even though the reform did not address every aspects of spatial planning, the new configuration impacts each one of them.

A view of the settings of the municipal, urban-regional and national governments legal competences and of their strategic documents reveals the way port authorities are concerned by those topics and implied in their policy-making. The strategic documents of the municipalities detailed in *Rotterdam Urban Vision* for Rotterdam and on the city's website for Le Havre were used. For the urban-region level, in Rotterdam, the contribution

of Salet (2006), Schrijnen (2003) and the *Rotterdam Urban Vision* were used to examine the port's role in that area. In Le Havre, the city website also detailed the policies led by the Communauté d'Agglomération of Le Havre (CODAH). As for the national level, in the Netherlands, the *Economische Visie op de langetermijnontwikkeling van Mainport Rotterdam* (Economic vision of the long term development of the Mainport Rotterdam) and the *Port Vision 2030* were used as well as Schrijnen's contribution. In France, the parliamentary Revet report as well as the Port of Le Havre activity reports 2009 and 2010 were used.

Table 7 details the level of implication of the port authorities for each sector of spatial planning at the different levels of governments (municipal, urban regional, national). The colored boxes indicate that the level of government does not have the competence detailed in the column category.

**Table 7:** Degree of implication of the port authorities in the spatial planning policy-making

| Category             | Rotterdam              |                             |                       | Le Havre               |                             |                       |
|----------------------|------------------------|-----------------------------|-----------------------|------------------------|-----------------------------|-----------------------|
|                      | <i>Municipal level</i> | <i>Urban-regional level</i> | <i>National level</i> | <i>Municipal level</i> | <i>Urban-regional level</i> | <i>National level</i> |
| Land use             | Fully involved         |                             |                       | Limited                |                             |                       |
| Economic development | Limited                |                             | Limited               | Fully involved         | Limited                     | Not involved          |
| Transports           | Fully involved         |                             | Fully involved        |                        |                             | Not involved          |
| Environment          |                        | Limited                     | Not involved          |                        |                             | Not involved          |
| Education            | Fully involved         |                             | Not involved          | Limited                |                             | Not involved          |

Source: Maïté Verdol

### ***Land use***

Rotterdam's port authority is fully involved in the policy-making process of land use. Indeed as required by law, the port authority is heard on the municipal land use plans. Besides, the port authority has largely expressed its views regarding the creation of "buffer zones" (*Port Vision 2030* adopted by the Municipality of Rotterdam as its shareholder) in Rotterdam and the other surrounding municipalities. Moreover, the port is actively taking part to the current thoughts about the land use plans revision concerning its area. As far as land use is concerned, the reform has led to a greater wish for coordination of land use issues from the port authority. Indeed, the institution considers it as a main concern for the good proceeding of its activity.

Le Havre port authority's case is more difficult to address since the reform's implementation has been achieved quite recently. Yet it is possible to distinguish trends about its territorial inscription. As far as land use is concerned, the reform introduces a more global approach of land use since the port is now responsible for its management. However, the port's land being managed by the national state before and as a result, quite far from the local considerations, the reform does not have a significant impact on the way the port deals with the other stakeholders on that point.

### ***Economic development***

Rotterdam's port authority is involved in a limited way in the field of economic development. Indeed, Rotterdam municipality's strategy is to diversify its economic structure. As proclaimed in the *Rotterdam Urban Vision*, even though the city considers the port as an "economic driving force", the city identified "knowledge and innovation" in the medical and creative fields as development trends at the same level as port activity. Hence the port authority services have been consulted only on the port and industry clusters projects.

Being considered as an important asset for the Dutch economy, the port authority is more implied within the policy-making process of the national strategy of economic development. The port authorities were associated to the thoughts on the development of logistic activities.

In that way, the reform has sort of replaced the port within the planning system: from a very local base, it went to a national one.

As far as Le Havre is concerned, the port authority is fully involved in that field at the local and supra-local scale. Indeed, the executives from the municipality, the chamber of commerce, the CODAH and the port authority gather together in the “Quadripartite” to discuss the economic policies they intend to implement in order to coordinate their action. However this informal area of exchange was created in the 1970 (it was then called the Tripartite since the CODAH had not been created yet) and is not linked to the reform. As far as the national level is concerned, the port authority is not associated to the policy-making in a specific way.

### *Transports*

Concerning transport issues, the port of Rotterdam authority is fully involved. This kind of policy gathers every level of governments. After the port governance reform was implemented, a public corporation, De Verkeersonderneming (Traffic Enterprises) composed of the port authority, the municipality of Rotterdam, the Dutch ministry of Transport and Environment, the enterprises’ associations (e.g:Deltalinqs) and the Chamber of Commerce was created to solve the transports problems linked to the port activity. In this case, the port is now able to express and fully take part to the resolution of the transport policy-making.

Besides, the port’s needs for other infrastructures are accepted by the national government whose policy integrates them. Here one could talk about a strong cooperation of the port authority with the national government.

In the French case, the port authority is submitted to the national perspectives in terms of infrastructure. Indeed, as expressed in the law, the port authority’s choices have to be in compliance with the national government’s ones. The reform did not change this situation.

### ***Environment***

Le Havre and Rotterdam are submitted to the rules imposed by their national governments and the European Union in that field.

### ***Education***

The port authority of Rotterdam is fully involved at the local scale. Indeed, the port authority is taking part to the promotion of port activity related education. For instance, the port is investing in the Rotterdam Transport Schools, a network promoting training and research related to port activity (De Langen and Van der Lugt, 2007).

As well as links with research and port activity related education are concerned, the OECD argues that there are still not enough links established (OECD, 2012) in Le Havre.

The strengthening of the Rotterdam port authority's role in the education field is sensitive since the reform took place. Indeed, the port authority became more aware of the fact that investment to ensure qualified workers in port activity was required.

The analysis reveals strong asymmetries between the renewed positioning of Rotterdam and Le Havre port authorities' role in their region.

Rotterdam port authority get involved in a larger way within the spatial planning policy-making process even though less of these issues are enacted within the reform. By clarifying the port authority's goals and *marge de manoeuvre*, the reform process allowed the port authority to adjust its relationships with the other stakeholders involved in the spatial planning policy-making process.

As well as Le Havre port authority is concerned, the reform took into account a large range of spatial planning issues. Despite the fact that the reform process has been achieved more recently as already mentioned, a larger involvement of the port authority in the spatial planning process does not seem to result from the reform.

## Concluding remarks

The study showed that analyzing port and city relationships through the mean of spatial planning issues and policy making process with a neo-institutional approach enabled to understand better the port and city dynamics and the new configuration in this particular type of region.

The study also revealed a gap between the ways spatial planning issues are taken into account regarding the spatial planning policy-making process. Adding formal references to spatial planning issues in port governance reform does not ensure a larger role of port authorities into their regions today. The case of Rotterdam shows that a port authority gets actively involved into spatial planning policy-making only when a common interest can be found with its own goals.

Developments dedicated to the renewed positioning of the municipal governments will be necessary to understand the full range of interactions between cities and ports and the way they impact spatial planning in these regions.

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