Policies and impacts of urban regeneration: waterfront redevelopment in Helsinki, Finland 1980-2000

Pennanen, Paula Anneli

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Policies and Impacts of Urban Regeneration

Waterfront Redevelopment in Helsinki, Finland 1980 – 2000

A thesis submitted to the University of London in accordance with the requirements for the Degree of Doctor of Philosophy

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September 2002
ABSTRACT

This thesis examines urban regeneration policies, projects and their socio-spatial implications in Helsinki, Finland, during the 1980s and 1990s, and places them within the context of post-industrial economic transitions in politics, society and urban space. The main theoretical framework of the thesis is the academic discourse on the characteristics of urban policies that have evolved as local political responses to the post-industrial transition. It critically examines common arguments in the recent literature about urban redevelopment policies in western countries in the context of Nordic welfare state policy-making, and aims to identify the key forces that explain the different political processes and the differences in social outcomes of urban regeneration.

The three main research problems are: 1) to identify the leading decision-making power relations and the main targets of decision-makers in two urban waterfront redevelopment projects in Helsinki; 2) to examine the extent to which the physical elements and functions of redevelopment parallel the regeneration schemes in other post-industrial cities; and 3) to evaluate the socio-spatial consequences of the projects at city level. The main methods used include project document analysis, semi-structured interviews with local government decision-makers and residents, and a questionnaire survey of residents living in the Ruoholahti redevelopment area.

The main research finding is the recognition of substantial differences in post-industrial urban transition processes between Helsinki and other western cities. These include the lesser extent to which local governance in Helsinki has adopted an entrepreneurial approach and incorporated the private sector into policy-making, and the persistence of public sector dominance in urban planning. Central to this process are large public landownership and strong planning regulations, long-term land use planning and socially oriented property development and housing policies. These have alleviated the effects of market forces and resulted in relatively low levels of socio-spatial segregation. The thesis argues that the urban policy in Helsinki has institutionalised the key values of the Finnish model of Nordic welfare state, in the urban landscape. Thus, against common arguments in the literature, the thesis suggests that post-industrial socio-economic restructuring forces do not necessarily pull cities towards the dominance of economic issues and increasing socio-spatial inequality, and it attempts to explain the process of post-industrial change in Nordic cities within the context of public politics and planning, landownership, and local political culture.
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London, September 2002

Paula Pennanen - Rebeiro-Hargrave
Chapter One

INTRODUCTION

During the last 25 years many derelict or abandoned old waterfront industrial and dock areas have experienced remarkable physical and functional changes through regeneration and redevelopment schemes. Today, regeneration schemes and the resulting urban landscapes can be found in different cities in virtually every continent: in the US (for example in Boston Harborfront, Harbor Place in Baltimore, Battery Park City and South Street Seaport in the New York City), in Canada (harbour areas in Vancouver and Toronto), in cities in the UK (Cardiff Bay, Liverpool's Albert Dock, London's Docklands, central Birmingham, Sheffield, and the old Quays in Newcastle-upon-Tyne), in continental Europe (Barcelona, Bilbao, Genoa, Rotterdam, and Amsterdam), and in the Asia-Pacific region (the waterfronts of Sydney and Shanghai), to name just a few well-known examples. Thirty years ago these urban areas did not exist and yet now they occupy dominant positions in work place, retail and residential functions in many former industrial western cities. These new areas represent a dramatic transformation in urban economy, society and land use from the industrial to the post-industrial.

The simultaneous emergence of these redeveloped central city areas in a short period of time raises many important general questions – why did these areas emerge during the same time period and where does the nature and extent of similarities between these areas derive from? These general questions raise a list of secondary questions: who has planned and redeveloped these areas, and to whom are they planned for? Why are they located in the inner areas of the industrial cities which have traditionally been unfashionable? This thesis will examine these issues and it aims to place the redeveloped urban areas within the context of global economic transition during the post-industrial era since the 1960s, and within the political, social and spatial manifestations of this change. It will focus on the processes of decision-making that enables the creation of such urban forms and functions in numerous cities, and on the implementation policies. It will then examine the social consequences of this redevelopment, and the type of people that live in them. However, the thesis does not attempt to create a general model of global urban waterfront redevelopment but it will investigate the urban redevelopment process in two waterfront areas in the City of Helsinki.
The City of Helsinki, capital of Finland, has several common features with other cities where large scale urban regeneration schemes have recently been carried out. The thesis case study areas, Ruoholahti and Arabianranta, were former port areas associated with manufacturing. The decline of port associated functions led to local government decisions to decrease industrial land use and to regenerate the areas to better serve the post-industrial service economies. This process is similar to the closure of port areas located in inner city areas of many former industrial cities. Helsinki, as most other primate national or regional cities since the 1980s, competes against its neighbouring cities in an attempt to attract mobile investments, financial and high technology companies. The inter-urban competition includes strategies that promote new office and high quality residential and retail developments on inner city waterfronts. The process of redevelopment of Helsinki waterfront areas is planned and implemented by a partnership between public and private capital and decision-makers. This form of decision-making organisation has been common in urban redevelopment since the late 1980s.

For these and other reasons, Helsinki has experienced similar global economic changes as other post-industrial cities. Therefore, it could be assumed that the decision-making and planning reactions in Helsinki would be similar to other former industrial cities in free-market economies. However, when the redevelopment process of Helsinki case study areas are more closely examined, significant differences emerge between Helsinki, and indeed other Nordic cities, and the US and many Western European cities in terms of the decision-making process, and the political and social content of urban development. This thesis will expand on the reasons why these spatial differences exist, and why the urban development policies and outcomes have only very broad similarities.

**Local responses to the global processes – A framework for the examination of urban redevelopment in Helsinki**

The reasons for different urban development policies and outcomes between Helsinki and other post-industrial cities appear to derive from the differences within the decision-making process and consensus policies in the Nordic welfare states commonly identified in political studies (for example Kosonen 1993). It is not unusual that all major political party leaders agree on significant strategic choices. Likewise, the Finnish 'wait and see' strategy has often been the dominant decision-making approach to national and international politics. These political culture characteristics are presumed to partially explain the nature of the urban policy-making process in the City of Helsinki, where a relatively high level of political coalition formation, similar to the concept of 'corporatist' leadership, characterises the relationship between the
political parties that have been dominant in political decision-making, and, to some extent, between the public and private development participants. This is not so prevalent in the Western European or North American development policies. In addition, the Finnish planning system has a high level of social and design awareness in development policy, and the demands for financial profit are not as central in the public sector policy. This is in contrast to what has been generally observed in the academic literature on the inner city regeneration. There are also other reasons why the pattern of regeneration in the Nordic welfare states is different, and these include long practical traditions in public planning, strong legal regulation of planning, and differences in property development tradition. On this basis, this thesis will examine the targets of political decisions taken by Helsinki, a Nordic welfare state city, during the transition from an industrial to a post-industrial economy and production.

**Discourses of urban political change**

At the theoretical level, this thesis is concerned with the recent literature on urban development policies and the social implications of these policies. As such, it contributes to the debate on the nature and extent of the so called 'new urban policy'. This debate has been held since the 1980s mainly between scholars from Western Europe and the US. Left-wing oriented approaches (for example Harvey 1989, 1990; Fainstein 1990, 1994; Goodwin 1991, 1993) suggest that public sector decision-making on local development has shifted towards a pro-active 'entrepreneurial' and economic-oriented approach, whereas other scholars put more emphasis on the differences between the political and cultural aspects and planning systems of cities, which contribute to the different city landscapes and social content of urban redevelopment. The entrepreneurial interpretation has generally argued that the new approach includes a shift of public sector interests in local development from managing urban change into the promotion of urban economic development in co-operation with private development interests. The entrepreneurial approach is also argued to imply a shift of focus from social and welfare distribution issues and from a long-term, comprehensive approach to planning to more narrow-based, short-term economic growth policies in local development.

An inherent preoccupation can be identified in these arguments. It is presumed that private development interests are clearly opposite to public ones, and that if private development investments and entrepreneurial public-private development coalitions were left to guide local

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development, the results would be both socially, culturally and physically exclusive. These critical approaches to urban redevelopment policies often use large 'flagship' regeneration projects, mainly planned and implemented during the 1980s and the early 1990s, as a point of reference. Among such projects are London's Docklands, Birmingham's city centre, Pittsburgh's inner city waterfront, and Battery Park City in Manhattan. Many commentators share a common interpretation that through these decision-making processes, cities in all western capitalist countries are being transformed towards spaces that are planned and designed for the 'winners' of the society. The winners are defined as those urban groupings who are independent from the social security network since they possess the skills and attitudes for managing the restructuring of society. On the other hand, the 'losers' in cities are seen to comprise the unskilled, unemployed and the poor who are left outside the new urban development strategies.

This thesis aims to critically review the arguments concerning the shift to 'economic determinism' in urban politics and planning, and the popularisation of American and British findings on the nature of urban policy-making and its impacts on the physical and social processes in cities. It will attempt to argue that urban development policies and outcomes cannot be generalised in the context of post-industrial western capitalism. The literature increasingly perceives the political structures and social outcomes of urban decision-making to be rooted in particular place, politics, cultures, and planning. Therefore, the tendencies of urban change widely observed in North America or Britain are likely to only partially hold within the social, political, and regulatory framework of the Finnish model of Nordic welfare policies. The main contributing factors to the difference in urban redevelopment are considered to be the Nordic welfare state housing and employment policies, income transfers, as well as public planning regulations in which certain values are shared across the political party and social class borders. However, there have been differences between the Nordic countries with regard to the strength and the composition of consensus policies (Tanninen ja Julkunen 1993; Hall 1998; Ginsburg 1993; Kosonen 1993). These have resulted, for example, in relatively even socio-spatial division within the Nordic cities with small differences in the socio-spatial structures between these countries.

It has been recently questioned whether the entrepreneurial approach in urban policy-making is in fact new. In North America, public sector entrepreneurial policies have always been a major agency of local development, and, regarding British and North European cities, some commentators suggest that there is as much continuity as there is change in the 'new'
entrepreneurial approach to urban development (see, for example, Imrie and Raco 1999), and that in some cases the changes in focus of decision-making have occurred at symbolic rather than operational level (see, for example, Boyle and Hughes 1994; Ward 2000:177). Research on North West European and Nordic cities has been particularly critical to the arguments presented as general models of post-industrial urban transition (see, for example, Nelson 2001; Wessel 2000; Murie and Musterd 1996). This thesis aims to place regeneration policies in Helsinki within this debate, and provide an alternative Nordic explanation on the key forces in policy-making and planning of urban development.

**Conceptual and theoretical context for the research**

At a more abstract level of interest, large scale *urban landscape change* is the broad framework for this geographical study of redevelopment in the city. The urban landscape is understood as consisting of the physical forms and the social processes of an area. In addition, it comprises the power structures that have an impact on the construction of these physical and social spaces. Within this framework, urban development can be described as temporal sequences of construction, deconstruction, and reconstruction of places as a result of political, social and economic reorganisation of the spatial urban landscape. Urban spatial relations have been subject of interest especially for the political-economic studies on the post-industrial (or 'late capitalist') cities. Political scholars perceive spatiality (in terms of the 'production of space') as a result of reconstructing the broader relations in society and modes of production (for example Lefebvre 1991; Harvey 1990; Soja 1994). After the 1970s, the process of production of space is said to be strongly affected by post-industrial global restructuring, which includes the relocation of industries, an increase in international mobile investments, occupational restructuring and specialisation, and the rise of 'informational', high-tech cities. On the other hand, the 'consumption of space' is also said to be changing due to post-industrial socio-cultural changes, which include the differentiation of social values and life styles. This is argued to contribute to rapid reproduction of the old (industrial) spaces in cities (Zukin 1995).

In the context of political relations of urban landscape restructuring, this thesis will build on the idea that the production of a place in the city can be traced back to the *political decisions* that have been dominant at the time of construction of a particular place (Keith and Pile 1993). All spatialities are seen as political 'because they are the (covert) medium and (disguised)
expressions of asymmetrical relations of power' (Keith and Pile 1993:38). Similarly, the
construction of identity of a place – how the place is perceived and lived by the local inhabitants
and workers – can be linked to the specific location of a place within the city, and is constituted
through difference in comparison to other places (Keith and Pile 1993:26,27). These links between
politics, identities and place are said to be particularly strong in the regeneration of the former
industrial urban waterfronts (Andersson 1997). Within this context, spatialities of urban
regeneration process appear as ‘identity politics of place’ (Keith and Pile 1993:2), that is politics
of construction of new identity for a redeveloped place. Marxist interpretations stress that this
construction involves a ‘struggle’ between social, political and economic interests of conflicting
groups in a society.

Whilst accepting this link between the political decision-making and urban landscape
reformation, this inquiry will take a critical stance against the widely supported interpretation
that the process of globalisation is overtaking local forms in the reconstruction of urban
landscape, and that, as a result, we see the cultural forms of contemporary late capitalism as the
dominant force in the post-industrial (often described as postmodern) urban landscape. This has
been described as a visualisation of the conflict between spatial forms that provide stable
identities (‘place’) and economic forces that detach people from the established social institutions
(‘markets’) over their dominance in urban space (Zukin 1992:223). This conflict is argued to result
in economic forces (private capital) creating a ‘hegemony of vision’ in urban space over local
cultural symbols and spatial identities (Zukin 1995; Swyngedouw et al. 2002). Thus, as a
theoretical inquiry, this thesis asks who and what dominates the production of space in the
Helsinki waterfronts during post-industrial urban restructuring, and what political and value
structures does this dominance rely on.

The main research questions

Within the theoretical framework of urban transition and local political responses during recent
decades, this thesis will focus on Helsinki, a Scandinavian welfare state city, and answer the
following three key questions and corresponding sub-questions:

1. What are the dominant power structures in the regeneration process, and what are the
   main targets of decision-makers in terms of regeneration policies and projects?
   Is decision-making in development planning shifting towards entrepreneurialism and/or
to private developers as the literature commonly suggests?
2. What is the actual content of the regeneration plans, and to what extent do their functions and the physical elements reflect the regeneration schemes frequently presented in the literature?

3. What are the socio-spatial consequences of regeneration at city level, and, more specifically, for which urban groups are the new developments most beneficial?

Two regeneration project areas, Ruoholahti and Arabianranta in Helsinki, will be used as case studies in order to establish the prominent actors, the nature and content of the redevelopment policy-making, and the social and spatial impacts during the 1980s and 1990s.

**Understanding urban policy-making and its impacts in Helsinki**

A principal goal of this thesis is to understand urban policy-making process in Helsinki, and its impacts on regeneration projects. With regards to the political relations of place, the research intends to examine the post-industrial urban change in the Helsinki waterfronts by approaching them as reflections of changes in the national welfare state policies and global processes. It investigates the possibilities of locating the formation of coalition policies and the focus on social aspects in urban policy within the framework of the political decisions derived from welfare state principles that have dominated Finnish politics since the 1960s. This theme is relevant to examine since there were first signs of a departure from this general policy occurred during the late 1990s after the early 1990s recession and subsequent crisis of the welfare state (Esping-Andersen 1990; Borgegård and Murdie 1993; Nilsson 1994). Within a similar context, this thesis will investigate if the increase in the involvement of the private sector and the adoption of entrepreneurialism in local development may also be attributed to the global and national economic recession, and if there was a change of attitude in local politics towards the end of the 1990s. At a more abstract scale, it will examine if the shift from a ‘mature welfare state’ to a ‘crisis in the welfare state’ may be taken as the large-scale context for the changes observed in the urban policies in Helsinki.

In terms of landscape change, the thesis will examine whether the land use conflict between ‘place’ and ‘markets’ is less dominant in the process of landscape change in Helsinki than has been suggested for many European cities and for the US and UK cities in particular (see, for example, Harvey 1990; Zukin 1992, 1995, 1995a; Fainstein 1994,1994a; Bianchini 1993). It will explore the level of control of the public sector decision-making and planning in the reconstruction of the urban landscape, and whether this is effective on both physical and socio-spatial relations in Helsinki. This attempts to respond to the suggestions that public planning
still matters in local development and that public authorities mediate the economic and social development policies especially in Nordic cities (for example Wessel 2000, Borgegård et al. 1998; Ginsburg 1993). It also addresses the role of influential individual planners in the process of decision-making by local authorities, and examines the level of consensus with reference to what is understood as 'good planning' between the project participants. Urban policy and land use issues are also investigated by researching whether the content of social and housing policies is still crucial in determining the physical and social outcomes of redevelopment. One of the key themes for this inquiry is the extent to which the public decision-makers have adopted an entrepreneurial stance to local development during the 1980s and 1990s, and how the local authority's statutory planning monopoly and long-term, detailed land use regulation have been able to limit the effects of this possible shift. In addition, the role of large scale public landownership in limiting the power of the private sector is assessed. Among the key questions for the enquiry is the extent to which the social content of redevelopment in Helsinki is different compared to West European and North American cities.

In terms of qualifying the outcomes of the regeneration projects, the differences between the urban regeneration targets of public and private planners and developers in Helsinki are explored, and assessed in the context of the literature review, with an emphasis on the social and physical aspects of development planning. The economic redevelopment targets, for example, may differ to a greater extent than the targets of other policy sectors. The thesis will examine the extent to which the global economic forces influence planning policies and projects in Helsinki, and attempts to identify the major influencing factors within the local and national contexts. It will also attempt to identify the main values and attitudes behind the inclusion of a mixed social and tenure structure in most new residential areas in Helsinki which have enabled the middle and low-income households to live in high quality, central city waterfront neighbourhoods, and forms a significant difference between the waterfront redevelopment projects in Helsinki and in most Western European and North American cities (see, for example, Fainstein 1990,1994; Goodwin 1991,1993; Hall and Hubbard 1996; Jauhiainen 1995).

In terms of providing an urban policy-making research framework, this thesis will attempt to establish whether the Finnish, and to large extent, Nordic political and social values — instead of the ideas of economic efficiency and profitability — may provide a useful framework to define the key forces of urban redevelopment process in Helsinki. An important component in this examination is to assess the extent to which the Finnish welfare state model's values are constituted in the urban landscape in Helsinki. These values may provide a structure against
which planning and decision-making processes can be examined and which may help to focus strong redevelopment interest upon, for example, long-term functionality of urban structure, socially balanced and stable development, and general affordability of housing. A related enquiry is to establish if there are internal and external pro-economic growth groups within the local authority, and what is their relationship to the political and social values. For example, is decision-making in all these issues strongly regulated by the local governance, and has it successfully alleviated the effects of market forces in terms of social and spatial segregation in Helsinki? This line of inquiry is justified since the Finnish and Nordic urban policies and planning have generally emphasised that the distribution of economic resources should be evenly spread across the society and space (see, for example, Esping-Andersen 1990; Kosonen 1993). This has allowed extra benefits to the large, high taxpaying middle classes and helps to maintain social stability. The strategy has enabled local authorities to pursue their own goals, and reinforces the political economy structures. According to Esping-Andersen (1990:26), this helps maintain the political consensus and solidarity in the society as well as the public support for the electoral government.

Returning to the issues of urban policy-making and its implementation, the research examines how well the urban governance in Helsinki has succeeded in adjusting its policies and planning system to match the requirements of both economic efficiency and social equality. Has the local governance in Helsinki faced serious criticism from the private sector, as has been the case for many other public planning authorities in western capitalist countries? (see, for example, Cochrane 1993; McGuirk and McLaran 2001) Furthermore, has Finnish society, political culture and planning taken the pro-growth-targets into the centre of city planning? The thesis examines whether the property development and land use planning systems favour collective and social interests or private interests in Helsinki, and if the potential land prices or land values are realised in the free markets in Helsinki, as they are in the neoclassic property model that typically rules the urban property markets (Badcock 1994).

In summary, to understand urban policies in Helsinki, the special characteristics of the local planning system are synthesised in an attempt to construct a model of urban redevelopment policies and planning. However, it is necessary to briefly explain the history of urban planning system in Helsinki. The Finnish multi-tier, independent planning system was created as a part of the welfare state building between 1948-1980. During this period, a nation-wide network of basic social services was created. Social progress, social justice, and basic security were the leading values guiding this process. The process was first led by the central government, but since the
mid-1980s and during the 1990s, following the experiments in other Nordic countries, emphasis has been on increasing local government independence in decision-making on services and adapting local administration to local conditions (Villadsen 1993; Hakamäki et al. 1988; Sotarauta 1994:338-339). The idea of urban planning in Finnish local governments has been described as 'empowerment' of or 'enabling' the citizen. According to Sotarauta (1994) this should not, however, be understood as 'self-help' and hence undermine the direct service provision by the public sector, but to work alongside it. Under the Finnish planning model, direct citizen participation is not strong, but Sotarauta (1994:344-345) quoting McClendon (1993:145) argues instead that the city planners' task is to put people in control of their own environment and destiny through 'technical assistance' and by promoting 'self-respect, self-reliance and self determination'. This thesis will ask what is the contribution of the urban social and economic strategies and physical design since the 1970s to this process.

Structure of the thesis

Part I (Chapters 2, 3 and 4) provides the framework of the thesis and reviews the common models presented in the academic literature concerning post-industrial urban transition and political change. Chapter 2 starts by an introduction to the global economic and social transition in cities since the 1960s. This is followed by a review of the debate over the impacts of this transition on urban policies, redevelopment strategies and on the socio-spatial patterns in cities. The discussion shows that post-industrial global economic and social change and competitive situation between cities are commonly presented as factors that have forced the public politicians and planners in western cities to adopt an entrepreneurial stance and growth-oriented development strategies, and to accept or search for a narrower role of in local development.

These changes in values and position become visible in the new public-private development partnerships between the public sector, private investors, community groups and the central government, and in the increased emphasis on economic and physical aspects of redevelopment. The targets of public good and welfare state ideas are said to be less central in local development. These are commonly argued to result in widening social divisions and dissatisfying urban landscapes.

Chapter 3 presents a review of the literature and statistical evidence on post-industrial urban restructuring and social policies in Helsinki and in other Nordic cities. This forms the framework for the key argument of this research that partly opposes the dominant discourse. The chapter reviews the Scandinavian and Finnish welfare state policies and political cultures that have
influenced the effects of economic restructuring in cities. The chapter points out that, despite similarities in post-industrial economic restructuring, the processes of social and spatial differentiation in the Nordic cities are less radical than in the Western Europe or in North America. In Helsinki, the degree of control over planning and landownership is remains strong, and has given the city decision-makers and planners power to pursue their long-term and large-scale development strategies over other participant groups. Socially mixed housing policy has been in the focus of local development since the 1970s and has resulted in relatively low levels of social segregation and income inequality in Helsinki. This holds also in the recently redeveloped urban waterfronts.

The last section of Part I, Chapter 4, introduces the three main methods of enquiry chosen to test the preliminary assumptions of this thesis in the context of regeneration policies and projects in Helsinki. The main methods used are in-depth interviews with public planners and other public sector decision-makers involved in urban development, as well as interviews with private developers and leaders of local cultural institutions involved in area development. In addition, public planning documents and statistical data are studied and a residential questionnaire survey was carried out among a sample of residents in the case study areas.

Part II (Chapters 5, 6, 7 and 8) comprises the field research results from the case studies of the Helsinki regeneration projects. Chapter 5 starts with an overview of the legal framework and practical issues of Finnish municipal level planning. It shows that, in general, the Helsinki local government planning has a relatively high emphasis on long-term, city-wide development planning and that the decision-making power in regeneration projects is concentrated in the publically led Area Development Project organisation. However, it also shows that planning in the Helsinki local government is affected by the global competitive forces and has allowed an increase in the involvement of private sector interests in development planning during the 1990s. Chapters 6 and 7 provide the results from the interviews and document survey and discusses the project planning and implementation processes in Ruoholahti and Arabianranta areas. These chapters show that public planners have decisive role in the project planning and that subsidised housing and social development issues were emphasised in the housing production plan. An entrepreneurial approach, a focus on economic development, and public developers' participation is shown to have an important role in both redevelopment projects, but concerned only a small sections within the project areas.
Chapter 8 attempts to answer the third research question. It provides an evaluation of the social consequences of the housing construction of the Ruoholahti regeneration project. The statistical analysis and questionnaire survey data will indicate that the residential structure of the Ruoholahti project area partly reflects the public planners' development principles, since the dominant group of inhabitants are middle-income families with children, who have moved to Ruoholahti from other areas in Helsinki. It thus differs from the typical population structures found in the regenerated areas in other western cities, although several similarities can be identified, such as the absence of the lowest socio-economic and income groups, and the tendency to a segregated residential structure towards professional employees.

Chapter 9 concludes with the key findings of the thesis. It discusses the extent to which the redevelopment policies and outcomes in Helsinki are compatible with the urban redevelopment in other Nordic and western countries. On these grounds, it outlines the main factors that affect the dynamics of politics and planning of urban redevelopment in Nordic countries and provides counterpart to the redevelopment dynamics discussed in the British and North American literature in particular and by some continental European authors. It also attempts to explain the observed differences between Helsinki and other western cities through the political and socio-cultural aspects of the Finnish society.

Conclusions

The Introductory chapter has placed the research problem in the context of post-industrial urban transition. The chapter introduced the main theoretical framework of the thesis, which is a discourse on the characteristics of urban policies that have emerged as a local political response to the post-industrial shift. It also pointed out common weaknesses of this discourse in the light of urban change in Helsinki, and suggested the major factors which should be taken into account when considering Nordic cities. At a broader conceptual framework, the chapter introduced the discourse on the political connections of landscape change in particular places, the confrontation between 'global' and 'local' forces or 'economy' and 'place', and the special features of ownership of land and property and political and social values in North European countries. Recent academic discourse has commonly linked these dichotomies to changes of urban space. The main purpose of the chapter, however, was to outline the three specific research questions of this thesis: the decision-making process in urban policies in Helsinki; the physical and visual content of the urban redevelopment in two waterfront areas; and the socio-spatial consequences of the redevelopment in Helsinki in comparison to other western capitalist cities.
PART I

Post-industrial urban policies and development planning

onko metro luotettava Tukholmassa? 
onko Pariisissa tallella vahva terästorni? 
onko Berlinissä makkaraa ilman lääkköä? 
onko Helsinki tunnin edellä vai jäljessä?

- Janne Saarikivi/ Ultra Bra 1996

is the metro reliable in Stockholm? 
is the strong iron tower still standing in Paris? 
are there sausages without fat in Berlin? 
is Helsinki one hour ahead or behind?

- translation by author
Chapter Two

URBAN DEVELOPMENT POLICIES AND SOCIAL CHANGE IN POST-INDUSTRIAL CITIES

Introduction

As a global level context for urban governance and regeneration policies since the 1980s, this chapter outlines the post-industrial shift in western societies consequent upon the decline of manufacturing industry and the rise of service-based economies. The main physical, economic and social impacts of this shift, notably large-scale land-use change and socio-economic restructuring are discussed. The chapter focuses on three questions concerning the responses of urban politics to post-industrial shift. What are the strategic changes in urban politics that have occurred in different cities since the 1980s? How has the decision-making on the redevelopment issues been (re)organised? What are the physical consequences of these policies? The chapter then discusses the suggested social consequences caused by these political changes in cities. The process of interrelated changes in urban policy is outlined in Figure 2.1.

These questions are addressed through a review of the academic literature on post-industrial urban change. Post-industrial urban politics has been the subject of broad academic debate for more than a decade. The key arguments point toward the negative characteristics and consequences of the new strategies and forms of local political organisation. These are commonly housed under the concept of entrepreneurial urban policies, which suggests, amongst other things, a shift in decision-making power and economic development initiatives from local governments and public planners to private, economically oriented agents. This is argued to imply a shift of emphasis from social to economic targets in development planning. Strategies and outcomes of urban regeneration projects are commonly argued to reflect similar change in development priorities. These main arguments on post-industrial urban policies work as a context for the counter-arguments of this research based on the evidence from urban development in Helsinki.
2.1 Post-industrial transition in cities – a general overview

The processes of urban development and social change since the 1980s can be set within the context of large-scale transitions in production relations in the old western industrial cities during the so called post-industrial era. The concept of post-industrialism in society and economy was introduced by Daniel Bell in 1973 in order to describe the changes occurring in the economic, political and social structures of the western societies as a result of advancement in technology and knowledge. Savitch (1988:5) has described the multiple dimensions of the post-industrial transition as changes in ‘what we do, and how and where we earn our living’. Production is focused on information and services rather than manufactured goods, the main tool used at work is the brain instead of hands, and production takes place in offices rather than in factories.

![Flow chart of urban policy change process.](image)

The socio-economic restructuring processes have resulted in changes in occupational structures, government policies, urban planning, property values of industrial land, and created urban inner
city problems (as in Figure 2.1). The process has placed serious pressure for higher efficiency and increased productivity on urban politics, social class relations, employment policy, and technology in all industrialised countries (Massey and Meegan 1982; Harvey 1990; Jessop 1997; Ley 1996). However, the post-industrial concept has been criticised by Marxist scholars, for example Walker and Greenberg (1982:18-22), for exaggerating the dominance of service occupations, high skilled workers, knowledge in the society, and undermining the importance and role of manual workers. These criticisms derive from unclear definitions of service sector occupations, service tasks, and from misinterpretations of decision-making power of an individual worker. Nonetheless, the concept of post-industrialism as a context for global restructuring since the 1960s has been widely acknowledged as a valid framework for examination.

The changes in production are explained as a shift from Fordist mass production, 'economies of scale', to a more diverse 'flexible mode of production'. Flexible production has been described as a new form of capitalism characterised by loose labour and social relations, exchange of professionalism, specialisation between highly specialised workers, and small-scale production and consumption (Bell 1973:xii, xvii; Harvey 1990). The production shift is summarised in Table 2.1. With regard to social transformation, the post-industrial change has been reflected in a decrease of employment in blue-collar manual and manufacturing workers and in an increase of white-collar, high-skilled employees who manage information. There has also been an increase in services between and within the businesses and private individuals. Within the context of political change, the government policy has gained a larger role in social regulation compared to the industrial era, when market forces were dominant (Bell 1973:14). There have been related changes in the built environment. According to Savitch (1988:4-5), factories have been abandoned, and working class housing has become irrelevant and regenerated for the purposes of new post-industrial economy, society and culture. The concept of post-industrialism has been developed further with regard to cities (for example, Ley 1980,1996, Savitch 1988, and Lever 2001), to the extent that post-industrialism appears to almost imply physical 'manifestations' of new socio-cultural values and social classes brought about by the new era. According to Ley (1980), new social values in some cities have become institutionalised in new urban policies and planning.

The former industrial cities have experienced a dramatic decline in manufacturing employment due to large scale reorganisation of production. Towards the late 1960s, the focus on industrial production started to shift from mass production to processing of knowledge, high technology,
and design products. At the same time, there was an increase in labour productivity due to more advanced production technology, and more efficient work methods reduced the need of manufacturing workers (Massey and Meegan 1982; Lever 2001). The transfer in mode of production from economies of scale to economies of scope and the decline in manufacturing employment can also be associated with the cooling down of the post-war economic boom, the growing volume of international trade, and instability in the international monetary markets in the early 1970s (Dicken 1992). These were associated with the collapse of the Bretton Woods financial control system as a result of the deregulation of the market and labour laws during the 1980s, which eased the movements of capital and goods at the global level. At the same time, industrial production and a semi-skilled, relatively cheap labour force emerged in the less developed countries. These caused substantial changes in the requirements of industrial location. Many industries moved their investments to more profitable locations overseas, especially in the NICs, or outside the old industrial cores to rural areas, small towns, or to the emerging suburbs.

<table>
<thead>
<tr>
<th>FORDIST MODE OF PRODUCTION</th>
<th>FLEXIBLE MODE OF PRODUCTION</th>
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<tbody>
<tr>
<td>'economies of scale'</td>
<td>'economies of scope'</td>
</tr>
<tr>
<td>Functional spatial specialization (centralization / decentralization)</td>
<td>Spatial clustering and agglomeration</td>
</tr>
<tr>
<td>Spatial division of labour</td>
<td>Spatial integration</td>
</tr>
<tr>
<td>Homogenization of regional labour markets (spatially segmented labour markets)</td>
<td>Labour market diversification (in-place labour market segmentation)</td>
</tr>
<tr>
<td>World-wide sourcing of components and sub-contrasts</td>
<td>Spatial proximity of vertically quasi-integrated firms</td>
</tr>
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Table 2.1 The suggested differences in spatial organisation between 'Fordism' and 'flexible accumulation' according to Swyngedouw (1986, quoted in Harvey 1990:178).

These changes contributed to the restructuring of the international and national division of labour, and to the high unemployment figures in old industrial core areas. Many low-skilled industrial workers became unemployed as the industries either closed down, moved to new locations or adopted the new mode of production with smaller and higher skilled labour force requirements. The dramatic decline in manufacturing employment in industrial cities in North America and Britain over thirty years can be seen in Table 2.2. In Glasgow 163 294 manufacturing jobs were lost between 1961 and 1987, and the whole sector became to represent only 18 % of the total employment from 42 % in 1961. The share has decreased ever since and resulted in severe social problems in the city (Boyle and Hughes 1994:455). In London the number of manufacturing jobs dropped by 75 % from 1961 and 1991. This meant that altogether
820,000 jobs disappeared, many of which have been replaced by service-sector jobs (Buck et al. 1992). In the Canadian port city of Vancouver the share of manufacturing in total employment diminished by 32% between 1961-1992, and large areas around the central city harbour were left redundant (Olds 1995). There are many reasons for manufacturing decline. For example, Detroit and Birmingham were national centres of car industries, which was a highly vulnerable sector to manufacturing decline (see Figure 2.2) (DiGaetano and Klemanski 1999).

One of the political outcomes of increased unemployment were the public expenditure cuts by national governments in order to achieve more efficient production as well as to stimulate employment creation and foreign investments through, for example, tax relaxations for companies. This was the case for the Reagan government in the USA, and the Thatcher government in Britain during the 1980s. These had a strong effect on allocation of public services, such as social housing. Therefore, the main targets of Fordist social policies—stable employment, regulated prices, economic growth and growing income equality—lost their importance as the key political goals of public governance (Jessop 1997; Judd and Parkinson 1990:17-21; Nilsson 1994; Harvey 1990). Another political outcome was that cities had to start to produce plans for self-funded economic development and social services to replace the lost public funding (Harris 1997).

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The physical outcome of changes in industrial production and employment structures was the emergence of areas of abandoned and devalued industrial sites and working class housing in old industrial cities. During the industrial era, land use in many inner cities was determined by ports and other transportation nodes, and by large factories and warehouses. These had a central role
in Fordist production. But as the focus of economic importance shifted from production of heavy bulky goods to light weight goods, and information technology, these transport and storage functions were gradually replaced by out-of-the-city and overseas production, and were supported by flexible lorry transport, air cargo and fibre optic cables. As a result, a large number of factories have closed in the inner city locations and have left docks, railway sites, and industrial properties unused. Perceived as functional and visual problems, these areas were omitted from urban development planning for many years.

Figure 2.2 Unemployment growth after the decline in industrial employment in Birmingham, Bristol, Boston and Detroit in their national contexts in 1980-1994 (DiGaetano and Klemanski 1999: 41,42).

The problems of vacant land and property devaluation were intensified by the migration of wealthier middle-classes from the crowded inner cities to the cleaner suburbs throughout the 1960s and 1970s. Offices followed housing to cheaper ‘greenfield’ sites, which offered better expansion possibilities and opportunities given by the new telecommunication links. Companies often left only their headquarters in the old city centre (Sassen 1991:250; Buck et al. 1992:97). The physical, economic, social, and environmental decline of the old urban cores – the so called inner-city problem ³ – and the high unemployment rate, have been permanent problems in many post industrial cities. Figure 2.2 shows that there are variations in the unemployment rates between and within post-industrial countries, such as Detroit and Boston, USA and Birmingham and Bristol in the UK, but the sharp increase in unemployment in the beginning of the 1980s is a

³ The main inner city problems are lack of infrastructure and property maintenance, decreasing local services, unemployment, low income, high social security dependency, and low education of the remaining residents, overcrowding, racial tension, high crime rate, and low home-ownership rate (Lawless 1989).
common feature. Consequently, urban policies and planning had to respond to the physical and social problems of former industrial areas in many European and North American cities.

2.1.1 The new service-based economic structure

The increase of services in many western cities has had an impact on occupational structures and social classes. The growth of the service economy in cities was partly due to an increase in the volume of international trade which created a need for financial, insurance and other professional services for the new producers. The global growth of 'producer services' is said to have derived from specialised companies who help firms maximise their profit during rapidly changing economic conditions (Sassen 1994, 1991). The growth services include high-level management, consulting, advertising, innovation, design, personnel management, legal services, accountancy, training, technology, transport, leisure activities, communications, and security (Daniels 1993; Sassen 1995, 1994; Castells 1993; Silver 1993). Another major growth sector has been universities and research and technical development institutions.

As a result, occupational classes which have shown pronounced growth have been the professional, technical, and R&D occupations, and high level management and administration jobs within these sectors (Ley 1980:240). Professional and administration employment now forms the top occupation categories in the service-based economy (Esping-Andersen 1993:24-25) and it has been suggested that the availability of these key workers is a central factor for the location decisions of new industrial production and services. At the same time, these individuals have been seen to lead the change of social values during the post-industrial time, which, in turn, has stimulated a process of reinvestment in the built environment and land use in the central areas of old industrial cities (Ley 1980:240-243). However, these increases in service sector occupations did not solve the problems of inner city unemployment and social exclusion. The reason is argued to be a 'mismatch' between the availability of low-skilled, low education manual workers and the demand for professional and management workers in the services economies (Kasarda 1990; Jewson and MacGregor 1997:5; Massey and Allen 1988).

2.1.1.1 Occupational restructuring

The concentration and specialisation of employment in the service sector led to the dominance of service occupations by the 1980s, when the share of services in total employment was much greater than the share of manufacturing had ever been. In the UK, USA and Canada, the
dominance of services over manufacturing in employment increased from 1961 to 1991. Table 2.3 shows service sector employment trend from selected cities during this period. For instance, in Glasgow service sector employment expanded from 48% in 1961 to 73% in 1991 (Boyle and Hughes 1994:455). In central Vancouver the total number of business services increased from 795 firms in 1961 to 3058 in 1991 (Olds 1995:147).

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The complexity of the post-industrial shift has created an ongoing debate on the actual social implications of occupational restructuring. The arguments concern the extent to which 'dualisation', 'polarisation' or 'fragmentation' has emerged in cities due to occupational and income restructuring (Savage and Warde 1993; Sassen 1991,1995; Hamnett 1994,1996; Marcuse 1989; Mooney and Danson 1997; Beatzley et al. 1997). Some analysts suggest that the urban labour markets are polarising due to simultaneous growth of the bottom-end and top-end categories (Sassen 1991,1994; Bianchini and Parkinson 1993; Marcuse 1989). One suggestion, referring to the western European cities, argues that the occupational change is closer to professionalisation, which is an increase in the proportion of professional and management employees, but including also simultaneous increase in the economically inactive population (the unemployed and the early retirees) (Hamnett 1996, 1994; OECD 1991, quoted in Silver 1993:339). In many cities, statistical evidence shows an increase in 'bottom-end' employment in low-paid, low skilled and short-term service jobs (such as restaurants, low-value personal services, and arts), and in grey-sector economies during the 1980s. The increase in low-paid jobs was also matched by a decrease in organised labour. (Sassen 1991; Marcuse 1989; DiGaetano and Klemanski 1999; OECD Statistics 1987, 1989, 1991, quoted in Silver 1993:339).
2.1.1.2 Social class restructuring

The emergence of the new social class, often referred to as 'new middle classes', has been linked to the growth of service and management occupations (Smith 1996; Ley 1980, 1996) and forms a part of the social class restructuring process. Ley (1980:241-243, 1996:179) argues that the formation of the new leading social class became visible in cities as students, artists and other 'sub-cultural leaders', followed by highly educated professionals, intellectuals and managers, turned against the structures of the way of life created during the Fordist era. These groups have acted as opinion leaders and 'canons of good taste' in favour of post-industrial social values, which are characterised by individualistic life styles and emphasise self-fulfilment, aesthetics and leisure. Ley (1996:179) described this as:

'An anti-authoritarian protest was waged against the sclerotic educational political, military, and economic institutions of a corporate society, with the cry for the empowering freedom of self-management, the liberation of human creativity from... an over-regulated society... Its style was compatible with its message, 'anarchic, creative, dadaist and spontaneous.'

The formation of this new upper middle class and the so called 'underclass' 4, the poorest, has been argued to be part of the historical process of placing people to social class positions through socially specific institutional arrangements. In the discussion on urban poverty after the global economic change, Silver (1993:337, quoting Thrift and Williams 1987), suggests that in the same way as the working class can be seen as a product of industrial revolution and Fordist society, the 'making of an 'underclass' or a 'new' professional-managerial class must be understood as a historical process'. Similarly, Esping-Andersen (1993:24-26) re-organised occupational classifications in order to match that with the post-industrial division of labour. Esping-Andersen argues that in the post-industrial hierarchy, the managers, professionals and scientists are the highest authorities and recognises a new social 'class' of the 'outsider surplus population' which comprises persons unable to enter into employment due to decreased public sector jobs, welfare state social benefits, and other labour 'discouragement' policies. These changes in social class structures imply another challenge that the urban policies have attempted to respond since the 1980s.

4 The underclass refers to the groups (semi-)permanently marginalized due to their own 'culture' of dependency on the welfare benefits and lack of skills ('the conservative cultural explanation'), or, due to their long-term unemployment caused by economic structures and inadequate welfare support ('the liberal/structural explanation') (see Runciman 1991; Morris 1993; Murray 1990; Wilson 1991).
2.1.1.3 The rise of re-investment interest in the inner cities

It has been argued that the 'new middle class' professionals have created a new kind of demand for urban land use, housing markets, and consumption patterns (Ley 1980, 1996). This is due to both their different values, taste, and life styles compared to those dominant in the 1950s–60s, and to the high occupational prestige that these groups enjoy in the post-industrial societies. This has helped to stimulate growth in many old derelict industrial areas in cities. These groups were less family oriented and more active in culture and material consumption outside home. They did not necessarily want to move out to the suburbs to raise a family but continued to lead an active central city life (Hamnett 1984; Smith 1996; Ley 1996, 1980; Goodwin 1991). The change in life style preferences was enhanced by simultaneous changes in the global economy, which introduced cheaper and more flexible transportation, labour, products, and information. All these trends increased the significance of characteristics of place in post-industrial cities (Harvey 1990; Kearns and Philo 1993). The general result was an increased number of revitalisation schemes which have been carried out in the derelict inner city land and properties since the 1980s. Having been used at best for secondary value production in many cities (Ley 1996; KSV 1995) these areas once again became a focus of interest for urban planning as local governments started to realise the potential value of the vacant space rising from these different demands of new socio-economic structures (Harvey 1990; Hall 1995). The term 'regeneration' has been widely used with regard to the redevelopment activities in former declined areas. Regeneration has been defined as:

'an outcome of the interplay between these many sources of influence [urban physical, social, environmental and economic transition] and, more importantly, it is also a response to the opportunities and challenges which are presented by urban degeneration in a particular place at a specific moment.' (Roberts 2000:9)

2.1.2 Emergence of economic competition between post-industrial cities

The growing interest in re-investments in the inner cities was part of an overall focus on cities caused by the emergence of competition between urban centres. According to the literature, competition between cities is said to be a result of global economic restructuring that broke the old industrial urban hierarchies, with regard to the divisions of labour, production and services (Massey 1994; Sassen 1991; Beauregard 1995; Logan and Molotch 1987; Castells 1989). The dismantling of the old urban hierarchies formed a power vacuum in the urban ranking, and created new types of agglomerations within the service economies, such as cities with fast IT
networks. This resulted in competitive policies between city governments (Cheshire and Gordon 1995; Sassen 1991; Castells 1989; Graham 1999).

At the European level, for example, competition between the regions was given a deliberate boost by deepening of the European Union, by common laws and removal of tax barriers and labour regulations during the 1980s (Lever 1999; Parkinson et al. 1992). Similarly, competition between cities was caused by political decisions to improve a city's position in the reallocation of business and production. Cities have adopted competitive local political and economic strategies in order to succeed in the competitive environment (Savage and Warde 1993; Sassen 1994, 1995; Lever 1999; Harvey 1990; Jessop 1997; Cox 1995; Lee and Schmidt-Marwede 1995). A wide range of literature has been published concerning a special type of post-industrial city, the 'global cities', which have reached the highest ranking in the new post-industrial global hierarchy and possess high assets for competition (see, for example, Sassen 1991,1995; Castells 1989; Lee and Schmidt-Marwede 1995; Buck et al. 1992; Thrift 1994; Pryke 1991).

In order to compete against other cities for investments and to secure quick establishment of the new development assets, many cities loosened their financial regulations during the 1980s. In terms of urban development, deregulation was supposed to lower the costs and improve the quality of inner city physical landscape by forcing developers to compete. Competitive policies were also enhanced by easing economic and regulative means which included tax relaxation, loosening of planning and property laws (Fainstein 1994, 1994a; D'Arcy and Keogh 1999) and investments in fast transportation and telecommunications (Castells 1989; Graham 1999; Cheshire and Gordon 1995; Pryke 1991; Sassen 1991:265; Lee and Schmidt-Marwede 1995:494-497). As a part of the process, in order to compete for mobile investments and high quality work forces, costly city image manipulation and place marketing strategies have been adopted, as well as luxury housing, commercial and cultural development schemes and environment improvements (Hall 1995; Zukin 1982,1995; Kearns and Philo 1993; Harvey 1990; Goodwin 1993; Cox 1995; Sadler 1993). However, urban development commentators have identified various problems arising from these competitive strategies.

2.1.3 Growing social inequality within post-industrial cities

There is a broad-based agreement over the long-term trend towards higher socio-economic and spatial inequality in numerous western cities. The growing social inequality within post-industrial cities is said to be due to the simultaneous processes of occupational change, high

The level of income inequality in Britain, France, and the USA has grown at a higher rate than the income transfers were able to fix it during the 1980s. Poverty is said to have become more visible in the urban areas (Silver 1993: 341; Cameron and Doling 1996: 1212; DiGaetano and Klemanski 1999: 51). For example, in Greater London the top decile of earners’ share of total household incomes rose from 24.8% to 33.5% from 1979 to 1989, whilst the second highest decile hardly increased (from 16.1% to 16.5%), and shares of all other deciles decreased (Stark 1992, quoted in Hamnett 1996: 1412). Welfare state policies (income transfers) have accounted for different patterns of income polarisation between the USA and some European cities. For example, it is suggested that the occupational restructuring was the most significant factor behind the growth of the income gap in New York (Buck 1993, quoted in Hamnett 1996: 1422-1423; King 1990: 121). In London, the increase of the earnings inequality was partly due to the high growth of unemployment.

2.1.3.1 Socio-spatial segregation

Low-income groups are put into an unfavourable situation not only in terms of income, but also with regard to access to urban space. These groups are said to be outside the active society due to rising housing and living costs and the high prices of new commercial and cultural activities brought by redevelopment strategies (Zukin 1995; Bianchini and Parkinson 1993; Savitch 1988: 10-11; Fainstein 1994a). The process of socio-spatial segregation has been difficult to define. However, based on their comparative study of housing and segregation in Dutch and the UK cities Murie and Musterd (1996) argues that the global economy has different impacts on social segregation patterns in different societies. For example, in London a clear spatial segregation of multi-earner, professional households between the wealthier suburbs and the poorer inner city boroughs was observed in the 1991 census (Green 1997), whereas the Dutch cities have changed less rapidly. Slower segregation patterns have also been identified in major Scandinavian cities where the welfare state policies are claimed to have had a major impact by supporting the unemployed population by more intensive employment policies, social benefits, and housing schemes (Borgegård et al. 1998; Wessel 2000; HKK 1997, Vaattovaara 1998). As discussed in the
next chapter, the case study of Helsinki supports this argument by showing relatively low rates of income and socio-spatial differentiation.

2.1.3.2 Socio-spatial change through gentrification

The process of gentrification is referred to as a cause of spatial segregation in post-industrial cities. It is a process in which a neighbourhood is upgraded after it has experienced physical and economic decline by replacement of the former population by higher social classes and related services. It is commonly assumed that gentrification started in the former industrial cities with growing service and financial sectors between 1965-1975 (Ley 1996; Smith 1996,1979; Hamnett 1991). The key gentrifying forces are global economic restructuring and the local property markets: the new professional and the 'new middle' classes with their new life style preferences are potential buyers of high quality housing in the old inner city areas. This attracts investors to change the present use of industrial buildings or do tenure conversions in former working class housing (Clark 1988; Smith 1996; Ley 1996). In some cities investors have been encouraged to 'gentrify' neighbourhoods by granting public financial subsidies for renovations (Carpenter and Lees 1995; Smith 1996; Hamnett 1984). The complexity of gentrification process is well present in a debate on gentrification in a New York paper:

'Is gentrification a dirty word?... To one person, it means improved housing. To another, it means unaffordable housing. It means safer streets and new retail businesses to some. To others, it means the homogenization of a former diverse neighbourhood. It's the result of one family's drive for home ownership. It's the perceived threat of higher rental costs for another family... In simple terms, gentrification is the upgrading of housing and retail businesses... with an influx of private investment.' (Real Estate Board of New York, Inc., quoted in Smith 1996:31)

The professional middle classes have had a special role in the gentrification process. In many cities the need for cheap space by art communities has matched with the existence of vacant industrial properties. They have been tenants without competing occupants during the times of economic decline, but as the urban economies heated up, the artists have frequently given way to high-paying corporations and middle class residents (Ley 1996). Nonetheless, their alternative life style left the declined neighbourhoods with a touch of 'symbolic capital' (Harvey 1990) and culture that have given a boost to later value increase in the area through middle class gentrification (Zukin 1982, 1995:111; Ley 1996). Gentrified neighbourhoods have emerged to a wide range of cities. Classic examples are the neighbourhoods of Soho and Greenwich in Manhattan, and Notting Hill and Islington in London (Savitch 1988; Carpenter and Lees 1995;
Smith 1996). However, the causes and consequences of the process have varied between American and European cities (Smith 1996:185; Carpenter and Lees 1995).

2.2 New urban policies? Arguments over political reactions to post-industrial transition

What has been the nature of changes that have occurred in local governance and urban policies due to global post-industrial shift? Whilst identifying some major changes in post-industrial urban land use and occupational structures is relatively straightforward, there is a substantial level of disagreement about the transition in urban decision-making organisations and policies, and their physical consequences (see Figure 2.1).

The policies and planning in local governments in the UK and USA were re-evaluated during the public fiscal crisis of the 1970s when the efficiency of urban management was generally challenged. A further re-evaluation happened due to the centralisation of decision-making in planning issues by national governments during the 1980s (Fainstein 1990, 1994; Hall and Hubbard 1996, 1998; Judd and Parkinson 1990:15-21; Harvey 1989, 1990). However, the extent of transformation in urban economic decision-making has taken different forms depending on the political and legal structures and hierarchy of the city government, though similarities can be identified, such as founding the new economies on the service sector (Savitch 1988; Fainstein 1990a). Likewise, Cochrane et al. (1996:1320) have noted that it is 'clear that something is happening [in the state-capital relation], although the ways in which this should be interpreted remain unclear.' To clarify the changes in the decision-making organisation, the term urban governance was introduced to make a distinction between the new urban decision-making coalitions and the traditional elected city government, which are generally perceived an uncontested dominant power in the Keynesian welfare state policies (Harvey 1989:6; Jessop 1997:31,34; Ward 2000:171; Tickell and Peck 1996; Goodwin 1996:1402).

An examination of the major post-industrial cities in North America and Europe has led many academics to argue that fundamental changes have occurred in the power relations between the local (or state) authorities and private capital to the extent that many local governments consider the incorporation of private capital as a central prerequisite for redevelopment activities. It has

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4 Ward (2000:171) defines governance as broadening of those institutions around local government that were involved in the design and implementation of different types of economic and social policy.
been commonly argued that the presence of private business interests in the decision-making on urban development has had negative effects on the physical, social and economic conditions in cities (Fainstein 1994, 1994a, 1990a; Hall and Hubbard 1996, 1998; Harvey 1989). Among the alleged 'new' urban policies, the emergence of entrepreneurial urban governance (Mollenkopf 1983; Harvey 1989) is a common argument, and it embraces a range of characteristics of the supposed changes in city politics as a response to the changed global environment.

2.2.1 Emergence and the strategies of entrepreneurial urban governance

The concept of entrepreneurial city governance was adopted by many urban researchers in the 1980s to stress and criticise the fundamental difference between the local development policies before the 1980s (focused on income distribution) and the alleged competitive policies of growth since the 1980s (Hall and Hubbard 1996; Jessop 1997). The alleged differences between the two periods are itemised in Table 2.4.

The pre-1980s planning principles of the Fordist (Keynesian) welfare economies were perceived to prioritise land use planning, infrastructure, public facilities, housing allocation, and social equality in long-term scope. In this model, economic development was assumed to happen as a trickle-down effect from a development of favourable physical environment (Fainstein 1994; Ward 2000). The post-1980s entrepreneurial local governments are claimed to be increasingly interested in risk-taking in public investments, in developing new economic growth policies alongside private entrepreneurs, in business promotion, marketing, and profit motivation (Harvey 1989; Logan and Molotch 1987; Mollenkopf 1985). The changing role of city governments in local development is summed up by Harvey (1989), who comments that, instead of being a 'manager' providing services, the authorities have taken a proactive stance similar to private businesses to initiate growth. Cochrane et al. (1996:1319) offers another view, where the difference is described as 'municipal welfare (bureaucratic) politics have apparently been superseded by those of a dynamic and charismatic (entrepreneurial) business leadership'. This movement towards entrepreneurialism and economic oriented strategies by local governments is commonly associated to the new right wing political movements supporting free markets and privatisation (Harvey 1989; Jessop 1997, Hall and Hubbard 1998, 1996). The economic strategies include place marketing and image building, cultural policies, use of urban waterfronts as a growth incentive, and high profile city events and fairs. The literature commonly suggests that
these strategies form the core of the recent urban regeneration initiatives which focus on economic and property development.

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Table 2.4 The key differences in urban politics and planning before and after the 1980s as generally suggested in literature (Jauhiainen 1997:131, translation by the author).

2.2.1.1 Place-based regeneration strategies: place marketing and image manipulation

Places have gained more intense economic and social meaning because entrepreneurial policies have started to value the special characteristics of places as ‘capital’ helping the city to compete for the global business (Goodwin 1993; Kearns and Philo 1993). Keating (1993:392) has critically argued that the new competitive economic policy has reduced places ‘to a mere commodity in the global market’. ‘Selling a city’ in the global markets comprises packaging the cultural-historical elements of a place into a marketable product according to what is seen as the most economically successful product of the time (Kearns and Philo 1993:134). As in the entrepreneurial policies, an essential part of place marketing strategy is said to be the adoption of pro-active instead of reactive development policies (Fretter 1993). Typical means of improving the image of a city are technology centres and environmental quality programmes. Educational and cultural institutions, scientific resources, historical heritage, and ‘good’ attitudes and characteristics of local people are also used as promotional tools (Jewson and MacGregor 1997; Cox and Mair 1988). The image of the place presented outside the area has to work as ‘one voice’, which is said to mean more compromises and loss of power for smaller interest groups (Fretter 1993:173; Hubbard 1996:1451; Savitch 1988).
Place marketing by local authorities in its early forms started in Britain after the 1970s global recession (Fretter 1993:164). Hubbard (1996:1450-1451) calls Birmingham's Economic Development Strategy of 1985 a 'textbook' example of entrepreneurial policy with place marketing woven into the public-private pro-growth strategy. Building an image of 'safe' and 'profitable' environment, highlighted with the Europe's meeting place campaign, was in the centre of the strategy. This was stated by the Birmingham City Council (1986, quoted in Hubbard 1996:1451) as follows: 'the creation of a high quality city centre environment is the key to stimulating and attracting investment... the city centre is our greatest asset'. Also in Glasgow the city marketing had a central role in the redevelopment strategy. The partnership between the local authority, local businesses and the European City of Culture 1990 programme is said to have been successful in changing the city's external image with investments in cultural consumption, properties and upmarket retail (Boyle & Hughes 1994:454).

There are problems, however, arising from the use of society's memory in place marketing. For example, the Marxist approaches argue that the urban cultures, landscapes, and the 'common memory' of a place are always socially constructed. They are representations of history, power and politics of the dominant social institutions, many times called the 'urban elite' (such as the 'bourgeoisie' or the corporate companies) (Zukin 1992:224; Kearns and Philo 1993:11,13; Keith and Pile 1993:38). However, the local social groupings outside these governing elites are seen as contesting forces to the construction of marketable images to the city, because these 'other' groups have their own attachments to urban places, which are different from the images of the dominant groups (Kearns and Philo 1993:15-18). This conflict is argued to characterise, for example the redevelopment processes in Battery Park City, New York, in Pittsburgh (Kearns and Philo 1993: 136,141-143,233, 241-246), in the Cardiff Bay dockland regeneration (Jauhiainen 1992:9-11), and in the London's Docklands Canary Wharf development (Goodwin 1993:160; Crilley 1993:149-150). In all these cities the regeneration outcomes have been criticised for hiding the real problems of the city, such as poverty and poor health and education conditions, from the public discussion and replacing them by shiny images (Harvey 1989).

2.2.1.2 Cultural policies

The mobilisation of culture for marketing purposes to enhance the city's economic competitiveness is another part of postmodern regeneration policies. The recent interest in culture and central city life style is related to the growth of disposable income and leisure time in the post-industrial societies, and has led to an increase in value and use of cultural products
The perceived rise in the value of cultural production and consumption has contributed to the re-evaluation of convergence between the place, economics and aesthetics, and is claimed to be used for improving city's economic competitiveness (Zukin 1995, 1995a; Bianchini and Parkinson 1993; Molotch 1996; Ley 1996; Hall and Hubbard 1996; Harvey 1989, 1990), to the extent that the vocabulary used in policy-making has changed from 'subsidising' culture into 'investing' on culture (Bianchini and Parkinson 1993). As in place marketing, the use of cities as 'cultural capital' includes policies that re-make the local culture in order to build an image that is more attractive for investors, workers, and tourists (Kearns and Philo 1993). Employment in cultural industries has increased substantially and become a dynamic economic sector in many large cities such as Los Angeles in the 1990s (Scott 1997:328). The most interested groups supporting the use of cultural strategies are large private developers and investors. This was evident in the 1980s, when the emphasis of cultural policies was on the 'flagship' and image building projects such as the City of Culture organisation in Europe, Biennales of young artists, garden and science festivals (Bianchini and Parkinson 1993).

However, cultural strategies have been critically received by many researchers, such as Harvey (1990:88) who refers to the cultural activities created by the city decision-makers as a carnival mask to 'conceal growing inequality, polarisation and conflict' within cities. Bianchini and Parkinson (1993:14,19) questions the equality of access to new cultural facilities, and the manipulation of local culture versus global urban images. Zukin (1995:187,189) argues that city events and the new upmarket shopping complexes work as an entertainment that hides the inequalities of city life. Similarly, Harvey (1990:88) states that such event direct attention away from the injustice included to spatial development. These and other authors consider that these 'cultural visions' are incapable in improving the quality of life for most of the city's population, and the desire of faultless, successful vision of local culture is seen as a basis for exclusion of unwanted groups and cultural elements (Zukin 1995; Kearns and Philo 1993:3-4, 29; Jauhiainen 1992:3-4). Applying such arguments, urban space has been described as a struggle between the supporters of official culture 'from top down' and a pressure over rights to space by the local communities 'from below' (Zukin 1995:11).

2.2.1.3 Urban waterfronts in regeneration

The redevelopment of urban waterfronts is a key component of regeneration activities since the ports were abandoned en mass during rapid post-industrial restructuring. Hoyle (2000:395)
points out that 'port cities actually constitute a special subspecies of inner cities'. The regeneration of waterfronts started in the USA in the 1960s and intensified after the success of schemes in Baltimore and Boston in the mid-1980s. Since then waterfront redevelopment strategies have been implemented in several cities in Canada (with Toronto and Vancouver as beacons), within Europe, and lately in some less developed countries (Jauhiainen 1995; Hoyle 2000; Marshall 2001). Urban waterfronts are said to have become a prototype example of the utilisation of the physical environment as an economic development strategy to 'establish and encourage' economic development in the old city centres which have been an urban eyesore and no-go zones for many years (Jeffrey and Pounder 2000:95). This is said to be in contrast to the previous development strategies which shared development resources between the social and economic problems of waterfront communities (Jauhiainen 1995).

For a property located at the waterfront, the difference between the use value and exchange value (as defined by Logan and Molotch 1987) is exceptionally high. This, together with the sea view, has made waterfront regeneration policies subject to high economic ambitions, which have often resulted in debates and confrontations between interest groups (Desfor et al. 1989; Marshall 2001). The recent approaches to waterfront regeneration have emphasised entrepreneurial policies and private investments (McCarthy 1996:546) and have been organised by setting up a special agency (Gordon 1997). The schemes usually combine cultural and industrial heritage strategies with a water theme (such as canals, docks, and pools) in order to create attractive housing and work environment. The projects have typically focused on high-income residential, water-related recreation, top-class offices, heritage tourism, conference facilities, upmarket retail and service business (Marshall 2001; Jauhiainen 1992,1995). In general, the developers have opted for the construction of higher income housing at the waterfront because many undeveloped waterfronts lack former residents as well as infrastructure (transport and services) and the building such services for the upper-income income residents with low dependency on public services is an attractive option to the decision-makers (Gordon 1997).

A classic example of this kind of approach is the Albert Dock 'flagship' regeneration in Liverpool, which used the old docks and industrial buildings to create new economic activities for tourist and locals alike. Many European waterfront schemes have been influenced by or copied the early American examples, and their implementation has been disliked for the tendency to copy the schemes of other cities (Marshall 2001). This has caused a risk of 'saturation' of certain services especially in the US cities (Harvey 1989,1990; Shutt 2000:274).
2.2.2 Entrepreneurialism and urban redevelopment

Among the broad range of issues listed under the new or entrepreneurial urban policies, there are four commonly recognised processes: fragmentation of power from the elected local government to private investors and developers; the diminished role of local government in the new types of public-private development coalitions; the diminishing role of public planners and long-term planning; and the shift of interest of public authorities from the social and welfare issues to economic development. The rest of this chapter discusses the main points emerging from the literature regarding these arguments, and the parallel changes in urban regeneration projects under the suggested new political regime.

2.2.2.1 The debate on the shift of power from the local governments to private institutions

The literature generally suggests that there has been a shift of decision-making power in urban development from elected local governments to undemocratic private institutions and to central government, as well as a fragmentation of the public sector responsibilities since the 1980s (Goodwin 1991; Deakin and Edwards 1993; Fainstein 1994). One of the reasons for the decision-making shift was a common perception that the 'old' urban leadership was unable to pursue economic growth in the problem-loaded old industrial cities and in the economically and socially complex new 'communicative cities' (Goodwin 1993:148; DoE 1979, quoted in Goodwin 1991:262; DiGaetano and Klemanski 1999; Judd and Parkinson 1990:19; McGuirk 1994; McGuirk and MacLaran 2001; Fainstein 1994:100-101). It has been argued that public agencies are now viewed 'as part of the problem itself' whereas previously they were seen as an essential part of the solution to any urban crisis (Jessop 1997:34-35). In some cities this perception has led to a broad consensus among decision-makers of a need for new institutional arrangements. According to many urban political studies, the local state has been forced to join with market forces in pursuit of local economic development. This would imply that the state's dominant interest is in the economy, whereas the allocation of benefits to other sectors depends on their ability to pursue their demands (Harvey 1989,1990; Logan and Molotch 1987; Fainstein 1990; 1994, Cochrane et al. 1993; Imrie and Thomas 1995).

A second reason for shift of power was the active incorporation of new participants into the decision-making in the local development process. In addition to the public authorities and private investors, these new participants included non-elected partners and 'quango'
institutions, such as private consultants, universities, property developers and banks (Tickell and Peck 1996:595-596; Harris 1997:1699). These decision-making organisations are often described as 'public-private partnerships' and it is commonly stressed in the literature, that the western post-industrial cities have become subjects of speculation by business-type 'growth coalitions' and 'boosterism'. These coalitions aim to undermine the local government ⁶ and target maximum economic profit by planning for short-term economic benefits (Logan and Molotch 1987; Squires 1991; Sadler 1993:190-191; Cox 1995:215; Cheshire and Gordon 1995:112-113; Hall and Hubbard 1996:156; Fainstein 1994:111). In Britain, for example, coalition features are associated with the Urban Development Corporations, City Challenges and other special regeneration agencies. In the US cities, as discussed in the next chapter, there are different relations between public and private since housing and development programmes have always been responsibility of private development interest, and even more so after the cutbacks of federal government subsidies in the early 1970s (Fainstein 1994:116).

2.2.2.2 The changing role of local authorities in development coalitions

As an implication of the entrepreneurial turn and the partial privatisation of local authority's power, there are several suggestions that the role of local governments in decision-making has weakened under the process of 'privatisation' of local power. Though believed by some theorists to maximise the 'general good', the centrality of private economics in the public-private coalitions has been sharply criticised since it contributes towards spatially and socially uneven urban development (Squires 1991). However, there are varying views concerning the exact position or role of the public authorities in the decision-making process. Cochrane (1993) argues that, working in between private capital and local pressure groups, public authorities act as an enabler for the work of the other groups – they can be viewed as 'one of many policy players, but not necessarily the most dominant one' (see also Delley (1994) on Swiss cities, quoted in Nelson 2001:485). Fainstein (1994:108-110) describes the public authorities as facilitators, who facilitate development by its authority to tax, grant planning permission and provide infrastructure. Harvey (1989:6) argues that public authorities play largely a facilitative and coordinating role between the different interests of various participants through, for example, planning gains, while the local capital is the dominant player.

⁶ The tendency of private investments to undermine local politics is said to derive from the private capital not being 'locally dependent', and not interested in improving the economic and social conditions in the city (Cox and Mait 1988).
The changed role of local authorities in the decision-making coalitions is said to have further impacts on urban development. It has been argued that in US cities, direct public subsidies are largely allocated to private development partners and not to the social security systems (Squires 1991). The private partners are assumed to be important for the public entrepreneurial strategies since they share the risks and benefits included in all speculative development (Harvey 1989:7; Fainstein 1994:108). There has also been criticism of the emergence of the public-private 'self-selected elite' who has no public accountability and does not allow public debates on redevelopment (Keating 1991; Brownill 1990; Tickell and Peck 1996; Goodwin 1991; Fainstein 1994; Deaking and Edwards 1993). In general, Fainstein (1994:103) observed that in London and in New York during the 1980s local elected officials focused on the benefits provided by the private sector economics and largely neglected public programmes. Similar observations have been made by authors researching British cities (Goodwin 1993; Cameron and Doling 1994).

2.2.2.3 Arguments over the diminishing role of long-term planning and public planners

It has been suggested that under many political systems and political conditions the role of planning has been undermined by market forces (see, for example, Ambrose 1986; McGuirk and MacLaran 2001), or that it should be undermined to enable urban regions to lead successful policies in the competitive economic environment (Berry and McGreal 1995; Laakso and Keinänen 1995). The public planning principles of the industrial era were criticised for having a non-progressive attitude. In contrast, the planning approaches pursued by legislative amendments in several cities since the 1980s are believed to be more flexible and project-oriented, and thus more efficient. This change has resulted in claims on 'undemocratisation of urban planning' where the role of the planner is reduced from planning comprehensive outcomes to one of 'mediating and negotiating' with private investors. The Neo-Marxist school perceives the present role of urban planning as 'helping urban policy makers by providing capitalism with a suitable organisation of urban space' (Harvey 1990). Similarly, Savitch (1988:5-7) assumes that if the market forces were left uncontrolled, there would likely be an increase in the gap between advantageous and disadvantageous social groups.

Fainstein (1994:99-101,105-106) argues that the entire image of planning has changed in the eyes of its former (right-wing) opponents from opposing the free markets to becoming 'an essential part [of urban development by]... releasing economic potential out of the city space'. This has been evident in, for example, Birmingham (DiGaetano and Klemanski 1999:231-235) and in Dublin (McGuirk and MacLaran 2001:438,441). For the Dublin example, the traditional urban
planning functions were considered too bureaucratic and slow to carry out inner city redevelopment. The authors comment that the local authority's planning tasks

'...were effectively marginalized during the late 1980s from the implementation of central government urban renewal programmes. Simultaneously, its planning powers were directly undermined through the establishment of special purpose renewal agencies'.

Marginalisation of traditional public planning functions and the adaptation to new private interests by local authorities is argued to have led to a more short-term approach to planning. As evidence of this, Desfor et al. (1989:498) critically noted that in Toronto's Harborfront regeneration scheme, there were no prepared plan, but planning was 'forced to play catch-up, reacting to individual initiatives of politically influential developers (both public and private) and using their schemes as the basis of policy formation'. Likewise, (Fainstein 1994:6,101-102) argued that in London, given the city competition and economic fluctuations added with private capital involvement, many coalitions tend to result in a 'piecemeal ac hoe approach to urban development that lacks strategic foresight or long-term planning'. Public planning was also weakened by the fragmentation of planning into smaller local units and segmentation into functional sectors (such as education, housing, social services, finance, transportation) has contributed to weakening of public planning (Fainstein 1994; DiGaetano and Klemanski 1999).

2.2.3 Impacts of urban policy change on the urban regeneration projects

The need for urban regeneration projects focusing on redevelopment of a designated area evolved first in the 1960s as a response to the urban decline processes that also caused the pressures on city level development policies (see Figure 2.1). Parallel to city-level urban policies, regeneration strategies and projects were mainly state interventionist until the late 1970s. Since then regeneration has been increasingly a matter of public-private activity with public finance assisting in the incorporation of private money. Regeneration is thus usually organised as private schemes but supported by legal and financial aid from the public authorities (tax, land price, infrastructure). Typical regeneration programmes in post-industrial cities have included waterfront regeneration, image strategies, culture and sports development, congress centres, high-tech industries, shopping malls and business centres, housing programmes, green space, and tourism attractions. The process of change with regard to regeneration projects are said to include the private sector taking over former public sector responsibilities, introduction of new types of public-private project organisations, and increased emphasis on economic development.
issues. Critiques of such projects have focused on their short-term, fragmented, project-based approaches without an overall strategic framework for city-wide, long-term development. (Roberts 2000; Fainstein 1994; Noon et al. 2000; Shutt 2000).

2.2.3.1 Formation of new types of public-private partnerships

As the public-private development partnerships became a common way of organising regeneration projects in the late 1980s, they have targeted closer, cross-sector co-operation between the public and private developers and local social and cultural communities. However, the power balance between public and private within the partnerships varies from case to case, as does the level of social and other issues included in the project. Public-private development has been commonly seen as a private business style organisation, despite being defined as 'partnerships'. Critical analysts have also pointed out that partnerships and other integrated economic development strategies have neglected the local level authorities and community groups in favour of negotiating with central government and the private sector (Fainstein 1994; Imrie 1997). This is evident in many British development programmes and partnerships such as the Urban Development Grants, Urban Regeneration Grants, and Enterprise Zones, which have focused on stimulating higher private investments. They have been criticised for bypassing local authorities to negotiate with central government and for concentrating on 'very small pockets in cities' (Noon et al. 2000:68-72; Roberts 2000:30-33; Fainstein 1994:111-114).

An example of a public-private partnership in which the private developers had a dominant role is the Don Valley regeneration in Sheffield in the early 1980s. This was led by a private investor-controlled UDC, which focused on promoting property-led development and a new city image instead of local employment creation, the key target initially set by the local government (Goodwin 1993). Another example was the award winning Sutton Harbour project in Plymouth which is argued to have been successful in derelict land acquisition and in enhancing economic activity, but less ambitious in social development (Jeffrey and Pounder 2000:97). There are smaller regeneration schemes which demonstrate the shift of power to the growth coalitions and the consequent problems for balanced local development, for example in Cardiff (Rowley 1994; Jauhiainen 1992, 1995), in the Sheffield city centre (Goodwin 1993), in Spitalfields, London (Woodward 1993), and in Dublin (MacQuirk and MacLaran 2000). There are also larger and well-documented projects where private involvement is argued to have been central, such as the Docklands redevelopment in London, Battery Park City and South Street Seaport projects in New York, and harbour areas in Baltimore and Boston (see Figure 2.3).
Figure 2.3 Regeneration landscapes from the flagship projects planned during the 1980s (from top down): London’s Docklands and Surrey Quays, New York’s Battery Park City and Boston’s Harborfront. (Photos by author 1998, except Boston by Jonathan J. Klein.)
There are differences in the contents of public-private partnerships between post-industrial cities. In a recent survey, it was indicated that the British understanding of partnerships is more private investment-oriented than the less radical forms of public-private 'co-production' organisation models of other north-west European cities (Nelson 2001). The latter have tended to integrate more social issues into the regeneration policies within large scale government projects (as in France), or in bottom-up, small-scale social renewal as in Dutch cities (Judd and Parkinson 1990; Drewe 2000:282). Recently, in the 1990s, planning that focuses mainly on economic development has also been questioned in the UK, and more space has been given to local authority in the partnerships and to small-scale, community-oriented regeneration projects combining economic, social and environmental aspects (Swyngedouw et al. 2002:552). These have included the City Challenge partnership biddings, the Single Regeneration Budget, and the English Partnerships (Nelson 2001; Jeffrey and Pounder 2000:97; Noon et al. 2000:67; Sheaff 1997; Fainstein 1994:113). In addition, in several projects social returns have been included 'not only in a rhetorical manner' into the project targets (Swyngedouw et al. 557-560, 572). These comments point out that the pure entrepreneurial and private interests may have been becoming less dominant in the European cities' regeneration policies in the end of the 1990s (see also Roberts and Sykes 2000). In contrast to the European models, in North American cities the partnerships have evolved differently, since they have grown around Public Development Corporations and economic Community Development Corporations (Drewe 2000). According to Fainstein (1994:116-117) these organisations are less known than the 'atypical' success stories of urban development coalitions in such cities as Baltimore and Boston.

2.2.3.2 Formation of special urban development agencies

Urban Development Corporations (UDCs) have been a common way of organising regeneration partnerships. UDCs are special agencies whose aim is to regenerate a designated area through attracting private investments and use public funding at the project start-up phase (Imrie and Thomas 1995, 1995a; Gordon 1997; Noon et al. 2000). In the European context, UDCs' members usually represent three groups: central and local governments, private entrepreneurs, and local communities (Fainstein 1994). In Britain the UDCs were formed to tackle urban decline and initially placed into central role by the Conservative government during the early 1980s. The first UDCs were established for dock area regeneration in Liverpool and in London. Later UDCs were established in other cities, for example in areas of industrial decline in Glasgow, Cardiff, Sheffield, Bristol and Birmingham.
UCDs were usually given authority on issues that were previously controlled by the public sector – such as power to acquire land, carry out land use planning, and improve infrastructure and services (Kearns and Philo 1993; Squires 1991; Rowley 1994; Fainstein 1994, 1994a; Noon et al. 2000). As a result, in Britain, central government has been criticised for undermining local government through appointing these single-task UDC agencies, accountable solely to the central government. For example, the UDC set up to carry out inner city regeneration in Bristol in 1987 was said to have given 'a final blow to Bristol's planning power' (DiGaetano and Klemanski 1999: 233). In the USA, the UDCs have been free from national level accountability, but, nonetheless, they are claimed to favour economic development targets though initially established for low- and medium income housing purposes (Noon et al. 2000).

In both the UK and USA, the UDCs are criticised for concentrating on exclusive 'flagship' projects, such as the Canary Wharf in London's Docklands, the Albert Dock in Liverpool, and the Birmingham Symphony Hall and the Convention Centre. The London Docklands Development Corporation was the dominant planning authority and able to set its own growth promotion plan. It decided to solve the Docklands problems through luxury property construction, design, and image development strategies (Goodwin 1993:156-157; Fainstein 1994:193-195; Brownill 1990:32). Similarly, in the USA, Baltimore's Harbour Place and New York's Battery Park City are referred to as prototype flagship projects (Jeffrey and Pounder 2000). The landscapes of these projects and to some extent the 'exclusive design' can be seen in Figure 2.3. The images of regenerated waterfronts correspond to suggestions that the public-private elite and the business-dominated groups had long acted as a quasi-official planning agencies in the USA (Fainstein 1994:115,171) and that the UDCs are ultimately property-led, speculative, and too inflexible and large to achieve best results (Imrie and Raco 1999:50; Marshall 2001; Fainstein 1994).

2.2.3.3 Criticism of economic-oriented and property-led regeneration

The majority of economic investment in regeneration projects is claimed to flow into physical improvements and property regeneration. High levels of public investment on property development have been justified as an important balancing factor between demand and supply of new property, and by arguments on deprivation of the urban landscape which damages the competitiveness of the city (Gordon 1997; Goodwin 1991,1993; Jeffrey and Pounder 2000:89,100). In the UK, the focus on single-site, property-led regeneration policies was strengthened by introduction of partnerships and UDCs by the new right-wing government in the early 1980s (Imrie 1997:99). The change of policy was visible in that the more welfare-oriented Urban
Programme funds were largely truncated between 1989-1996 whereas development grants through private investments more than doubled over the same period (Imrie 1997:98). This public-private dedication to property-led regeneration projects has been criticised for lack of coherence and strategic approach, as well as for promotion of unsustainable land use forms and neglecting the existing local residents in spatial planning (Roberts and Sykes 2000; Goodwin 1991; Fainstein 1990,1994; Rowley 1994). Similarly, a large-scale evaluation of the British regeneration policy found that the economic and property-led strategies have failed to improve core social problems of the urban communities, although the environmental and physical regeneration has had positive impacts at some levels (Robson et al. 1994, quoted in Noon et al. 2000).

There are various views on 'the most appropriate' public role in economic regeneration initiatives. The publicly-led, 'corporatist' development by Birmingham City Council was criticised by Beazley et al. (1997) since it comprised of an upper-scale central city scheme which focused only on growth of business tourism, city image and the service sector. Social and community services were omitted and only later included in the development agenda. Nonetheless, Hall (1995:110) argues that the Birmingham partnership was successful in easing the economic decline of Birmingham by being able to 'pursue the conflicting goals of wealth creation and welfare distribution'. Studies of the Docklands regeneration claim to have shown that large scale, speculative property investments made the development vulnerable to the global and local economic changes (Brownill 1990; Church 1988:206-207; Fainstein 1994:194, 237). However, Fainstein (1994:210,232,237) suggests that, in addition to general economic and property cycle problems, the failure of Docklands in the early 1990s was partially due to a high reliance on property development and an uncommitted attitude of the central government, instead of being a 'bad development concept'. The central government allowed the overdevelopment of office space and neglected the public transportation development, which led to a decrease in investments in the area. The development in Docklands did not recover before the economic growth period in the late 1990s.

The next section turns the discussion towards various suggested social consequences of the post-industrial shift in urban governance and in regeneration schemes. Before this, however, it is useful to conclude this section with a note referring to a key point of this thesis: despite the abundance of negative approaches presented here, there is ground for a counter-argument that the political response to post-industrial shift has not necessarily been as radical as suggested in the literature on the British and North American cities. The study of Helsinki and the literature
on other Scandinavian cities (presented in Chapter 3) indicate that some urban governments have maintained many of their political principles despite the global processes of change. In Helsinki, the growth oriented public-private partnerships have been only recently introduced in the redevelopment planning. Even so, their position is not as central as suggested in the above examples. Moreover, the study of Helsinki shows that the public planning policies have been able to prevent some negative social processes which occurred in other cities.

2.3 New social divisions? The social impacts of post-industrial urban policies

When the social impacts of urban political change are concerned, it is recognised in the literature that the lack of social policy strategies preventing inequality is a common weakness of cities, whilst there are differences between city governments with regard to the level of dominance of economic issues in development policy (Savitch 1988; Parkinson et al. 1992; Sheaff 1997). A key issue for urban studies is to examine the extent to which the changes in urban economies have spread the benefits and costs of development evenly - or whether these are concentrated on few groups of population. For some authors, inter-urban competition inherently works towards more individualist and exclusive social values and policies in cities (Lee and Schmidt-Marwede 1995; Harvey 1989, 1990). Harvey (1989:10-12, 1990:171) has described inter-urban competition as an 'external coercive power' over individual cities, which brings cities 'closer into line with the discipline and logic of capitalist development...' and more importantly, 'forces the city leaders to ignore their social responsibilities'.

The dismissal of social issues from the urban political agenda has been widely addressed in the literature (Cox 1995; Harvey 1989, 1990; Fainstein 1990, 1992, 1994, 1994b; Imrie and Thomas 1995, 1995a; Goodwin 1993; Hall and Hubbard 1996, 1998; Brownill 1990). Within this discussion, it is important to notice that the need of social improvements included in regeneration schemes varies between cities for historical reasons. In many US and UK cities one of the central social policy targets has been improvement of the living conditions and life chances of the existing population in deprived inner city areas. In contrast, in cities such as Helsinki, Oslo or Stockholm with less social deprivation, employment creation issues and equality in housing and service improvement have been more relevant social aspects of regeneration.
2.3.1 The shift of emphasis from social to economic issues in redevelopment

Several commentators have stressed that the attention of urban policy-making has shifted from social and environmental concerns (such as uneven income distribution) to economic concerns (such as the competitiveness of local business and cost-efficiency of social services) (Logan and Molotch 1987; Harvey 1989, 1990; Keating 1991; Hubbard 1996; Fainstein 1990, 1994.3-9; Boyle and Hughes 1994; Bianchini and Parkinson 1993; Rowley 1994; Gordon 1997). However, there are different models of urban governance and private sector involvement, and each of them accounts for a different level of economic benefit and welfare distribution. Under the right wing political climate of the 1980s, general economic and physical development policies were considered the best development strategies which would stimulate income growth, housing and employment improvements to the local people through trickle-down effects. Consequently, in North American cities, it is commonly argued that urban governance has become more entrepreneurial and 'less concerned with the provision of welfare and services and collective consumption than with securing the basis of growth of local economics in general' (Hall and Hubbard 1996: 153; Fainstein 1994b, 1992; Keating 1991), and that the state and welfare regimes have become less meaningful in the post-industrial urban economies (Sassen 1991).

Although many regeneration schemes have been successful in improving both economic and social conditions, there are said to be disadvantaged communities and excluded groups even in most successful areas. This was implied by an European survey on urban restructuring, which stated that 'the successful restructuring of urban economies does not guarantee that all groups in the city equally share the economic benefits' (Parkinson et al. 1992: 127). In addition, regeneration policies are said to 'alienate' local communities and public decision-makers, due to their weak role within the new types of partnerships (Noon et al. 2000: 82). It can therefore be assumed that the extent of social concerns in urban policy-making has inarguably weakened in some cities. This was evident in an examination of the development grant bids submitted by the UK City Councils which established that the share of money earmarked for social development diminished substantially between the 1970s and 1980s under the pressure of right-wing politics (Sheaff 1997: 148; Goodwin 1991; Parkinson et al. 1992).

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7 For example, in Plymouth the City Challenge partnership scheme bid unsuccessfully for £7 million for housing and £4.4 for social improvements. In 1994, the SRB was successful in bidding, and it applied remarkably less, only £1.3 million for each sector (Sheaff 1997: 148).
In both the UK and USA, private developers have been able to overcome planning restrictions by agreeing to include social services, housing, basic infrastructure, or community activities. This 'planning gain' system in regeneration partnerships has been a key element in social policy for the public sector in some cities. Planning gain negotiations in London have established, for instance, a theatre in an office complex in Islington, and land reservation for local communities in Spitalfields (Woodward 1993). In the US cities, the planning gain system has been applied in negotiations between local authorities and private developers in order to legalise excess construction volumes. However, Fainstein (1994:109-110) argues that when planning gain system is used, the public facilities and social housing are too heavily dependent on the own activity of the local authority and pressure groups. Planning gain also allows the absence of a pre-set minimum level for public service development.

2.3.1.1 Criticism of inadequate housing production

As noted earlier, a key problem identified by many commentators in housing production within regeneration projects was over-eagerness to build high-quality housing for the 'new middle-classes' and professional workers. Many housing projects were detached from wider development strategies, such as the economic, land use planning and social sectors, particularly in the 1980s (Edgar and Taylor, in Roberts and Sykes, 2000:168). In addition, funding for social housing was said to be undermined by private freehold housing production (Rowley 1994; Fainstein 1992,1994; Hall and Hubbard 1996; Sassen 1994). For example, in the Battery Park City project the private development corporation succeeded in implementing a high-income housing plan (of 14 000 market rate units), despite a preliminary contract with the City that subsidised housing would be given equal share with other flat types. The public housing was built elsewhere in the city instead (Fainstein 1994:176,181,238).

There are many examples of limited social housing production in regeneration projects. A prominent case was the regeneration of London's Docklands: although according to the Labour Party controlled Docklands Joint Committee the initial regeneration tasks in 1974 were the improvement of the existing local employment and housing, the central government and the LDDC redefined the area's regeneration as 'national interest', opposite of 'local needs' (Goodwin 1991:264; Goodwin 1993:155-160; Brownill 1990:33; Fainstein 1994:113). It is claimed that the LDDC used housing production as a method to change the population of the area in order to
supply the new office area's need for professional workers (Goodwin 1991). Social targets were left in the background also in other areas during the early 1980s, such as Barcelona (McNeill 1999; Jauhiainen 1995:12) and Toronto (Desfor et al. 1989:493) where the waterfront plans ended up with almost solely middle and upper-middle class housing and services. In addition, in the Cardiff Bay regeneration only 25% of housing was social production (Rowley 1994), in London Docklands the first stage comprised only 14% of social housing (Goodwin 1991), and the New York's regeneration projects have generally had approximately 20% of social production (Fainstein 1994:111).

However, in some North-European regeneration projects the allocation for social housing has been higher, such as the waterfront projects in Dutch cities – in Rotterdam and the 'IJ-embankment' scheme in Amsterdam's eastern inner city harbour – where public housing figures range between 30 - 40% (Marshall 2001:145-149). The development in the City of Vancouver has shown, however, examples of similar policies in the North America. For example, the False Creek area housing development project by the liberal politicians in the early 1970s included one third of low income housing (Ley 1980:254), which is very high percentage in the North American context. But, as discussed in Chapters 6 and 7, there are even higher proportions of social rental and owner-occupied units included in the waterfront projects in Helsinki. These were implemented according to the ideas of high quality social housing and public space, as were some of the Dutch waterfront housing schemes (McCarthy 1996; Marshall 2001) and the False Creek development in Vancouver two decades earlier (Ley 1996).

2.3.1.2 Criticism of loss of public space and 'authentic' design in cities

The loss of public space and degradation in the quality of urban design are other critical points typically found in the regeneration literature. According to some authors, many former public spaces have become 'privatised' during regeneration schemes and have been placed under the stricter social control of private economic interests (Davis 1990; Hubbard 1996; Sorkin 1992; Zukin 1995). Zukin (1995:24-25, 76-77) claims that the reformation of public space is a visual proof of 'privatisation' of urban redevelopment. This process have been especially criticised with regards to North American cities. The reformation of public space concerns the implementation of special design and establishment of private security guards in former public spaces. It is claimed that through these the areas are transferred into 'defensible spaces' in order to 'seal off'
the conflicting or unwanted members of the society. The ‘clean-up’ projects of parks in New York from the ‘unwanted’ groups are referred to as examples of defending new private capital spaces. The introduction of opening times, fences, new furniture design etc. in Bryant Park and Hudson River Park has been referred to as gentrification of public spaces and as exclusion of those who are referred to as ‘normal’ users (Davis 1990; Sorkin 1992; Defilippis 1997; Smith 1996; Crilley 1993; Harvey 1990; Zukin 1995).

It has been argued that the weakened role of public planners forms a threat to the diversity of design and architecture in cities. Many redevelopment schemes appear to be a reproduction of old urban design features, such as found in London’s Docklands and Battery Park City (well seen in Figure 2.3). The lack of diversity, it is suggested, represents typical ‘post-modernist’ design which creates identical ‘placeless’ and ‘timeless’ spaces worldwide, hides the authentic historical chronology of the urban landscape by planning ‘artificial diversity’, and lacks links to the local cultural history or present society (Harvey 1990; Hubbard 1996; Pryke 1990; Crilley 1993a). The large regeneration projects appear to repeat certain global themes, such as the building of World Trade Centres, congress centres, or upscale waterfront housing and office schemes. These designs have been theorised as ‘visual strategies’ or ‘aesthetisation of social control’ by the (private) power elite (Hubbard 1996; Harvey 1989). It has also been said that the creation of these places with similar ‘megastructures’ were built in order to gain quick legitimisation for the development by repeating former success stories of regeneration (Crilley 1993).

It is frequently argued that regenerated spaces will enhance consumption in shopping complexes and in other ‘capitalist spaces’. However, many authors claim that the commercial and cultural facilities are too luxurious for the low-income groups and this is shown by the observed absence of the ‘ordinary working people’ in such spaces (Bianchini and Parkinson 1993:201; Lopate 1989, quoted in Fainstein 1994:183). Sorkin (1992) has criticised the consumption aspects of the 1980s redevelopment projects and the creation of ‘unreal’ luxurious places, which ‘Disneyfy’ the cities and turn cities into exclusive ‘theme parks’. However, against many voices criticising the new upmarket design for increasing social exclusion in cities, DeFilippis (1997) argues that design itself does not make new spaces inaccessible: it is the new social relations created and the new

% of the total housing was private freehold units (Goodwin 1993:159, 266).

* On the other hand, the term authentic with regard to urban landscape has been criticised by designers because no authentic historical layers exist in the city. Throughout the history, urban design has been manipulated in a similar way to the current image strategies by copying design from other cultures and earlier periods.
functions predominant in these regenerated spaces that transform the former 'easy-access' public space into more controlled and less accessible spaces. This requires that those who are excluded can actively interpret the symbols imprinted in the design and types of services, and through this interpretation adopt the feeling of being excluded.

2.4 Conclusions

This chapter has reviewed the literature background on the global urban restructuring processes and the changes in the decision-making organisation and development policies in post-industrial cities. Evidence was presented from several cities in the North American and West and South European cities which have adopted entrepreneurial and economic policies in urban decision-making since the 1980s. The chapter also provided examples of the social and spatial implications that the urban political changes have in many cities.

The chapter aimed to show that the literature commonly presents the global post-industrial shift as an uncontrollable force that drives the local authorities to adopt competitive development strategies and new forms of co-operation with the private investment capital in order to pursue local economic growth and succeed in the inter-urban competition. The strategies, for their part, are commonly argued to force urban development policies and regeneration projects towards narrow-based, economic-oriented and short-term targets. The socially and economically exclusive nature of the policies and projects are suggested to be disadvantageous for the low-income groups, and make social conditions unsatisfying throughout the post-industrial cities. Regeneration policies are also argued to contribute to globally repetitive urban landscape and design. The academic literature also presents urban political change as a feature emerging from global economic forces, which therefore has a similar effect on cities throughout the capitalist world. However, this thesis aims to argue that the urban political transition patterns should not be presented as globally valid theories, because the local political culture and society can determine the extent to which the global forces are able to effect development within a city. Furthermore, the research on urban change often lacks an examination of local people's personal opinions on urban change, but interprets the social impacts simply on the basis of statistical data.

The next chapter presents the grounds for this counter-argument by reviewing some key aspects of post-industrial urban development policies and related socio-spatial processes in the major Scandinavian cities, with a special focus on post-industrial development in Helsinki.
Chapter Three

POST-INDUSTRIAL TRANSITION IN THE NORDIC CITIES

Introduction

In the light of evidence from the literature on Scandinavian welfare states and redevelopment in the City of Helsinki in 1980-2000, this chapter aims to critically examine the conventional discussion on urban development policies presented in the literature review of the previous chapter. This chapter argues that the common characteristics of the new urban politics and planning apply only partially to Helsinki and to other Nordic cities. Post-industrial urban restructuring in Helsinki has not followed the urban political and socio-spatial processes in the same form as the literature generally suggests for post-industrial cities, though a similar economic and social restructuring have occurred. This implies that post-industrial urban problems and policy have to be examined in a broader context and that global forces do not create parallel changes in the organisation and policies of post-industrial local governance in all western capitalist countries. Understanding the urban transition in Nordic cities requires the recognition of systems of political and social intervention that mitigate the impacts of global economic forces, and place an emphasis on housing and income redistribution policies.

In terms of physical and social decline, the overall extent of urban problems in Helsinki and in other Finnish cities is less severe than in many other European countries. The different urban processes and policies can be partially traced back to the Finnish political culture and social security policies, to the property ownership and development structures, and to the traditions and general principles of large-scale public housing policies in the Scandinavian welfare states. This implies specific Nordic solutions to inner city regeneration: land use, housing regulation and social equality policies have been central in urban development. Despite an evident emergence of competitive and entrepreneurial approaches, urban redevelopment policy in Helsinki continues to be more 'modernist' than 'post-modernist' with its long-term social equality and housing policies driven by a strong local authority.
3.1 Opposing views on post-industrial urban policies

Despite the comprehensive arguments and evidence presented to support the 'economic determinist' interpretation discussed in Chapter 2, some academics have observed different approaches in urban politics. In the Nordic countries and in the Netherlands and France, for example, there are strong public sector forms of governance who have been able to pursue their own views as well as form broad-based (non-business led) economic development coalitions even under inter-urban competition (Hall 1995; Cox 1995; Imrie and Raco 1999; Savitch 1988:9; Parkinson et al. 1992). The key contrasting aspects in urban development between the West European – North American cities and Helsinki are shown in Figure 3.1. As mentioned earlier in section 2.2.3.1, it is important to keep in mind that despite the general view amongst European commentators about the American influence on the European models of urban development organisation and strategies since the 1980s, there are significant differences within and between West European countries in the forms and levels of application and adoption of the model (see, for example, Nelson 2001; Swyngedouw at al. 2002; Jauhlainen 1995). The Dutch and French cities have been particularly exceptional in this respect, as well as some cities in countries with the 'Rhine-Alpine model of capitalism', which share some features with Scandinavia with regards to welfare state principles (Albert 1993, quoted by Hall 1998:842).

In terms of urban politics, a key question is: to what extent and with what implications has the alleged privatisation of local decision-making power occurred. There are some national level differences which are said to be significant in the scope of entrepreneurial shift. Savitch (1988:7-8) has noted that within the western free-market systems of North America, Europe and Scandinavia, the degree of state regulation and intervention in negotiations between the interest groups varies considerably. For example, Hall and Hubbard (1996), Savitch (1988) and Fainstein (1994) point out that nowhere is the relationship between the local state and the private investors seen to be as close as it is in the USA. Also in Britain, the State and business relations have become closer since the Conservative regime of the 1980s. Fainstein (1994:116) also argues that in the US cities 'the break with the past [pre-1970s urban policies] lay not in the priority given to private sector desires, but in the heightened level of local government initiative in enticing private sector involvement'. Likewise, in Toronto the planning discourse is argued to have changed more than the actual planning practice (Filion 1999). In Glasgow a more symbolic than practical shift has occurred towards the increasing role of private capital since the 1980s and the 'local state has not been captured by coalitions of private capital' (Boyle and Hughes 1994:468).
Thus, the model of locally non-dependent capital does not to apply in Glasgow and perhaps not widely in the UK in general (Boyle and Hughes 1994).

A study of two old industrial cities in Britain, Sheffield and Cardiff by Imrie and Raco (1999) has shown that despite the obvious changes that have occurred, many policy objectives and practises of the 1990s are not too far from the pre-1980s ones (see also Lawless, 1994 on Sheffield area...
regeneration). Their key suggestion is that the emerging form of urban policy is more 'hybrid' than 'new'. Also a comparative survey of European cities (Parkinson et al. 1992:145) established that 'the city leaders do have choices to make about their futures' and they have responded differently to the similar problems. Thus the survey argues that the 'institutional, cultural and political dynamics of cities remain a crucial dimension of their potential economic development'.

3.1.1 Nordic welfare states and their impact on post-industrial restructuring

Studies of the North European welfare states support the argument that the local authorities have been able to maintain higher autonomy in these countries. For example, Wessel (2000) has argued concerning post-industrial development in Oslo, that postmodern planning by the Norwegian welfare state (both central and local government) has been dominant in the recent urban change. Governing the national politics of many Scandinavian countries to varying degrees since the 1970s, social democratic ideals have also had a key role. Despite the slow shift towards entrepreneurialism since the 1980s in urban planning in Helsinki, the control of the local government and the Finnish welfare state ideals are still largely unchallenged in decision-making. At least partly due to this, urban political organisation and political content in the Nordic countries are further from the boosterist growth coalitions, erosion of public power, and social issue dismissal than has been suggested for the Anglo-American and several South European cities. Against both Marxist and right wing arguments, these local authorities have found ways of incorporating the private sector into economic and physical development without eroding their own independence. This may derive from strict planning permission or 'planning gain' requirements (Imrie and Raco 1999:47) or from the strong motivation of the authorities (Fainstein 1990:555; Savitch 1988:7-8), as appears to be the case in Helsinki (interviews with Lampinen and Sundman 2000).

Wessel (2000) argues that the traditional causalities of welfare state policies are inadequate in explaining social dynamics in Oslo in the 1990s. The social democratic political ideology in Sweden and in Norway has been generalised as a common search for social integration including 'fellowship' and 'mutual understanding'. Wessel suggests that a wider political context than just social democracy is found behind the relatively equal socio-spatial pattern in the city, specifically, that social democratic policies have been substantially supported in welfare and social equality issues beyond the boundaries of political parties and social classes. Thus, what we find behind the urban policies is not 'class struggle' but 'class cohesion'. For example, in Helsinki
in the early 1970s, in national politics in Sweden (Ginsburg 1993:174) and in Oslo (Wessel 2000) few years later – it was during a right-wing City Council regime that the present day socially oriented housing policy was established and strengthened (interview with Sundman 2000). Also the work by Engelstoft and Jørgensen (1997:241-242) imply that positive urban redevelopment outcomes resulted from policies that were ‘only partly aimed at these [welfare] principles’. In a similar way, in Helsinki strong public power has been backed up by organisational adaptations to the changing context of urban development and by large public landownership. Thus, it appears that the political processes in Helsinki, Oslo and Copenhagen are more complex (or ‘hybrid’) than the literature suggests for the Anglo-American cities (referring to British, Irish and North American cities in particular).

Further opposing the theories suggesting that the inherent nature of entrepreneurialism would generate larger social injustices in cities, examination of social processes in the Nordic welfare state cities have indicated that not only has the political shift been less radical, but that its social consequences have also been mitigated by public intervention. The literature has generally focused on two key aspects in which the welfare state functions have worked as a counter-force to post-industrial restructuring: income polarisation and spatial segregation. Murie and Musterd (1996) identify social housing policy as a key factor mitigating the impacts of economic restructuring. Wessel (2000) has termed these intervening factors ‘national and local agents’, and he argues that their stabilising impact on social segregation has been widely neglected in the studies on economic restructuring in cities. Badcock (1994:425-426) argues that there are even more direct links between the degree of social polarisation in British and Australian cities – where the property systems are characterised by market force dominance, private ownership of land and buildings, and lack of state intervention – in comparison to the Dutch cities, where the lower levels of social polarisation have resulted from high public regulation in planning policies, in land ownership and land allocation. He identifies the ‘collective value system’ as the key factor leading to higher social purpose of public development policy in the Netherlands. These are factors that also help to explain the urban development policies and the low levels of social segregation in Helsinki.

3.1.1.1 Impact on income distribution and socio-economic polarisation

The Scandinavian ‘universal’ welfare policies have traditionally focused on abolition of poverty and maximising the distribution of welfare through the key principle of universal social security. This involves the application of social benefits to everyone regardless their occupational position.
According to Esping-Andersen (1990), this forms a major difference between the Nordic model and the Central European (such as Germany) 'corporatist' welfare state model where the social benefits are a function of one's work position, and thus maintain the social class hierarchies. This also holds particularly for the 'liberal' British and the North American welfare model, where the state only provides security if the free markets and one's family fail to do so.

Although an increase in social polarisation has been identified in Scandinavian cities such as Stockholm and Oslo after restructuring, Borgegård et al. (1998:220, 221) argue that 'put in perspective, it [Sweden] is still a country with a very egalitarian distribution of incomes'. This is also said to hold at the municipal level. The key policies through which the welfare state has been able to prevent social polarisation are progressive taxation, trade unions, and the relatively high unemployment benefits. These policies prevent the 'surplus' non-working population produced by the welfare state (discussed in section 2.1.1.2) falling far behind the employed groups in purchasing power and standards of living. Esping-Andersen (1993) has noted that direct welfare state employment creation has mitigated the impacts of economic restructuring on social polarisation, whereas education and industrial relations work as filters which determine mobility between classes. Supporting Esping-Andersen and against Sassen's (1991) and Harvey's (1989) notions of the reduced importance of state and welfare regimes, Hamnett (1996:1424-1425, quoting Lash and Urry 1993:146) has argued that in Sweden and Germany the welfare state institutions result in maintenance of larger working classes and they prevent formation of new lower class, typical of the free-market (liberal) systems. In liberalist systems the formation of large lower class 'depends on a deficit of institutional regulation in economy and society'. The data of this research and other recent research on Helsinki (Vaattovaara 1998; TieKe 2000; Lankinen 2001) show that this suggestion holds for Helsinki and Finland in general. In this regard, it is not possible to understate the role of public intervention in Scandinavian political culture.

3.1.1.2 Impact on spatial segregation in cities

The welfare policies which appear to have slowed down the spatial segregation (that is the differentiation of rich and poor/low class and high class areas in different parts of the city) are central to this thesis. The social impacts of regeneration projects in Helsinki (presented in Chapter 8) indicate this. The central and local governments' strong regulation of housing markets in Nordic societies is particularly significant. Due to the strong regulation, many inner-city processes, such as gentrification and spatial segregation have not developed in Nordic cities.
as in many other western countries (Ginsburg 1993; Lankinen 2001). Nonetheless, in the late 1990s, income inequality reached all-time national record levels in Stockholm (Borgegård et al. 1998), Oslo (Wessel 2000), in Dutch cities (Murie and Musterd 1996) and in Helsinki. The prevention of further segregation has therefore been taken onto the top of the political agenda in Helsinki (HKK 1997; Vaattovaara 1998).

Wessel (2000) notes that in Oslo the welfare state policies appear to be more effective in stabilising segregation than in preventing the growth of social inequality. Murie and Musterd (1996) compared British and Dutch cities, and found that the impacts of the housing system and the size of the social rental housing stock are more important than are the forces of economic change and income inequality in determining the segregation process. Studies on Dutch cities suggest that the high share of ‘non-stigmatised’, high-quality social housing included in the redevelopment projects – at the prestigious locations in the city - and the effective housing market regulations have modified the segregation and gentrifying forces of free markets (van Kempen and van Weesep 1994:1054; Murie and Musterd 1996:501). The less segregated housing structure of Dutch cities has been verified by a substantial share of households living in non-profit sector housing in all four lowest income deciles, whereas in Britain council housing is common only in the lowest deciles households (Murie and Musterd 1996). The Thatcher government’s pro-homeownership and the anti-council housing policies speeded up tenure conversions and polarisation further in Britain during the 1980s (Cameron and Doling 1996:1212). A similar homeownership policy did not lead into mass purchases by council tenants in Finland (Juntto 1992).

Murie and Musterd (1996:513) point out that the housing finance sources have made access to social housing possible also for medium income families in the Netherlands. This is similar to what occurs in Finland. Van Kempen (1994:1011) argues that the political decisions made by the welfare states ‘on eligibility criteria to social housing and housing subsidises are important in directing where people live’ and that the ‘allocation system of social housing... enables lower-income households to live in good-quality housing in neighbourhoods they otherwise would not be able to compete for’. This is almost word-for-word to a statement by a low-income resident in a price-controlled housing block at the Helsinki waterfront (quoted in section 8.1.4).

Wessel (2000) observes that in Oslo there is no ‘one-to-one relationship’ between social and geographical mobility in a welfare state city: the whole field of housing is more complex than, for example, the suggested ‘machine politics’ in Canadian cities addressing simple business
dominance (Ley and Mills 1993). Wessel shows that in Oslo the private enterprise was just one interest group alongside many other important ones, particularly the public sector, non-profit constructors, and public opinion. Wessel suggests that it is through post-modern planning that welfare institutions have taken a leading role in making a physical landscape which resists segregation forces and mixes people from various social backgrounds within one residential area. This implies that the politics and planning still matter in cities. However, deregulation and cutbacks in social housing policy by the Dutch government, for example, is expected to lead towards higher segregation figures in the country (van Kempen and van Weesep 1994:1054), as housing production now comprises 75 % private owner-occupied and 25 % social rental units, which is complete reverse of the 1980s (Virtanen, in HS 22 Feb 1999). Similar though less radical policies have been executed in Norway (Wessel 2000), Sweden (Borgegård et al. 1998:221-222) and in Helsinki (Korhonen 1999; HKK 1998). Borgegård and Murdie (1993:266) name the changes in housing markets as contributor in the increased segregation levels in Stockholm.

The next section focuses on the City of Helsinki and compares the Finnish welfare state policies to the welfare state models elsewhere in Europe. After this, section 3.2 shows evidence on the relative spatial equality in post-industrial social structure in Helsinki and introduces the key social and housing policies in Helsinki during recent decades.

3.1.2 The Finnish welfare state model in the Nordic and European context

Welfare state policies started to gain substantial support in Finland in the 1960s. Occupational pensions, sickness insurance, active labour market policies, and public health care were introduced. In both Sweden and Finland, the main period of welfare state building occurred in the 1970s, though in Sweden the project started back in the 1930s. Between 1960 and 1990 the share of social expenditure increased from 7 % to 26 % in Finland and by the mid-1970s its share exceeded the UK level, although still behind continental Europe's average (Kosonen 1993:51,57).

In Finland, Norway and Denmark the welfare state was predominantly formed by coalition policies between political parties. In Finland, the consensus was mainly built between the Social Democratic Party and the Central Party (traditionally the party for rural economies), and the fragmented left wing and right wing parties supporting the former two in many important decisions concerning welfare state and social equality. In Sweden, the Social Democratic Party

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10 Public opinion and media were influential factors in the regeneration process also in Helsinki (see
and its values were dominant in the welfare state project (Ginsburg 1993), and SDP usually formed coalition governments with the Liberal Party. Unlike in Finland, the Swedish right wing party did not fully support the broad welfare state consensus, but opposed it in some key issues (Hall 1998). Moreover, in contrast to other Nordic countries, Finland has placed the key export sectors in the centre of the economic policy (Tanninen and Julkunen 1993; Kosonen 1993).

Many national differences between the Nordic welfares state models derive from this background, though general features can be identified. What Finland shares with the other Nordic countries are the main welfare state policy objectives: greater equality in income distribution, maintenance of capital accumulation, and full employment. This last target is dependent on the export economy in Finland, which is not allowed to be disadvantaged by high national social payments (Tanninen and Julkunen 1993: 2-3). Moreover, a large state responsibility in social policy is common: the state provides social insurance and a ‘safety net’ through public services equally for everyone. This has not, however, led to high levels of direct public employment in Finland 11 (Kosonen 1993; Kangas 1993). As seen in Table 3.1a, higher level of public expenditure is one of the major differences between the Scandinavian model and the Corporatist and Liberal welfare regimes, though in this respect Finland has been always closer to the Central European levels (Nilsson 1994:17-18). An example of public services which strongly affect social organisation in Finland is the affordable municipal children’s day-care system: it is reflected in full female participation in the work force and in urban planning practice, as for example each residential neighbourhood after the 1970s has been planned with an own children’s day care centre (see Figures 6.2a and 7.2).

Thus, when compared to other European welfare regimes, the distinctive features of the Nordic model are summarised as 1) universality of social security; 2) income redistribution; and 3) high taxation (Kosonen 1993). As mentioned earlier, the first common feature, universal and statutory benefits such as pensions and unemployment payments, are available for everyone and paid at high levels (see Table 3.1b), though many income-related and private schemes can work as additions to the public systems 12. The statutory social security system has been observed to increase income equality and to reduce the need of market-based social security (Esping-

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11 In 1988, the public employment rate was 22 % in Finland, average of 31 % in other Nordic countries, and 21 % and 17 % in the UK and Central Europe respectively (Kosonen 1993:53).

12 However, the Finnish model does not allow the amount of total national payments to endanger the export sector. Therefore, the share of social security expenditure (25.7 % in 1990) has been lower than in other Nordic countries, as shown in Table 3.1a (Tanninen and Julkunen 1993:3; Kangas 1993; Øverbye 1993:92).
Andersen 1993). The pensions schemes especially have had this effect in Finland (Kosonen 1993:54). Compared to Germany and the UK the redistribution of disposable income has been effectively used as a method of income equalisation and to reduce poverty rates in Finland (Kosonen 1993:53,54). The impacts of these various income transfers in the Nordic countries are compared in Table 3.1b. The third common Nordic feature, high progressive taxation also aims at income equalisation. High social security is financed through general taxation, and contributions made together by the employers (as social payments) and employees (as income taxation). However, Finland has maintained lower total tax rates than its Scandinavian neighbours. As shown in Table 3.1a, taxes as a percentage of GDP were 38 % in Finland compared to the highest rates of over 50 % in Sweden and Denmark 1989 (Kangas 1993:73; Kosonen 1993:48-49). Chapter 8 shows the effects of these policies on the population profile in the regeneration areas in Helsinki.

<table>
<thead>
<tr>
<th>FORM OF INCOME TRANSFERS</th>
<th>FINLAND</th>
<th>SWEDEN</th>
<th>NORWAY</th>
<th>DENMARK</th>
</tr>
</thead>
<tbody>
<tr>
<td>OLD AGE PENSION &amp; ADDITIONAL PENSION</td>
<td>58</td>
<td>70</td>
<td>70</td>
<td>56</td>
</tr>
<tr>
<td>INVALIDITY / ANTICIPATORY PENSION</td>
<td>70</td>
<td>70</td>
<td>71</td>
<td>82</td>
</tr>
<tr>
<td>SICKNESS BENEFITS</td>
<td>82</td>
<td>91</td>
<td>100</td>
<td>75</td>
</tr>
<tr>
<td>UNEMPLOYMENT BENEFITS</td>
<td>64</td>
<td>85</td>
<td>68</td>
<td>75</td>
</tr>
</tbody>
</table>

Table 3.1b Compensation levels of income transfers as a percentage of the former average income of a single male industrial worker in 1990 in selected Nordic countries (after taxation) (Social Security in Nordic Countries 1993:38,39,41; quoted in Kosonen 1993:54).
3.1.2.1 The welfare state crisis of the 1990s

The economy of Helsinki was strongly affected by the global economic recession that hit Finland in 1991. The recession became visible through high unemployment rate and subsequent growth of the public budget deficit. This recession led to re-assessment of welfare state principles in all Nordic countries. In contrast to common belief, global economic restructuring and the subsequent decline in productivity and employment were responsible for the recession in Scandinavia rather than the large public sector expenses (Nilsson 1994). Due to the rapid economic boom of the 1980s, public expenditure was actually affordable in Finland at the end of the decade, but the effects of global recession were intensified in Finland by the simultaneous collapse of the Soviet Union, the destination of 25% of Finland's export trade at that time. In addition, structural problems of some export industries intensified the decline and caused cutbacks to social benefits (Kosonen 1993; Nilsson 1994:19; Tanninen and Julkunen 1993:5).

![Figure 3.2 Changes in the number of social security recipients in Finland 1970-1995 (Statistics Finland 2000).](image)

The statistics show that during the recession, the national GDP slumped by 10% between 1990 and 1992 and the unemployment rate in Helsinki rose to 18.2% in 1994 and to over 40% in the worst affected suburbs (TieKe 1995). The highest national unemployment figure was 17% in 1994, and the rate was still 8% in 2001 (Tilastokeskus 2001). Income benefit ('toimeentulotuki') payments increased six-fold in Finland during the 1980s. The recession had the worst effect in cities. For example, in Helsinki benefit payments doubled from 1989 to 1993 (Tanninen and Julkunen 1993:3). At the same time the number of social security recipients doubled nationally, as shown in Figure 3.2. Consequently, reducing the size of public sector became a key political target and social benefits and eligibilities were cut in all sub-sectors. However, political
mediation had prevented sharp social polarisation such as has occurred in many ‘Liberal’ welfare states (Lankinen 2001).

3.2 Post-industrial shift and urban development in Helsinki

A brief historical review on Helsinki is necessary here. The City of Helsinki was founded by an order of Gustav Wasa, the King of Sweden, in the year 1550 in an area nowadays called the Old Town (‘Vanhakaupunki’), 4 km north of the present city centre (see Figure 3.3). The settlement was to control the increasing trade between the Finns and the merchants of Reval, a Hanseatic town across the Baltic Sea (now Tallinn, the capital of Estonia). Helsinki was first populated by a forced transfer of people from villages in the southern Finland. The town remained small and this forced the governance to seek a location with a better harbour in 1640. This was found in Kruununhaka, the present day centre of Helsinki. In 1812, soon after Finland had become an autonomous Grand Duchy under the Russian empire, the capital of Finland was moved from the southwest coast to Helsinki. Built of wood, the city had burnt down in 1808 and was completely re-planned by an order of the Tsar Alexander I in 1810. The street plan was drawn by a local architect J. A. Ehrenström, and the main public buildings were designed by C. L. Engel, an architect from Berlin.

Figure 3.3 The King Gustav Wasa of Sweden and the original location of the town of Helsinki in 1550. The present day location of the city centre is circled. (Picture by the City of Helsinki.)

13 By the same order of the Tsar of Russia, C. L. Engel also drew many buildings in the central St. Petersburg, which explains the similarities in the design of these two Baltic cities.
Industry was brought to Helsinki from 1862 onwards, after the construction of the railway line. Previously the city was for the educated, administration, tradesmen, artisans and the army. Industrial land use became visible in the landscape of the inner city and waterfronts of Helsinki (see Figure 3.4). Between the wars more than a half of the city's population was employed in manufacturing, manual work and by public and private sector services. Industrial production expanded nationally as well as within the urban areas after the World War II. The heavy war reparations paid to the Soviet Union were largely responsible for post-war increase in industrial production in Finland. In 1950 the manufacturing sector employed 38% of the working population in Helsinki and the city became a centre of metal industries (such as ship building), mechanical engineering, printing and textile industries. (Tieke 2000b:66-68).

3.2.1 Post-industrial urban restructuring

As in most Western countries, the underlying factors of industrial change in Helsinki have been the forces of economic restructuring discussed in Chapter 2 which led to changes in the form of industrial production, occupational change, improved production technologies, and relocation of industries from the city centre to the neighbouring areas. Figure 3.5 shows the gradual shift of the economic emphasis towards services in Helsinki during the second half of the 20th century. The decline started to affect the central city of Helsinki during the 1970s. During the same period, the metropolitan area formed its present administration with three large municipalities,
Helsinki, Espoo, and Vantaa, and Kauniainen (a small enclave within Espoo) (see Figure 3.10). In combination the area has a total population of one million. Many of the largest companies made the decision to leave Helsinki for the surrounding municipalities during the 1970s, including the Nokia Cable Factory and Sinebrychoff brewery in Ruoholahti, and a textile factory in Arabianranta. These industries lacked the possibilities for expansion in the inner city since the City planning policy had limited the land use for heavy industries (HKK 1984). There are some metal industries still remaining, such as a shipyard, because shipping has been perceived as being important for the image of Helsinki (Helsingin kaupunki 1994:13,23). Currently, Helsinki is one of the few European capital cities that is growing in terms of number of population.

3.2.1.1 Economic restructuring

The post-industrial transition in production patterns in Helsinki reflects both the post-Fordist and welfare state societies. Since the late 1980s Finland has increasingly become a prototype of informational society (Himanen and Castells 2001), and, as in most western countries from the 1960s onwards, the service sector has been the most rapidly growing sector. In 1980 the share of manual and non-manual workers in Helsinki was 65 % and 35 % respectively, but by 1991 the share of non-manual workers had increased to 47 % (TieKe 2000b:70). The percentages of employment by sector in Table 3.2 indicate the importance of direct welfare state employment creation. In 1998 there were 344 939 jobs in Helsinki. Altogether 80 % of these were in the service sector, of which a large share was in state or municipal services (TieKe 2000b:70).

![Figure 3.5 Employment by industrial sector in Helsinki 1950-1998 (TieKe 2000:68; Helsinki Regional Statistics 2001).](image-url)
Table 3.2 Employment by industrial sector in Helsinki in 1998 (Helsinki Region Statistics 2000).

<table>
<thead>
<tr>
<th>EMPLOYMENT SECTOR</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>9</td>
</tr>
<tr>
<td>Construction</td>
<td>4</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>14</td>
</tr>
<tr>
<td>Hotels and catering</td>
<td>4</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>10</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>5</td>
</tr>
<tr>
<td>Real estate, renting and business activities</td>
<td>17</td>
</tr>
<tr>
<td>Public administration and defence, compulsory social security</td>
<td>9</td>
</tr>
<tr>
<td>Education</td>
<td>6</td>
</tr>
<tr>
<td>Health and social work</td>
<td>12</td>
</tr>
<tr>
<td>Other community, social and personal services</td>
<td>8</td>
</tr>
<tr>
<td>Other and unknown</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 3.6 An index illustrating the increase in employment in the IT sector compared to employment creation in all other sectors in Helsinki, 1993-1998 (TieKe 2000:69).

In the 1990s, the strongest growth was experienced in the IT and other high-tech industries (see Figure 3.6) which now account for 16 % (56 596) of the total number of jobs (Helsinki Regional Statistics 2001; TieKe 2000:69). As in other western cities, the growth of services and high technology has been among the core incentives for the inner city redevelopment programmes in Helsinki, through creation of new office space and growth of new types of housing interests among professional workers. In 1980 the Helsinki City Planning Department noted that the under-used industrial areas are crucial for the future sustainable urban growth within the existing city structure (KSV 1980:16,18). This implies that some public planners in Helsinki realised the development potential of the vacant land in the inner city waterfronts simultaneously with many other local authorities in post-industrial cities.
3.2.1.2 Social restructuring

At the same time that services were becoming the leading sector of the economy, the social structure of Helsinki also started to change. Suburbanisation started in the Helsinki region in the 1950s forced by the first national mass movement of rural people to the urban areas. The present distribution of district centres in the metropolitan area is shown in Figure 3.10. Urban culture and the generations associated with urban way of life have gained a stronger hold in the Finnish cities only since the 1980s. Since then, as previously identified in Canadian cities (Ley 1996), Finnish urban dwellers have not been looking for a chance to move back to the countryside, as did earlier generations, but their needs and life expectations are fully satisfied in urban environments.

The population structure of Finland has been very homogenous throughout the twentieth century. The demographic variety includes groups of varying age, life/family cycle, education and socio-economic status. Unlike the rest of Scandinavia and Europe, Finland has a very small proportion of its population representing racial, language and religious minorities. The total immigrant population was only 4.2 % in 1997, the absolute number being approximately 22 000. Within this group, a few thousand Somalis who have been entering as quota refugees since the early 1990s are the most usually discussed group in studies on spatial segregation in Helsinki as a result of their concentration in the eastern part of the city (Kauppinen 2002; Vaattovaara 1998; Korhonen 1998). The Somalis now form the fourth largest language minority after the Swedish-speaking Finns, Estonians and other former Soviet Union nationalities (HKK 1997:24; Kauppinen 2002:177). Another growing group, the Russians (currently 7500 people) formed a minority during the 19th century but left after the independence of Finland in 1917 (Helsinki Region Statistics 2000). As race is considered a significant factor in many present urban processes (see Roberts 2000:26), the homogeneity of the Finnish urban culture should be kept in mind when examining the social equity issues.

Data on socio-economic class structure in Helsinki between 1970 and 1995 is shown in Figure 3.7a. (See Appendix 4 for the definitions of socio-economic class categories.) The most notable change during this period has been an increase in upper-level employees, which have more than doubled from 13 % to 29 % between 1970 and 1990. The rate of increase was rapid between 1990 and 1995, when the share of upper level workers grew by 5 percentage points. In contrast, there has been a remarkable decline in skilled and specialised workers (including both skilled workers 31 % and labourers 11 %) from 42 % in 1970 to 24 % in 1995. The share of this category fell
rapidly during the 1980s, the total decline being 10% over this period. This trend is similar for the whole country. By comparing the Helsinki data to Finland (shown in Figure 3.7b) we can see both the increase in upper-level employees and the decline of manual labourers. However, the decline of manufacturing is more pronounced in Helsinki than in Finland in general.

![Figure 3.7a](image1)  
**Figure 3.7a** The changing socio-economic class structure in the City of Helsinki, 1970-1995 (Helsinki Region Statistics 2000).

![Figure 3.7b](image2)  
**Figure 3.7b** Changing socio-economic class structure in Finland, 1970-1995 (Statistics Finland 2001).

The socio-economic data shows that changes in social class structure in Helsinki are similar to arguments concerning post-industrial social change made elsewhere (see, for example Hamnett 1994, 1996). The major period of socio-economic restructuring in Helsinki was between 1980 and 1995, and this comprised a major shift towards upper level employees at the cost of manual and
skilled workers. By 1995, the share of skilled and specialised workers had dropped below the share of upper level employees, having been nearly double the number still in 1980. At the same time, the share of lower level employees (40% in Helsinki and 13% in Finland in 1995) experienced only a very small increase in both Helsinki, and in the whole country. These changes in social class structures can be partially traced back to the economic restructuring, the growth of high-tech industries in Finland during the 1980s, and the recession which affected industrial production during the first half of the 1990s, as discussed earlier in section 3.2.1.1.

![Figure 3.8 Social segregation dynamics in Helsinki 1990-1996. The relative change between the areas measured as a change in the percentage of social security recipients. Situation was generally improving in the two lightest coloured areas (the west and the coastal areas - south of the blue line), and getting worse in the two darkest coloured areas (the north and east - north of the blue line) (Maury 1997, in HKK 1997:25).](image)

The socio-spatial structure Helsinki in terms of education, income, occupational class, and marginal groups (unemployed, social security recipients, immigrants) is relatively stable and 'flat' (Lankinen 2001; Vaattovaara 1998; HKK 1997). Prior to 1990 there were no signs of spatial segregation which would change the historical division between the wealthier west and the coastal areas, and the poorer east and north of Helsinki (see the blue line in Figure 3.8). This structure was formed as a result of construction of the eastern parts of the City predominantly as
mixed social and private housing, whereas the western suburbs, which were built earlier, comprised solely private freehold housing. Thus, the only segregation element in Helsinki has been the slight concentration of large council estates in the east and north of Helsinki. At the macro-level, these areas relatively lost out in the late 1990s because they did not recover from the economic recession as quickly as the other areas of Helsinki (Vaattovaara 1998). This is said to be due to the lower education level in these areas which led to long-term unemployment problems. The segregation trend is shown in Figure 3.8. Vaattovaara (1998) has found that at the same time, deprivation occurred at the micro-scale as a ‘mosaic-like structure where the poor residential areas are small, scattered grid cells... located haphazardly over the metropolitan map without obvious regional concentration’ Is. The most recent survey indicates that if measured by education and immigrant levels, the tendency is towards growing spatial equality, and the concentrations of marginal groups are only recognisable as ‘pockets’. Thus, the overall picture of segregation in Helsinki is still more equal than in most Western capitalist cities (Lankinen 2001, 1997; Kortteinen and Vaattovaara 1999).

3.2.1.3 Spatial restructuring and land use planning policies

Until the early 20th century, the built-up area of Helsinki comprised only the Helsinki peninsula (see Figure 3.9). The present-day form of the city started to take shape during the 1910s, when the City’s Master Plan Architect Bertel Jung prepared the first Master Plan for the City. He argued that Helsinki was growing at such a rate that the town needed to expand inland. Jung perceived that the villages bordering Helsinki in the north would limit the controlled growth of Helsinki. His recommendation was that, whenever possible, Helsinki should buy land adjacent to its borders in order to enable the local government to control the growth (Ministry of Environment 1993:7). This strategy was practised for several decades. Today, the large local government landownership – 64 % of the total municipal area of Helsinki – is partly a result of this strategy.

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14 The City attempts to decrease the risk of concentration of problems in the eastern Helsinki and has allocated the Vuosaari waterfront for private freehold housing development. The City has allowed higher level of freedom to the private developers within the Vuosaari Redevelopment Project (see Figure 5.4). This is wished to balance the residential structure in the area (interview with Mecklin 2001).

15 A similar increase in income differences (at micro geographical scale) is identified also in Stockholm (Borgegård et al. 1998:220)
At the same time, industrial growth brought about intensive building methods, and higher stone houses in the inner city areas gradually replaced the former 2-3 storey wooden city. These now form the highest valued housing areas in Helsinki (Laakso and Keinänen 1995:124). The railway network expanded the city northwards as working class housing followed industrial development. In 1918 Eliel Saarinen, a famous architect, prepared the Greater Helsinki Master
Plan (known as Pro Helsingfors \textsuperscript{16} plan) in which the waterfront areas around the Helsinki peninsula were reserved for industrial use. The Pro Helsingfors regarded the numerous bays surrounding the inner town as a planning problem. However, this suggestion was rejected. Between the 1950s and 1970s, urban planning in Helsinki was based on a functional division between residential land use in the suburban centres located northward along the railway lines and work place development in the centre (interview with Forssén 1998; Sundman 1982; Laakso and Keinänen 1995:132-133).

The 1970 Inner City Master Plan of Helsinki was the first plan to indicate a shift to post-industrial era in the city. The central task of the plan was to preserve the inner city for residential use, and control the growth of jobs and industrial land use in the inner city (Ministry of Environment 1993:11). The need for the new approach derived from the ‘office invasion’ problem which had developed at the end of 1960s as a result of the former land use policy. New office space had been built in the Helsinki CBD area (marked in Figure 3.9) totalling 300 000 sq. m in the 1960s and 200 000 sq. m between 1971-1975. Some of these were illegal office conversions in residential buildings. The size of commercial developments in the inner city had also been limited, as they were presumed to prevent the development of the new regional centres. The main concern of the local authorities was the contradiction between the space required by small-scale industries on one hand, and, on the other hand, by a reasonable community structure, such as more efficient land use and more balanced residential-work place ratio in the city centre (HKK 1984:106-107; interview with Forssén 1998).

Emerging from this problem, a key land use decision was made in 1973, when the City Planning Committee decided to support the ‘housing-oriented option’ as the long-term land use strategy for the inner city. This decision still governs the principles of land use in Helsinki. This option diverged from uncontrolled development (termed the ‘business-oriented option’), and put residential development to the forefront in the City’s future land use interests. In order to maintain the city centre’s livelihood and services for the remaining residential population, additional housing construction was seen to be crucial in the inner city (KSV 1981:3,7; interview with Lindroos 2000). Printed documentation of the negotiations between the two options indicates that the ‘business-oriented option’ was the one that local government was expected to or would normally choose (KSV 1981). But an individual public officer, Matti Väisänen, was influential in deciding against this option when he introduced his concern of the declining

\textsuperscript{16} Helsingfors is the name of Helsinki in Swedish.
number of inhabitants in the Helsinki city centre since 1953, and the declining standard of services for the residents in the area. These were results of suburban development, ageing population, and absence of housing investments in the area. To keep the number of residents at the level of 1970, he strongly promoted the housing-oriented option. It was then decided to direct office space development to the suburban centres (KSV 1981:7).

Consequently, there was a significant change in the city land use planning at the beginning of the 1980s. The concept of the community spatial structure of Helsinki gradually changed from the earlier focus on a grande idé of functional division for a set of fragmented principles of planning. This was enhanced by increased demand for housing in the city centre, which led to a decision to strengthen the policy of 1973 by KASA Programme in 1985 (HKK 1985). The new regional centres became the main focus of office development between 1970-1980 (see Figure 3.10), and in response, the underground line to eastern Helsinki was opened in 1982 to support new office and housing construction in this area (interview with Forssén 1998; Laakso and Keinänen 1995:124, 132). The new approach to land use was made more pronounced by establishing a committee for the sole purpose of finding alternative land uses for the harbours and other under-used areas within the Helsinki City municipal area (RAMA Report, HKK 1984).

As a result of this policy initiated in the early 1970s, and because of the personal interest of the key public officer, residential land use became the main component in both case study areas of this research, the Ruoholahti and Arabianranta Projects (see Figure 3.9). This focus on residential development was strengthened in 1990, when the City of Helsinki decided to give up its policy of restricting the population growth in its municipal area. By the end of the 1990s, the focus on housing, as well as office construction had shifted further towards the waterfronts. This is indicated in Figure 3.10. A 'towards the waterfront' process has been intensified to the point that argument over future waterfront land use policy has been fierce between different interest groups in the media. This mainly refers to the Master Plan 2002, which aims to construct more seashore areas throughout the Helsinki coastal zone (interview with Forssén1998; Korhonen et al. 2000; HS 15 Oct 2000).

3.2.2 Post-industrial social policies

Land use planning and housing policies were listed as the major tools in 'directing the urban development and controlling problems' in the Anti-segregation Policy of Helsinki City in 1997 (HKK 1997:31; Hynynen 1999:9). Once again this indicates the continuing strong belief in
traditional public sector planning power in tackling urban problems in Helsinki. Finnish post-
war public housing policy differs from other Scandinavian countries in its greater private sector
orientation and its supplementary role. Due to the total absence of social housing policy until the
1960s, tenure in Finland is predominantly owner-occupation (62 % in 1998) (ARA 2001). Junto
(1992:51) has described Finnish housing policy as a ‘non-policy’, since the system has lacked
continuity by being practiced at times of high demand and run down during ‘normal’ economic
periods. More recently, social policy has focused on prevention of segregation, as it is in conflict
with welfare state ideals of social equality (Kauppinen 2002:179)

Figure 3.10 The shift of the main focus areas of construction 1970-1985 (blue zone) and 1985-2000 (red
zone) (applied from Korhonen et al. 2000:16). The base map shows the major transport networks and land
use in the Helsinki metropolitan region (KSV 1997:26).
Until the First World War the housing conditions of the poor were the concerns of only a few philanthropists. Between the wars, new 'practical flats' were designed for the middle class families in condominium type blocks, according to the functionalist 'modern home' idea. Private developers dominated the market and flats were only within reach of medium or high-income homebuyer households. The first public social housing schemes, aided by direct state construction subsidies and rent controls, were only introduced after the Second World War. The public housing schemes were part of the resettlement arrangements for displaced people from the Eastern Finland after the war. The policy ceased in the 1950s and housing production was handed back to the private developers. At that stage, the first large owner-occupied suburban housing estates were built mainly for households eligible for commercial loans (Juntto 1992).

![Figure 3.11 Housing units by tenure type in Finland 1950-1998. Percentage of total occupied units.](tiitinen_1990_quoted_in_juntto_1992_tilastokeskus_1998)

The national housing policy was influenced by the welfare state principles, such as equality of access, tenure and quality, at the end of the 1960s. These welfare targets were introduced as a response to overwhelmingly rapid urbanisation and post-industrial restructuring. A wider range of developers and finance institutions became involved in housing development between 1968-1976, and housing was included in the wage negotiation process as a part of welfare state social policies. The growth of the social rental housing after the 1960s is seen in Figure 3.11. This period formed the all-time peak in social housing production and in the conversion of private rental units to owner-occupation in the Finnish history (Juntto 1992:49,53). The first municipal level social housing strategies and rental unit construction started during this period. Furthermore,

17 Finland lost 10% of its housing stock during the war. For example, the second biggest city in Finland, Viipuri, was located within the areas ceded to the Soviet Union. Housing was also destroyed in bombings.
the Housing Fund of Finland ('Asuntorahasto' – ARA, formerly State Housing Board) started a permanent large-scale funding system for social rented housing production, with a small share of owner-occupied units (ARA 2001).

The Finnish state supports housing finance in three main ways: by granting so called ‘Arava’ state housing loans to municipalities and other social housing developers; by approving interest subsidies and tax relief for loans given to the developers by the private banks; and by guarantees to private bank loans and by tax relief for individual home buyers. Direct housing benefits for low income families is also part of the strategy, though its share is diminishing. In the early 1990s, increased emphasis was put on public housing policies and subsidies. At the same time, the welfare state crisis forced the national Housing Fund to start fund raising from external sources. However, as mentioned, private commercial banks have been the major source of housing finance (89 %) for both individual homebuyers and social housing developers throughout the post-war era. (ARA 2001; Junnila 1992: 49,51,58).

The social rented housing stock accounted for 16 % of the total units in Finland in 1998 (ARA 2001). The growth of the ‘other’ units, shown in Figure 3.11, in the 1990s comprises mainly the establishment of a non-profit sector which produces right-of-occupancy tenure type housing units. When compared to the social problems associated with social housing in many European cities, social housing sector in Finland has avoided large-scale stigmatisation and marginalisation, even though problems are significant at the national context (Kauppinen 2002:178, quoting Priemus 2001; Piirainen 1993). This is partly due to increasing integration of social construction with other housing types and the equal quality and design requirements. However, as a result of demand far outstripping the supply of social housing, social housing tenants tend to be ones in urgent need and with lowest income as a result of the maximum income criteria (Juntto 1992), but not necessarily the ones with lowest education (see Chapter 8).

3.2.2.1 The City of Helsinki’s housing policy

Due to the post-war social housing schemes which started in the 1950s, the housing market in Helsinki polarised into private freehold housing at the top-end and social housing production at the bottom-end. Since then, political intervention by the local government in the housing markets has strongly affected the spatial distribution of low income people. Initially, during the 1950s, social housing was built far from the centre where the cheapest land prices were found. At the same time, the emergent need for additional social housing led to an increase in the average size
of social housing blocks. For example, the large Jakomäki suburb containing only social housing was constructed in the 1960s. Some social housing suburbs became known for their restless atmosphere in the 1970s, but more persistent social problems only appeared due to the agglomeration of unemployment during the 1990s. This is relatively late in the context of western cities in general (HKK 1997). Due to the long dominance of private housing production, the housing markets in Helsinki are still dominated by the private freehold units. The share of social rental units was only 19 %, of which two thirds were municipal and the rest owned by non-profit housing organisations (Tieke 2001b; Kauppinen 2002:178).

Helsinki City defines the key targets of its housing policy in a Housing Programme for a 4-5-year period, and the City Council approves the implementation of the Programme. This sets targets for the public housing production by the City itself and by the City in co-operation with the State Housing Board and for price-controlled production by the private sector. This policy is far more comprehensive than for example the Ten Year Housing Plan of New York City which, according to Fainstein (1994:107-108) left most key issues 'to be worked out on an ad hoc basis'. Recently, the control of housing finance (private freehold vs. Arava production) and the control of type of tenure have been the most effective methods of local political intervention in housing production. In addition, the local government has intervened by tax and interest relief, housing benefits and Arava loans, land provision and site politics, and by funding for both private and public schemes (KSV 1986b: 4; HKK 1997:17; Hynynen 1999).

Land allocation policy of the local planning authorities has been a key strategy in achieving greater social mix within residential areas. Between 1978 and 1997, all new housing development on the land owned by the City was subject to the Hitas system of price and quality control. According to the public planners and private developers interviewed, this control has been possible because of the City's large landownership. Developers cannot turn down the development opportunities offered on City-owned land since the availability of land outside the City's ownership and control is limited. The Hitas system was established to guarantee production of high quality private freehold housing, both owner-occupied and rental, at reasonable prices for middle-income households to whom the polarised housing markets were most disadvantageous. Under this system selling prices and rents follow a living cost index instead of free market prices. For a freehold housing developer, Hitas control means that the builder has to set a target price based on the price-quality requirements for the development. This and all the other development details, such as final purchase price of the units, design of the buildings and the environment, have to be accepted at the Hitas Board at the City Council prior
to issuing the construction permit. The key point of the system is that both quality (that is the real construction costs) and selling prices must be in line (Hynynen 1999; interviews with Lindroos 2000, Sundman 2000, and Mecklin 2001). This system indicates that the dominant understanding of property value and housing production in Helsinki is in line with the 'labour, or Marxist, theory' of value, according to which the value of a housing unit depends on the quantity of labour power used to produce it. This is in contrast to 'neo-classic theory', for which the actual price of the property is defined by the demand-supply forces prevailing in the free market conditions (Smith 1996:61).

Helsinki City Council has, however, reassessed the role of the Hitas system, and in 1997 decided to sell and rent sites outside the Hitas regulations in order to attract high taxpayers. This was done regardless of the strong support for the system within the City Planning Department (interview with Lindroos 2000). Together with the obvious need to increase City's income after the recession, the 'high taxpayer' argument has been used as grounds for selling sites at waterfront locations to private developers in the 1990s (interviews with Laitinen and Mäkinen 2000; Lindroos 2000; Hynynen 1999:19). The housing construction in these uncontrolled sites belongs to the top-end of the Helsinki price spectrum (HS 18 Dec 1999).

3.2.2.2 Social housing production in Helsinki since the 1980s

In order to prevent future formation of suburban stigmas through marginalisation, exclusion and 'otherness', the City authorities started to search for alternative social housing models in the 1980s (Pirainen 1993). In spatial terms, the key anti-segregation strategy of the City has been the development of social housing within the traditional high value inner city areas. Both case study areas of this thesis reflect this policy, as do Katajanokka and Pikku-Huopalahti (see Figure 5.4, Chapter 5). The general income level of the individuals and households living in these new housing areas was lower than the city average in 1995 (HKK 1997:33), which indicates that the social housing policy has been efficient in allocating housing in the prestigious central city waterfront for the lower income groups. There are few residents that belong to the highest income groups in the new waterfront areas (see Figure 8.4c, Chapter 8) (HKK 1997).

The lack of reasonably priced housing has long been a weakness of Helsinki at the national level for city competition. Housing production has been a narrow-based activity, since there are only a

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18 For Arava housing the prices are set and plans ratified at the Housing Fund of Finland. For freehold blocks the local government accepts the plan of construction costs after a bidding between constructors.
handful of big contractors who have implemented housing in Helsinki during recent decades. The City of Helsinki is the largest producer of social housing in Finland. At present it owns around 56,000 subsidised housing units and hosts 87,000 residents (Helsinki Region Statistics 2001). The share of the City Council's housing production of total new units has risen from 24% in 1988 to 31% in 1997 (Hynynen 1999:38), which is substantially higher than the share currently produced by local authorities in British cities, which was less than 5% in 1996 (Edgar and Taylor 2000:154). All residential buildings are co-operatives by legal definition – the land on which the building stands is owned by the Housing Corporation, which is owned by the shareholders (that is the flat/terraced house owners). The shareholders can sell their shares, the occupation rights to the flat, in the free markets.

However, the economic fluctuations in the late 1990s have caused some changes in the Helsinki City subsidised housing production. According to Juntto (1992) this is typical of the housing policy in Finland. At the same time with the Hitas decision, the Helsinki City Council decided upon smaller public housing production financing in 1997 (Korhonen 1999). According to the Helsinki City Housing Production Bureau, this was done in order to shift more production to private constructors who were showing interest in production of social housing at prices required by the City (HKK 1994; Hynynen 1999:39-40). This turn implies that the global trend of changes in the role of public sector in housing provision has arrived in Helsinki. The 1998-2002 programme laid more emphasis on decreasing the residential segregation in Helsinki, and 40% was set as the maximum limit to social housing in new large development projects to 'enhance mixing of types of occupancy in each new area' (HKK 1998), that is, in practise, to increase the share of private freehold housing in these areas.

3.2.2.3 Public-private partnerships in housing development

Property development is not yet as hard a business in Helsinki as it is in most western economies. Property development only started to rise into the level of a large business in the 1980s when a short-lived property boom occurred due to the financial deregulation, which made foreign loans freely available for the first time in Finland. Before this the main actors in property markets were landowners building office space or industrial space for their own use. In the 1980s, more large housing developers and construction companies entered the business with back-up from commercial banks and insurance companies, who also are powerful landowners. These have focused on commercial and office space development for letting. The public sector

(Vehviläinen 1992:3).
has not controlled the commercial markets in Finland by subsidises or rent controls, apart from a property investment tax used occasionally to prevent overdevelopment of office space (Laakso and Keinänen 1995:127, 129, 136). Property markets are still largely a national business with only few big developers, partly due to bankruptcies during the 1990s recession (Haila, HS 12 Aug 2001).

As with most Finnish local governments since the 1980s, Helsinki City Council has used the new situation in the property markets to improve the housing and service supply through private-public co-operation, in order to decrease public expenditure. The Hitas control system has been the most significant form of housing co-operation. In addition, public-private development co-operation in Helsinki is organised through special programmes in which the local government's role is land provision (leasing and, more recently, selling land) to the private constructors, and granting economic subsidises for construction.

The local government has used its large landownership within the Helsinki municipal area as a power to control State subsidised housing, which is almost totally built on land owned by the City of Helsinki. In the neighbouring towns Espoo and Vantaa where the City owns very little land, the private construction companies, a large group of landowners, have been in the centre of the housing production leading to a shortage of social housing stock. Another method of housing control by the Helsinki City is the ranking system, by which the City Real Estate Office ranks developers in terms of how well their development plan and costs implements the targets set in the Housing Programme, such as the proportions of rented and owner-occupied housing units and their price level. (Hynynen 1999.)

From this we can establish that the City's position as the planning authority and major 'landlord' gives it an unusually strong power to direct land allocation and to control the content of development that takes place on its land by private developers. In comparison to most other capitalist countries this degree of public control in development is an unusual feature and explains many of the differences in the urban redevelopment policies between Helsinki City and other European cities. However, Badcock (1994) has observed that public sector control over landownership, site allocation and property development under the political culture of the Netherlands is at the same level with Helsinki. He argues that 'the Dutch land and housing policy holds the key to understanding the absence of perceptible spatial segregation' within the Randstand region (Badcock 1994:426). For example, in all large Dutch cities the local Land Department owns 65 to over 80 % of land and, as in Helsinki, the Dutch authorities are in
position to allocate best sites to public benefit developers and achieve a high degree of social mix in residential structure. However, the Dutch local authorities are more dependent upon the planning guidelines of the regional and central government than are their Finnish counterparts (Badcock 1994:428,435).

There are three types of constructor partners that the local government co-operates with in housing production in Finland: there are a few large, so called ‘public benefit’ organisations which operate at a non-profit basis both with private and state funding sources. These include, for example, the National Rent House Cooperative VVO 19 and ATT, the Helsinki City Housing Production Department. There is housing construction for special groups (such as the elderly, students, disabled etc.), and there are project-based co-operative ventures with private constructors within designated areas (discussed in section 5.1.2). Recently, the latter has gained more emphasis as a form of co-operation (interview with Mecklin 2001; Hynynen 1999:18,20). The Real Estate Committee allocates vacant sites to these partners according to the guidelines given in the Housing Programme. In the period 1998-2002, this includes a principle of allocating land to as many constructors as possible to avoid dominance of a few. The use of bidding by the City in order to control the affordable housing production in co-operation with the private developers was highlighted during an interview with a Manager of a private development company (2001):

"The direction seems to be that there are more Quality Competitions and Design Competitions, and according to them some sites will be allocated for private freehold production, but also for various public benefit constructors as it has been done now in Munkkisaari."

The role of housing subsidies and public landownership in housing development are discussed further in the context of the case study areas in Helsinki in the following chapters.

3.3 Conclusions

The purpose of this chapter was to argue that post-industrial shift is a cultural and place-specific process and that despite common global economic forces, urban policies and urban changes in Western European, North American and Nordic cities are different. The chapter showed this by reviewing a variety of methods used to control urban restructuring both spatially and socially in Finland and in other Nordic countries. In Finland, the welfare policies have tried to prevent

19 The VVO-Yhtymä, established in 1969, is a rental housing constructor founded and owned by several Finnish trade unions (75%) and by enterprises under the left wing retail cooperation ‘E-liike’ (25%).
spatial segregation and high levels of income inequality, as these problems are seen as contrary to the welfare state ideal of equality of citizens, and risk the long-term stability of the society. The literature on the Nordic cities has argued that there are also other significant factors that affect urban processes. The Nordic political culture emphasising cross-party coalition formation, and social culture characterised by shared values between the social classes, are suggested to be among the main contributing features in this concern (for example Wessel 2000).

The second section of the chapter showed that post-industrial urban change in Helsinki has been similar to other western cities, but different methods have been used to control these changes. The Finnish state authority has influenced the process of urban change through welfare state model policies, and the Helsinki local government has implemented political and planning procedures in order to control the spatial differentiation between the areas in the City. The high level of municipal land ownership and the consequent control of the local authorities over land allocation and planning has been in the key role in controlling urban development. This level of public control is a major difference between Helsinki and most other western countries. Thus, in order to understand the dynamics of urban transition in Nordic cities, one needs to examine the specific features of the property development, land ownership, and planning systems in these countries. Social housing development has been especially pronounced part of socio-spatial policies during most of the post-industrial era.

This chapter concludes that the global economic forces have had less radical impact on the decision-making organisation and urban processes in Helsinki and in other Nordic welfare state cities than they have had in the western European and North American cities. The next chapter introduces the methods used to collect the information, which the thesis arguments are based on.
Chapter Four

METHODOLOGY

Introduction

This chapter introduces the methods used in the field research in Helsinki. It gives the reader information about data sources, collection, and the analysis used to examine the three research questions and their sub-questions.

A core assumption of this research is that the nature of post-industrial urban political change, regeneration policies and their social consequences in the City of Helsinki are different from those experienced in cities in North America and most of Europe. This is in contrast to what is inferred in the academic literature - that most post-industrial regeneration projects are similar in terms of public-private decision-making and social impact. This thesis aims to test this assumption by examining the process of decision-making on urban policies, the contents of regeneration plans, and the subsequent social outcomes in Helsinki. These are compared to the information of other post-industrial cities published in the academic literature. The Helsinki data is gathered from two large redevelopment project areas - Ruoholahti and Arabianranta.

The method attempts to capture the 'big picture' of urban change in Helsinki between 1980 and 2000 by focusing on:

1) Who made the main decisions of what and when to build?
2) What were the main physical, social and economic targets of the decision-makers?
3) What was actually built in the regeneration areas?
4) What have been the social consequences of regeneration?

To answer these questions requires a combination of qualitative data and quantitative data. Qualitative data is relevant to the decision-making since there are only a limited number of persons who make and affect the urban regeneration policies in Helsinki. Quantitative data is relevant in the examination of the social consequences since it is useful to collect the views from a large sample of local residents living in the project areas. The relation between the methods chosen for this research questions are shown in Figure 4.1.
4.1 Methods of data collection and analysis of the redevelopment

The design of the methodology was based on two targets. The first was to collect and analyse interview data (qualitative data) from public and private decision-makers on development policy. The second target was to collect and analyse questionnaire data (quantitative data) from local residents. The decision to personally interview decision-makers was to establish the values and attitudes behind the seemingly rational or 'technical' approach often presented in the published planning documents. In-depth interviews are a method that has been used in several researchers with similar research targets, for example in a large British regeneration policy assessment by Robson et al. (1994) and in a work on planning policies in London and New York by Fainstein (1994).

The decision to design a questionnaire survey and collect quantitative data on the local residents from the redevelopment area derives from an assumption that it is important to gather the

Figure 4.1 The methodology in relation to the research questions.
primary source information on the impacts of regeneration policies, and not rely entirely on secondary source statistical data. Without actually asking residents their views on the regeneration it is felt that many issues may remain hidden behind the statistics, or will be incorrectly interpreted. Use of residential surveys has not been a standard method of research on urban redevelopment. Instead, most studies use statistical data to evaluate the social impacts. Among the few academics who have collected primary source information on the local community’s experiences of regeneration are B. Hoyle (several publications on the Canadian port cities, for example Hoyle 1998, 2000), and Rowley (on the social impacts of Cardiff Bay regeneration, Rowley 1994). The links between the research questions and the data collection methods and data sources are presented in simplified form in Table 4.1.

<table>
<thead>
<tr>
<th>RESEARCH QUESTIONS</th>
<th>METHOD OF ENQUIRY</th>
<th>QUANTITATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>STUDY OF PLANNING DOCUMENTS</td>
<td>SEMI-STRUCTURED INTERVIEWS</td>
</tr>
<tr>
<td>1 Dominant power in regeneration policy-making?</td>
<td>City Planning Dept., City Office, City Urban Facts</td>
<td>public planners, private developers, local institutions</td>
</tr>
<tr>
<td>1 Main targets in decision-making on urban development?</td>
<td>City Planning Dept., City Office, City Urban Facts</td>
<td>public planners, private developers, local institutions</td>
</tr>
<tr>
<td>2 Physical content of the regeneration plans?</td>
<td>project documents of City Planning Dept. and City Office</td>
<td>public planners, private developers, local institutions</td>
</tr>
<tr>
<td>3 Socio-spatial consequences of Ruoholahti regeneration project?</td>
<td>project documents of City Planning Dept. and City Office</td>
<td>public planners, private developers, local institutions</td>
</tr>
<tr>
<td>3 For which urban groups the re-development project has been most beneficial?</td>
<td>project documents of City Planning Dept. and City Office</td>
<td>above + Ruoholahti residents</td>
</tr>
</tbody>
</table>

Table 4.1 Research questions, the related data collection methods, and the main sources of information used for the enquiry of redevelopment policy in Helsinki.

Throughout the work, a methodological triangulation was applied to analyse the data presented in the result chapters. As sketched in Figure 4.2, the methodological triangle provides a means to cross-check the validity of inferences drawn from one data source against another sources, for example the information gained during interviews against published document data and
statistical data to ascertain the nature of planning process and its social consequences (see, for example, Denzin and Lincoln 1993, Eyles and Smith 1988).

The data was collected in several stages in Helsinki between October 1999 and April 2001. It started with the preliminary document data collection, followed by in-depth residential questionnaire survey in 1999, document and statistical research and the key interviews during 2000, and completed with final interviews during the spring 2001.

![Methodological triangulation as a method of analysis.](image)

**Figure 4.2** Methodological triangulation as a method of analysis.

### 4.2 Examination of the decision-making and targets in local development

Two different methods of enquiry were applied to identify the structure and nature of decision-making on regeneration policy and its targets. The first method involved a study of published planning documents on the case study projects. The second method, which was the main source of information, involved in-depth interviews with all major participant and interest groups involved in the process of redevelopment planning. The interviewees included local government planners, redevelopment project leadership, major private developers, and the key representatives of community groups that were affected by the redevelopment projects.

#### 4.2.1 Study of public planning and City research documents

The official published planning and research documents of the two case study projects, the Ruoholahti Project and the Arabianranta Project (see Figure 3.9, Chapter 3), were studied in

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20 All the quotations of the Finnish documents were translated into English by the author. The English translations of the Helsinki City Council Departments and other public and private institutions are those used by the institutions themselves. The Finnish names are listed in the glossary in Appendix 3.
order to gain background knowledge for preparing the questions for the interviews of decision-makers, and for structuring the residential questionnaire. The planning documents provided the reader with a wider city-level and national context for the two regeneration projects. The documents also helped to identify the key departments and individuals involved in decision-making in planning, implementation and the main targets of both projects. Most of the planning documents were produced and published by the Helsinki City Planning Department and the Helsinki City Office's Area Development Project administrative body. Some individual research documents were published by the Helsinki City's own independent research unit, the Helsinki City Urban Facts, and by public officers and planners from various Departments of the City Council.

4.2.2 Interviews with the redevelopment project participants

The in-depth interviews were targeted at three main participant groups and co-ordinators involved in urban regeneration of the two project areas. The first group comprised the public planners and officers currently working or who worked previously within the Area Development Project team at the City Planning Department, the City Office, and at other City Council Departments. The second group consisted of the major private developers involved in the redevelopment projects. The third group was made up of leaders of local cultural institutions who represented different community groups which have been affected by the regeneration plans. In addition, a representative of the public-private development corporation, which coordinates the planning and investments in the Arabianranta project was interviewed.

The main purpose of the interviews was to establish:

- the distribution of power within the decision-making organisation;
- the main principles, values and attitudes of the decision-makers;
- the main targets set for the redevelopment projects;
- whether an entrepreneurial shift was/is visible in public development planning in Helsinki;
- whether the decision-making power has shifted or is shifting from the public sector institutions to the private participants.

The structure of the interviews was formulated following three preliminary interviews arranged with three project leaders. These preliminary interviews were carried out prior to the main data collection in 1998-1999. The reputational method was used to select the sequence of interviewees. As described by Fainstein (1994:17) this procedure uses guidance given by the current
interviewee to select the next candidate to interview, to the extent that the current interviewees
gave the names of other knowledgeable and influential persons and these were subsequently
contacted. In applying this technique, the questions were slightly modified for each interview,
and became more sharply focused on the key topics, according information gathered during the
earlier interviews. This technique is called the 'snowballing' effect in the interview design (De
Vaus 1996).

It emerged at an early stage of the interview process that the core decision-making bodies in both
case study projects included members from various local government departments within the
Area Development Project team (see Figures 5.2 and 5.3). This led to a decision to interview a
total of 17 persons including the previous and present Project Directors, Town Plan Architects,
and Project Officers and Project Planners from various local government Departments. The
interviews focused on three types of questions:

1) Who were the most influential participants during the project – both institutions and private
individuals?
2) What were the nature and the main targets of decision-making process? Were there conflicts
in economic, design or value issues in decision-making within public authority or between
the public and private participant groups? Were there any rejected alternatives?
3) What was the process of implementation, its problems, and how were outcomes evaluated?

A total of four decision-making participants were interviewed from the private developers. Two
participants represented the two largest private developers and private landowners involved in
the land use and property development within the Ruoholahti Project. Two participants
represented the major landowner and private developer involved in land use and property
issues, and in economic development planning for Arabianranta. Three interviews were face to
face and the fourth was conducted during a telephone conversation. The interviews focused on
three types of question:

1) What were the interests and the role of their company during the regeneration project?
2) What are their perceptions on co-operation between the public and private sectors in
redevelopment in Helsinki?
3) What are their own views and evaluating of the urban planning process in general?

In addition, the Director of the ADC, the public-private development company of the
Arabianranta area, was interviewed in order to establish the ADC's position and the power it
holds within the development project; ADC's main interests in the development process; and ADC's views on the role of the public and private actors in the Arabianranta redevelopment.

Two leaders of local cultural institutions were interviewed to represent the views of these community groups. One interviewee was the Executive Director of Elmu Live Music Society located in Ruoholahti. This was a participant in the property development within the Ruoholahti redevelopment plan. The other interviewee was the Managing Director of Kaapelitehdas, (the 'Cable Factory'), which is a large cultural centre in Ruoholahti. This interviewee discussed the emergence of the cultural centre during the area redevelopment planning process by the public and private planners. Both interviews were carried out in order to examine the nature and magnitude of any cultural conflicts between the local communities and the decision-makers during the redevelopment process. Conflicts between the developers and the community groups had been identified during the preliminary interviews of public decision-makers and were discussed in the media. It was intended that these interviews would also reveal whether the cultural institutions were incorporated into the planning politics, and if they were, what was the role of these institutions. Both interviews focused on the interviewee's perspective on the benefits and criticism of the development projects; their ideas of any alternative development models; and on their views on the cultural issues and public participation in the development policy process within Helsinki.

The requests for face-to-face interviews were arranged by telephone contacts. Not all the contact participants were formally interviewed, and there were two cases when against preliminary assumptions, the prospective interviewee did not appear to be useful. All the interviews were semi-structured, in-depth discussions and were of approximately 90 minutes duration. The same key questions were asked to all interviewees. However, since the positions and the roles of the informants within the decision-making hierarchy varied so much, each interviewee also had a specific set of questions. The interview structure was kept flexible enough to allow them to draw up issues that they personally perceived significant or interesting to the planning process. To enable accurate analysis, the interviews were tape-recorded and transcripts typed 'word for word'. When there were any unclear issues during the analysis, some persons were contacted again and interviewed by telephone.

When the recordings were analysed, it was concluded that a statement could be made on the nature of redevelopment policies in Helsinki when the opinions and comments of three or four informants on a given issue corresponded or matched. None of the participants requested to be
interviewed anonymously. Thus their statements are directly quoted in this thesis and their surname or position, whichever more relevant, is shown. A full list of the persons interviewed and their positions in the planning organisations is presented at the end of the reference list of this thesis.

4.3 Examination of the physical and functional content of regeneration

A study of statistical data, planning documents, and land use maps of the project areas was carried out in order to answer the second research question concerning the physical content (the design and landscape) and the functional content (public, commercial, and cultural services) of the regeneration project areas. These are termed the ‘objective impact of regeneration’ by Hoyle (1988). Published sources were supported by a review of media comments on the projects from between 1997-2001, by remarks made by the decision-makers and the residents during the interviews, and by qualitative observations made during the visits to the areas. Specific questions on these issues were also included in the residential questionnaire survey.

The main documentary sources included reports on the project planning and implementation processes published by the City Planning Department and the City Office. The statistical data was drawn from the Helsinki Region Statistics database, which enabled examination of industrial divisions, work places, and housing features (tenure type, finance source, residential vs. work place development ratios) at the small area level. The Ruoholahti project area comprises two separate statistic sub-districts, Ruoholahti (no. 201) and Jätkäsaari (no. 203), as seen in Figure 4.3. The statistical profile of Ruoholahti was compiled by summing the figures for the two districts, since in practice there is no recognised functional division between these areas at this stage of the redevelopment. The interviewed project participants also referred to the whole area as ‘Ruoholahti’. The annual Helsinki by Sub-districts database was used as an up-to-date information source on public services and infrastructure provision. Information on other service provision, such as commercial and cultural services, was collected during the interviews and by personal observations in the area. The content of regeneration projects in Helsinki was then compared to the redevelopment projects in other cities, to the extent that this was possible on the grounds of information given about the regeneration plans in the literature. The product of this research is illustrated in the later chapters as maps, tables and photographs.
4.4 Examination of the social outcomes of the Ruoholahti regeneration project

Two different methods of enquiry were applied to identify the social consequences of the implemented regeneration policies for the Ruoholahti case study. The first method involved a study of statistics gathered from the Helsinki Region Statistics database. The second method, the main source of quantitative information, involved designing and implementing a questionnaire for a sample of the Ruoholahti residential population. The data on the social implications of the regeneration projects applies only to the Ruoholahti case study because at the time of the material collection the Arabianranta project was delayed and the area had few residents. An
assessment of the likely future residential profile of Arabianranta was made from information gathered during the interviews of public planners and private developers.

The study of municipal and national level statistics was needed in order to establish the demographic and socio-economic profile of the Ruoholahti residents and the features of the new office area in the national context in the year 2000. The questionnaire survey sampled Ruoholahti residents in 1999 and the material was analysed with help of follow-up interviews with residents. The main target of the questionnaire was to examine the residents' perceptions of the functions and design of the new area, and the city-level socio-spatial consequences of the Ruoholahti project (this has been called the 'perceived impact of regeneration' by Hoyle, 1988).

4.4.1 Statistics on the area's residents

The study of municipal statistics for the Ruoholahti residents and work places was undertaken in order to answer the questions:

- which social and economic groups benefited most of the regeneration of the Ruoholahti waterfronts?
- who gained a place of residence and who, if any, were excluded?

These questions made it possible to compare the structure of Ruoholahti population to the residential structure typically found in the regenerated areas in other western industrial cities as published in the academic literature. It also enabled comparison of the government census data on Ruoholahti to the residential questionnaire data gathered from the small survey sample, and validate the whether the questionnaire data on the residential type was representative of the wider population. The sub-district level data on Ruoholahti and Jätkäsaari were the main source of information and were provided by the Helsinki Region Statistics database. The statistical variables analysed for the Ruoholahti residents included: socio-economic status, education level, households' state taxable income, family type, household size, age structure, and employment by industrial sector.

4.4.2 The questionnaire survey of residents

The questionnaire survey was targeted at the Ruoholahti residents and its purpose was to assess the actual social implications of the Ruoholahti regeneration project by directly asking the subject group – the people that live in the area – how they perceived and valued the urban development
project outcomes. This level of information is not provided by the census data on the residents. In addition, the statistical data on the residents does not reveal which type of residents were satisfied or unsatisfied with the regeneration outcomes, and the reasons for their level of satisfaction. A questionnaire survey is the most appropriate method for determining such detailed and categorised social questions.

The questionnaire designed for this survey is shown in Appendix 1 (the original Finnish language form) and as Appendix 2 (the English translation). The survey questions dealt with five key issues and were grouped as follows:

I) The reasons for and the decision-making involved in the household’s move to Ruoholahti;
II) Opinions on preferred place of residence in general;
III) Respondent’s satisfaction with Ruoholahti as a place of residence;
IV) Respondent’s views on the qualities of the Ruoholahti area;
V) Background data of the respondent.

To construct the questionnaire, several sources were used to formulate the specific questions. The first source involved a review of publications which discuss how residential surveys were carried out in regenerated areas in other cities (for example, Hoyle 1998, 2000; Rowley 1994; Ley 1996). The information from these publications acted as reference point which enabled the data gathered from Ruoholahti to be compared with other projects. The second source derived from two previous residential surveys carried out during the Ruoholahti construction phase. The first survey (including part I and part II) was implemented by the City Planning Department (Vehviläinen 1992, 1996). The second survey was implemented by the Helsinki City Urban Facts (Korhonen 1998). Vehviläinen’s (1992 and 1996) work involved a two-stage follow-up survey and examined the construction of social relations between the resident of the mixed occupancy housing blocks and of the traditional, single tenure type housing blocks. This was based on residents interviews and was helpful in designing the questionnaire, and also for the analysis by giving qualitative information on possible reasons for certain opinions and attitudes among the residents. Korhonen’s (1998) work involved a comparative survey between three regeneration projects implemented in Helsinki during the 1980s – 1990s, and focused on the reasons for out-migration from these areas. This was implemented as a large questionnaire survey, and was useful for the thesis questionnaire in that similar words and concepts were used. This made the comparisons between the results of these two surveys more valuable. The thesis questionnaire, however, is differed from Korhonen’s work since it presented the residents with a broader range
of questions, and the responses were more informative because the respondents had lived in Ruoholahti for a longer time 21. The questionnaire was also designed so that it would enable comparisons of the residential structure and the residents' attitudes between the 1980s - 1990s regeneration project areas in Helsinki and in other western cities described in the academic literature.

The thesis questionnaire largely entailed closed questions (26 out of 31 questions). The decision to use closed single choice and single rank selection questions was based on the view that many questions dealt with abstract concepts and environmental issues that residents do not normally think about, such as making an interpretation of urban design or local social networks, and then ranking them in terms of satisfaction. However, residents had the option to reply 'no opinion' if they did not agree with the concept. The closed questions helped to guide respondents to think about the regeneration outcomes from several points of view, and this was thought necessary for the thesis research. The closed questions also helped the respondents to assimilate words used in surveying residents of regenerated areas in other cities (for example Ley 1996), and thus produced better comparative material. Another assumed benefit was that closed questions are quicker for the respondents to answer, which would have a positive impact on the survey's response rate. To enable a richer and wider form of data, there were five open-ended questions designed to give the respondent the opportunity to give their own views of their environment. This data should help to uncover peoples' own opinions and images associated with the Ruoholahti area. The open-ended questions also increased the scope of possible views and answers of respondents which could not be assessed in advance.

The questionnaire sample was selected by a stratified sample technique. The strata were divided on the basis of forms of occupancy and sources of housing finance in the housing development area. Based on the researches of Vehviläinen and Korhonen, the form of occupancy - whether the household lived in a state subsidised, Hitas or private freehold rental or owner-occupied flat - was assumed to be a significant factor in opinion formation and group identity building amongst the Ruoholahti residents. The form of occupancy also determines the exact location of a housing block in terms of desirability of the environment - whether it was overlooking the sea or a busy road - and the quality of the block, and thus the price of the flat. The size (total of 160 households) and the selection method of the sample were targeted to make the percentage of

21 Piha (1962) has noted in reference to a survey on social relations in a new Finnish council housing area only a year after the residents moved in that 'only with time there will be a point of view developed which is based on facts, not on temporary and personal factors'.

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respondents from each tenure type group equal to the percentage of this type of occupancy of the total units in Ruoholahti. The sample size was also limited to the maximum number of questionnaires that were possible to process in terms of time use and costs as a part of this PhD project. With reference to Table 6.3, Chapter 6, this implies that for example the subsidised Arava households comprised 41% of the sample and the privately financed Hitas tenant households 6%, and so on. The sample was also selected so that the flats overlooking both the sea and the courtyard side of the blocks were equally represented, as this affects the price of the flat and thus the types of residents and, presumably, the opinions of the residents. Such an approach enabled an assessment of the proportion of residents that belong to the most satisfied and unsatisfied groups. However, in cases where the sample size within a form of occupancy would have been very small, such as the private freehold units at 4%, a few extra forms were delivered to secure that at least some would be returned. The questionnaire forms were personally delivered to mailboxes during the autumn 1999. Each letter included a self-addressed, stamped reply envelope. A chase-up round was done approximately two months later for the households that had not replied by the deadline date. A total of 70 (43%) respondents completed and returned the questionnaire forms. The degree of and possible causes of response bias of the questionnaire survey are discussed in Chapter 8.

4.4.2.1 The analysis of the questionnaire data

The respondent data from the questionnaire was entered into an SPSS spreadsheet. For each questionnaire there was 31 questions, which gave a total of 95 variables. With 70 respondents, the work involved entering 6650 data entries to the SPSS file. The categorical data, the placing of the respondent data in groups such as socio-economic and age classes, was explored and illustrated by bar charts. The purpose of categorising the data (gathered from the last section of the questionnaire) was to establish whether there were any social, economic or other factors in the respondents' backgrounds which may have affected and explain their opinions. The ordinal data sets consisting of respondents ranked responses of levels of importance, was analysed using Spearman's correlation statistical measure of association. This statistical method was chosen since the data was ranked and non-parametric. The method produces the Spearman's rho correlation coefficient, which measures the strength, or degree, of a supposed linear relationship (of levels of satisfaction or opinion) between two variables. Since there were many variables, a correlation matrix was used to display the correlation coefficients. Spearman correlation coefficients of greater than 0.4 or -0.4 were selected as a good indicator of links between the variables. This statistical method enabled the recognition of certain residential groups with
similar opinions on the Ruoholahti area, similar reasons for satisfaction or dissatisfaction, as well as common reasons for moving into the area.

Each question domain, grouped from I to V, addressed one key variable against which the project outcomes were assessed:

- question group I - the attractive features in the area;
- question group III - the level of success of planning and design of the area, the satisfaction of the residents with the area, and use of the area’s facilities by the respondents;
- question group IV - the respondents’ opinions on the features implemented in the area.

The open-ended question were analysed by grouping the words and descriptions used by the respondents into categories. This was done in order to code these answers in the same way as the closed question choices. For example, with regards to the questions asking the respondent to describe the landscape and design in the Ruoholahti area, the answers were categorised into three groups: according to the negative or positive tone of the comment, the functional or physical object of the comment, or whether it addressed an abstract phenomenon. The results of these categories are illustrated as bar charts and were selected on the grounds of statistical significance and the provision of comparable information on residents’ opinions discussed in the literature on other cities.

As a form of validation, four Ruoholahti residents were personally interviewed in order to verify the analysis of the questionnaire data, and also to gain a deeper understanding of the nature of the issues that the local residents were concerned about. Two of the interviewees were selected on the assumption that they were good informants (such as the former Chair of the Ruoholahti Residents’ Association) and two interviewees were selected from among the questionnaire respondents. From this later group, one interviewee was relatively satisfied with urban development, and the other had a generally critical approach. The interview questions covered the same topics as the questionnaire survey and added to discussion on the residents’ reasons and opinions produced by the survey data. The residents’ interviews were semi-structured. All residents preferred to be interviewed anonymously. These interviews proved useful in sharpening up some of the patterns which evolved from the questionnaire analysis, but were not fully understood on the basis of quantitative data alone.

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The question group II, comprising only one question, was left out during the final analysis as it did not provide any relevant information in regard to the main research questions.
4.5 Practical remarks on the methodology and analysis

With regards to the collection of qualitative data, there are some issues which should be pointed out. Firstly, for research that uses interviews as a method, the information gained is only as good as the understanding of the subject by the informants interviewed. During this field research it was necessary to interview several informants in similar positions within the same participating organisation, and the level of information gained during an interview varied from case to case. Some of the interviewees had a clear idea of what had actually happened and why, as well as a strong sense of values, attitudes, motivations, tensions and causal relations 'in between the lines', and thus provided excellent and interesting personal interpretations for the research. On the other hand, there were some interviewees who appeared to have a personal biased interest or who were cautious in giving any 'insider's views' to the researcher, and therefore would often repeat the 'official story' (or a 'dominant narrative', as described by Jessop 1995) found in the printed documents. For these reasons, despite repeating certain questions during all interviews, every discussion took a different path and uncovered slightly different interpretations and perceptions. It was possible to distinguish the less informative dominant narrative told by some informants from more insightful explanations by carrying out a number of interviews addressing the same issues. The most insightful story was then identified on the basis that several (3-5) informants explained the process and the causalities within it in a similar way. Considering the large number of participating organisations (as shown in Figures 5.1-5.3, Chapter 5) and various political and social backgrounds of the participants, it is unlikely that it would be possible to agree between most participants on a systematic 'cover story' that hides the negative issues.

Several academics have been concerned about the increase in complications occurring in the collection of objective information during the new institutional organisation of urban political decision-making and socio-political contexts of policy research, especially since the 1990s (see, for example, Raco 1999; Thomas 1999; Jessop 1995). Although research on decision-making elites have for long been a major challenge for social scientists (Raco 1999:274), new kinds of economic development agencies, especially the involvement of private sector agencies, quango-organisations and the increase in inter-urban competition have led to limited publicity of decision-making documents and to fragmentation of information between several institutions involved (Raco 1999:271-272, 277). This process has been justified by 'business confidentiality' but understood by the academics as avoidance of any disturbing information on the development process concerning the regeneration schemes. Raco (1999:272) comments that
'Relationships of power, in which institutions are able to exclude and restrict what is uncovered, place researchers in the difficult position of having to maintain positive relations with those they are studying whilst developing critical perspectives from empirical material they have obtained.'

The question of researcher's access to knowledge on local development planning issues is an important one, because researchers can either challenge or reinforce the decision-making organisations and other powerful actors (Raco 1999:272). However, as Harvey (1996) has noted, when interacting with the decision-making institutions, the researcher should maintain the difficult balance between actively challenging the perceived 'negative strategies' and supporting the 'positive' policies.

In Helsinki, public and private planners and other decision-makers did not appear to be concerned about the research on planning documents and informants of other parties. This is partly due to the relatively positive public feedback and public image that the case study regeneration schemes in Helsinki have enjoyed. The public decision-makers do not feel that they need to 'defend themselves' or justify their decisions but find it rather easy to discuss the issues with a researcher, as these decisions have not been politically or culturally sensitive during the planning process 23. This was also true, for example, in the case when a representative of local authority explained the reasons for excluding local communities from area development project in Arabianranta, as they did not see the future advantages of the plan and its necessity with regard to the benefits for the Helsinki city as a whole. This information was openly provided to the researcher, because the decision-maker did not perceive the community exclusion as negative in a broader sense, although he admitted it was a loss in terms of desired planning proceeding. This implies that the public planners have internalised a particular set of values and they believe that they are acting in the best interest of local communities and/or the city. This is in line with Raco (1999:272) who notes that:

'Communities are often been structurally excluded from... new power relations, and their own forms of knowledge have been marginalized by discourses of efficiency, progress, and action.'

Moreover, restricting the information during interviews is not very useful because the municipal administration documents are available for the general public. Nonetheless, as Haila (in HS, 12 Aug 2001, section 5.1.4.2) has commented, the Finnish planning system is non-transparent and it

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23 However, a major confrontation occurred in the media in 2001 between a high level planning authority in the Helsinki City Council and a researcher on urban history of Helsinki concerning the researcher's...
is difficult for the citizens and private investors alike as well as for the elected City Council members to gain knowledge on, for example, who gained the construction rights in a planning sites and why they were given to this particular property developer. As will be shown in Chapter 5, this critique is related to the recent central city redevelopment site, where the plans and decisions have been subject of far higher and more critical public interest than what was usual during previous regeneration schemes in Helsinki. In this context, the Helsinki Area Redevelopment Project organisations does not have such public image pressures to deal with or other institutions to convince regarding their decision-making and motivations. This is in contrast to some UK regeneration schemes, such as the Cardiff Bay regeneration where ‘both UDCs have vigorously striven to present an image of themselves as ‘listening bodies’ acting with the consent and legitimacy of local communities’ (Raco 1999:273).

A specific constraint for the interviews was the long time scale under examination (more than 20 years), and the subsequent fact that few people only had been involved in the planning process throughout this time period. Thus some informants currently in a central position in the decision-making hierarchy could not tell more than what they have been told by others and what they had possibly read from the official documents. In addition, an influential City officer and initiator of the land use change in both case study areas, Matti Välsänen, had passed away some years before the research began, but was frequently mentioned by the interviewees as ‘the best person who would have known about this’.

With regards to the collection of the quantitative data and attempts to compare urban redevelopment in Helsinki to redevelopment in other western industrial cities, there are difficulties because of differences between the types of statistical information available from national records. For this research, the problem concerned the statistics on income, family types, housing types, and socio-economic data in Helsinki (and in Finland) on one hand, and, on the other hand, the same information available from cities in the USA and other European countries. Countries have different classification systems for population data and they collect population census data at different times. However, data comparisons are easier between the Scandinavian countries, as these countries follow largely same statistical practices. Furthermore, with regard to development economics, there is a problem that comparison between the absolute values of development programmes is both difficult and uninformative. Among the suitable methods of comparison between the sums invested in different cities are the percentages allocated for sectors interpretations on the recent land use planning proceedings within the Central City redevelopment project.
of local governance (social, economic, environment etc.), or the sums invested in redevelopment in the local or regional level total budgets. These kind of quantitative comparisons were not made in this work, though found elsewhere in the urban development literature.

Finally, if this research was implemented by a non-native Finnish researcher, different things may have been identified and pointed out as significant factors in both qualitative and quantitative analysis. Some values and attitudes may be too obvious to a Finn who has lived in Helsinki for over a decade, but an outsider might pay more attention to them and recognise their centrality in a process easier. This is to say that, in an ideal case, some underlying political-cultural values or details of planning practices may have benefited from being highlighted at an earlier stage or being given more emphasis in the analysis in order to explicitly and easily present the argument of the research to the readers outside the Finnish framework. There may also be some issues that remained unquestioned due to the shared values between the researcher and the informants (for instance the socio-cultural benefits of mixed social structure in all housing areas). On the other hand, many observations may have been only partially interpreted by a non-Finnish researcher working in Helsinki. One such example is the use of press as an information source. More extensive research would be required from a non-local researcher to establish the possible biased position of the newspapers and other media sources which is common in many large private investment led urban development projects (the 'taking of sides' by the local press, as described by Thomas, 1999). In the cases of Ruoholahti and Arabianranta, the main national newspaper, Helsingin Sanomat, was reporting on the schemes equally in negative and positive terms and did not have any investment related or other interests in the area.

4.6 Conclusions

This chapter has discussed the main methods used in this research. These included in-depth interviews with high level decision makers, document and planning policy reviews, and residential questionnaires. The interviews proved to be the most important source of data, providing information for all the research questions and chapters of this thesis. The number of project participants interviewed and the sample size of the residential questionnaire are relatively small but still provide significant information on the research question. However,
when the methods are combined, the results provide a multidimensional view of the regeneration process and its outcomes in Helsinki.

The main problems to be solved concerning the methods were the potential respondent bias and the ability of the researcher to distinguish the 'dominant narrative' from more insightful views of the informants on the development process. These problems have been common in the recent examinations on new types of local governance (Raco 1999; Thomas 1999; Harvey 1996). In addition, it was necessary to point out the position of the native researcher and the potential impacts of this, such as leaving certain issues implicit due to the inability of an 'insider' (local person) to explicitly question these issues.

The next chapter discusses the structure of the decision-making organisation in urban planning and in regeneration projects in Helsinki.
PART II

Regeneration in the inner city waterfronts in Helsinki

HELSINKI

It used to smell of malts in the end of the Bulevardi Street
I am cycling from the Cholera Pool
In the end of Bulevardi there is now a dockyard
where big ships are being built
they are taken to cruise in the Caribbean
but I will not be on board

The city has changed although not very much
we remember its colour which was more grey
there were no European clothing stores then
beer was served only for the people who had a dinner
the whole place reminded of the Soviet Union

Bus number five used to run along the Mannerheimintie Street
then the air contained more lead
Now there is a depot in the Mannerheimintie
in which they store the old tramcars
the new ones are imported from Italy
I will be on one of them

- Translation by the author

Photo by the Helsinki City 2000
Chapter Five

URBAN PLANNING AND LAND-USE CHANGE IN HELSINKI

Introduction

The first section of this chapter will introduce the statutory urban planning system and the landownership and property development issues in Finland. The chapter begins by describing the targets and organisation of Master Planning and Town Planning, which are the key local development planning procedures. It will then discuss the planning organisation of Helsinki City with regards to citizen participation, role of public landownership, and internal power divisions between decision-makers on development planning. The chapter continues by introducing the Area Development Project organisation, which is the main decision-making body for large scale urban redevelopment schemes within Helsinki local government. Finally the recent changes in, and criticism of the planning system are analysed.

The second section of the chapter examines the rise of interest in the redevelopment and early land use planning in Ruoholahti and Arabianranta. The section will describe the underlying values and targets of the local governance that contributed to land use change in these areas. It points out that economic development targets were of limited importance in the decision-making on the land use change, and long-term visual and structural targets, such as landscape, city image, and efficient urban structure, and social equality were the central issues. In this way, the chapter will contribute to the thesis' analytical enquiry by addressing the significant characteristics of the legal and organisational structures of urban development planning and regeneration projects in Helsinki. It will make references to the main differences between Helsinki and urban planning in the US, West Europe and Scandinavia. These differences include higher concentration of independent decision-making power to the Helsinki local authorities instead of regional/national government, the implementation of the Helsinki city waterfronts without setting up a specific economically independent public-private partnership organisation, and exceptionally strong long-term town planning procedures with little private developer or citizen involvement. It also highlights the disparity between the Finnish and the UK and North American experiences on entrepreneurial, economy and property-led redevelopment interests
that normally dominate at the start-up phase of the regeneration, and cases where the physical and social components were in the core planning interests.

5.1 The principles and regulation of public planning in the City of Helsinki

The statutory Town Plan enables local government to control urban development in Finland. Although private landowners' rights to build on their own land remain exceptionally strong in Finland compared, for example to Britain, all the property initiatives of private developers or landowners have to match the detailed Town Plan prepared for the area at the City Planning Department (interview with Forssén 1998; Laakso and Keinänen 1995; Beresford et al. 2000:188).

The City Council holds a monopoly over decision-making on land use planning in the Finnish municipal planning system, and one of its tasks is to approve the Town Plan. Despite persistent criticism from private developers, the Town Plan regulation has maintained a central position. This derives at least partially from the general notion that land use planning and property development solely for economic interests ('planning for private profit') is regarded as a 'bad word' in Finnish urban policy (see, for example, Haila in HS 12 Aug 2001; Sotarauta 1994). The Town Plan also highlights other key features of Finnish planning system - it puts an emphasis on the visual aesthetic and upon urban structural aspects in local development. Placed within this context, planning in Finland is more of a technical tool targeted at high quality environment, rather than being used as a political tool to control social or economic change. Thus, according to the Master Plan dogma, economic improvements are believed to follow after the implementation of successful land use planning. However, at the end of the 20th Century, a shift towards greater economic intervention has been identified in Helsinki (interviews with private developers: Mecklin 2001, Mäkinen H 2001; and public planners: Forssén 1998, Hirvonen 1998; Schulman et al. 2000; Laakso and Keinänen 1995).

5.1.1 Land use planning and decision-making organisation

The local government departments have a highly independent position in the preparation and decision-making of local plans in the Finnish municipalities. The role of the central government in local planning process has been marginal, and was further reduced in the early 1990s. There is no fixed model for private sector involvement in urban planning. Area planning in Finland
consist of three levels: 1) the Regional Plan ('maakuntakaava'); 2) the Master Plan ('yleiskaava') within the administrative area of the municipal council (or Partial Master Plan if the plan concerns only a part of the total municipal area); and 3) the Town Plan ('asemakaava') at the sub-district or site level. (KSV 2000)

Figure 5.1 Decision making authorities in development planning in the Helsinki local government. The dotted line indicate a sub-level relation to the core planning organisation (KSV 2000).

Above the regional and local planning hierarchy, the state ministries and the state sectoral administration prepare the nationwide regulations which are used as planning guidelines for the local planning organisations. These guidelines concern transport, housing finance, employment, environment, and health (KSV 2000; Sisäministeriö 1996). Although the Regional Plan is compulsory, it is used as a loose guide to the preparation of the lower level plans. The Master Plan provides a municipal level framework for the preparation of the detailed Town Plan.

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24 This resembles the core values, such as ‘people before property’, behind the politicised Liberal ideology in the urban politics in Vancouver during the 1970s (Ley 1980:239, 250).
Within the Helsinki metropolitan area, the four municipalities also prepare metropolitan level plans for the Metropolitan Area Council ('YTV'). The role of the YTV is to research and coordinate public transport and waste management issues, and make land use planning suggestions to the City Councils. This implies that, in comparison to, for example the USA and UK planning systems (Fainstein 1994:84; DiGaetano and Klemanski 1999:70-71), the Helsinki planning model has higher emphasis on the role of a single local authority over the municipal area and coordination between local authorities at regional level. This emphasis places the Finnish planning and welfare state development model close to the Swedish and Dutch planning models, although the Swedish system has more detailed site level planning regulations (Bejrum et al. 1995:142; Borgegård et al. 1998; Needham and van de Ven 1995).

The urban planning organisation model of the City of Helsinki is illustrated in Figure 5.1. There are two sections at the Helsinki City Planning Department that contribute to urban planning in Helsinki. These are the Master Planning Unit ('Yleissuunnitteluysikkö') and the Town Planning Unit ('Kaavoitusosasto'). These sections are the parts of the City Planning Department where all direct land use planning responsibilities of the local authority have been concentrated. The hierarchy was imposed after the changes in planning legislation in 1992 (Laakso and Keinänen 1995:126). The flow of decision-making within the local authority organisation is as follows: the City Planning Department proposes the plan (that is the land use details and traffic plan) for the City Planning Committee, which comprises representatives elected from among the members of the Helsinki City Council; if the Committee is satisfied with the plan proposal, the plan is forwarded to the City Council, which gives final approval; if the development plan affect other sectors of the local government, such as housing, health, or real estate development, the plan is forwarded to the relevant local government Committee for their approval. This flow of decision-making provides the basis for the land use planning during the Master Planning process.

5.1.1.1 The targets and task of Master Planning

The central task of the Master Plan is to formulate a strategic vision for long-term development in the city. The vision encapsulates both permanence and change of land use (housing, work places, transportation, and recreation), and methods for the control of change. This places Master Planning into the centre of land use and property development control in Finland (KSV 2000; Ministry of Environment 1993:9-10; Laakso and Keinänen 1995). The Master Plan is prepared at the City Planning Department's Master Plan Unit. For example, the Master Plan of year 2002 contains strategies for the development of several main themes: population growth,
employment, transport, segregation, environment, and city structure. More specific issues, such as housing preferences, business structure, prevention of segregation, and environmental impacts of the Master Plan, are assessed if relevant during the plan period (KSV 2000). In principle, however, Master Plan is placed within the scope of visual and structural improvement targets. This is a legacy of the first Master Plans in the early 20th century, which have affected all subsequent Master Plans and placed the focus of Master Planning on building the city 'according to artistic and practical principles' (a Master Plan Architect in the 1920s, quoted in Ministry of Environment 1993:9). As such, the Finnish local planning system follows a physical development planning tradition, which was introduced at the principal level by Abercrombie (1933) and Keeble (1952), and in which the engineers and architects are the dominant designers (Healey 1997:17). A significant difference between the Finnish and British urban planning processes is that in Finland the 'outline planning permission', which indicates the planned land use, is included in the Master Plan. Thus, the planning permission is given by the Master Plan architects and there is no need for further construction negotiations after planning permission has been granted, as there is in Britain. However, in Finland there is a need for negotiation to match developers' plans with the Town Plan (interview with a Project Architect 1998).

5.1.1.2 The targets and tasks of Town Planning

The Town Plan is the principal method of public control over private developer initiatives. Although landowners and private developers initiate many development projects, they are committed to follow detailed Town Plan for the development site. The Town Plan sets the building standards on the basis of the national construction law, and defines the specific regulations, for example, the distance from the shoreline, fire safety, and gutters, the efficiency of construction (the maximum floor area and number of storeys), public and commercial services, parks, parking spaces, and the visual features (places of plants, façade materials) (KSV 2000; Laakso and Keinänen 1995:126-127).

By regulating the construction standards, the Town Plan has become a strong legal framework and maintains land use planning power firmly under the control of the public planners. This also places the Town Plan Architects at the City Planning Department in a relatively independent position to design the landscape and built environment (that is the 'style' of the place). The independence of the architects is generally accepted since Town Planning requires a high level of professionalism. This makes it difficult for the members of the Planning Committee or City Council to make any radically alternative suggestions if the Town Plan lies within the
construction cost limits, and the design and the contents of the plan does not include any clearly arguable or sensitive issues. However, contract developers have been recently given a possibility to influence the Town Planning process at single site level in Helsinki. Thus, the process is shifting to the same direction as the City of Stockholm, Sweden, where the local authority has allowed private developers to participate in the Town Planning since the 1980s (Bejrum at al. 1995:144). In a similar way to many cities during the last few decades (for example Fainstein 1994; Harvey 1989) the recent relaxation of the Town Plan framework by the City of Helsinki has been done in order to simplify the planning proceeding and to speed up implementation when the private developer is in hurry (interview with a Town Plan Architect 2000 and private developers 2001). The private developers interviewed described this as follows (2001):

"... this is the most pro-private developers attitude ever from the City of Helsinki... Results are better now that the system is less regulated. Let's compare, for example, Itä-Pasila 25 and Ruoholahti: in Pasila the City led the project very tightly and we can see the [negative] results."

"Some were saying that the Town Plan is too tight, but personally I do not think so, to me it was alright and reasonable. The result is very good now with this kind of policy, it's the co-operation between the developer and the Town Planner."

These comments imply that, in principle, the idea of what is 'good planning policy' is similar between both the private and public developers. Therefore, the rise of private involvement in planning has happened for very different reasons in Helsinki when compared to, for example the City of Dublin. In Dublin, McGuirk and MacLaran (2001:446-453) stress that the public planning authority, the Dublin Corporation, was forced to change their practises during the late 1980s after it was replaced by special purpose agencies because it was perceived that the planning authority was unable to cope with new challenges in local development. The Dublin Corporation had to adopt a more open cross-sectoral collaboration model in order to reclaim its role as a decision-making organisation. In Helsinki, the public planning authority has not been replaced, but the Town Planning process has gradually changed its planning principles and practices in response to changes in the post-industrial economic environment of urban planning. This slight flexibility has helped the public authorities to maintain their central role despite criticism from private investors and local people.

The planning approach of the local authority in Helsinki corresponds to the ideas of Healey (1997), who argues that in trying to gain a more central and a relevant role in urban development, and in response to suggestions of privatisation, public planners have searched for

25 See Figure 5.5a for Itä-Pasila.
more 'holistic' approaches to planning. The holistic approach defines planning as 'managing the land-use demand of society's collective activities in space'. This incorporates economic, social, environmental and community development aspects into the planning task, and avoids taking the traditional narrower approach to physical landscape planning and placing of functions. The local authority perceives that the broader definition of planning will bring about more efficient strategies for improving the quality of life and environment in cities, and is a central factor to inter-urban competition. Furthermore, holistic planning is said to be more concerned with 'planning the process' through which the total urban redevelopment can be managed rather than preparing the regulative plan itself (Sandercock 1998, quoted in MacGuirk and MacLaran 2001). Thus, by adopting a holistic planning, it can be argued that public authorities have recognised their own inability to carry out comprehensive (or 'total') urban redevelopment on their own. This inability concerns the limited resources to finance and initiate economic, social, environmental, and community issues as well as new design and innovation. The search for innovations from outside the public planning system by holding architecture and quality and design competitions is an example of holistic planning in Helsinki (see Chapters 3 and 6).

5.1.1.3 Citizen participation in urban planning

The large development projects in Helsinki have a wide range of participant groups which include individuals, organisations, and specialists who represent public institutions (KSV 2000). The opinions of welfare institutions and other local organisations are able to influence decision-making by their representation within the boards and public administration bodies, and therefore become part of the planning process. This is a common feature in the Scandinavian local political democracy and social citizenship model. Many key planning decisions, such as housing production, land use, social services, education, and environment, are prepared by these social administration bodies (see Figure 5.2), and only then forwarded to the elected local government who formally decides upon them. Nonetheless, these decisions are many times clearly political and the motivations can be traced back to party politics. The input of this public 'administration leadership' on shaping the city is strong in all Nordic countries (Villadsen 1993:43,46; HS 9 Dec 2002). It has led to criticism that the decision-making power is drifting away from the elected government in Helsinki, as will be discussed later in this chapter.

In order to expand the participation outside the public administration institutions, a special Participation and Assessment Plan ('osallistumis- ja arviointisuunnitelma') is prepared during the Master Plan and Town Plan preparation. This is a requirement of the land use law and the
construction law. The participation plan introduces targets for development and defines the forms of cooperation between the planners and other public sectors and the institutional (community) participants. It is sent to the closest interest groups, such as local landowners, and to anyone else whom it may clearly affect.

The development plans are first available for public view as a draft and second time after the Planning Committee’s discussion and before the approval of the Plan by the City Council. Written objections can be made during the public views, and the objections must be responded to by the planning organisation. For large projects there may be more public view rounds, and public meetings may be organised to inform the participant groups and to document their comments (KSV 2000). The media and local people are usually very interested in these meetings. Normally, several official objections are submitted for each area development project, and they are dealt with at higher court levels causing delays to the project timetables. At the general level, relevant to the Ruoholahti and Arabianranta projects, the citizen activities and opinions did not, however, cause any major changes to the project contents (interviews with Project Directors and Architects 1998, 2000). Public participation in urban planning in Finland is therefore, close to the ‘consultation’ model, as defined in the ‘ladder of citizen participation’ model by Arnstein (1969). The consultation model is a description of a system in which the general public is frequently informed and invited to public hearings of local planning proceedings, and surveys are carried out on citizen attitudes, but there is no guarantee that the public opinions would affect the plan.

5.1.1.4 Impacts of landownership on development planning

The City of Helsinki owns two thirds of the land within the administrative area of Helsinki (see Table 5.1). This increases the local authority’s independence in development planning. These public landownership figures are substantially higher than in most western countries. There are, however, similarities between Helsinki, Stockholm and many Dutch cities, where the municipalities own more than half of the total land and most of the undeveloped land 26 (Bejrum et al. 1995:141; Badcock 1994). This partly explains the common urban planning practices in these countries. For most other western countries the public landownership is lower. For example, the

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26 Some historical parallels can be drawn as an explanation for the equally strong public land control in Dutch cities and in Helsinki. Whilst the Dutch authorities gained central role in development land allocation due to very high preconstruction costs of the reclaimed sea floor areas (Badcock 1994:427), in Helsinki the land in the central Helsinki peninsula has become publicly owned because the City has been the only volunteer payer of landfill works through which the land is still today being gained for new development (interview with Laitinen and Mäkinen 2000).
City of Birmingham owns 25% of its land area and in the British context is referred to as landowner 'on a massive scale' (Hart and Johnston 2000:146).

Despite being legislatively strong, the rights and the role of private landowners are seen in different ways by the participants of local planning. On the one hand, public planners who have worked within projects which included significant amount of private land argue that local governance does not have strong hold on planning due to private landowners' rights. They suggest that urban planning in Helsinki is based on active co-operation between the private landowners and the public authorities (interviews with Project Directors, Project Architects, and private developers 1998, 2000, 2001). On the other hand, some public planners, as well as private developers suggest that due to the large landownership and planning monopoly of Helsinki City, private landowners do not have strong influence on overall urban development. The Town Plan Architects at the City Planning Department usually stress the strength of the Town Plan over private interests. At the same time, they acknowledge the need for co-operation with private landowners. These points were indicated during an interview with a Town Plan Architect of the Ruoholahti Project (2000):

"[Despite] all these sites being sold, they are built together with the owners from the beginning... The Town Plan is very strong and binding, and the private owners have to follow it...And for example, housing construction is so important for the City, that we do not easily change housing land use to anything else."

A private development company (interview 2001) involved in the Ruoholahti project also stressed the key role of the Town Plan in the development, and pointed out the importance of public planning control:

"Even in the areas where the land is not owned by the City, the City prepares the Town Plan, since it has the monopoly over planning. So [public] regulation would still matter... And it is not necessary for the private developers to be able to build whatever they want to."

However, the role of the City is not as central within the CBD area of Helsinki, where the state of Finland and private institutions (banks and insurance companies) own a significant share of both land and properties and are essential investors in urban development (Laakso and Keinänen 1995:124,126). A Project Director of the Central City Project at the City Planning Department pointed out during an interview (1998) that:

"Private landownership is very strong, and firmly frames the planning practices in Helsinki. The City governance does not have strong hold on planning in the areas with large share of private land, but co-operation with landowners is necessary. Owners of the private properties in the city centre have their own plans concerning the development of their buildings."
The state is a special case among the landowners in Helsinki. The Directors of the Ruoholahti Project and the Central City Project (interviews 1998, 2000) and one newspaper source (HS 7 Sept 2001) noted that both projects experienced complications due to the state's lack of interest on development co-operation with the City. However, the state's attitude is gradually changing. During the economic recession of the 1990s, the state gained hold of a large number of new properties and established a special property development company to deal with the new state properties. This company, Kapiteeli Ltd., has adopted a more active role in property development during the last few years. This is indicated in the following quote:

"Alko [the state owned alcohol company] bottle storage warehouse was an illustrative and funny case. It was the 'old' Alko before Kapiteeli Ltd., which said that their bottle warehouse will stay there - right next to the Ruoholahti underground station - easy travelling for the bottles! But I predicted from the beginning that it would disappear. And so it did, but it needed a recession to come and make it happen [for Kapiteeli to change its strategy and move bottle storage elsewhere]." (A former Project Planner at the City Planning Department, 2000.)

According to Haila (in HS 12 Aug 2001), there are no other countries apart from Singapore where the state is a significant property developer. However, Badcock (1994) suggest that in the Netherlands the state has adopted a similar role.

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<table>
<thead>
<tr>
<th>LANDOWNER</th>
<th>PERCENTAGE</th>
</tr>
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<tbody>
<tr>
<td>City of Helsinki</td>
<td>64 %</td>
</tr>
<tr>
<td>State of Finland</td>
<td>14 %</td>
</tr>
<tr>
<td>Private</td>
<td>22 %</td>
</tr>
</tbody>
</table>

Table 5.1 Landowners in the City of Helsinki in 1992 (TieKe 1992).

The economic recession increased the number of development site 'transactions' between private developers and the City. Before the recession the City of Helsinki did not sell development sites but leased them to developers, usually for 99-year periods. According to a Project Architect (interview 1998), by using this method the City attempted to maintain a symbolic control over local development. The only way for private developers to get hold of land was by swapping sites with the City. If a developer owned land outside the city centre, such as northern Helsinki, the City could swap a site for housing development against land in the central city. In this way the City gained cheaper land outside the centre for affordable housing production, which was the housing policy at this time (interview with a private developer 2001).
Following the recession, open site allocation competitions have characterised the nature of the site allocation policy of Helsinki City. The City has become more willing to allocate sites for private developers and can freely choose any private or public benefit developer. However, it does not allocate sites through bilateral agreements, but conducts them through open site competitions \(^{27}\) (interviews with a private developer 2001).

5.1.1.5 Power relations within the development planning organisation

There are internal power relations within the City planning hierarchy that substantially affect what is built in Helsinki City. These relations define the level of decision-making power each sector of the planning organisation has. To some extent, the members of the organisation acknowledge these power structures but many decision-making characteristics – who actually gets things done – can only be identified through analysis of the planning practice and from the comments of the participants involved in the process.

The most important finding is that a few dedicated individuals working at the management position in the city planning organisation have a substantial influence on what is developed. These planners have a strong personal initiative and persuasive management skills and persistence. Many development initiatives have been pushed through the legal process despite resistance of the departmental leadership, the Planning Committee, and the City Council. An architect working at the City Planning Department confirmed this by noting that due to ‘inactivity of many of the planning officers’ the Town Plan Architects are relatively free to plan ‘whatever they wish’ (interview 2000; also Haila, HS 12 Aug 2001). If they are keen to work on their plans there will be little resistance from other members of the organisation. Similarly, a Town Plan Architect and a former Project Planner both commented that the social housing structure in Ruoholahti was an experiment promoted and largely approved by a few officers who strongly believed in a new housing model (interviews 2000).

Other characteristics of the power relations in local planning in Helsinki are that the decisions are usually made where there is keen personal interest within the planning organisation, and that the level of interest changes with time. For example, the strength of influence of the City Planning Committee and the Deputy Mayor has varied according to the personal interests of the post holders. Likewise, effective decision-making power in the Area Development Projects has shifted between the City Economic and Planning Unit officers, the project leadership at the City

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\(^{27}\) Site competitions are another common practice between Stockholm and Helsinki (Bejrum et al. 1995:144).
Office, and the project Town Plan Architects at the City Planning Department during the last few decades (interview with a former public planner 2000). Therefore, the formal decision-making hierarchy in the City planning organisation does not fully reflect who decides the contents of the development plans and how they are to be implemented. As a City Real Estate Manager described during an interview (2000), the City planning organisation has a long history of a particular way of planning, which has become an institutionalised practice and targets of planning are passed "from father to son" without questioning them.

5.1.2 Area Development Project organisations

The Area Development Project organisation is another feature of strong local government planning in Helsinki. The organisation is responsible for projects that concern special areas and has control throughout the redevelopment process. A project is founded when the Master Planning process concerns a large or special interest area, such as inner city waterfront (HKK 1994; Laakso and Keinänen 1995). The organisation coordinates the planning and the construction of the area, and works as a close vertical link between the City's administration and City planning, and as a horizontal link between the City's sectoral administration, private participants, and the state administration (interview with a Project Director 2000). The organisation model was started in Helsinki in the 1970s and since then it has involved 11 projects, five of which have been finished.

![Figure 5.2 The cooperation bodies of the Area Development Project organisations within the local government administration (HKK 1994).](image-url)
The Area Development Project organisation is formally led by the Project Director at the Development Office, located at the Economic and Planning Unit within the Helsinki City Office. The Project Director coordinates the project and is responsible for the budget and implementation plans. The Director works in close cooperation with the city leadership and administration departments, and with the private and state participants. The main departments and institutions which the project links with, are shown in Figure 5.2. The Helsinki City administration defines the broad principles and targets of the project, which are derived from the local government's Budget Plan and Housing Programme. The project team at the Master Planning Unit decides the detailed objectives of the land use plan. The Area Development Project members then carry out the planning and decision-making individually and work within a framework set by various local government administrative sectors, such as Departments of Education, Housing, Health, and Public Works. In order to speed up the process and to motivate the project members, the project nominates a responsible worker to make relevant decisions in each department. These are sometimes referred to as the 'project's own men' (interview with a Project Director 2000 and a Town Plan Architect 2000).

An important role of the project is to deal with the existing land uses, preconstruction, and the basic infrastructure, such as gas, electricity and cables, in the projects area. These are usually the largest public financial investments in a project. Additional large scale public investments include paying for public areas, parks, roads and public transport (KSV 1994; interview with a Project Director 2000).

5.1.2.1 The benefits of the special Area Development organisation

The planners suggest that there are several benefits gained by the use of project-based planning in comparison to the standard 'line organisation' of the City Planning Department. It is widely agreed by both planners and those who research the Helsinki policy, that project organisation speeds up the planning process, commits team members to the project, and improves the quality of planning. Project organisation is also seen as a method to keep the numerous sub-projects of the development scheme under control (Vehviläinen 1992:3; Hynynen 1999:46; interviews with Sundman 2000; Lindroos 2000; Lampinen 2000). Moreover, a project enables City planners to apply a more straightforward, systematic, and proactive approach to area development. For example, the cooperation between the project team and the department bodies (Figure 5.2) is established in the beginning of a new development process to avoid time-consuming arrangements in the start-up phase (interview with a private developer 2001). The importance of
cooperation with all the participants was commented by the Town Plan Architect of the Ruoholahti Project who described the key role of communication within the project organisation (interview 2000):

"There is not a stone moved in the area without us knowing. The essential requirement is that all the project participants are committed, since we deal with huge amounts of money... otherwise it easily falls apart... the cooperative team which is committed here, is larger than just the official project organisation."

A cooperation model of project participants is illustrated in Figure 5.3. It is widely agreed within the project organisations that the Planning Department controls Area Development Projects since it has large freedom to plan and to implement. The project members see this power structure as an essential characteristic of an efficient and successful planning culture (interviews with four Project Directors 2000). However, according to a Town Plan Architect interviewed (2000), cooperation and commitment to common goals and budgets are not always "a bed of roses" and the four-year election period of the City Council line-up generally causes uncertainty to the project planning. Nonetheless, from the establishment of a more flexible and co-operative Area Development Project organisation, it can be argued that the Helsinki local government took a step towards a strongly holistic approach as a response to a changed environment in urban development.

Figure 5.3 Project-level cooperation in the Arabianranta Development Project: the main participants (black line) and other reference groups (the dotted line) (applied from HKK 1999).
5.1.2.2 The Area Development Projects in Helsinki since the 1970s

The first areas to be developed under the project organisation were Itä-Pasila and Itäkeskus in the east Helsinki during the 1970s. The major areas currently under implementation include Ruoholahti-Jätkäsaari-Munkkisaari, Arabianranta, Viikki, Vuosaari, Kalasatama, the Central City ('keskusta'), Herttoniemi, and central Pasila (KSV 2001). These are shown in Figure 5.4. The success of Katajanokka waterfront regeneration in the 1980s was essential for approval of all subsequent project initiatives. During the building of Itä-Pasila in the 1970s (see Figure 5.5a) public planning control over the Area Development Projects was very strong, and this and other 1970's schemes are now criticised for their monotonous landscapes. This is said to be a result of the public authority employing only few developers and planners (interview with a private developer 2001) and due to nature of the dominant concrete element design in the 1970s.

Figure 5.4 Location of the current Area Development Projects in Helsinki. The Pikku-Huopalahti and Katajanokka Projects were completed in 1997 and in the early 1980s respectively. (Applied from HKK 1994.)

The local government's planning organisation first considered the waterfront as an attractive element during the late 1970s. The Meri-Kamppi ('Maritime Kamppi') housing and office
construction project, located between Ruoholahti and the CBD, was the first inner-city waterfront development project. It comprised similar design and landscape elements as the 1970s projects. The Pikku-Huopalahti waterfront project was a complete turnaround from the 1970s simple architecture, and was initiated during the first half of the 1980s. The dominant ideas of this project were colourful small-scale houses of varying design (see Figure 5.5b).

Figure 5.5a Itä-Pasila, a 1970s redevelopment area in Helsinki. (Photo by the author 2001).

Figure 5.5b Pikku-Huopalahti, a colourful redevelopment project in the Western Helsinki dating to the late 1980s – early 1990s. (Photo by the City of Helsinki.)
5.1.3 Changes in the planning principles of Helsinki City towards 2000

The local government's planning policy shifted towards more economic values 'during the late 1990s. This is commonly seen as a result of the global economic upturn and from the increased competition within the metropolitan region (Korhonen 1999; HS 15 Oct 2000). Both City planners and private developers have commented that many local government planners and politicians became more eager to see economically more efficient waterfront development policy in the future (interviews with Sundman 2000; Lindroos 2000; Mäkinen H 2001; Tuuttila 2000). In fact, some local decision-makers expressed parallel views throughout the last two decades, but it is only now that the general atmosphere in parts of the local government is coming closer into line with these economic oriented ideas.

A report on the social aspects of the new waterfront areas, published by a workgroup of urban planners and researchers, note that the increase in economic interest in the waterfront areas in Helsinki 'may create political interests in reserving the upcoming waterfronts for the highest paying residential groups' (Korhonen et al. 2000). This workgroup was set up by the City Planning Department who were concerned about the possible social implications of the policy change (Korhonen et al. 2000:47-49). The re-evaluation of the principles of waterfront planning in Helsinki is clearly stated in the report's introduction:

'in the beginning of the planning process, it is possible to broadly consider the social dimensions of the new development, and how it should be politically intervened, or, whether there is a need for intervention at all.' (Korhonen et al. 2000:1, emphasis added.)

This scenario of change has not been fully accepted within the local government, at least not among the Architects interviewed at the City Planning Department, as expressed by a Ruoholahti Town Plan Architect (2000):

“If we were allocating the sites in Ruoholahti to the developers now, we would not get the same result anymore... The Metropolitan area is simply competing for a small group of taxpayers. I understand well that if a site is located in such an exclusive place as in Munkkisaari waterfront [it will be assigned for private freehold housing]... We have just examined the social aspects of the inner city waterfront development... We [the workgroup] concluded that, despite all this, it is very important for the future and the functions of the city to have socially varying structure.”

Applying the shift towards economic values, a commonly mentioned future scenario is that more sites will be sold or leased for private freehold housing and for office development. At the same time, however, a certain number of sites will be reserved for social housing and for quality
controlled production through site competitions. This has been realised to some extent in the
decrease in state subsidised housing production and the decision of the City Council in 1997 to
limit the number of housing sites regulated by Hitas control. These were taken as the first signs
of remarkable changes in urban development policy in Helsinki (Hynynen 1999; Korhonen 1999;
interviews with the present and a former Ruoholahti Project Directors 2000). A former Project
Planner of the Ruoholahti Project however made a slightly different prognosis (interview 2000):

"[If the Ruoholahti project was now under planning]... Maybe more sites would be sold now, but
Ruoholahti would still predominantly be a housing area. Master Planning is very much the same
today. Even the same people are there as ten years ago!"

An idea of what is to come for future waterfront schemes was given in late 2000, when it was
published that the next large inner city redevelopment area, Kalasatama (the 'Fish Harbour') will
comprise two separate parts: one with high public image and targeted at the 'well-off section of
society' (indicating the shift in the planning policy), and another for 'the special groups and
urban families' (closer to the planning principles applied in Ruoholahti project). However, the
social structure within these two areas is planned to be mixed in a similar way as Ruoholahti
because mixing is still seen as 'an essential part of socially successful development' (Korhonen et

5.1.4 Recent criticism to the planning system of Helsinki

The field research on the development policy in Helsinki indicate that the dominant role of
public planning is seen as a prerequisite of satisfactory results in the development of the core
urban areas and allocation of public benefits. This view is common to both public and private
planners. However, three aspects in the urban planning in Helsinki have been criticised during
the last few years: the slow process of Town Planning; an increase of 'undemocratic' decision-
making; and the technical approach to urban planning of the local planners. According to an
academic commentator, the planning policy in Helsinki City is characterised by lack of open
public discussion on practised policy (Haila, HS 12 Aug 2001). The legitimacy and the principles
of local government development planning have been recently questioned by members of the
general public and by specialists on urban planning. Criticism has also arisen because of the
large scale construction of major areas within the inner city, which commenced simultaneously
in the late 1990s, and were highly visible in the media.
5.1.4.1 Delays in development planning caused by the Town Plan procedure

There are many reasons for delays in planning process by the public authorities and the delays affect the relationship with private developers. The national Construction Law regulates the Town Plan preparations in Finland, and to complete these two stages in development planning usually take several years. This has been criticised by the property developers and constructors because it causes substantial delays in the project timetables from initiation to implementation. Similarly, in many cases, the existing Town Plan was prepared several years before the developer’s initiative, and can be outdated in terms of prevailing economic conditions in the city. In this regard, Haila (HS 12 Aug 2001) questioned the ability of the Town Planners to evaluate the future land use demands, and asks ‘how it is possible for the Town Planners to know what is profitable development and what is not?’ In addition, the assessment of the developers planning initiative by the city planning organisation has been criticised as being too slow to serve efficient and profitable development (interviews with private developers 2001; Laakso and Keinänen 1995). The private developers argue that the ‘momentum’ for a profitable development is lost during the long planning permission procedure (interview with a private developer 2001) 28.

A Manager at the City Real Estate Office noted that the maximum time that a private developer can wait for a Town Plan to be approved is approximately one year. If the process takes longer, the developer is likely to seek another location for the development, and this is not beneficial for the City. Nonetheless, the question of project timetable has not been central in the planning proceeding in Helsinki. A former Project Director pointed out that the Ruoholahti Project was the first one ever in which a timetable was applied by the City and – and to everyone’s surprise – the timetable was kept (interviews 2000). In this regard, the urban redevelopment policy is the opposite of many British and North American projects, where the delays in the project timetable have been often used as a reason for major changes in the project leadership (Gordon 1997:66-70).

In order to improve the situation, public planning authorities have recently accepted limited participation by private developers in the Town Planning process. The new strategy is applied if the area Town Plan is not yet approved and the developer’s initiative clearly cannot wait. In such a case, the developer’s own development proposal is pre-assessed by the City planners, and if it appears suitable for the area, the Town Plan is prepared so that it matches with the developer’s

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28 This is not, however, a specific problem of Finnish property development, but also recognised in North American and in British cities (D’Arcy and Keogh 1999:918).
proposition. Thus the developer can start implementation immediately (interview with a Manager at the City Real Estate Office 2000.)

On the other hand, two Project Town Plan Architects argue that slow planning process provides advantages in the long run. Many potentially unsuccessful schemes have not been rushed through, and it is possible to fully consider the best form of development. An example of this was given during an interview:

"The Jätkäsaari Project includes a few old industrial estates, about which the Planning Department is subject to constant enquiries by IT, media, advertising, culture, and other trendy companies. They would renovate the buildings at their own expenses in order to gain office space, but we do not need to go for these offers, since we are convinced that we will come across with the right way to use them. We have agreed this with the Port of Helsinki... these things bring about richness to the City." (Ruoholahti Town Plan Architect 2000.)

5.1.4.2 Arguments on the undemocratic planning system

There have recently been concerns about the public authority’s use of power and control on urban development in Helsinki. One concern criticised the Coach Station development plan as being processed outside the control of traditional Town Plan procedure, and more susceptible to the demands of the private developers \(^{29}\) by making exemptions to the Town Plan (HS 3 March 1999). Similarly, another concern, put forward by an independent architect, suggested that urban planning in Helsinki ‘has stepped away from democracy and professionalism, although it has not adopted a pure market-led way’ (Lodenius, HS 9 Jan 2001). As a result, the writer suggested that, privatisation and commercialisation of public spaces is occurring, since the decision-makers, ‘the enlightened monarchy comprising a group of key persons in the City’s leadership’, have agreed to sell central city sites for private developers in order to finance the most expensive elements of the development plan. The problem of commercialism was also criticised by two architects who suggested that there were ‘three sins in urban planning in Finland – the greed, envy, and the spiritual inertia’ (Issakainen and Issakainen, HS 22 May 2000). However, the general understanding of the concept ‘undemocratisation’ of planning (e.g. Harvey 1989; Cochrane 1993) does not apply in Helsinki, because the planning control remains in the hands of public planners (instead of being shifted to the private institutions), although the City Council’s decision-making power is argued to have declined.

\(^{29}\) Similar criticism has been addressed to the ‘undemocratic’ aspects of public-private collaboration in Stockholm already in the early 1990s (Bejrum et al. 1995:147-148).
A further concern criticises the ‘non-transparent’ nature of the Finnish planning system. The system is perceived to be characterised by a ‘large, uncontrolled, grey area in between Town Planning and the actual implementation of the Plan’ (Haila, HS 12 Aug 2001). In this (undemocratic) space, the City planners and officers are the sole decision-makers and decide how the City is constructed beyond participation possibilities for outsiders. Likewise, two members of the Helsinki City Board commented that local politicians are currently being kept outside the Master Planning process of the waterfront development planning because the Board meetings that allow public and political participation are held too late to be effective. Thus, the planning principles are not discussed at the City Board, but published at the stage when the plan was virtually decided upon (HS 28 Sept 2000). As a response to such criticism, a new pressure group called Urban Planning Society (‘Kaupunkisuunnitteluseura’) was founded in 1999, and it describes its mission as ‘promotion of higher professionalism in planning... against the authoritarian leadership that has governed the planning in Helsinki during the 1990s’ (HS 23 March 1999).

5.1.4.3 The ‘technical approach’ to development by urban planning in Finland

It is often alleged that urban planning in Finland has an excessive ‘technical’ or ‘administrative’ planning approach. This is viewed as a problem by the two cultural leaders interviewed (2000), and also by members of the planning organisation itself. More “co-operation with sociologists” was called for in order to have “not only technical but various visions on the building of the city” (interview with a Manager at the City Real Estate Office). A director of a cultural institution pointed out that the technical approach implies that the “elements of urban environment are perceived as spots on the map... If we look at Ruoholahti, water is the theme there, but as a technical element, not as an activity, history, or function.” Likewise, the technical (and undemocratic) nature of urban planning heated up the feelings of another director of a cultural institution in Helsinki, as expressed during the interview (2000):

“It is a problem that when we say that the City is developing something, so who is actually developing?... There are officers who only calculate how much money they should get next... To do this is part of their job, but what is not acceptable, is that we have lots of unprofessional, street level members [at the City Council] who swallow any economic greed of these officers. These politicians are unable to do their job, which is to set limits to the greed. The [City Council] politicians cannot do much in Helsinki because the issues are too difficult for them, and the plans are so perfectly prepared when they come to [the City Council] discussion that they are always accepted! They never reject anything! The damn officers lead this city! Fortunately there are some people at the

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30 In Finland the Architects and Planners are educated at Technical Universities together with traditional engineers.
City Planning Department who use their power... Planning is enslaved by the governance of the technical officers. The local government does not have any power."

In a similar manner, a Town Plan Architect pointed out that, for instance, the first decision concerning the land use change in Arabianranta was made as an “officer decision” ("virkamiespäätös"), after which the Planning Department assessed the plan (interview 2000).

5.2 Land use planning in the case study areas of Helsinki during the 20th Century

This section focuses on the historical context of early land use change decision-making in the case study areas, the Ruoholahti and Arabianranta waterfronts.

5.2.1 Case study area I – industrial era in the Western Harbour

Until the post-industrial era, the waterfront areas in Helsinki were not valued as residential areas. The Finnish people wanted to live in more pleasant microclimate locations on hills, away from the frost, gales, and possible enemies from the sea (Korhonen et al. 2000:37). It was only in the late 1970s that the waterfronts became valued residential areas in the urban planning strategy of Helsinki. Ruoholahti was among the first former industrial areas for which a redevelopment plan was prepared. Ruoholahti includes the Western Harbour ("Länsisatama") area and consists of the landfill islands of Ruoholahti ("Grass Bay"), Jätkäsaari ("Lumber Jack Island"), and Munkkisaari ("Monk Island") (see Figures 5.7b and c). The area was unbuilt until the industrial expansion that started in the 1860s. The building of industries and warehouses was a result of the extensive Harbour Railway Plan of 1888 which determined the land use in the area. The first factories appeared on the shoreline towards the end of the 19th Century. The islands off the Ruoholahti coast had small villa communities and were used for recreational purposes. The construction of the cargo port and related large-scale landfill works (seen in Figure 5.7c) started in 1913. Almost all the coastal areas of Helsinki were reserved for harbour use by 1920.

Large-scale industries arrived in Ruoholahti when Alko, the state-owned spirit factory, and the Nokia’s Cable Factory were founded during the late 1930s. After that the area was planned in ad hoc basis by the local companies, which resulted in incoherent warehouse land use. Large land use rearrangements to accommodate modern transport activities were carried out in the 1960s. The harbour railway line from 1888 still clearly separates the Western Harbour from the grid-
plan residential areas of the Helsinki peninsula, as seen in Figures 5.7b and 6.2a-c, Chapter 6. The main reason for the long term utilisation of this prime waterfront for unplanned warehousing was due to landownership. The City of Helsinki owns 80% of the Western Harbour because the land was claimed from the sea by public works. Most sites have been let to a variety of companies on long-term contracts, as seen in the map of Figure 5.6, which shows the distribution of the landownership in the area in the early 1980s. The Harbour Committee prepared the first overall land use plan for the Western Harbour as late as 1977. As a public administrative body, the Harbour Committee had no interest in utilising the vacant sites in a more profitable way, and this plan suggested that the whole area should be used for support functions of the port.

Figure 5.6 The landowners and occupiers of industrial sites in the beginning of the land use change process in Ruoholahti (KSV 1986:19). The red line marks the 'Special Assessment Area' of Ruoholahti defined for the Partial Master Plan preparation in 1976 (applied from KSV 1981:Plate 1).

The key question in deciding the future land-use in the Western Harbour was the conflict between the increasing space requirements of small industries and the housing needs in the central city (see section 3.2.1.3, Chapter 3). Described as the strategic 'focus point in the maritime image of Helsinki' and as the 'Western Gate into the Helsinki landscape', planning of the Western Harbour was perceived crucial for the future development of Helsinki (KSV 1980). Thus, the redevelopment plan of the area became a political question and the area was left
outside the Master Plan of 1976 as a 'special assessment area', marked by a red line in Figure 5.6 (HKK 1985:2). In 1975, the area had employed only 150 people (KSV 1980), and by 1985 the number of job had increased to 1400, but there were no more than 22 residents (KSV 1986:9).

5.2.2 Towards post-industrial land use in the Western Harbour

The initial incorporation of the Ruoholahti area in the Partial Master Planning started in 1977. There were three land use options considered in the beginning: 1) temporary development; 2) harbour extension; and 3) housing development. The first two options were rejected in the first planning document, Start-up Information for the Preparation of the Partial Master Plan (KSV 1980). This document and Development Targets of the Partial Master Plan (KSV 1981) were prepared by a team of architects, engineers and town planners (KSV 1986:59) at the City Planning Department's Master Planning Unit. At that time, the planners were aware that the Nokia Cable Factory was interested in co-operation in the land use change, but the state-owned Alko would not participate in any scheme (interviews with Project Directors 2000).

5.2.2.1 Land use change policy in the Western Harbour

The key land use decisions were outlined in the first planning process document in 1980. The area north of Itämerenkatu was considered suitable only for office and warehouse functions due to noise and air pollution (KSV 1980:15). The decision that the rest of the area should be for housing development and the waterfront for public recreation was made by the Master Planning Unit in 1981. These decisions targeted at improvement of housing conditions in the southern inner city, and was in line with the KASA programme (see section 3.2.1.3). The grounds for these decisions, published in the Development Targets document (KSV 1981:1, 21-22) argues that, being an integral part of the inner city, housing development in Ruoholahti fits better than a harbour to the development targets of the whole city. Thus, the decision of 1981 on Ruoholahti land use reflects the major decision of 1973 to increase housing development in the inner city (KSV 1981:3). The housing option also matched well with several earlier long-term plans of the City Council, which had listed targets, such as to 'harmonise the urban structure in Helsinki', 'increase efficiency of land-use by additional construction within the existing built-up areas', and 'enhance reasonably priced housing so that those working in the city could afford suitable places to live' (PTS-78, quoted in KSV 1981). The following Chapters will show that these targets of the late 1970s formed the main targets of the project planners in the year 2000, and were included to the final Town Plans in 1990 and 1991.
The targets of the Ruoholahti Partial Master Plan were outlined only at a general level. However, landscape targets were given substantial space, and photographs were used in the documents to illustrate the 'gloomy views' in Ruoholahti at that time (see Figure 5.7a). There were detailed suggestions made on the visual aspects of the future construction and landscape design (KSV 1981: 23-27). However, unlike the Start-up Information document, the Development Targets document had a neutral approach to the three development options, although it clearly expressed a view on the serious 'landscape problems' in the western waterfront.

The Survey on the Helsinki Waterfronts with Alternative Land Use Potential (abbreviated as 'RAMA') and published by the City Office in 1984, was very influential document which led to a decision to prioritise housing in Ruoholahti. According to the City Real Estate Manager (interview 2000), the reason to set up a workshop to carry out the RAMA survey was in response to a provocative article published in the main daily newspaper of Helsinki, Helsingin Sanomat (HS) which had sharply criticised the 'devalued and unorganised state of the city waterfronts'. This critique hit the Achilles' heel of the city planners 31 and the RAMA workshop's mission was to evaluate different land use models and help decision-making on the land use change in all inner city waterfronts in Helsinki. The workshop consisted of independent planning consultants from the fields of urban design, economics, and harbour administration. The main arguments supporting

31 A radical action in public planning triggered by media criticism occurred almost identically in Bristol City Planning Department two years later (DiGaetano and Klemanski 1999:231-232).
the land use change by the RAMA workshop were derived from the long-term urban structural targets. The economic benefits to the City were seen merely as a 'side effect' of the land use change, not as a central incentive (HKK 1984:89-101,117-118, interviews with the present and former Project Directors 2000). It was expressed that the key target of the RAMA survey was to 'improve the quality of the urban environment in the waterfront areas and their surroundings' (HKK 1984:57), instead of calling for more valuable or profitable forms of land use.

Figure 5.7b  Aerial view from the west over the Ruoholahti area before the redevelopment (Photo by Kaupunkimittausstoimisto 1989).

Figure 5.7c  The present day coastline of the Helsinki peninsula created by extensive landfills by the City, compared to the natural coast in the 19th century. The circle indicates the Ruoholahti and Jätkäsaari project areas (HKK 2000: Appendix 14).
5.2.2.2 Alternative models of land-use and assessment of benefits

The RAMA workshop had two preliminary models of the future land use: harbour and some offices ('Model 0'), or housing and offices at a 1:1 ratio ('Model 1'). The benefits of the land use options were assessed on two criteria: 1) impacts on the City economy; 2) impacts on the City image, structure, and services (HKK 1984:1,87). In the beginning, the RAMA survey report attempted to apply a neutral approach to these alternative models. However, the preference shifted to the mixed housing and office option at an early stage. The economic interests of the Harbour Committee were acknowledged, but they were not prioritised, on the grounds that the 'land use' decisions are made at higher level than the sector administration of the City... the accounting returns of which do not have effect on the total assets of the City...' (HKK 1984:87).

The long-term economic benefit assessment by the RAMA workshop for the years 1985-2020 made several assumptions which proved to be correct with regard to the development outcomes in Ruoholahti. The economic impacts of the Model 1 option were not predicted to be substantial for the City. For example, the new residents were predicted to be 'average income groups' and the land rent income potential from offices was estimated to be 40-50 % higher than from the housing development 32. The survey also calculated the potential impacts of the housing option on the Municipal Tax income of Helsinki City. The Model 1 was seen as rational, since the estimated increase in tax base resulting from housing and office development would be higher than the increase in the municipal services costs per person in the new area (HKK 1984:89-92). However, the survey did not actually use this economic argument at all to support the housing option. And, against the survey's prediction, most of the present day Ruoholahti residents moved from elsewhere in Helsinki, and as such there was not a gross increase in the number of taxpayers. From an urban structure point of view, the survey points out that:

'... in the end of the day, urban development is a matter of human perceptions of the nature of the city and its future changes. In the long run, the factors creating emotional values and symbolic systems are important.' (HKK 1984:105.)

The survey also raised the idea of a more efficient utilisation of the sea in the urban landscape, and this should become a central point in land use change planning (HKK 1984:57,58). The benefits of the maritime image to the city image were expressed several times, for example as follows:

32 In 1995, the land rent paid by the housing developers was 100 FIM (£10) per sq.m., and 150 FIM (£16) by the office developers (Vehviläinen 1996:6).
It is certain that a high quality and varying urban environment with well utilised waterfronts enhances the international identity of Helsinki City.' (HKK 1984:106).

The decrease in the residential space and number of residents in the inner city since the 1950s was another factor that supported the choice for housing and offices. The RAMA document justifies this suggestion by quoting the Metropolitan Area Council's statement that '... housing construction in the city centre is beneficial even when it requires a denser community structure than we have today' (YTV 1983). The RAMA workshop suggest that Ruoholahti-Jätkäsaari is an area where this could be implemented and that an 'increase in commercial space is against the regional targets... Instead, all housing construction is welcome in the city centre.' (HKK 1984:107). Other key suggestions proposed that the waterfront should be made accessible to the public and the pedestrian and cycling routes should be improved. The Model 0, the harbour development option, was viewed negatively on these criteria because public pedestrian routes could not be accepted in harbour area for safety reasons, and in this model the waterfront would remain in 'secondary use' (HKK 1984:110). RAMA had already included the underground network extension into the area as a key issue in land use change and future development in Ruoholahti, and thus the new Ruoholahti underground station was included in both alternatives (HKK 1984:58). Similarly, the workshop included the suggestion to open a canal through the area in order to expand the waterfront area towards the new residential areas.

The concluding recommendation of the RAMA workshop for the City planners was that Ruoholahti should be developed as a combination of residential and office land use. An assessment of possible alternatives also concluded that this option was the best with regard to services, economics and urban structure. The document suggests in several places that the implementation of the waterfront project should be a slow process, because this would be the safest way to achieve good outcomes. The reasons for this suggestion were stated as follows:

'It is clear that large inner city waterfront projects at challenging locations such as these [Ruoholahti and other waterfronts] are not planned in a short moment...' (HKK 1984:57).

'Implementation of the land-use change should progress stage by stage in order to have enough time to secure good quality environment.' (HKK 1984:118).

5.2.3 Case study area II – Industrial era in the Arabia village

When the Town of Helsinki moved to its present location in the Helsinki peninsula in 1640 (see the location map in Figure 3.3), some industrial activities remained in the old centre. This Old Town area is today the Eastern Waterfront/Arabianranta ('Arabia Shore') redevelopment project
area. Industries were initially attracted by the timber industry located at the river mouth during the 1860s, and this attracted residents to return to the area from the central Helsinki (KSV 1988). This was the main period of growth and industrial expansion, and most historical features in Arabianranta date back to this period. The whole area became known as ‘Arabia’ after the Arabia porcelain factory was founded in 1873. Typically for the period in Finland, the Arabia Factories built housing for its workers (240 people in 1918) (Junto 1983), which gave birth to a lively industrial community in the Arabia area and gradually attracted more entrepreneurs and services to the area (KSV 1994).

Figure 5.8 (left) The Arabia Factories building complex dates back to its expansion period in the 1940s (the main picture). The nearby Vantaanjoki rapids (insert) were then used for energy production. (Photos by the Helsinki City Museum.)

Figure 5.9 (right) Landownership in Arabianranta in the beginning of the land use change planning in the late 1980s: black: Wärtsilä corporation, grey: the City of Helsinki (KSV 1995:14).

The western coast of Vanhankaupunginlahti ('the Old Town Bay') (see Figures 5.10, 5.11b and 3.9) was reserved for industrial use and used by the Helsinki City Energy and the Water and Sewage Department since the Pro Helsingfors plan of 1918. Industries expanded rapidly in the Arabia area during the 1940s. Industrial landscapes in the area at that time are shown in Figure 5.8. It was during this period when the Wärtsilä corporation, a large ship and power plant industry bought the site and the Arabia Factories. Since then the Wärtsilä corporation has been the main private landowner in the Arabia area. Helsinki City owns all the rest of the development area, as illustrated in Figure 5.9. During the 1950s and 1960s, more industries were constructed in the area, followed by housing in the neighbouring Toukola area. The landfill
works at the seashore started in the 1950s (KSV 1994, 1988:16). The legacy of the Arabia industrial community still characterises the images of the area and the plans for its future use \(^{31}\) (interview with the Arabianranta Town Plan Architect 2000; KSV 1994).

### 5.2.4 Towards post-industrial land use in the Arabia area

Industrial activities began to decrease in Arabia during the late 1950s. A reason for the partial relocation of the Arabia Factories in 1971 was a clash between the constantly expanding volume and size of production machines and the need of residential land for the growing capital city. The porcelain production line was relocated to an area outside the metropolitan region (KSV 1994). Arabianranta was considered appropriate for post-industrial land use purposes only relatively late. In the Partial Master Plan of 1980, the area was still reserved for civil engineering use. Following the relocation of the Water and Sewage Department in 1984 it was decided that the area was to be released for land use planning. The incorporation of the area in the Master Planning started in 1985 (KSV 1988). At the same time, the Arabia 'art and design' image started to develop because the Arabia Factories let vacated industrial space to the University of Art and Design Helsinki (UIAH), which then relocated from the city centre. Arabia Factories began to concentrate on design production under as a part of the Hackman Designor corporation.

#### 5.2.4.1 Land use change policy in Arabianranta

The process of planning Arabianranta land use change was similar to the process and principles applied to Ruoholahti. The notion of the regeneration potential of Arabianranta became more pronounced in the mid-1980s. The Master Planning Unit highlighted that the area was used as an unorganised storage and wasteland which was inappropriate or 'secondary value' considering its location near the city centre (KSV 1988:16,22). The subsequent decision to develop housing in Arabianranta met well the targets of the City housing policy calling for more housing in locations where services, work places, and public transportation are all within easy access. The existing good public transport connections to Arabia were seen as a method to tackle pollution in the inner city. Moreover, the Master Planning Unit did not support further construction of work places in the area, which reflected the 1973 decision to increase the proportion of housing in the inner city.

\(^{31}\) The Town Plan protects most of the historic industrial buildings located in the Kuninkaankartanonsaari Island, and the Broadcloth Factory, which is renovated for a museum and restaurant. Also all buildings of
In the beginning, Arabianranta was included into a larger Hermanni-Toukola land use plan. The area was part of the Partial Master Plan preparation between 1985-1990, until it was incorporated in the city-level Master Plan of 1992. The development responsibilities were moved from the Master Planning Unit to the Arabianranta Project organisation founded at the City Office in 1988. As in Ruoholahti, there were no residents directly affected by the land use change planning, although the residents of the neighbouring Toukola had interests in maintaining the status quo in the coastal area. There were a few porters and other industrial property management workers living in the area, and an overnight shelter for alcoholics maintained by the City Health Department. Sites of the southern end of the project area were rented for storage until 1995. The main economic activity in the area was industry. Arabia Factories employed 500 workers and the rest of the industries approximately 2500. Three hundred jobs were predicted to disappear due to land use change. (KSV 1995:14). Figure 5.10 shows the area at that time. The first stage of land use planning suggested combination of housing, industry, and offices to be built. As an alternative land use model in 1987, a special workshop proposed that the City should develop a large municipal sports centre in the area, and leave the rest of the area largely untouched. The Planning Committee rejected this proposal because the development potential of Arabianranta was perceived suitable for more productive activities (KSV 1995).

5.2.4.2 Environmental concerns in the land use change

A problematic issue for the development of Arabianranta area is the fact that it is almost completely located on landfill material. This implies several complications for the construction the Arabia Factories are protected (KSV 1995:55).
and landscape of the area. Lying only 0-3 m above the sea level, the area has no natural landforms or vegetation (KSV 1980:12)

**Contaminated soil and landfill terrain**

Over one hundred years of industrial history has left an unpleasant legacy to the local environment: the Arabia Factories ceramics waste has been used as a landfill material, which has concentrated heavy metals in the soil. The use of the coastal landfill ground as an unofficial dumping site has also contributed to the contamination of the soil. To rectify these problems, extensive soil replacement works had to be implemented before the area can be accepted for residential use. This process forms a major part of the total City's investments in the Arabianranta project and cost around 15 million FIM (£1.6 million). Another major public cost was implementing extensive preconstruction work because the landfill ground material is soft and unstable. The cell-structured embankment technique is shown in Figure 5.11a (Helsinki City Office et al. 1997).

![Figure 5.11a](image1) (left) The support technique applied in the soft clay and landfill material in Arabianranta.

![Figure 5.11b](image2) (right) Vanhankaupunginlahti nature reserve with relation to the Arabianranta development area (Helsinki City Office et al. 1997).

**Vanhankaupunginlahti Wetland Nature Reserve**

The Vanhankaupunginlahti Nature Reserve for birds – listed as a threatened wetland in the national protection schemes and in the European Biotope Programme – formed another environmental concern during the early land use planning (see Figure 5.11b). In 1996, two
independent consultants carried out a survey that investigated the possible negative impacts of the construction work for the coastal ecosystem, the birds and fish in particular. The results indicated that the construction must be limited to the months outside the sensitive seasons for the fauna, such as nesting times, but the wetland ecosystem does not cause other major restrictions to the development plan (KSV 1996).

5.3 Conclusions

The first section of Chapter 5 described the statutory framework and organisation of urban planning and development policies in Finland. The second section outlined the land use change planning during the beginning of the redevelopment projects in Ruoholahti and Arabianranta. It is possible to conclude that urban planning in Helsinki exhibits several features which differ from the post-industrial land use planning in most European and North American cities (for example, Harvey 1989; Cochrane 1993; Deakin and Edwards 1993; Fainstein 1994; Cox 1995; Tickell and Peck 1996; DiGaetano and Klemanski 1999; McGuirk and MacLaran 2001; Swyngedouw et al. 2002). The first feature is that the political process in Helsinki City allows a high level of independence of local public authorities. This is in contrast to the literature arguing that in many cities the local planning authorities are losing their ability to control urban development as they have become more involved in entrepreneurial strategies and plain coordination of public-private partnerships (for example Harvey 1989; Cochrane 1993; Fainstein 1994). The second feature is that the local government is free from the central government in decision-making on urban development and from private, economy-led Urban Development Corporations common elsewhere (for example Imrie and Thomas 1995, 1995a; Goodwin 1993; Jeffrey and Pounder 2000), and also relatively firmly controls the development initiatives of private developers.

The higher independence of the public authorities is suggested to derive from the self-motivation and activity of the public workers (Fainstein 1990:555; Savitch 1988:7-8) or from strict planning permission and planning gain requirements (Imrie and Raco 1999:47). Both above suggestions matched with the planning practice of the Helsinki local government, which emphasises the long-term benefits of urban development and organisational adaptations to the changing environment in large development projects. In addition, the large landownership of the City was in a key role in the political planning process. The legally strong Town Plan is also a powerful tool that helps local authorities remain as the main decision-maker. The decision to implement housing as the main form of land use in both project areas was based on the long-term benefits,
public access, and improvements in landscape. This confirms that the local government valued social equality higher than achievement of rapid economic benefits - to the extent that the local government policy has become subject to criticism for holding an undemocratic monopoly over the planning issues in the city, and preventing profitable private development.

Thus, the chapter highlights that the land use planning policies in Helsinki in the 1980s were less affected by the global economic and political trends, and more affected by landownership and local political traditions and values, such as statutory public planning and concept of 'public benefit', rational urban structure, and environmental sustainability in terms of land use and property development. Land use planning did not focus on economic returns and socially exclusive private commercial and office development targets as has been widely argued with regard to many West and South European cities and to UK and US regeneration project in particular (for example Harvey 1989; Rowley 1994; Fainstein 1994; Imrie and Thomas 1995; Hall and Hubbard 1996; Gordon 1997; Imrie 1997; Sheaff 1997; Roberts and Sykes 2000). Nonetheless, the increase in the incorporation of private developers in Town Planning in the late 1990s implies a step being taken towards entrepreneurialism by public planners, and demonstrated an ability to adapt to changing social and economic environments. This reflects the close relation between production of place (regeneration policies) and economic conditions and political decision-making, as Keith and Pile (1993), Zukin (1992, 1995) and Anderson (1997) have noted.

The next chapter discusses the decision-making and implementation of the first case study project, the Ruoholahti waterfront regeneration. It examines the dominant values and attitudes behind the Ruoholahti plan, and the main motivations and guidelines that affected the project decision-makers.
Chapter Six

Case Study 1 – URBAN REGENERATION IN THE RUOHOLAHTI WATERFRONT

Introduction

Chapter 6 focuses on the decision-making and values that shaped the Ruoholahti regeneration project. The chapter starts by investigating the targets of Master Plan and Town Plan preparation for the area by the Helsinki City Planning Department between 1980 and 1991. The main theme will be that the dominant actors in the process were the local planning authorities instead of private institutions or central government, and these actors strongly regulated the involvement of private developers. It will then establish that the planning authorities’ main target was to construct a large number of moderately priced, high quality houses in order to avoid social segregation at city level, instead of the economic and property development targets common in the US and most West European cities outside Scandinavia and the Netherlands. The chapter will show that long-term social and housing development was considered more important than economic development throughout the planning and construction processes, and that a substantial degree of consensus prevailed between the public and private participants with regard to the decisions on major physical and social development issues. This stresses the importance of Finnish, and to a certain extent, Nordic political and social consensus on the importance of social equality and universal welfare state ideals in understanding the logic and force of urban regeneration policies.

This does not mean that the planning in Helsinki was completely unaffected by the global economic forces. After examining the social housing issues, the chapter discusses the pro-active entrepreneurial economic strategies applied to office development in Ruoholahti during the early 1990s, and the shift towards increasing public-private partnership by the City of Helsinki during the 1980s. This will show the increased importance of economic performance, private investments and tax income after the economic recession, and thus provides an empirical case on the local political production of place. However, the entrepreneurial approach was applied only to a small area in Ruoholahti, and it did not include cultural strategies, which have been typical elsewhere. Moreover, attitudes towards socially oriented housing policy did not change during the project planning. Therefore, despite the fact that some individual elements of the Ruoholahti
planning policy and design reflected typical post-industrial regeneration projects, the key targets of Finnish welfare state political and social policies were clearly reflected in the Ruoholahti redevelopment plan as it was focused on the long-term functionality of urban structure, socially balanced development, and on general affordability of housing. Thus, the main theme of the chapter is the dominant role of consensus formation about the role and purpose of urban and waterfront development, urban landscape and land use, and this consensus expands across class and party borders and as well as between public and private sector actors.

6.1 The Master Plan 1986 guidelines for the Ruoholahti area

The guidelines for the redevelopment of Ruoholahti area were set out in the Master Plan by the City Planning Department in 1986. These guidelines outlined the key land-use features and declared that: 1) the maximum area was to be allocated for housing; 2) office development was to be permitted only in areas unsuitable for housing; and 3) the waterfront was to be taken into public recreational use (Vehviläinen 1996). Although the project planners at the City Planning Department were in charge of the plan contents and implementation details, the key decisions were largely defined by decisions of other City administration sectors, published as City Housing Programme and Housing Regeneration Programme of the Helsinki Inner City (KASA) which defined the development policy for the whole Helsinki City area.

The final decision to amend land-use in the Western Harbour (Ruoholahti - Jätkäsaari - Munkkisaari) area was made in 1985. The decision was based on the Survey on the Helsinki Waterfronts with Alternative Land Use Potential (RAMA) (HKK 1984). Following this, housing remained the only development option in the first development sites in Ruoholahti. Table 6.1 shows the dates of other main decisions and achievements before and after the land-use change. In 1986, the Partial Master Plan for the Ruoholahti start-up area was completed (see Figure 6.1). All the elements and targets of the Plan were put into the context of the City as a whole. The City-level targets were then used as grounds and justification for the plan regulations (KSV 1986). The orientation of the Master Plan was highly technical. It indicated the location and efficiency of different land-uses, such as housing and offices, as well as the possible number of population and work places respectively, as shown in Table 6.2. The Plan depicted the location and number of public and commercial services needed, the traffic network, and recreation areas. General visions of structure and landscape were also given in the same Plan. The Plan Budget was prepared concerning the basic infrastructure and preconstruction costs of the projects, for which the City was solely in charge.
<table>
<thead>
<tr>
<th>Year</th>
<th>DECISIONS AND IMPLEMENTATION OF THE RUOHOLAHTI REDEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>Western Harbour area left outside the Master Plan as a “specific assessment area”</td>
</tr>
<tr>
<td>1977</td>
<td>Survey on the potential land-uses started at the Master Plan Unit</td>
</tr>
<tr>
<td>1981</td>
<td>Development Targets of the Partial Master Plan completed by City Planning Department</td>
</tr>
<tr>
<td>1983</td>
<td>Decision to extend the underground to Ruoholahti from the central city</td>
</tr>
<tr>
<td>1977</td>
<td>Survey on the potential land-uses stated in the Master Plan Unit</td>
</tr>
<tr>
<td>1981</td>
<td>Development Targets of the Partial Master Plan completed by City Planning the partial plan completed by City Planning</td>
</tr>
<tr>
<td>1983</td>
<td>Decision to extend the underground to Ruoholahti from the central city</td>
</tr>
<tr>
<td>1984</td>
<td>The survey on the ‘waterfronts with future land-use potential’ (RAMA) published</td>
</tr>
<tr>
<td>1985</td>
<td>Decision to amend land-use mainly in favour of housing in the entire area of the Western Harbour; ‘Housing Regeneration Programme of the Inner City Helsinki’ (KASA) published</td>
</tr>
<tr>
<td>1986</td>
<td>Ruoholahti Partial Master Plan completed by the Planning Department (approved by the City Council in 1988)</td>
</tr>
<tr>
<td>1987</td>
<td>Start of the infrastructure works; Ruoholahti Area Development Project set up at the Helsinki City Office</td>
</tr>
<tr>
<td>1988</td>
<td>Results of the Town Plan Competition for the Ruoholahti Project area published</td>
</tr>
<tr>
<td>1990</td>
<td>Town Plan for the first office and commercial sites approved</td>
</tr>
<tr>
<td>1991</td>
<td>Town Plan for the first housing sites approved and start of construction; The Cable Factory in Ruoholahti starts working as a cultural centre</td>
</tr>
<tr>
<td>1992</td>
<td>The first residents move into Ruoholahti (approximately 450 people)</td>
</tr>
<tr>
<td>1993</td>
<td>Ruoholahti underground service begins</td>
</tr>
<tr>
<td>1997</td>
<td>Construction of the first office blocks started</td>
</tr>
</tbody>
</table>

Table 6.1 Timetable of the main planning decisions and completion of the Ruoholahti start-up sites.

The Partial Master Plan specified that the Ruoholahti should reflect the dense urban structure of the Helsinki peninsula, as suggested in the RAMA Survey information. According to the Town Plan Architect Lindroos (2000), there were few alternative models available since the peninsula is surrounded by water and split by a canal which set strict limits for planning. Although three alternative block structures were drawn for the area, the differences concerned only some design details and not land-use differences or construction efficiency, such as low-rise housing. According to Lampinen (2000), the Project Director at the City Office at that time, the Planning Department initially suggested that the residential area should be denser with total of 500 000 sq.m. floor space (see the 1984 column in Table 6.2). This was in order to put the planned underground extension into maximum use, but it was seen as ‘an unrealistic’ amount by the City Office leadership and was negotiated down to 300 000 sq.m. This implies the strong position of the City Office in the urban planning in Helsinki during the 1980s. The plan also specified that the housing blocks in Ruoholahti were to be constructed 5-6 storeys high. This follows the block structure of central Helsinki.
Figure 6.1 Land use in the Partial Master Plan of Ruoholahti as approved in 1988 (KSV 1986).

Table 6.2 Shifts in the planned and implemented land-use in the Ruoholahti Project (Kaupunginkanslia 1984, 2000; KSV 1996a, 1999). 2) implemented figures.
6.1.1. Generation of the Partial Master Plan guidelines

The Planning Department used the RAMA Survey and decisions issued from other sectors of the City administration as basis for preparing the planning guidelines to be included in the Partial Master Plan. The most important documents were the Housing Regeneration Programme of the Helsinki Inner City (KASA) of 1985, and the Helsinki City Housing Programmes 1985-1989 (KSV 1986:8). The Housing Regeneration Programme examined living conditions in the inner city area. The examination concluded that the renovation old buildings and development of new residential areas would improve the conditions. This programme was very influential for the Ruoholahti project, as verified by the Project Manager Mäkinen (2000) who identified a planning preference for housing rather than offices when he stated:

"The KASA Programme was for inner city housing renovation and against offices which had been going on since the 1960s, first as a loft conversions and then it turned into Ruoholahti type projects."

The housing programme defined the City's social housing policy for the redevelopment area at the macro-scale. The underlying housing target was to construct socially balanced housing units in the city centre in order to revitalise the city centre services and alleviate problems related to social housing in the suburbs. Therefore, social housing production was emphasised for the Ruoholahti project. This preference for housing development was evident in all of the interviews with the planners and decision makers, and also found in the City documents (Project Director 1990-1994 Mäkinen (2000); the present Project Director Laitinen (2000); Town Plan Architect Lindroos (2000); Town Plan Architect Sundman (2000); City Centre Project Director Forssén (1998); HKK (1985); KSV (1984, 1986, 1996a)). For example, in the introduction of the Description of the Ruoholahti Partial Master Plan document (KSV 1986), it is stated that:

'As a principle, the Master Plan reserves the maximum amount of the area for housing in order to balance the regional urban structure.'

Also, Lampinen, a former Project Director and Planner (2000) described during an interview that

"the reason [for housing development in Ruoholahti] was the same as it is now: the need of sites for housing construction with an approved Town Plan."

The housing programme also determined the allocation of subsidised rented and owner-occupied units and the sizes of housing units. These specifications were included in the Partial Master Plan and set the guidelines for housing construction. Thus, the analysis of the decision-making process indicated, that the City Planning Department or other planning bodies did not contest the long-term targets stated in other City-level programmes and reports.
**Partial Master Plan guidelines**

Once the contents of the Partial Master Plan were set, the Planning Department published the "Description of the Ruoholahti Partial Master Plan" in 1986 (KSV 1986). This report outlined the key elements and specified the guidelines for the project area. The report's key guidelines were listed as visionary statements:

- The maximum land area would be allocated to housing.
- The underground station would be given a site in the southern side of Itämerenkatu.
- A canal and waterfront would be constructed and taken for public recreational use and form a key environmental and functional element in the area.
- Offices would be located so that they form a sheltering wall between the residential area and traffic and harbour areas.
- For safety and noise reduction, traffic would be redirected to the northern end of the area.
- The overall design of the area would reflect the existing urban areas. For example, the public and private space are clearly separated by streets, squares, parks and courtyards.

It is remarkable, that almost all these visionary guidelines and elements listed in the Ruoholahti Master Plan design (1986) were realised by the end of 1990s. This indicates the power and steadfastness of the Master Plan and Town Plan tools practised in Finland in general. A former Project Planner (interview 2000) commented that also the strong personal control on the project by the main Town Plan Architect at the City Planning Department contributed to this.

Another remarkable point in the Ruoholahti case study was that the decision to extend the Helsinki underground from the central city to Ruoholahti was made in 1986 prior to the approval of the Partial Master Plan. This was because an efficient public transportation system was seen as a prerequisite for an area development in as close proximity of the city centre as Ruoholahti. In this way, all future discussions on the Master Plan and Town Plan features were based on the development option including underground. Construction work on the underground started in 1987. The underground connection turned out to be one of the major factors in the success of residential development in Ruoholahti during the following years of economic recession.

6.1.2 Potentially opposing groups: negotiations with the tenants

Following the publication of the Partial Master Plan guidelines, the City Real Estate Office, the authority over City's rented land, had to negotiate a relocation strategy with existing long term...
industrial tenants before the Planning Department could proceed with the detailed design for reconstructing Ruoholahti. There were two major negotiations – with Nokia Corporation, who owned a large Cable Factory, and with Mercantile, a trading company. In both cases there were no major complications. Although the City Real Estate Manager (interview 2000) described the negotiations as complex, the City achieved its targets as the land was freed from all tenants. Nokia Corporation handed over the Cable Factory to the City without payment, and, as a substitute, the City gave Nokia construction rights for future development if required within Ruoholahti area. A similar agreement was obtained with Mercantile. According to Gordon (1997:65-66), these kind of complex negotiations are typical in regeneration projects.

After the negotiations with the tenants, the complete Partial Master Plan proceeded to the City Council for public view and discussion in 1987. The Partial Master Plan was approved in February 1988 by the City Council, although there was some discussion on the construction efficiency. There was little public opposition to the regeneration scheme. According to the Project Town Planner (interview with Lindroos 2000) the high construction density raised some discussion, as did the trivial question of the exact width of the canal, but the general public perceived the redevelopment plan of the waterfront wasteland as a very positive thing.

6.2 Preparing the Town Plan for Ruoholahti in the late 1980s

The detailed Town Plan was prepared by a special organisation for the Ruoholahti-Jätkäsaari-Munkkisaari Area Development Project, founded in 1987. The first implementation plan concerned the Ruoholahti sub-area of the total project. As a principle, a concept called a 'development path' was applied by the Ruoholahti organisation in which implementation proceeded at separate phases. After each phase the whole plan was re-assessed, and there was a possibility for substantial changes if required.

To produce a more detailed design for the project area around the core principles stated in the plan, an open Town Planning competition was called by the Planning Department in the same year. The use of competitions to enhance town planning has been a strategy of the Helsinki Planning Department. According to the City Centre Project Director (interview 1998):

"Competitions have been used in many large and challenging development schemes in Helsinki during the few last decades.. in order to gain a variety of views on the design and to enhance public participation in urban planning."

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The competition concerned construction efficiency, design and flat details for the area within the framework of land use set in the Master Plan. As an additional element in the Ruoholahti competition, there were cost limits set for the housing proposals to control the prices of social housing units. This was not normal practice, and a former Project Planner (interview 2000) pointed out that there was an element in the Ruoholahti competition which was very unusual for open Town Plan competitions: each entry was assessed by an independent costs analyst. This automatically dropped those entries that did not fit within the City's social housing policy targets in terms of construction costs. This was a key factor which determined the end form of the area, and is another indicator of the strong hold of the Housing Programme policy in area development planning. According to two members of the Competition Secretariat, Lampinen (2000) and Lindroos (2000), competition entries proposing traditional, dense urban structure were preferred by the jury against the ones with experimental design 34. This was in line with the suggestions on the urban structure by the RAMA Survey and Master Plan Unit (KSV 1980, 1981).

The winning proposal of the competition was used as a basis for the area's design and detailed structure published as the Draft Town Plan for the area in 1988.

Another strong social housing feature included in the Partial Master Plan prior to Town Planning was the decision to try out a new model of social housing within the central city area. Since the 1973 cornerstone decision to increase population in the Inner city at the cost of offices, there had been interest at the City Office in reconstructing a ‘traditional urban social environment’ in an inner city housing area. The model mixed different types of occupancy at the level of each staircase in a residential block. The City Office considered the Ruoholahti Project a suitable time and place for the experiment. The Town Plan Architect, Lindroos (2000) pointed out that, in order to have any chances for success, the new model had to be included in the requirement of the Town Planning Competition. Hence it would be included in the Town Plan prior to approval by the local government.

Although socially balanced residential development was the key target of the project, there was only one direct reference to the future residential groups who would live in Ruoholahti. This was mentioned in 1986 Master Plan document which states that 'Through Master Planning, there is an objective goal of varying population structure.' (KSV 1986:22). All the decision makers interviewed emphasised that the area was explicitly planned 'for everyone'. However, the larger than the average inner city size of flats planned for Ruoholahti indicates that the City decision-

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34 The jury comprised architects and planners of the City Council, and Independent Finnish architects.
makers wanted to provide people living in typical small, central city housing units with larger apartments in the nearby inner city areas. This would also fit into the targets set in the KASA Inner City Housing Programme aiming at increasing the population in the inner city (HKK 1985:1).

6.2.1 Examples from other cities used in the planning of Ruoholahti

Prior to the decisions on the detailed design of Town Plan in 1988, the Ruoholahti Project planners went looking for examples and visions from existing waterfront development projects. The idea of using projects from other cities as examples has been noted in the urban policy literature. Harvey (1990) suggests that often regeneration plans copy symbols and functions from abroad or from previous successful projects, which leads to universally uninteresting standard urban landscapes. Likewise, the Ruoholahti delegation of three Project planners from the Planning Department paid an official visit to three cities on the east coast of the USA 'in a search of information and experience' (KSV 1989). According to the Travel Report (KSV 1989) and a member of the delegate (Lampinen 2000), the ideas derived from the Battery Park City in New York, Jersey City, and the Charlestown Navy Yard in Boston, were generally related to the functions (such as public recreational services, transportation) and the technical details (such as construction materials and quality standards) in the redevelopment areas.

The major points in common between Ruoholahti and these US developments were that the Battery Park City was built on a landfill and the Navy Yard was a vacant old harbour site. The old Colgate factory area plan in the Jersey City included several common elements and problems with Ruoholahti: notably a mixture of industrial buildings of various age and repair in a historical industrial milieu. Functional elements in all areas, such as a yacht harbour, parking system, and direct public and residential access to the waterfront were also paid attention to. Most housing construction did not appeal to the visitors due to the poor quality of finishing and layout of flats – particularly if compared to the prices of housing units. The visitors also noted that most housing choices were geared towards the higher middle classes.

The report gives an impression that the visitors were mainly paying attention to those components in the areas which supported the views and directions already taken in the Ruoholahti area. This impression was further strengthened by a comment by one participant (Lampinen 2000):
"... it confirmed to us [Ruoholahti planners] that a dense urban area can be of high quality and it must be of high quality. Otherwise, being under heavy public use, new areas will look unacceptably worn-out after few years of use."

Thus it appears that the Finnish delegation did not seek elements to copy from urban design and architecture in the USA, but practical solutions. For example, the hosts in Jersey City had stressed that the industrial history of the Colgate area is the most important factor in redevelopment planning, but this was not reflected in the planners' views on the development of the Cable Factory in progress at the time.

6.3 Implementation of the Ruoholahti Town Plan since 1990

There was a consensus amongst the project leadership that the Ruoholahti Project was a significant opportunity to develop the waterfront for housing and at the same time enhance the maritime image of Helsinki. This was expressed in all interviews with the project decision makers (Forssén 1998; Hirvonen 1998; Laitinen 2000; Lampinen 2000; Lindroos 2000; Mäkinen 2000; Tuuttila 2000). This is also reported in all major project documents (HKK 1984; KSV 1986, 1990, 1996a, 1999). In addition, there was a full consensus among the decision makers that another major benefit from the project was that the industrial wastelands at the Ruoholahti waterfront would be regenerated.

The decision-makers views of Ruoholahti were unlike many post-industrial inner city redevelopment schemes (see, for example, Harvey 1990:66-98), in which radical design or unusual architecture was desired. The avoidance of a 'show piece' was noted by the key Ruoholahti Project participants, Lampinen (2000), Lindroos (2000) and Laitinen (2000). As mentioned in the Master Plan guidelines, this was because the main vision of Ruoholahti was to use the old central city image and traditional Helsinki urban design as incentives for the future residents. Instead, a key element in the area was public access to the sea. Therefore, the Ruoholahti Canal, opened in 1993 (see Figures 6.2a-c), was included in the Planning Competition as a compulsory fixed element. Therefore, the canal was 'hammered through' without alternative design proposals, as was done with the mixed occupancy housing.

Environmental planning in Ruoholahti clearly followed the overall target of socially mixed residential structure and the traditional urban structure. The main targets of the physical plan were the following (KSV 1990):
• to repeat the traditional inner city Helsinki block structure with strict division of public and private functional spaces (as an opposite to a 'satellite' area);
• architecture with clear, calm design, and light coloured façades
• high quality public spaces and public access to waterfront are central in the landscape;
• a spatial entity based on a balance between building mass and water area (KSV 1996a, 1999).

Figure 6.2a Ruoholahti overall site plan 'Phase 1', completed in 1995. The black frame indicates the area seen in Figure 6.2b (KSV 1999).
Figure 6.2b Aerial view of Ruoholahti in the end of 1990s after the completion of most residential areas (Photo by Kaupunkimittaustoimisto 1999).

Figure 6.2c Aerial view of the current Jätkäsaari project area. Ruoholahti is seen in the front. (Photo by Kaupunkimittaustoimisto 2000).
The strong emphasis on social equality in the Ruoholahti Project was stressed by emphasising easy public access to the waterfront and to the canal. The canal was thought to be an active part of the area and there was high emphasis on the design of the embankments and three yacht harbours (see Figure 6.2a and Figures 6.5a and 6.8).

The major transportation solutions were in line with the socially oriented housing plan. Public pedestrian access and public transportation network were prioritised at the costs of services for private car users. As a result, the public transport network of Ruoholahti has been very successful component of the development. Two tram services and several bus lines will serve the area at the final stage. Due to the early decision to extend the underground to Ruoholahti, the service has been running since 1993. The service opened simultaneously with the first residents moving into Ruoholahti.

6.3.1 Socially oriented housing development plan for Ruoholahti

The undisputed main target of the Ruoholahti regeneration was socially mixed housing development. This has been a principal goal in all development projects in Helsinki during the last two decades. The targets of housing development were set in the framework of the entire city, and did not focus on Ruoholahti as individual waterfront location with high development potential. The Project organisation was in charge of the detailed structure and design of housing within the area. The private developers also participated the Town Planning from an early stage in the form of a specially founded interest group called ‘Ruoholahti Developers’ Association’ (Ruoholahden rakennuttajat ry.), but, according to the Project Director at the time (Mäkinen 2000), the group had an impact only on technical details as the City controlled housing production as the landowner. The houses were built by several private construction contractors, which had bidded for the construction rights.

The idea of mixed occupancy structure was introduced in the mid-1980s by late Matti Väisänen, the Ruoholahti Project Director 1984-1987 at the City Office. According to a later City Office Project Director Mäkinen (2000), Väisänen was also called ‘an initiator of Ruoholahti‘, and a character “who generated conflicting feelings in people” . The old urban housing blocks in Helsinki always mix the owner-occupied and rented flats in each staircase, and Väisänen’s (1988) suggestion was to ‘learn from the old experiences and return to the old urban way of life, and develop it further... ‘ In 1986, when the City Council decided to proceed with the Inner City
6.3.1.1 Socially mixed occupancy - the new experiment of Ruoholahti housing policy

The decision to mix all types of occupancy and income groups within each staircase confirms the strong pursuit of social equality through urban development policy in Helsinki at the time. The contemporary project participants and documents indicate that the model was initially meant to be applied in the entire project area (Lindroos 2000; Hirvonen 1998; HKK 1985:13-14). However, this decision was not approved without opposition from some parties concerned about the impacts of the new model on the housing markets and administration. The model suggested that the Arava and Hitas flats should be mixed together with private freehold housing within each staircase, instead of individual block or site level, as in the social housing schemes of the 1980s (see Figure 6.3) The model was improved concerning children and teenagers, who were provided with safer and larger outdoor areas within the blocks (HKK 1985:12). Before the approval of the model at the City Council in 1986, the Planning Department and the City Office ordered several preliminary assessments of the model from independent consultants.

6.3.1.2 Attitudes towards mixed occupancy housing plan

The discussion about the mixed occupancy at staircase level indicated that opposition to the mixed housing was made on various grounds - economic, administrative and social - but none
of the institutions concerned wanted to be known as the institution which opposed mixed social structure. This is likely due to the broad-based support within the Helsinki City administration to the social equality targets in all housing developments since the 1970s. At the time, Helsinki housing policy was based on a simple division between State subsidised Arava rented and Arava owner-occupied units. There was no private production at all, as the City did not even discuss about selling development sites. The then City Office Project Engineer Lampinen (interview 2000) commented that, against this background, it was obvious that mixed housing triggered opposition that was “based on absurd excuses such as whether tenants and home owners can live within the same block”.

Most negative comments came from the private developers. Working through their ‘trusted men’ in the City decision-making system, they had an active behind-the-scenes opposition to the mixed housing. Lampinen (2000) commented that the private developers did not, however, gain a visible position because they are organisations “which eat from the hand of the City, the landlord”. In other words, their development opportunities in the City centre strongly depended on the site allocation policy of the City. Also the National Rental House Cooperative (VVO) opposed the proposal on the basis that mixed blocks would cause a more complicated administration system.

Variations in opinions within the public authority were unveiled when the City Planning Department opposed the City Office Project leadership’s suggestion to test the mixed occupancy model 35. The opposition derived from “some unclear reasons” as a former Project Director (interview 2000) recalled, and these may have been based on problems of facade design – that is, on a highly technical reason (KSV 1987, quoted in Vehviläinen 1992:21). A research published by the Planning Department, ‘Sociological aspects of application of mixed occupancy housing in Ruoholahti’ (KSV 1986b), highlighted the lack of previous experiences in fully mixed occupancy housing. The author used the literature on the experiences of social mix in suburban neighbourhoods in the US cities 36. The author suggests that ‘mutual compatibility of residents creates better conditions for positive interaction than mutual differences...’ (KSV 1986b:20) but then stressed that

35 The City office was dominant in urban policy making in the 1980s, but the leadership was shifting to the Planning Department towards the 1990s. According to Lampinen (2000) the shift occurred when certain key persons left the City Office.

'Similarity of residents is negative when the dominant group is characterised by social problems and these problems are hence intensified... in the city centre the similarity is not an advantage ... and mixing rationalises the use of public services.' (KSV 1986b:20)

Therefore, the research did not support the mixed occupancy model on the basis that some potential private developers of new private freehold housing (the source of funding for the area development in general) will turn away, which would 'limit the social variation in the area'.

Nevertheless, the Helsinki City Council concluded that the advantages of mixed occupancy model outweighed the presumed drawbacks, particularly for the long-term prevention of social problems in the suburbs. According to two contemporaries of the model approval (Lampinen 2000; Mäkinen 2000), it was largely due to persistence of Väisänen that after a "battle and tough arguments" the mixed occupancy model was successfully hammered through to the public officers who in turn forwarded it to the Master Plan proposal. Väisänen (who had gained a nickname the 'Battering-ram') was known as "a social democrat voter" and "had a genuine personal interest" in improving social conditions and reducing class division in Helsinki. However, the City Planning Committee decided to limit the mixed model to the start-up quarters (HKK 1991). The decision was based on technical and economic points, and again derived from the social equality targets. The following reasons were given by the project management and these are different from the recommendations of the sociological aspects research (KSV 1986b):

- the poor economic state of the country might delay the selling of the private freehold flats which would delay production of social housing in mixed system;
- Arava standards restrict the design of freehold flats which has effects on the façades and thereby on the final landscape;
- City Council's Arava rented flats will become more expensive due to stamp duties and house management which do not apply to the traditional council housing.

6.3.1.3 Types of occupancy and design of Ruoholahti housing units

The Ruoholahti housing type allocation was an explicit indication of socially oriented redevelopment planning. The City Housing Programme, implementing the City level housing policy, defined the housing production ratio between the rental and owner-occupied units at 59 %–41 % (Table 6.3). In addition, the Hitas price-quality system controlled construction costs and selling price in 90 % of the housing units in Ruoholahti. These features were common to all regeneration schemes in Helsinki from the 1980s onwards.
**Table 6.3** Forms of occupancy of the Ruoholahti housing as set in the Housing Programme 1985-1989 (KSV 1999).

<table>
<thead>
<tr>
<th>FORM OF OCCUPANCY</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidised Arava, rental</td>
<td>41</td>
</tr>
<tr>
<td>Subsidised Arava, owner-occupied</td>
<td>13</td>
</tr>
<tr>
<td>Right-of-occupancy</td>
<td>6</td>
</tr>
<tr>
<td>Privately financed Hitas, rental</td>
<td>6</td>
</tr>
<tr>
<td>Privately financed Hitas, owner-occupied</td>
<td>24</td>
</tr>
<tr>
<td>Freehold privately financed, rental</td>
<td>6</td>
</tr>
<tr>
<td>Freehold privately financed, owner-occupied</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
<tr>
<td>Total rental and right-of-occupancy units</td>
<td>59</td>
</tr>
<tr>
<td>Total owner-occupied units</td>
<td>41</td>
</tr>
</tbody>
</table>

Figure 6.4 Ruoholahti housing structure and location map by type of occupant (HKK 2000: liite 6). The more detailed block structure is shown in Figure 6.2a.

Most interviewed decision-makers had a common understanding that the small size of an average inner city flat in Helsinki was behind the decision to plan for large flats in Ruoholahti.
(interviews with Lindroos 2000, Mäkinen 2000; Laitinen 2000). This was done in order to improve the possibilities of families with children to stay in the central city, and to increase the selection in the inner city housing markets. An average flat size in Ruoholahti is 70 sq. m., which is larger than the average in Helsinki inner city. The flats with three rooms or more are mainly occupied by families (Tilastokeskus 2000), and these contribute 40% of total Ruoholahti flats (KSV 1996a).

The City Planning Department was in charge of deciding the exact location of the different flat types within the area, as illustrated in Figure 6.4. The owner-occupancy flats were placed in the higher floors and overlooking the sea, as in most housing schemes. Town Plan Architect Lindroos (2000) explained that this is for marketing reasons. Figure 6.5b shows an example of the mixed housing block design.

6.3.1.4 Development of the housing prices in Helsinki and Ruoholahti 1990-2000

It is very difficult to give comparable average prices of flats in Ruoholahti or Helsinki in general, since the prices are strongly dependent on the exact location, size, and interior material of the flat. The price per unit is strongly depended on the size of the whole block (that is, the bigger the block, the cheaper the construction costs per unit). For example, the mixed occupancy blocks in Ruoholahti are generally bigger than the other occupancy type blocks, and thus have the lowest average prices in the area. The quality and design of housing blocks do not vary much in the area, as can be seen by comparing Figures 6.5a-c and 6.8.

![Figure 6.5a View of the Ruoholahti residential area at the mouth of the canal. Across the canal is the other of the two private freehold housing blocks. The 16-storey office block is seen in the background (Photo by author 2001).](image)
Nevertheless, if we use an average Ruoholahti family size flat of 70 sq.m. as an example for comparison, in the mid 1990s, the purchase price for a 2-3 room, subsidised Hitas flat in Ruoholahti was 385 000 FIM (£42 800), and for a privately funded Hitas 490 000 FIM (£54 500) respectively. These prices were lower than the average price for an inner city flat at 630 000 FIM (£70 000), and even lower than the average flat price in the whole Helsinki area, 500 000 FIM (£55 500), in the mid-1990s. The private rent for similar flat would have been approximately 2800 FIM (£300) per month. By 2000, the prices in the Helsinki area rose to 800 000 FIM (£89 000) for a subsidised Hitas, and to 1 million FIM (£110 000) for a private Hitas flat. The top new production
prices in 2000 are over 1.6 million FIM (£185 000) in the inner city, whereas prices of similar size old inner city flats are lower, at approximately 1.2 million FIM (£135 000). In the year 2000, the average private rent for 70 sq.m. Helsinki city flat was 7000 FIM (£780) per month, whereas the rent for an average Arava Council flat was 3500-4000 FIM (£390-440) per month, following a general increase in the early 2001 (HS 11 Jan 2001). Thus the prices in Ruoholahti were substantially cheaper at the time. Prices in the year 2000 are substantially higher than during the previous price peak in 1989, when the highest selling price for a 70 sq.m. flat in the inner city would have been approximately 950 000 FIM (£105 500) in the inner city. (Prices are based on information by KSV 1997:28; Helsingin kaupungin kiinteistövirasto 2001; Helsingin kaupungin tietokeskus 2001; NCC Finland 2001; ATT 2001).

Mäkinen (2000) and (Laitinen 2000), the former and the present Project Directors verify that the overall selling prices of Ruoholahti flats were relatively low compared to other recent housing projects in Helsinki. The low prices were described as a ‘lucky co-incident’ resulting from the economic slump in 1991, which caused a rapid increase in unemployment and foreign loans in Finland. Housing production was frozen and therefore, competition between the building companies kept the contract prices low. All the interviewed Project leaders (Lindroos 2000; Lampinen 2000; Mäkinen 2000) point out that, in the end, the debated mixed occupancy structure contributed to successful sales of the flats during the recession years, and the housing markets of Ruoholahti heated up with more demand than supply during the mid-1990s. If built as separate blocks, construction of the privately funded units would not have started under the unfavourable housing market conditions.

6.3.1.5 Amendments made to the housing plan during the recession in the mid-1990s

The Ruoholahti Area Development Project has undergone a number of small but significant changes due to the global economic recession. For the housing plan, the recession contributed to a new site policy. The City Council accepted the City Real Estate Office proposal to sell four housing development sites to private developers 37. According to representatives of all parties, the Planning Department, the Real Estate Office, and the private developer (interviews with Lindroos 2000, Tuuttila 2000, Mecklin 2001), this was formerly an unknown practise in Helsinki. It marked a shift in the attitude on the public landownership by the local authority. According to the Land Resources Manager of YIT, a large private development company (interview 2001),

37 A proposal of land sale is prepared at the City Real Estate Office, and then passed on to the Real Estate Committee for approval. This is usually only a formality, because the Committee seldom rejects proposals.
"YIT and its allies working within the local government, had put in a site application many times, but they had never before led to anything."

Four housing sites that were to be leased to developers were sold to two private developers to raise funds for the redevelopment projects. These site sales were initiated by the private developer and not by the City, which implies that the local authority had not yet taken the step towards market force involvement in housing. There was no private freehold housing included in the original project plan, apart from a few units within the mixed occupancy blocks. The City’s attitude changed when the global recession and public funding cut backs caused delay in some of the housing construction projects. At the same time, YIT, focused on high-cost private freehold housing production, saw an opportunity to get sites for freehold housing development from the City. With the promise of speeding up the area development, YIT was successful in its bid for the sites, but it still had to make compromises with the City. For example, YIT wanted to buy two sites at the mouth of the canal but the Real Estate Office agreed to sell only one site. The other site was leased to YIT with the Planning Department including a clause in the contract that YIT must follow the Hitas regulations in their housing production. This information was gained from Lindroos (2000) who said during the interview that it was "a very unusual arrangement". Mecklin (2001) confirmed this by stating that this site arrangement was "more a wish of the City than ours [YIT’s]". The other private developer, a large Swedish-owned company Skanska, agreed to purchase the construction rights for the high-cost housing units without changing the design made by the Planning Department (see Figure 6.5a) (interview with Lindroos 2000).

Although the City Office had agreed to sell a site, it did not compromise on any land use changes from housing to more profitable uses. As in many other cities where private money has been involved in prime waterfront development, the housing blocks on the sold sites became ‘luxury’ units. Following the desire of a high quality environment by the Planning Department, YIT hired a top architect to design the housing blocks (interview with Mecklin 2001). However, the luxury units do not stand out in the landscape. This is due to the relatively high quality design of even the less expensive buildings throughout the area (see Figures 6.5b-c). In terms of selling price, the luxury houses were priced well over 1 million FIM (over £110 000) per unit (YIT 2000), which is far above the controlled Hitas unit prices (interview with Lindroos 2000). The Ruoholahti Town Plan Architect expected a rapid increase in the prices for these luxury units in the near future. This has indeed happened: an asked price of a top-end flat was 950 000 FIM (£105 500) for very

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38 In the Cardiff Bay redevelopment, for example, fund raising for social housing was used to justify construction of 75% of total 6000 housing units as free market owner-occupied units (Rowley 1994:276).
small (34 sq. m.) studio flat, and 2.1 million FIM (£230 000) for a 3-room (88 sq. m.) family flat in October 2001. Both prices are 40% higher than the normal asked prices for similar flat in the inner city (HS 21 Oct 2000; HS 28 Oct 2001).

The revision of the Helsinki Master Plan in 1995 made another amendments to the 1992 Master Plan as a response to the decline in the housing market. This is according to a Project Architect (interview 1998) who stated that during the recession:

"interest in housing and aesthetics was reduced, and the office development gained more space. However, the RAMA survey was still largely the guiding light of the long-term planning."

This implies that the local authority bodies were strongly committed to the RAMA survey principles and only two sites were sold for freehold housing production. Nonetheless, these sites were very profitable for the City Office and the Ruoholahti project finance. Two project participants verified this:

"the planners comment that the sites sold were very small share of the total housing volume but its economic effect at the time was substantial." (interview with Tuuttila 2000)

6.3.2 Entrepreneurial development policies in the Ruoholahti office development

In the sites reserved for office development in the Town Plan the City applied policies that strongly focused on economic development and encouraged the maximum involvement of private capital. This entrepreneurial shift occurred relatively late in Helsinki in the mid-1990s. It was a clearly separate element of the Ruoholahti Development Project, which itself had a strong overall emphasis on social housing development. The sites reserved for office development were located in the northern edge of the area (see Figure 6.2a) and firmly regulated by the Master Plan, Town Plan, and landownership of the City. The area allocated to commercial development was spatially determined and relatively small. This is in line with the Partial Master Plan of 1986 which stated that ‘offices are to be constructed only where the area is not suitable for housing’. The proportion of offices to housing was adjusted so that the total share of office space was not to exceed the total housing space. The idea also followed the principles of RAMA survey. This was expressed by a Project Architect (Hirvonen 1998) who stated before the recent IT expansion:

"Previously one of the targets was to obtain self sufficiency in employment in Ruoholahti area, but nowadays the ideal is to have slightly more inhabitants than jobs, because it helps in the formation of local communities and supply of services in the area"
The office to housing ratio formed a major limit to the market forces at the beginning of the project. But within this spatial limit, the City planning authorities assumed that through efficient cooperation with the private sector the City could get a full advantage of the new central city office development. However, during the early stages there was little commercial demand for office development in Ruoholahti due to the recession of the early 1990s. Together with an oversupply of the office space built during the 1980s, this resulted in office construction remaining frozen until 1997. As an example of poor demand, Nokia Corporation — then far from its current global position — had dropped one of its site options, as did Mercantile with its option. The situation was described by the City Real Estate Manager as:

"Throughout the 1990s we were thinking what's wrong with Ruoholahti since no-one was interested! During the 80s it was still popular." (Tuuttila 2000.)

Sensitive to the job losses caused during the recession and following the upturn in Finnish economy there was subsequent shift by the City Real Estate management to promote office site development, and this exploded towards the end of 1990s — to the extent that, by 2007, it is expected that the total office space will exceed housing space (see Table 6.2). Comments by two participants, a Real Estate Office Manager and a former Project Director clearly described the shift in the attitude within the local government:

"The attitude towards work places was very different when we started in Ruoholahti in the 1980s, and therefore we were much criticised of being passive towards companies. The idea was to build housing, which was a hot topic at the time due to shortage... Now it's a very work place oriented Project and even more offices are to come..." (Tuuttila 2000)

"At the early stage of the Ruoholahti project, there was very strong objection to office development. It took funny forms, and for example banks were allowed to occupy a maximum of 15 meters of ground floor office space. If a bank wanted more, they should have financed social housing as compensation [planning gain]... After the recession, there was a panic because of job losses, and policy changed so that now no-one would restrict offices!" (Mäkinen 2000).

The development approach of the Real Estate Office was explicitly proactive and included place marketing and agglomeration strategies. The site sales policy was intensified in the office development in order to attract high tech companies. These points were raised by a Real Estate Manager (Tuuttila 2000), who stated that:

"We were thinking of the marketing strategies and decided to make Ruoholahti a high-tech agglomeration. We started to build it from that point of view. Companies are usually influenced by 'group hysteria' - when one big trendy name moves in, the others follow - Nokia was the name we wanted to get involved here. When negotiating over the Cable Factory, we were successful in obtaining a deal which attached Nokia to the future development here by a construction option. The problem was how to get Nokia interested to use it... The main thing in getting Nokia into
Ruoholahti was commuting of workers: universities were now within quick reach by underground, and together we researched carefully where the high-tech workers live...

The shift for office development was supported by the Planning Department which saw the potential of jobs increasing the tax income of the area. It was said by the Project Director, Mäkinen (2000) that:

"...one thing is to own and lease land, but the other thing, and more than the land rent income, are the jobs in an area and the income through that."

The explanation for both the above comments was argued to be the desire to increase the City's budget during the economic downturn. This was noted by Mecklin (2001), a Land Resource Manager at YIT, during an interview:

"...The recession was behind this, the City decided in the early 1990s, that 'the next year we have to make 100 million FIM (£11 million) by selling sites, and the year after that 200 million FIM (£22 million)."

YIT was interested in more office sites, but the Real Estate Office did not agree to sell more land. As in the housing development, the City used private developers to speed up development project during the recession in the mid-1990s. The City sold two sites along the Itämerenkatu (see Figure 6.4) with a clause that YIT had to start the development immediately. For timetable reasons, and to attract other developers to the area, the City became more flexible towards the private developers, but it still held the main leads in its own hands. This was described by the YIT Land Resource Manager as follows:

"There is a Town Plan prepared for those areas, which was changed to fit to our construction plan, but nothing big can be done. The construction rights were not touched, but contract details and costs were negotiated... Also they required street and environment design plans from the developer. Even though there are various site owners there, it is in the interest and power of the City to have harmonious design, and it is always the Planning Department which makes these plans... This is how the City governs the total city space." (Mecklin 2001).

The City Office Project Directors (interviews with Laitinen 2000; Mäkinen 2000), recall that as interests in office construction had awaken, Nokia Corporation bought a large, 35 000 sq.m. site within the planned office area for its Research Centre, and thereafter the rest of the space filled up easily with IT and telecommunication firms without any need for extra marketing (see Table 6.4). Two valuable waterfront sites next to the Cable Factory were sold to a private developer SRV for the Helsinki High Tech Centre 1 (HTC 1) development in 1998 (see Figure 6.6). These negotiations were firmly led by the Real Estate Office and the Project, but again with a flexible and cooperative manner. The main aim of the City was to speed up the development on the key
sites of the office area, and to find a 'first-class' developer to the prime office site, where housing was not allowed due to the adjacent harbour. Thereafter, the City let the developer participate in detailed design of the Town Plan on the site. The above was specified by the SRV Property Development Manager (Mäkinen H. 2001) as follows:

"In the beginning SRV took the decision to buy the Lepakko site... We ended up in negotiation with the Real Estate Office. The City had been looking for a developer for the site behind the Cable Factory, and thinking its head out what to do with it. There was a Draft Town plan and a great site... Then it was agreed that Nokia buys Lepakko site and we get this site... Our plan was a bit different from their Town Plan, but the City was clever and let us know in advance that we are allowed to apply for exemptions to it... The City's organisation [the Project] in this development is excellent."

In this way, by 2000, the City Real Estate Office had sold a total of five sites to major large constructors. A Real Estate Office Manager (Tuuuttila 2000) and the present Town Plan Architect (Lindroos 2000) justified the selling of sites in terms of fund raising for expensive landfill and cleaning costs on redevelopment areas in Helsinki, and for infrastructure costs and property purchases. They said that the practise will be continued as there are only good experiences from it. In spring 2001, the Real Estate and Energy Departments are planning large office space expansion for the needs of high-tech companies (see location I in Figure 6.2a) (HS 19 January 2001). The high, 210 million FIM (£23 million) share of the project costs paid by the Real Estate Office were largely raised by selling office sites in Ruoholahti.

![Helsinki High Tech Centre 1 office hotel is located on one the top office sites along the Ruoholahti Canal. It is the first building in the area which uses the old harbour image of Ruoholahti in its design that resembles harbour cranes. (Photo by author 2001.)](image)

According to the Ruoholahti Project decision-makers, Tuuttila (2000), Mäkinen (2000) and Laitinen (2000), the strongest indication of shift towards increasing market influence in the property development policy in Finland is that even the State property management company,
Kapiteeli has realised the potential of public-private cooperation. It is now participating in the Ruoholahti infrastructure development and will host the Helsinki High-Tech Centre 2 (see location C in Figure 6.2a) (HKK 2000:5, 7-8, liite 7). As described by Forssén (1998), state land had previously been a "total development barrier" in Helsinki City.

<table>
<thead>
<tr>
<th>DEVELOPER</th>
<th>OCCUPYING COMPANY</th>
<th>SECTOR OF BUSINESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ilmarinen private insurance</td>
<td>Telia</td>
<td>telecommunications, IT</td>
</tr>
<tr>
<td>Kapiteeli state-owned property management company</td>
<td>Primalco, primary school &amp; sports hall, Sitra, Tekes, PriceWaterhouseCoopers, Academy of Finland, Helsinki High Tech Centre 2 + smaller offices</td>
<td>state company headquarters, municipal services, research finance, public research institute, auditing, research finance, office hotel (focus on IT), various sectors</td>
</tr>
<tr>
<td>Varma-Sampo mutual insurance company</td>
<td>Nokia Research Centre</td>
<td>telecommunications, IT</td>
</tr>
<tr>
<td>YIT-Yhtymä private developer</td>
<td>Telchallintokeskus, Petrasol, TJ-Group</td>
<td>public telecomm. administration, IT, IT</td>
</tr>
<tr>
<td>SRV-Viitoset private developer</td>
<td>Helsinki High Tech Centre 1</td>
<td>office hotel (focus on IT)</td>
</tr>
<tr>
<td>Nokia Corporation IT &amp; telecommunic.</td>
<td>Nokia Research &amp; Development, Nokia High Tech Centre</td>
<td>IT, telecommunications</td>
</tr>
<tr>
<td>Ruohoparkki local car park company</td>
<td>-</td>
<td>parking services for the residents and workers in Ruoholahti</td>
</tr>
<tr>
<td>Kuntien eläkevakuutus municipal council insurance</td>
<td>Andersen Consulting</td>
<td>financial consulting</td>
</tr>
</tbody>
</table>

Table 6.4 The main developers and occupiers of new office space in Ruoholahti in 2000 39 (HKK 2000).

6.3.2.1 Promotion of the IT agglomeration by the City Real Estate Office

During the Master Planning phase, the future occupiers of the Ruoholahti office space were presumed to be traditional service sector firms (KSV 1986). However, much of the office space is occupied by high tech companies. Among reasons which helped start up the high-tech agglomeration was a perfectly timed promotion by a single innovative person:

"Behind the HTC 1 development there is the innovator of Heureka [a Science Park near Helsinki], a real 'Gyro Gearloose' 40 who had contacts to the science institutions. He successfully marketed and sold the HTC 1 to the companies... He woke us up here at the City - we did not believe this business could come up so fast." (interview with a Real Estate Office manager, 2000)

39 A common practise in large office developments is that a landowner company - or the City on its own land - allocates construction rights to a private developer, which then rents the property to the actual occupiers. This has become a practise because many companies find it too heavy to both invest in constructing and run the property (Tuuttila 2000).

40 In Finnish 'Pelle Peloton', the fearless innovator of the Walt Disney's Donald Duck stories.
At the same time, City property managers began to feel the pressure of global and regional city competition. The local competitor was the City of Espoo, which had been successful in attracting several large company headquarters to Keilaniemi, opposite to Ruoholahti across the bay during the previous 3-4 years. The largest Espoo gain was the Nokia global headquarters in 1998. A former Project Director (Mäkinen 2000) describes this competition very well:

"... if we do not [remove the City Energy Department's coal pit from the waterfront], Espoo picks all new office development projects to Keilaniemi."

The attraction of a large company, such as Nokia Corporation, was an important strategy for Ruoholahti. The Real Estate Office Manager (interview 2000) confirmed this when he commented that the Corporation Tax each Nokia office pays to the City is very high and hence any local government would benefit from giving a development site to Nokia for free, but the company had not contested the metropolitan area land markets in this way. Although land prices were slightly higher in Ruoholahti than in Espoo waterfront, they were lower than in the CBD zone of Helsinki.

Internationally, Ruoholahti is a ‘latecomer’ to post-industrial high-tech service sector development projects. But still the small Ruoholahti office zone developed into a prototype of a ‘high-tech city’, as seen in the image in Figure 6.7. With nearly 11 000 work places, it is the third largest IT conglomeration in Europe after southern France and M11/M4 corridor in the UK (KSV 1999). The office space prices are cheaper in Ruoholahti (120 FIM (£13) per sq.m.) than in the City centre (150 FIM (£16.50) per sq.m.), despite being of higher quality (TieKe 2001). According to comments by Mecklin (2001), Mäkinen H (2001), and Tuuttila (2000), the unique location of the area ‘deserves high quality’ and the first occupants required it. For example, the City Public Works invested 70 million FIM (£7.7 million) on the environmental design around the HTC 1.

As a concluding comment, it is worth pointing out that even though the office development policy in Ruoholahti had followed global trends, and the City’s land policy had increasingly been driven by ‘money-making’ initiatives, it did so at a limited scale, both spatially and politically. When interviewed, the public and private parties (Hirvonen 1998; Lindroos 2001; Laitinen 2000; Mäkinen 2000; Mecklin 2001; Mäkinen H. 2001) shared a common view, that even important companies, such as Nokia Corporation, were not in position to “come and choose which sites and what development they want”, as the Town Planner Lindroos (2000) put it.
Therefore, the City’s Town Planning and landownership were strong tools used to direct urban development.

6.3.3 Services established in Ruoholahti

In terms of services, the approach to planning followed a socially balanced development strategy. The guideline for the service provision was again derived from the RAMA survey. The survey assumed that in an area close to the CBD, as Ruoholahti, a wide range of public and commercial services would be naturally established, and that they would bring benefits for the people in both the city centre and Ruoholahti (HKK 1984). Ruoholahti was predicted to be self-sufficient in terms of both municipal and commercial services (HKK 1984).

6.3.3.1 Municipal services

The decisions upon municipal services were made in cooperation by the Planning Department and the administration sectors of the City (such as health, education, housing), and were based on average Helsinki City welfare standards (Vehviläinen 1996:23,28). The exact location of an area, such as Ruoholahti in the inner city waterfront, did not have effect on these statistical City norms. Consequently, the services were targeted to the largest number of residents possible. Due to the emphasis on family size housing units, a high number of day care centres and low level schools were planned within the area. However, not all municipal services were included. A major problem is the missing local Health Centre, which was planned by the Social Security Department but never established due to city level restructuring.
The special features provided in all residential blocks illustrate the general standard of Helsinki City housing production (see Figures 6.5a-c and 6.8). There are several facilities targeted at enhancing community building and easing the daily life of the residents. Examples of such facilities are baby push chair and wheelchair cleaning rooms and carpet vacuum cleaner rooms in the mixed occupancy blocks. These are designed particularly for young families and for the disabled (Vehviläinen 1992:8). For social activities, there are club rooms provided for every 4-5 blocks and the large Canal Centre to serve the whole area as a meeting venue. On similar grounds, a sport hall and a fitness centre were developed. All the construction costs of the services were equally shared and included in the flat prices.

All the decision-makers, the documents, and interviewed residents stressed a problematic element of public services was the lack of residential parking (Field survey 1999; Mäkinen 2000; Tuuttila 2000; Lindroos 2000; Vehviläinen 1996). As Helsinki is located on a narrow peninsula, the space available for private car parks is limited. In Ruoholahti, the car park ratio was decided at slightly lower level than in the old city centre on the grounds of the services provided by the highly developed public transport, (Vehviläinen 1996) and the new, pedestrian-friendly inner city planning policy applied since the early 1980s (interview with Forssén 1998). The problem was emphasised by the Ruoholahti parking model, which put office developers in charge of providing the parking spaces for the residents. The five-year delay in office construction led to unexpected problems to the parking system. Recently, the circumstances have improved with the help of the ongoing office construction.

Figure 6.8 Urban design and environment in Ruoholahti: a bridge crossing the canal and a private freehold housing block on the right (Photo by author 1998).
The canal, the major recreational element and open space in the area, was formally classified as a park in the Ruoholahti Town Plan. Without the canal, the total green space in the area would not have met the Finnish construction regulations (KSV 1986:69). This reflects the Planning Department eagerness to maximise construction volume in Ruoholahti.

6.3.3.2 Commercial services

The two main commercial centres of Ruoholahti are around the underground station and in the former Alko industrial property (see locations 2 and C in Figure 6.2a). The underground service centre houses some speciality shops as well as municipal services, for example library and Post Office. The Alko property houses a large supermarket (see Figure 6.7). However, the Town Plan initially allocated most commercial services, such as bars and specialty shops, to the ground floor level of buildings as is in the old city centre (see Figure 6.9). This was another attempt to enhance the 'city centre' image of Ruoholahti. In practice, this model was not successful, and the range of commercial services has reached sufficient levels only after the shopping centre opened in 2001.

Figure 6.9 Commercial services on the ground floor of a residential block in Ruoholahti (Photo by author 1998).

Public planning authorities cannot control the development of commercial services, it can only provide space for the entrepreneurs. The present Project Director (interview 2000) acknowledged the problem of delays in commercial service development with a comment that, when Ruoholahti was still an unfinished area, it was not attractive for private services as the existing customer potential was low and the future was uncertain. Furthermore, the extension of the
underground station commercial centre by a private developer YIT was delayed, which further deepened the service problem.

6.3.4 Planning the cultural facilities in Ruoholahti

The lack of cultural interest in the project and the key role of the local actors were expressed by all participants interviewed (Raunila 2000 - the Cable Factory; Tuuttila 2000 - the City Real Estate Office; Lindroos 2000 - the City Planning Department). The role of culture in the Ruoholahti redevelopment can be examined through two cases in which the cultural actors were affected by the planning policies. These examples are Kaapelitechdas (the ‘Cable Factory’, today a cultural centre) and Lepakkoluola (the ‘Bat Cave’ demolished in 1999) and both show that the potential of the local cultural activities in the area development was not recognised by the public planners and not by the private investors. In this way, the development process in Helsinki differs from the policies in many western cities during the same period, as discussed by Bianchini and Parkinson (1993) and Zukin (1995). Consequently, cultural activities in Ruoholahti were initiated as a ‘bottom-up’ process by local artist activists, instead of being developed from the ‘top-down’ as a part of the project.

The Master Plan 1986 targets did not include any explicit attempts to utilise the industrial and maritime history of the Western Harbour in the local economic development. It was merely perceived as a potentially attractive natural living environment. The implicit public sector contribution to the arts in Ruoholahti was a series of Environmental Art installations in the public spaces. This was to reflect the overall principle of ‘a high quality environment’ (KSV 1996a).

The project area had only two buildings acknowledged to hold value for industrial history and culture: the Cable Factory and Lepakkoluola. The technical orientation of the City Planning Department is unveiled in the brief remarks made about these two places from the Description of Partial Master Plan document of 1986:

‘The only notable industrial building [in the Plan area] is the 5-7 storey house, which belongs to the Nokia Ltd., built between 1941-54’ (KSV 1986:9)

‘In the northern side of the area, there are the offices of Elmu and Radio City located in a former paint storage.’ (KSV 1986:10)
6.3.4.1 Development of the Cable Factory – absence of public cultural policy

The transition of the Nokia Cable Factory from an unwanted industrial building to a cultural heritage site occurred in the absence of any public cultural policy. The Nokia Cable Factory was located in the city centre and therefore in an unprofitable location for marine cable production and for expansion purposes. According to Managing Director of the Cable Estates (Kaapelikiinteistöt Oy.) (Raunila 2000), Nokia had been aware of the problem since 1950, and, prior to the end of the land lease contract in 1989, Nokia and the City Real Estate Office started to negotiate the future of the Cable Factory.

Initially, during the negotiations, Nokia's only interest was to demolish the Cable Factory and build a new office block in its place. Nokia did not estimate the historic value of the factory building. In contrast, the City Real Estate Office negotiated to protect parts of the building following the Helsinki City Museum suggestion that the 'unique industrial milieu was worth preserving' (KSV 1986:11) (see Figure 6.10). Subsequently, in 1987, the City Real Estate Office, represented by Tuuttila (2000), and Nokia Real Estate Management achieved an agreement upon which the City received the Cable Factory building 'untouched' and Nokia was given substituting construction rights elsewhere in Ruoholahti.

According to the Managing Director of the Cable Factory, Raunila (interview 2000), opinions on the Cable Factory building among the City officers were very polarised: the Real Estate Office considered it an interesting property development, whereas the majority of the Planning Department 'did not see any sense to taking it'. According to Lindroos (2000), Lampinen (2000), Tuuttila (2000), who represented the Project at the time, the redevelopment of the Cable Factory was very problematic due to its vast 60 000 sq.m. size, and it was made even more complicated by a clause upon which Nokia could set high financial claims based on certain uses of the Cable Factory property by the City. Therefore, planning for its future use took a long time. The first plans for the future use of the Cable Factory lacked all economic or cultural development dimensions. The Planning Department turned to the City's Social Security and Education Departments and enquired if they would locate a municipal school or health centre in the building. According to Raunila (2000) and Tuuttila (2000) the situation was difficult, since even when the vacant space was advertised in a daily financial paper not a single company replied.
The Managing Director Raunila (2000) argues that the decisive turn for the Cable Factory was in 1989, when Nokia Real Estates did not want to wait any longer for the City’s decision, and started to advertise the Cable Factory by word of mouth for artists as a suitable, cheap place for studios and exhibitions. Within one year, the space was filled with several hundreds of ‘pioneer’ artists. However, the project planners (Tuuttila 2000; Lindroos 2000) recall that they still wanted to take the Cable Factory as an empty skeleton only. According to Raunila (2000) this indicated that, for the City, the Cable Factory was still “mere property without a community” and the artists were not considered the final users of the space – something “proper” was still searched for. In 1991 the community occupying the Cable Factory organised a large demonstration which helped to fully protect the building in the Master Plan of 1992.

The City planners (Lindroos 2000; Tuuttila 2000) recalled that it was after the demonstration that the City was convinced that the factory had a future as a cultural centre. Lindroos, the Town Plan Architect, also noted that as a result, the Cable Factory was already in its present use when the Town Planning for the rest of the area was still in progress. As the Managing Director (Raunila 2000) pointed out, the City (the property owner) was not involved either economically or functionally in the new administration model tailored for the Cable Estates. However, Tuuttila (2000) from the City Real Estate Office commented that the space in the Cable Factory was, and still is, rented out at lower price than the Helsinki average due to non-profit policy, which is possible because the property is owned by the City.
By the above process, the Cable Factory was detached from the Ruoholahti area development Project. The Managing Director, Raunila (2000) was surprised that the project did not see any development potential in the active cultural community. Nevertheless, every public project participant interviewed acknowledges the great success of the Cable Factory and considers it a core attraction of Ruoholahti today (Lindroos 2000; Tuuttila 2000; Hirvonen 1998; Laitinen 2000; Lampinen 2000; Mäkinen 2000). It is an independent cultural centre known among artists worldwide as a place of arts, performances, and artist education. The former main production hall, now called the Marine Cable Hall, is used for example for annual meetings of companies which clearly appreciate this old industrial milieu. In 1998, Nokia Pension Funds converted a small northern wing of the property into large residential rented units. This was the first housing development in Ruoholahti that used the historical elements of the local industry as a theme in the architecture and interior design.

6.3.4.2 A battle of Lepakkoluola – local culture vs. private interests and the City

The conflict over Lepakkoluola ('Bat Cave') in Ruoholahti (see location D in Figure 6.2a) presents two features of the Helsinki planning policy that are similar to many post-industrial regeneration schemes (see, for example, Holcomb 1993, Goodwin 1993, Zukin 1995). In this example of cultural development, the possibility for high profits by private development outweighed the pubic sector cultural promotion in the City decision-making. Furthermore, the upper class or 'official' cultural activities were promoted by land use and real estate planning, whereas the 'popular' or local versions tended to be neglected.

Lepakkoluola was a warehouse that stored paint on a public site in Ruoholahti. It was also used as a night shelter for alcoholics. It became a legendary place for alternative youth culture after it was taken over in 1979 by punk and rock music activists organised as 'Elmu Live Music Society'. In the beginning, it was strongly disapproved by the 'main' Helsinki culture. In 1985, Elmu founded the first local rock music radio station in Helsinki and this was based at Lepakkoluola. By that time the place had shaken off the worst reputation as 'the place of depravity', and become an established institution, although still was far from the traditional cultural institutions (see Figure 6.11).

The City rented the Lepakkoluola site as a temporary annual contract. Despite this, since it was an institution of some local historic importance, Elmu was invited by the City Real Estate Office into negotiations on the future of the Lepakkoluola site in 1998. According to the Executive
Director of Elmu (interview with Westermark 2000), throughout the process the Elmu community was left with a feeling that

"we are not an Opera House or the Helsinki 2000 City of Culture Foundation - we are just hippies to the City."

The City Real Estate Office presented to the society with the technical reasons why the building needed to be demolished – the regional road network needed a bus stop at Lepakkoluola site. Soon it became clear that the traffic plan was a way to gain time for a much bigger plan in progress behind the scenes. Elmu was informed privately that the actual reason was Nokia Corporation’s interest to purchase the site for its High Tech Centre development for 133 million FIM (£14.7 m). The key problem for both the City and for Nokia was the awareness of strong protests that would be caused by the demolition of Lepakkoluola. Westermark (2000) pointed out that this gave Elmu some negotiating power. Elmu used the media to make both sides aware of a threat that it would publish comments that would put the City and Nokia into highly negative light. Nokia in particular did not want to be blamed and labelled as a ‘Killer of the Culture’.

Figure 6.11 A place of ‘alternative’ local culture in Helsinki – Lepakkoluola towards the end of its time (Photo by author 1999).

Before giving up the building, Elmu commenced a Pro-Lepakko movement, which collected as many as 40 000 names against the demolition. The Executive Director stated (interview with Westermark 2000) that Elmu also proposed a Danish development model of a lively work place area where

"...the modern business monsters are mixed with our 'hash' gang ['hörröt'] within one area, and the Nokia People can watch through their windows and get inspired by us fooling around... Lepakko would have fitted in, for sure. But when someone puts so much jam on the bread [offers 133
million FIM, you are kicked out... we knew that from the beginning... We were like in the 'David and Goliath' tale, but we did not have a sling."

As with the Cable Factory ten years earlier, the City planners did not see space for any cultural activities within the planned office area. Westermark (2000) noted that, apart from the big money offered, the City had seemingly no other interests in the demolition - no image of Ruoholahti or of pleasing the residents. This was verified by a comment that

"... the residents certainly did not like our kids hanging around, but it was the mere 133 million FIM which assisted in decision-making." (Westermark 2000)

In a book on the history of Lepakkoluola, Rantanen (2000) argues that the image attached to Lepakko was so powerful that the City did not want its demolition to occur in January 2000 as planned - as the first action by Helsinki as an European City of Culture 2000 - but demolished it in November 1999. Furthermore, trying to keep the conflict out of the national media, the City Real Estate Office purchased a nearby old harbour building for Elmu, and contributed to most of the renovation costs.

Following these two examples, the use of cultural elements and local history in local economic development has been increasing applied by private developers in Helsinki. For example, as a part of image construction, Nokia Corporation named its new office complex on the Lepakkoluola site as 'Lepakko House' and bought the butterfly graffiti painted on the outside wall of the building, from which the name 'Bat Cave' originates. In the future, the graffiti will be placed in the Lepakko Square together with a Lepakko Café - which is predicted to be more tuned to the taste of the main culture than the 'refreshments' served during the time of the original Lepakkoluola (interviews with Westermark 2000; Tuuttila 2000).

6.4 Conclusions

An examination of the Ruoholahti Project indicated that there were major differences in Helsinki redevelopment policy and targets compared to most West European and US post-industrial cities, but a few common features also emerged. The first difference regards the power relations in urban planning in Helsinki during the 1980s-1990s. The Ruoholahti project provides evidence of a more independent role for local government compared to the private institutions and quango-institutions that are generally suggested as central actors in the literature (for example, Savitch 1988; Concrane 1993; Fainstein 1994). Thus, evidence from Ruoholahti supports the arguments of, for example, Ginsburg (1993), Boyle and Hughes (1994), Imrie and Raco (1999),
Wessel (2000), Nelson (2001), and Swyngedouw et al. (2002) that the state has maintained a more decisive role in urban regeneration especially in Nordic cities, but also in West European cities and recently in the UK. The second difference concerns the general principles and targets of the Ruoholahti project: socially mixed housing was the major and most important target throughout the Ruoholahti redevelopment project. The inner city waterfront landscape improvement - tackling the 'urban blight' as well as economic and work place development (Gordon 1997) - were secondary targets.

Housing production in Helsinki City remained outside the private developer and private capital-driven development during the 1990s, and the housing policy continued to implement the long-term target of socially mixed housing within the inner city. However, after the economic problems caused by the global recession in the early 1990s, this target was modified to include more private developers. For office development, the adoption of an entrepreneurial strategy within the local government was more pronounced. However, the actual share of project land area allocated to private developers remained very small compared to most other redevelopment projects, and private developers were allowed only minor exemptions to the Town Plan regulations. This stresses a central issue of this thesis concerning a greater role for public intervention in urban landscape change.

In terms of the landscape improvement, the inner city waterfront was not directly utilised as an economic resource. In fact, the use of the waterfront for non-profit purpose was self-evident for all participants and decision-makers involved in the process, which points out the broad consensus policies. A large cultural development project, the Cable Factory, was innovated by artist communities from bottom-up (as in some Canadian cases addressed by Lay 1980,1996) rather than as a top-down economic strategy. This demonstrates that non-governmental groups still had influence in the planning process, and that cultural strategies are not necessarily included in entrepreneurial policies (see, for example Kearns and Philo 1993; Bianchini and Parkinson 1993; Zukin 1995, 1995a).

All the above findings highlight that the key values in land use planning and property development in Helsinki are based on the welfare state ideals, such as an emphasis on collective interests in land use and property development, social results, and strong public planning organisations. The main features of the Ruoholahti project which indicate the increasing impact of global and economic trends and which are in line with major regeneration projects in other post-industrial cities include: the strong role of the urban and economic 'visionaries' (individuals
with a strong personal influence) in both housing and office development (for other cities, see e.g. Judd and Parkinson 1990; Lowe 1993), and some recent development decisions involving mutual understanding between the public and private sectors (such as the Lepakkoluola site sales), which gives an example of formation of 'hegemony of vision' that undermines local communities interests (Zukin 1995; Swyngedouw et al. 2002).

The next chapter will discuss the key issues in which the planning policy of the Arabianranta project supports or divert from the ones applied in the Ruoholahti project.
Chapter Seven

Case Study 2 – ARABIANRANTA WATERFRONT REDEVELOPMENT PROJECT

Introduction

Chapter 7 analyses the key characteristics that the Arabianranta (Eastern Waterfront) redevelopment project reveals about the regeneration policies in Helsinki during the 1980s and 1990s. The chapter starts by analysing the main differences between Arabianranta and Ruoholahti projects and the main implications of these to the Arabianranta project. These include larger private landownership that brought the private investors closer to the public decision-makers and the formal co-operation between the public sector and private investors within the public-private partnership 'Art and Design City Helsinki Ltd' organisation. This partnership incorporated the typical components of place marketing, image promotion and cultural strategies into the Arabianranta project. After this the chapter will show that despite the larger private landowner impact and the new UDC-type partnership, the general principles and content details of the Arabianranta project were not radically different from the Ruoholahti project.

The significance of these points to the thesis is that even after the significant changes in regeneration organisation and different public-private landownership balance, the general targets of regeneration are not very similar to the private sector led partnership policies with cultural and image building strategies that have been common especially in the US and UK cities (for example Kearns and Philo 1993; Gordon 1997; Imrie 1997; Beazley et al. 1997; Roberts and Sykes 2000). These are commonly claimed to perform regeneration activities with short-term economic interests, weak social returns and socially exclusive housing production (for example Fainstein 1992, 1994; Rowley 1994; Jauhiainen 1995; Hall and Hubbard 1996). However, in Arabianranta the emphasis in housing production remains predominantly on social rental and other subsidised housing and this, as well as office development in the area is based on long-term, city-wide public sector planning.

Therefore, another key theme that this chapter attempts to highlight is the strong leadership of the public sector planners in general landscape change in the Arabianranta waterfront. The local
authority has been able to maintain its positions due to the statutory planning monopoly that limits the private sectors decision-making power and due to the planners' rational approach to land use and property development. The local authority is also a key actor in the partnership organisation. However, compared to the Ruoholahti project, the community participation was weakened in Arabianranta. Thus, this chapter supports the arguments that the dominance of the private sector and strong marketing strategies may lead to the declining community participation (see, for example, Zukin 1995).

7.1 The differences between the Arabianranta and Ruoholahti projects

The Arabianranta redevelopment project (also called the Eastern Waterfront project) commenced during the mid-1980s, half a decade after the Ruoholahti redevelopment. The construction of the first residential and office blocks was completed in the autumn 2001. The key development decisions were made by the year 2000, as shown in Table 7.1. Therefore, at this point of the Arabianranta planning process, it is possible to examine the extent to which the Arabianranta plan implies continuation of the planning policies of the Ruoholahti plan, and what new features have been introduced in urban planning in Helsinki.

Landownership in the Arabia Factories area accounts for the key differences between the Ruoholahti and Arabianranta redevelopment (see Figure 5.9, Chapter 5). Almost all the office development has taken place on private land, and all but few housing blocks are built on public land. Therefore, the Arabianranta project is divided into two clearly separate parts - housing and office development – in which different development policies are applied. This division is more pronounced in Arabianranta than in the Ruoholahti project. Local government dominates housing development in Arabianranta, and implements long-term socially focused City-level targets with a few selected experimental joint projects with the private development. The power of the local government is, however, not so strong with office development since it is limited to the Town Plan regulations, such as land use and construction efficiency. Through extensive public-private cooperation, the local government has, therefore, adopted an entrepreneurial approach to the office development in Arabianranta to promote economic development in the area, as it did in Ruoholahti after the recession during the mid-1990s. Consequently, within the area allocated for office development in the Town Plan, far more emphasis has been put on private investments, place marketing, and other strategies familiar to many other post-industrial cities. This policy has made Arabianranta the largest public-private development in Finland,
and, for the first time, a special Development Corporation was founded to assist the public-private co-operation. Nevertheless, regarding the public-private partnership, the City of Helsinki is still the central actor in the redevelopment process, and some administrative sectors still actively resist the market oriented development strategies. This results in the status of the Development Corporation being far from its UK or USA counterparts.

<table>
<thead>
<tr>
<th>Year</th>
<th>THE DECISIONS AND IMPLEMENTATION OF THE ARABIANRANTA REDEVELOPMENT PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>The Eastern Waterfront land use reserved for civil engineering in the Partial Master Plan</td>
</tr>
<tr>
<td>1984</td>
<td>Main areas of the Eastern Waterfront vacated from industrial land use</td>
</tr>
<tr>
<td>1986</td>
<td>Master Planning of the future land use in the Eastern Waterfront starts; University of Art and Design Helsinki moves to Arabia Factories' property</td>
</tr>
<tr>
<td>1988</td>
<td>Toukola-Heranni Area (later Eastern Waterfront) Redevelopment Project founded at the Helsinki City Office</td>
</tr>
<tr>
<td>1992</td>
<td>Arabianranta Master Plan 1992 published; Idea of the Centre of Industrial Arts put forward</td>
</tr>
<tr>
<td>1995</td>
<td>Helsinki Pop-Jazz Conservatory moves to the Arabia area; An intention contract signed to found the public-private Development Corporation Art and Design City Ltd.</td>
</tr>
<tr>
<td>1996</td>
<td>Arabianranta Town Plan approved by the City Council; Future Home project commenced in co-operation between the Helsinki City and University of Art and Design</td>
</tr>
<tr>
<td>1997</td>
<td>City Council decides on the optic fibre network development in both office and housing areas in Arabianranta</td>
</tr>
<tr>
<td>1998</td>
<td>Town Plan confirmed after complaints by the Ministry of Environment</td>
</tr>
<tr>
<td>1999</td>
<td>Cleaning-up and preconstruction started on the start-up sites, local recreation area development completed</td>
</tr>
<tr>
<td>2000</td>
<td>The first housing construction commenced on the private sites; Lume Media Centre opens in the Centre of Industrial Arts</td>
</tr>
<tr>
<td>2001</td>
<td>Residents move into the first completed housing estates</td>
</tr>
</tbody>
</table>

Table 7.1 The timetable of the key decisions and implementation of the Arabianranta project.

7.2 The Master Plan 1992 guidelines for the Arabianranta area

The Helsinki Metropolitan Area Council (YTV) marked the Eastern Waterfront as an area for regional recreation, socially mixed housing, and for limited office development in 1984 (HKK 1984,1985). It was specified during the interviews that the original idea to develop Arabianranta in its present form was initiated at the Helsinki City Office by Matti Väisänen, the same influential public officer who also initiated the Ruoholahti land use and housing development decisions. The present Arabianranta Town Plan Architect at the City Planning Department
(interview with Sundman 2000) commented that any land use alternatives, such as high-income housing, office towers, or leaving the area as it was, were rejected during the Master Planning process in the 1980s. The Town Plan Architect described the development of socially mixed housing and work places in an inner city vacant land as an important guideline, which still is the ‘most rational type of planning’, and an inexpensive solution for the society and residents alike.

The guidelines for the Arabianranta development were listed in the Helsinki Master Plan of 1992. The Plan reserved the vacant waterfront and the Arabia Factory area for ‘housing, recreation, industry, administration and public services’ (KSV 1995:11). The City Housing Programmes for the period 1985-1990 referred to Arabianranta as an area where land use change was to be planned in accordance with RAMA and KASA principles, and a special attention was paid to increase in housing production within the central city. It was presumed in the beginning of the redevelopment planning that the strong working class history of the Arabia area would continue the relatively low status of the area within the social hierarchy of Helsinki. Therefore, as specified by the Town Plan Architect (interview 2000), there were concerns within the City Planning Department that, due to its perceived lesser value by many City’s decision-makers, the City would ignore that area for too long, which would give the private investors an opportunity to initiate their own plans for the area before the local government decides upon the long-term land use targets in the area by Town Planning. The Planning Department’s approach was described as:

"...if not strictly controlled... the Arabianranta would become luxury area, no doubts the ‘Big Money’ would come and take it. Therefore, we had to start the planning process by an initiative from the City at the early stage." (a Town Plan Architect 2000.)

A special project organisation was founded for the Arabianranta redevelopment at the City Office in 1988. The project organisation comprised more interest groups than the Ruoholahti project due to interests from private landowners and the adjacent residential area, Toukola. The initial targets set to the project were similar to the Ruoholahti targets (HKK 1994:3):

- housing development is implemented efficiently and economically
- waterfront and the adjacent parks are reserved for public recreation
- to construct high quality landscape architecture in the waterfront of the city.

The Project Director Somervuo (2001) specified that the City of Helsinki is responsible for infrastructure investments and municipals services only including parks, day care centres, schools, parking, and transportation. These will approximately cost 10.5 % of the total project budget, which is estimated to be 5.5 billion FIM (£610 million). In addition to this, the City will
invest in a few subsidised housing blocks. The rest of the investments will come from the private developers and construction contractors.

7.3 Preparing the Arabianranta Town Plan in the early 1990s

The Arabianranta project has been prepared by a smaller group of planners at the City Planning Department when compared to the Ruoholahti project. The public leadership in Arabianranta land use planning has been very definitive. For example, the surveys prior to the Master Plan were carried out by the Planning Department itself instead of by independent consultants as it was in Ruoholahti. The private developers did not participate in the Town Plan preparation at any point, as confirmed by representatives of both major landowners, Wärtsilä Corporation and Varma-Sampo (interviews with Hollfast 2001; Viinikka 2001). The lack of private developer participation was verified by the main Town Plan Architect (interview 2000) who considered private participation an "unnecessary complication to the planning process, which leads nowhere", and wanted to keep total control in the hands of the public planning organisation. The strong influence of the two project Town Plan Architects on the Arabianranta redevelopment was indicated at many points. For example, when the private landowners demanded substantially higher than the planned 135 000 sq.m. construction rights for their offices sites (see Table 7.2), the Planning Department did not change the Town Plan on the grounds that:

"... private developers will find it hard to fill up even this much of the office space in the area."
(interview with Sundman 2000, also Somervuo 2000).

This attitude from the Helsinki local government planners is in contrast to what has been a common strategy of local governments in large West European and North American cities (see, for example, Fainstein 1994:69-70). Under the firm control of the project architects, housing and office development volume has remained largely unchanged in Arabianranta throughout the planning process. The Project Director (interview 2000) commented that the construction efficiency was planned to an optimum level on the grounds of the transportation network capacity. Despite the local residents requesting for a lower construction efficiency, and the private developers for a higher efficiency, the housing plan was not altered.

Similar to the Ruoholahti redevelopment, the project planners wanted to proceed slowly with the Arabianranta planning process. This decision was described by the Town Plan Architect (Sundman 2000) as:
"It enables adjustment of the plans to the changing circumstances, and evaluation of the impacts of the earlier actions."

<table>
<thead>
<tr>
<th>LAND USE</th>
<th>1992 Master Plan</th>
<th>Total by 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan area</td>
<td>85 ha</td>
<td>85 ha</td>
</tr>
<tr>
<td>Housing, sq. m.</td>
<td>280 000</td>
<td>275 000</td>
</tr>
<tr>
<td>Office, sq. m.</td>
<td>60 000 - 100 000 (18 000 of which on private land)</td>
<td>135 000 (of which Wärtsilä 110 000)</td>
</tr>
<tr>
<td>Population</td>
<td>7000 - 8500</td>
<td>7000</td>
</tr>
<tr>
<td>Work places</td>
<td>5000</td>
<td>7900</td>
</tr>
</tbody>
</table>

Table 7.2 The planned construction rights for the Arabianranta Project (KSV 1995, 1999, 2000).

7.3.1 The image building principles of Arabianranta

A pronounced image building strategy aimed to attract ‘new middle-class’ residents was identified in the Arabianranta redevelopment. The Description of the Town Plan document (KSV 1994) considered image building necessary on the grounds of the working-class image of the area and the longer distance from the city centre. These reasons were confirmed during the interview with the Town Plan Architect (2000). Therefore, unlike in Ruoholahti, special efforts were needed to secure interest of all social classes, particularly of the higher classes, and growth sector companies to invest in the area. As in other post-industrial regeneration projects, romanticising the industrial and working class heritage was assumed to form a key potential for raising the middle-class status of the new area (KSV 1994:30-31,64). In the same pursuit, education and a science cooperation was suggested as a potential pull factor of the area. These included locating the University of Industrial Arts and Design Helsinki (UIAfi) together with the Pop-Jazz Conservatory and the Audiovisual Institute of Helsinki City in Arabianranta.

In terms of the overall image of Arabianranta, there were four distinctive elements upon which the development was build by the Town Planners. These were mentioned several times during the interviews and in the publications (Sundman 2000; Palonheimo 2001; KSV 1995:29,35,64; KSV 1994:30), and appeared to be common to all participants of the project planning:

- the location between the city centre and the suburbs ('being neither but sharing features with both')
- the ‘inner island landscape’ of the Eastern Waterfront
- historical layers of industrial heritage of Arabia village
- an immediate public access to the waterfront
In terms of key architectural issues, special attention was paid to the landscaping of future construction so that it would not disturb the existing large open landscape of the eastern city coastline. The Town Plan therefore defined the future architecture as ‘calm and subtle’ (KSV 1995:35). As in the Ruoholahti area, the Project Town Planners valued the features of natural environment higher than the man-made elements (see Figure 7.1).

Figure 7.1 View from the seaside windows of the future residential blocks – ‘urban life at the waterfront in the inner island landscape’, as advertised on the official Project pages (www.ksv/projektit/Arabian/) (Photo by Helsinki City Planning Department, no year).

7.4 Implementation of the Arabianranta Town Plan 1999-2013

The difference between the development strategies applied in the housing sites and office sites is a central feature in the Arabianranta redevelopment policy. The implementation of the Arabianranta project started under very different global economic circumstances compared to the Ruoholahti development. The Finnish economy had rapidly grown due to the high-tech business by 1997. Despite this, the housing development plan in Arabianranta was not changed or focused towards higher-income residents. It follows the original Town Plan and is implemented in line with the city-level housing policy. Nonetheless, from the beginning, there have been more publicly led experimental housing projects and private freehold production planned in Arabianranta than there were in Ruoholahti. For office development, the economic upturn has caused more changes. Helsinki City is closely involved in the economic development, and set up a public-private partnership, Art and Design City Helsinki (ADC), to promote overall employment creation and to enhance the growth sector industries to operate at maximum efficiency in the area. However, as in the case of Ruoholahti, this strategy is applied to only a
small part of the project area, on private land, and separately from long-term land use control of the City Planning Department.

7.4.1 Plan for the landscape structure and functions in Arabianranta

The underlying idea of the Arabianranta landscape was to create an area that is similar to the present urban structure of the neighbouring Toukola and Vanhankaupunginlahti areas, and to expand the central city landscape structure into the Eastern Waterfront (see Figure 3.9, Chapter 3). The land use and construction plan, due to be implemented by 2013, is seen in Figure 7.2. During the preparation of the Master Plan of 1992, the Planning Department also placed the waterfront location into the centre of the new landscape structure (KSV 1994:32-35). This was done to emphasise social equality in land use and redevelopment. According to the Town Plan Architect (Sundman 2000; KSV 1995:35), the functional ambition of the project architects was to:

"... fully exploit the location of the area in the landscape, so that from every residential block, there is a path to the waterfront park without a need to cross a road... as many flats as possible have to be able to enjoy the sea view - if not from the flat itself, then from a roof-top sauna built into every block."

The work place development targets of the Town Plan were very similar to the Ruoholahti project and accepted office space construction only on the sites which are not suitable for housing or for green space development (KSV 1995:29). The Bokvillan Park forms the centre, the nodal 'heart' of Arabianranta. This structural backbone of the area, defined by the Town Plan in 1994, has not been altered even during the heated office construction markets during the late 1990s (KSV 1995:32,34).

7.4.1.1 Transportation network in Arabianranta

The transportation and outdoor networks in Arabianranta were decided upon before the main redevelopment features. This indicates similar public transportation policy and equal access preferences, as with the underground extension in Ruoholahti. A change of attitude towards higher environmental consciousness was evident between the Partial Master Plan of 1988 and the Town Plan of 1995. Private car traffic and parking became more regulated and light transportation network was central in the 1995 plan. In the near future, the existing tramline will be extended to the northern end of the plan area, and an additional bus route will serve the upcoming residential areas (KSV 1995:40,43).
7.4.2 Housing in Arabianranta – social housing production and ‘Future Homes’

The key point in the Arabianranta housing plan was that the area is to be implemented as a part of normal housing production of the City, as commented by the Project Director (Somervuo 2000). The speciality of the waterfront location was only briefly referred to in the Town Plan, which supports the view of the Director:

’Proximity to the city centre and maritime environment are quality factors for housing, and there are too few residential units in Helsinki which have these qualities.’ (KSV 1995:31)
As in Ruoholahti, the socially mixed residential structure and price controlled production were the dominant features in Arabianranta. This appeared to also be of personal importance to the key Town Plan Architect of the area, who strongly pointed out during the interview (2000) that

"Arabianranta is not going to be an exclusive area, but an area for all the people of Helsinki. It is very important to us, it's the foundation of urban way of life."

The social equality targets of the Arabianranta housing plan implied a continuation of the housing policy applied in Ruoholahti. In order to reach the quality standards at rational costs, housing area will be a traditional dense urban neighbourhood (KSV 1995:29). The City Real Estate Office has allocated housing sites for the developers through site competitions. A Town Plan Architect pointed out that competitions have become increasingly important for the City's development site allocation policy (interview with Sundman 2000). The competitions indicate a shift also towards looser housing regulation by the City since the late 1990s (Korhonen 1999; HS 18 Dec 2000). However, the competition regulations are still hard. The City Real Estate Office makes the developers bid for construction rights under strict construction standard requirements. These quality competitions for the constructors and private developers have worked efficiently in decreasing overall construction costs. Consequently, the Real Estate Office was satisfied with the housing prices in Arabianranta (an average selling price is 13 000 FIM (£1450) per sq.m. in the Hitas units). Private developers have protested against this type of bidding, but due to public landownership they do not have choices (Head of the Real Estate Office, in HS 24 Oct 2000).

7.4.2.1 Types of occupancy in the Arabianranta housing scheme

At the end of 2001, the exact share of the state subsidised, Hitas, and private freehold housing were not indicated in the Town Plan (see Figure 7.3). However, in order to achieve mixed residential structure, the ratio between subsidised rental housing and different types of freehold housing 41 was defined at 40% - 60%, respectively, in the City Housing Programme 1998-2002 (HKK 1999:5) This implies that Arabianranta will house slightly more private freehold units compared to Ruoholahti (see Table 6.3, Chapter 6). This is mainly a result of housing production on private land. The Project Director emphasised that, "as a principle, all the waterfront sites of the area will be constructed as privately financed Hitas units of all forms of occupancy" (interview with Somervuo 2000).

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41 Including four types of occupancy: private owner-occupied Hitas, private freehold rental and owner-occupied units, and right-of-occupancy units.
Figure 7.3 Types of occupancy in the Arabianranta Project housing plan in 2002. Housing types in the other two sub-areas, the Arabia Factories and the Shopping Centre area, are to be decided during 2003–2004. It has already been decided, however, that both these areas will include one student house block (KSV 2002).

During the Master Plan preparation, questions concerning the suitable share of state subsidised Arava rented housing required long consideration, since the existing share of these units in the neighbouring areas was already higher than the inner city average (KSV 1994a). Further subsidised housing was seen as a risk of creating a negative stigma to the Arabia neighbourhoods, and there might not be demand for it in the local housing market. The Planning Department also assumed in the early 1990s that the future residents of Arabianranta would come from the neighbouring areas. Therefore, they decided to produce 35% of the total housing as larger units than the average of these areas, which would offer the neighbouring residents an
opportunity to move to a more spacious flat within the same district (interview with Sundman 2000; KSV 1994:8,34-35). The follow-up surveys indicated that this scenario did become true in Ruoholahti (Vehviläinen 1992).

Implementation of housing under the Arava and Hitas control systems was more difficult in the Arabianranta project than in Ruoholahti, since high preconstruction costs increased the selling prices and rents of the flats close to the limits set to the State housing construction subsides (KSV 1995a). This forms a problem only during the periods of rapid economic growth when construction costs increase (Korhonen 1999). This happened during the Arabianranta planning process in the late 1990s. The City Planning Department estimates that the construction costs have increased by approximately 45% from the 1995 level due to the general economic development (Sundman 2000). Consequently, the present flat prices in Arabianranta are higher than in Ruoholahti. Nevertheless, due to the quality competition applied, Hitas housing in Arabianranta is moderately priced compared to the present free market house prices and rents in the metropolitan region. Owner-occupied 3-room (70 sq. m.) Hitas flats with a sea view are being sold for around 950 000 FIM (£105 000) and 875 000 FIM (£97 000) without a sea view (Sato Oy 2001; Helsingin kaupungin kiinteistövirasto 2001; HS 24 Oct 2000).

Already prior to the start of construction, the Project Director has received numerous enquiries concerning the first Hitas houses which will be ready in 2003, especially from artists and from pensioners living in the nearby areas (Somervuo 2000). Wärtsilä Corporation, the private landowner of the Arabia Factories area, sold its construction rights to private developers (interview with Viinikka 2001). These were the first completed housing units in the area, and seen in Figure 7.4. The flats in these units are the most expensive in the area, and cost over 1 million FIM (£110 000) for a 70 sq. m. three-room flat in 2001. They are located in the Bokvillan Park, which is generally said to be the most scenic part of the area. According to the Project Director (interview 2000), the Town Plan accepted housing construction on these sites despite strong public opposition in order to attract high taxpayers to the area, who would form a counterweight for the extensive controlled production on public land. On the other hand, in order to add to the social mix in the area, the City Real Estate Committee reserved a site adjacent to the Bokvillan Park for the Helsinki Student House Foundation (HÖAS) as early as in 1996 (KSV 1995:36).
Figure 7.4 Private freehold housing units in the Bokvillan Park. The Bokvillan mansion from the 19th century is seen on the right, and one of the listed industrial buildings on the left. (Photo by author 2001.)

7.4.2.2 Futuristic housing in Arabianranta

The Arabianranta redevelopment plan includes three public-private partnership projects seeking new technologies for everyday life: the Helsinki Virtual Village, Future Home ("Tulevaisuuden koti"), and Final Spurt ("Loppukiri"). The Helsinki City Real Estate Office and the City Office are the contract signing authorities and are closely committed to these projects. The Project Director firmly believes that the technology image has increased the people's interest towards Arabianranta (interview 2000). However, consensus has not been achieved concerning the central role of the public-private partnership and the futuristic housing models in the image of Arabianranta and in the urban development strategy. This came out during an interview with the key Town Plan Architect, who pointed out that technology is not a central concept in Arabianranta:

"The areas drumming for technology are absolutely elsewhere in Helsinki, for instance in Ruoholahti. In Arabianranta, which builds on industrial arts, it is a totally trivial matter. Those data networks will be everywhere after a while. There is nothing dramatic in that." (Sundman 2000, quoted in Helsinki-Info 2/2000: 13)

Helsinki Virtual Village

After a few decades of producing solely conventional socially oriented housing, the City of Helsinki is now dedicating some housing investments to technological development. In 1997, the City Council enabled the Real Estate Office to participate in the Helsinki Virtual Village Project, which will link all residential units of Arabianranta to a high capacity optic fibre data network, called a Home Gateway. The local and state governments are interested in this experiment for employment creation reasons. The main interests for the private companies concern image and the marketing of Helsinki and Arabianranta as a leading European city of service efficiency and technology. Alongside the market strategies, the City still enforces an overall socially equality policy in the Virtual Village project. The public-private project contract, coordinated by the ADC
Corporation, included a clause upon which housing developers have to provide the network link to the residents on non-profit basis (HKK 1999:6; Kuntalehti 2000:14-16).

The idea of the Virtual Village project is to develop a wireless public and commercial service delivery system that includes banking, post, health care, library, daily shopping etc. services by a home PC link. Several large high-tech companies (such as IBM, Nokia, Ericsson, and Symbian) are involved in this 6 billion FIM (£600 million) project, and almost one thousand smaller companies are expected to be involved in the development in Arabianranta by 2005 (ADC 2000). The Virtual Village has so far fulfilled all the expectations of the public-private partners concerning international image building and public interest 42.

**Future Home Consortium and the artist co-operation**

Launched in 1996 upon the initiative of the City of Helsinki, the University of Industrial Arts Helsinki (UIAH), and 30 smaller associates, the Future Home R&D project focuses on the development of ‘intelligent’ houses. The project is placed at the UIAH, and its key mission is to develop ‘user-centred buildings which are made suitable to all users, aged from 0 to 100’ (Future Home Consortium 2001).

The project’s purpose in Arabianranta is to link ‘artist cooperation’ to the construction of the area by directing 1-2 % of construction costs for both housing and office development to art work and art activities in the area (KSV 2001). This is part of the Centre of Industrial Arts scheme in Arabianranta, which is discussed later in this section.

**Final Spurt home for the elderly people**

A smaller housing experiment in Arabianranta is a price controlled housing production model, called ‘Final Spurt’, developed by a private foundation. These housing units will provide a community based living for the elderly people. It is based on a Swedish model and initiated by a

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42 In addition to numerous small media appearances, the project’s media coverage includes The Guardian (September 2000), The New Scientist (October 2000), the Time Magazine and the BBC (Wiio 2000).
club called the Active Seniors. They successfully applied for a site from Helsinki City upon a clause which prohibits any exclusive development. Selling prices of the units must not exceed 12 500 FIM (£1390) per sq.m., which is a little lower than the average housing prices in Arabianranta (HS 24 January 2001).

7.4.3 Public–private partnership in Arabianranta – a ‘design and new media centre’

The sites reserved for office and work place development in the Arabia Factories area are on private land owned by Wärtsilä Corporation and are being developed by public-private partnership. The partnership is practised under a development company called the ADC, the Art and Design City Helsinki. The initial idea to establish work places around the local existing institutions, the Arabia porcelain factory and UIAH, was put forward by an Industrialisation Workshop within the local government in 1992. This was done to promote economic development during the recession. The idea to develop Arabianranta into a new ‘Centre of Industrial Arts’ derived from the long history and high reputation of the Arabia Factories and UIAH. The landowner of the Arabia Factories area, Wärtsilä Corporation, and the major property owner in the area, Varma-Sampo Mutual Insurance Company, were very keen in joining the initiative because of their own economic interests in the area. In the hands of these public and private developers, the Arabianranta redevelopment has taken similar forms as seen in several public-private joint economic and cultural development projects throughout the western cities, although significant differences between these also exist.

The public–private partnership process was specified in the City of Helsinki Industrial Workshop Report (Helsingin kaupunki 1994) and by the Managing Director of the ADC (Palonheimo 2001). In 1992, a Consultative Committee of Industry and Trade (‘Elinkeinoneuvottelukunta’) in Helsinki and the Chamber of Commerce suggested that the City of Helsinki should focus on high technology and specialisation in order to activate reindustrialisation and employment. Consequently, a public officer Matti Väisänen – a Cooperation Manager who had previously worked as the Project Director of the Ruoholahti redevelopment – carried out a survey named ‘Jobs’, in which he suggested ‘Industrialisation Workshop’ (Teollistamistyöryhmä), to be founded at the local government to manage the development of suitable conditions for medium scale industries in Helsinki (Helsingin kaupunki 1994:1) The workshop found a strong common interest with the UIAH’s scheme called ‘Arabianranta’, targeting at the development of ‘design and visual culture based research &
development, education and cultural service agglomeration'. UTAH needed the City as a partner to provide the technological infrastructure for the scheme (Helsingin kaupunki 1994:26-27). Thus, in 1994, based on the common interests, the local government decided to set up a development partnership project with the UTAH for Arabianranta. (HKK 1994:13).

The responsibility within the City administration on the development of the Centre of Industrial Arts was given to the Helsinki City Office. The Arabianranta Area Development Project, founded in 1988, was expected to support the scheme, and utilise the Industrial Arts Centre in the marketing of housing production in the area. Prior to this, the Project planners at the Planning Department had been largely focusing on the housing development details (HKK 1994:13-14). The idea of a formal public-private development corporation derived from the City Office when Finland joined the EU in the beginning of 1995. This enabled the local government to apply development funds for Arabianranta from the EU. The Managing Director of the ADC (Palonheimo 2001) specified that it was for this application purpose that the City Office wanted to organise the partnership on broader grounds. In order to be a convincing partnership, the member institutions signed an Intention Contract of the ADC in 1995. The owners of the ADC are the City of Helsinki, State Ministry of Trade and Industry, Hackman Designor (the current owner of the Arabia Factories), the UTAH, Pop-Jazz Conservatory, and Wärtsilä and Varma-Sampo Insurance Company as non-owner partners.

7.4.3.1 Art and Design City Helsinki - a symbolic public-private development corporation

The ADC is the first special organisation founded to promote economic and cultural redevelopment in Finland. The ADC (ADC 1998) outlines its aim as:

'...the development of internationally competitive growth centre with socially balanced population structure... to produce companies and jobs needed by the future community as well as a new environment to live and work'.

The main point with regard to the ADC in Arabianranta development is that, despite sharing the key targets of many other urban development corporations, the ADC is a rather symbolic organisation compared to such powerful organisations as the London Docklands Development Corporation (Crilley 1993a; Brownill 1990; Goodwin 1993), Spitalfields Development Group (Woodward 1993), Batter Park City Authority (Crilley 1993, 1993a), or to the special purpose

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4 This idea is parallel to the Manchester Olympic Games bid, as Cochrane et al. (1993:1333) argues that 'in British policy discourse, it has become necessary to talk about growth in order to get grants'.

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agencies involved in inner city regeneration in Dublin (McGuirk and MacLaran 2001). Palonheimo (interview 2001) stressed that the ADC lacks any decision-making, land use planning, and executive power:

"All decisions concerning the projects are first made by the public and private planners themselves... ADC's role is to innovate ideas, and, secondly, coordinate what has been put forward. There are only two people employed here [at the ADC]... So you can imagine that it's only PR, marketing, coordinating and information at early stages... ADC disappears at the implementation stage..."

Nevertheless, the ADC has a two-fold role in the redevelopment. It is a neutral actor in between the public and private investors. The private side perceives it a flexible coordinating body when compared to the City's project organisation, and the City perceives that the ADC is working for the "benefit of the City", as described by a City Real Estate Manager (interview 2000). The ADC Managing Director (interview 2001) specified this as:

"The ADC is perceived as a neutral actor that represents the whole area, it has not its own economic interest but it is not bound to public sector economy either, so its for everyone and for no-one, in a way... Everyone says that this is the important thing. In this way the public-private ownership is good, even though otherwise ADC could well be a project by the City... We have a budget of 3 million FIM (£333 000) this year, and over half of it comes from the City and the rest from the other owners."

The examination of ADC's operation in the Arabianranta supports two features of urban redevelopment planning in Helsinki identified in Ruoholahti. Firstly, there are clear attitude variations between the City administrators. The City Planning Department is an actor which resists the shift towards policies led by private money interests. The planners perceive that an active industrial history and inner island landscape are strong factors enough to create an attractive image for the area. On the contrary, the Real Estate Office and the City Office Project decision-makers are keener to adopt new planning policies, such as public-private partnership and place marketing. Secondly, the Planning Department is a strong power in the area development, and it still focuses on the social housing targets. These features were identified during an interview with the project Town Plan Architect (2000) at the Planning Department in such comments as:

"...the Nokia people [the high-tech companies cooperating under the ADC] are selling their own idea in the ready-made environment... The City signed the intention contract but we are not interested in it... The ADC is all about the UTAIH feeling too far from the central Helsinki after they moved to Arabia, and they saw here a chance to collect a larger community into here so that they would not feel so far from everything."
This perception of the Planning Department focusing on housing projects as a separate project from the new technology, was expressed by the Managing Director of the ADC (2001):

"The Development Unit and Project Director at the City Office and Helsinki Energy, due to the optic fibre, are our main co-operators in the City. That [housing] has been City's own project... Only the Home Gateway is a bit linked, as is the artistic cooperation of UJAI, but these two parts [the work places and housing] are not otherwise interlinked... But the Town Planner may have thought that the UJAI and design are the core ideas here, and then later came these virtual and optic fibre elements..."

7.4.3.2 Private economic and cultural development under the Centre of Industrial Arts

All the sites along the east side of the main Arabianranta through will be developed into the Centre of Industrial Arts (location 1 in Figure 7.2), since these sites are not suitable for housing due to the existing manufacturing industries and warehouses (KSV 1995:29). Yet in the Master Plan of 1995, the Arabianranta area was not considered the best location for work place development, except within the Arabia Factories complex. Within the Intention Contract with the ADC in 1994, the Master Plan suggested that design and industrial arts would be given priority when marketing the new offices for companies (KSV 1995:31,37).

The Marketing Manager of the Wärtsilä Corporation, the major new office space developer, commented that the private investors are currently satisfied with the given amount of construction rights, despite the requests for more construction rights at the Mater Planning stage (interview with Hollfast 2001). The Manager described co-operation with the City as "unproblematic". The primate interest of Wärtsilä and Varma-Sampo is to guarantee the future success of the area by completing and marketing the 'flagship' parts of the development, the Portaali 1 office block and the Gallery Passage respectively (see Figure 7.5). An intensive
marketing and strategy building cooperation between all the main private developers and ADC has focused on the concept of New Media. Office construction in the Arabia Factories and UIAH property are carried out by the landowner, Varma-Sampo, as joined public-private project. Wärtsilä and two other developers will develop and then rent their own new office buildings. The Arabianranta area was said to be selling "very well" in 2001 without major marketing efforts. For example, Wärtsilä's Portaali 1 space was rented out in a very short time period well before it was completed. The estimated office rents will be around 130 FIM (£14.50) per sq.m., which is slightly higher than in Ruoholahti due to the latest high-tech facilities provided (interview with Hollfast 2001). Some 2500 students and 250 companies were working in the area in the autumn 2000. In addition to the arts industries, most companies work in new media, design, and IT sectors (ADC 2001).

7.4.4 Local services planned in Arabianranta

The local municipal and daily commercial services in Arabianranta are based on the same standard rates as in Ruoholahti project. There have been no alternative models suggested for municipals service provision, but the Virtual Village project includes many new models of daily service delivery in cooperation with the local intranet 'wireless' services.

7.4.4.1 Municipal services

The aim to diminish social segregation by urban planning is identified in the Arabianranta municipal service plan. For example, the Project Director pointed out that it is obvious that the most scenic parts of the area, the old villa in the broadcloth factory park and the Bokvillan mansion, will be used for public services (interview with Somervuo 2000) as a day care centre, and by the parish church respectively (KSV 1995: 48). As in Ruoholahti, a total of 5-8 club rooms are included into the housing blocks for communal activities. New types of public services will be provided on the local intranet in co-operation between the local arts oriented City Library and UIAH. However, the establishment of a Health Centre in Arabianranta is not yet decided upon. On these grounds, similar public service problems may occur in Arabianranta as there were in Ruoholahti. The schools, day-care centres and teenagers' club rooms are referred to as the 'backbone' of the residential services (interview with Somervuo 2000; KSV 1995,1988), but due to the expected high number of young families in the area, a sufficient supply of these may prove difficult (interview with Sundman 2000; ADC 1998).
7.4.4.2 Commercial services

In terms of commercial services, Arabianranta makes an exception to the socially balanced development features. The commercial services in Arabianranta are likely to be slightly more upmarket than in the Ruoholahti redevelopment area and the general standard in Helsinki. There are several reasons to suggest this. Firstly, it is likely that the art, design and new media development will contribute substantially to the special shops and services. The existing Hackman Designor Factory outlet shop, small IT shops, and the Gallery Passage – a 400 meters long covered 'street' cut through the old factory estate that offers upmarket design and crafts, a museum, and a City Library – are examples of these kind of services. Secondly, plans for commercial daily services have been only recently catching up the scope of overall development. As pointed out by the ADC's Managing Director (interview with Palonheimo 2001), ADC must pay attention to this, because the development partners have not been interested in the commercial service supply.

Simulating the old central city structure, the main share of the services will be located in the ground floors of the housing blocks. At the early stages of planning, there were no major shops selling daily goods included in the plan, because the services in adjacent areas were considered sufficient (KSV 1988:25-26). As in Ruoholahti, the general public considered this a problem. Consequently, a large shopping complex was added to the land use plan in 1999 (location 3 in Figure 7.2) (interview with Sundman 1999).

7.4.5 Amendments made to the Arabianranta Town Plan

Apart from the additional commercial services, there have been only few amendments to the Town Plan of 1995. However, it is likely that there will be some changes during the long implementation process, as there were in Ruoholahti. An attempt to change the land use plan was made by the Real Estate Office, which wanted to sell one of the prime waterfront housing sites during the Town Plan process. Mäkinen (interview 2000) pointed out that it was surprising that the City Council rejected the proposal. According to the City decision-makers Interviewed (Sundman 2000; Somervuo 2000; Tuuttila 2000), this is very rarely the case. A suggestion by the Deputy Mayor of the Helsinki to remove student housing from the Arabianranta plan was rejected in 1999. The Deputy Mayor is an active participant in the planning of Helsinki, but according to the Arabianranta Town Planner, this suggestion was worth no consideration.
(interview 2000). Once again, this stresses the strong personal position of Town Planners in the urban development process.

7.4.5.1 Public resistance to the Arabianranta redevelopment plan

There was strong public resistance to the redevelopment in Arabianranta, which led to certain amendments in the early version of the Town Plan. There were no opposition expressed by the cultural or business institutions, but from the Toukola-Arabia neighbourhood, which is a daily living and working environment for some 1500 residents and a few hundred workers, and major changes in the neighbourhood were not accepted easily. The strongest opposing force has been from the existing residential community of Toukola, which consists of small traditional Finnish style detached houses. This idyllic area with its wooden houses (see Figure 7.6) was under threat during 1950 - 1970s because of the more efficient land use interests of the local government. It experienced rapid gentrification in the 1970s when the local government renewed the land lease contract of the area for another 50 years. This has secured the future of the area, and many relatively well-off families have purchased houses in Toukola and renovate the poorly maintained houses (KSV 1994:12). The area is occupied mainly by these ‘gentrifiers’, who are now older and therefore have different interests from the young professional families that are a dominant residential group of the new Arabianranta area (Helsinki Region Statistics 1999; TieKe 2000a; KSV 1994:29).

Figure 7.6 The residents of Toukola village, located adjacent to the Arabianranta redevelopment area, were a strong opposing force to the redevelopment plan. (Photo by author 2001.)
The Toukola residents became incorporated into the planning process when the early draft plans were introduced to the local organisations and residents. The resident feedback had visible effects on the plan. For example, the coastal park was enlarged and the total new floor space decreased (KSV 1994:36-37). The project Town Planners perceived the local participation as difficult, since there was intense resistance to any suggestion by few very active residents. The private freehold housing development in the popular Bokvillan Park was particularly strongly opposed (interviews with project planners 2000). According to the Town Plan Architect (interview 2000), the only acceptable solution for the residents was a “zero model” – no new construction whatsoever in the coastal area. After the opposition had turned into “rejecting any and every plan for the sake of resistance”, the Planning Department decided to withdraw the Town Plan from these non-statutory public hearings (interview with a Town Plan Architect 2000). This implies, again, the strong position that the Town Plan authorities hold in Helsinki City development policy.

7.5 Conclusions

The major finding of the examination of the Arabianranta project is that it supports most arguments made on the basis of the Ruoholahti project, but that it also indicates important differences between them, which reveal certain significant changes occurring in the Helsinki redevelopment policy and its targets. The key input of this chapter to the thesis is that these changes bring the Helsinki regeneration policy closer to the policies in many Western European cities, but, nonetheless, several key characteristics of the Arabianranta planning policy still clearly distinguishes Helsinki from these cities. These characteristics include the role of the local governance, which was as central in Arabianranta as it was in Ruoholahti planning, and the founding of the Art and Design City Helsinki public-private partnership that was more of a symbolic gesture towards economy-driven urban redevelopment than a concrete shift in the planning principles in Helsinki.

The major differences that the analysis showed between the two case studies and which indicate increasing ‘globalisation’ or ‘post-industrialisation’ of planning strategies and interests in Helsinki include the incorporation of partnership projects, place marketing and larger private developments in the City Planning Department’s project policy under the concepts of ADC, the Centre of Industrial Arts and high technology development. This was a result of the ADC acting

"Gentrification did not apply to a large, State subsidised Arava housing stock in Toukola, and this has, to
as a cooperating body solely in business development and the high public economic inputs to several sub-projects. Although the socially balanced housing production was still the key component in the Arabianranta redevelopment, the general decrease in subsidised housing production in the Helsinki development strategy was visible in the plan, and stresses the arrival of economic and upmarket strategies from the West European cities to Helsinki, although to a limited extent. During the period of strong global economic growth of the late 1990s, the City authorities were more focused on the promotion of the economic development in Arabianranta than they did for Ruoholahti that was developed during the recession period.

Hence, another theoretical finding gained from the Arabianranta study is that although the Arabianranta plan is relatively firmly built on the Finnish welfare state values, such as long term collective benefits, social equality and affordable housing, and public planners’ rational-technical approach, it can be argued that the office development strategies are narrowing the gap between the West/South European – North American approaches and urban policies in Helsinki. This is indicated by the increasing and more systematic proactive, entrepreneurial role of the local government in the Arabianranta development. However, this is occurring well over a decade later than most local governments in post-industrial western cities discussed in the literature (for example Logan and Molotch 1987; Savitch 1988; Keating 1991; Goodwin 1991; Fainstein 1990, 1994).

The next Chapter analyses the social outcomes of regeneration in the two case study areas in Helsinki in order to broaden the argument of the thesis concerning socially conscious approach to regeneration policies in Helsinki.
Chapter Eight

THE SOCIO-SPATIAL IMPACTS OF THE HELSINKI WATERFRONT REGENERATION

Introduction

Chapter 8 will answer the third research question of the thesis concerning the socio-spatial impacts of redevelopment and the social groupings which the case study projects benefited most in Helsinki. The chapter evaluates the impacts of Ruoholahti redevelopment in terms of socio-spatial segregation and gentrification. This is done in order to specify the relationship between the socially oriented urban regeneration policy examined in the three previous chapters, and the actual outcome of the policy. This is necessary because many urban regeneration project plans have been flagged as targeting local residential and employment issues, but after the long process of implementation, the outcomes have radically deviated from the initial targets (see, for example, Gordon 1997; Goodwin 1993; Church 1988; Rowley 1994).

The main feedback to the theme of this thesis is that the local authority is able to keep the long, complex implementation process under necessary level of control in order to see the targets of the initial planning documents realised in the project area, or, in more theoretical terms, the political ideals of the Finnish welfare state constructed in the landscape and identity of the place (Ruoholahti). This argument is supported by the profile of Ruoholahti residents, which indicates relatively high social equality in redevelopment policy, but amongst several beneficial groups, the real 'winners' are the middle income families. They were the dominant group in the area and also by large most satisfied with the area, although the residents' satisfaction levels and reasons showed remarkable variation. The dominance of this group was a result of large scale subsidised rental and owner-occupied housing production in Ruoholahti. These findings indicate that the common arguments of low social and housing improvements of central city waterfront regeneration projects (e.g. Fainstein 1990, 1990a, 1994; Goodwin 1991; Hall and Hubbard 1996; Roberts and Sykes 2000) do not hold in the framework of strong local authority led policies and land use planning in Helsinki.

45 The term gentrification can be used when bearing in mind that the term usually refers to areas where the existing population is under a process of change 'from the working class to middle classes' (Glass
The structure of the chapter follows the three different ways of assessing the socio-spatial impacts of the waterfront redevelopment. It first examines the current residential profile in Ruoholahti with a special focus on the social groups that benefited most from; Secondly, it assesses the residents' levels of satisfaction with the Ruoholahti area and the main factors behind the satisfaction or dissatisfaction; and, thirdly it predicts the social impacts of the Arabianranta project. The main sources of information are the resident questionnaire survey and the resident interviews carried out in Ruoholahti between 1999-2001, and local and national census databases. The focus is on the Ruoholahti project because the exact impacts of the Arabianranta redevelopment are yet to be seen.

8.1 Groups that benefited most from the housing development

This section compares the social benefits of redevelopment in Helsinki against academic arguments which refer to regenerated areas as often exclusive and suitable for the top end of the income, education and professional spectrums. Regenerated areas have been described as 'islands of renewal in seas of decay' (Berry 1995). (See, for example, Ley 1996; Harvey 1989; Feinstein 1994b; Goodwin 1991, 1993; Rowley 1994; Hamnett 1994; and, for Scandinavian cities, see, Borgegård et al. 1998.) Design and architecture used in the regeneration areas are suggested to reflect universal styles which do not reflect the tastes of the local population (Harvey 1990; Holcomb 1993).

8.1.1 Responses to the field survey questionnaire in Ruoholahti

The Ruoholahti sample of 160 questionnaires gained 70 responses (43 % response rate). The respondents roughly represent the relative proportions of the total population in Ruoholahti. The most active respondents were 25 to 54 year-olds, who also represent the majority of the population in the area. The typical Finnish response distortions (according to Korhonen 1998) were identified in the sample: females were the more active respondents (66 %), and there were almost 20 % more university educated respondents than is their actual share of the Ruoholahti population. The number of those educated at lower intermediate level was 8 % higher than their proportion. In contrast, the residents with basic school level education hardly responded with a
response rate of 4.5% compared to 27% of the actual share. With regard to occupation groups, the entrepreneurs and higher management employees replied more than the lower management employees. The latter were underrepresented amongst the respondents with only 10% of the responses compared to their 37.5% share of Ruoholahti population. The response rates by family type show that lone parents were inactive with only 6% of the responses against their 24% share in the area, but single households responded actively.

![Distribution of responses by tenure type](image)

Figure 8.1 Distribution of responses by tenure (block) type of the respondent (Field survey 1999).

![Division between statistical areas](image)

Figure 8.2 The division between the statistical areas of inner city ('kantakaupunki') and outer city ('esikaupungit') in Helsinki (Helsinki Region Statistics 2000).

With regard to type of tenure, different households were represented close to their respective proportions of the total Ruoholahti population (see Figure 8.1 in comparison to Table 6.3, describing the profile of the new Ruoholahti residents to the residential structure of inner city of Helsinki.)
Chapter 6.) Homeowners were more active than tenants, and had 43% share of the responses against the 22% share of the housing units. On the other hand, when the sample information is compared to other respondent details, such as income or age, the responses were close to the actual proportions. These facts have to be taken into account when interpreting the questionnaire data. In 1999, 67% of the respondents had lived for 3-5 years in Ruoholahti, and 13% over six years. This implies that the latter group had moved in as the first, and the former as the second group of residents in Ruoholahti. This adds to the value of their views on the area.

8.1.2 Who lives in Ruoholahti?

The statistical data for the examination of Ruoholahti population concerned two sub-district areas, Ruoholahti and Jätkäsaari, shown in Figure 4.3, Chapter 4. The administrative area of Helsinki City is divided into two major areas, the inner city ('kantakaupunki', the yellow zone in Figure 8.2), and the outer Helsinki ('esikaupungit', the green zone). This division is used in the statistical surveys of Helsinki.

8.1.2.1 Population and household structure

The districts of Ruoholahti and Jätkäsaari had altogether a total population of 6057 in 2000. A description of a prototype Ruoholahti household is a highly educated couple with medium-income and young children living in their first own home. This description is drawn on the basis of the field survey (1999) and the interviews of the residents and decision-makers, and it is supported by the census data (Helsinki Region Statistics 2000). Thus, it can be argued that the public decision-makers housing target for young families in Ruoholahti was successful.

As shown in Figure 8.3a, there is a large share of families with children (42%) compared to the two-earner childless households (34%). This is a very high percentage when compared to the inner city Helsinki (28% - 56%), and the reverse of the whole Helsinki City (36% - 47%). The social housing scheme was successful in targeting the single-parent families, since the proportion of lone parents is substantially higher in Ruoholahti (24%) than the inner city (15%) and the City average (17%). This argument is also supported by household size figures of Ruoholahti (26%) depicted in Figure 8.3b, which shows that there are far fewer single households in Ruoholahti compared to the inner city Helsinki (57%) and more large, over 3-person families (36%) compared to 15% in the inner city Helsinki. It became clear, not only from the statistics, but also from the open-ended survey questions and interviews, that families with young children are the
clearly dominant household type in Ruoholahti – to the extent, that they were complained about and it was hoped that their number would be limited for nuisance and public service reasons (field survey 1999; interview with a public planner 2000).

Similar family structures are found in other post-industrial cities. Ley (1996:36) notes, with regard to the residents of the regenerated areas in Canadian cities such as Toronto and Vancouver, that non-profit and co-operative housing production for families was significant in the urban policy during the 1970s and the 1980s. The age groups of over 40-year-olds were larger than the literature suggests, and as many as 60 % of the households had children in Canadian cities. Although the ‘yuppie’ groups were still dominant in these neighbourhoods Ley (1996:37) suggests that due to the ‘middle-class submarkets in the inner city... the new middle-class residents are now more heterogeneous’.

Figure 8.3a Ruoholahti, inner city and total City of Helsinki families by Family type in 2000 (Helsinki Region Statistics 2001).

Figure 8.3b Ruoholahti and the inner city Helsinki by family size in 2000 (Helsinki Region Statistics 2001).
8.1.2.2 Income and socio-economic structure

An examination of the socio-economic and income structures of Ruoholahti sample shows that the area is close to the average income level of Helsinki. In terms of income distribution, the main features are the dominance of the middle income groups and the smaller share of the lowest income groups in Ruoholahti, when compared to Helsinki City and to whole Finland. There are also more high income groups than in the comparison areas but the difference is small. There are no comparable statistical sources available to illustrate this in a graph or to fully compare the income distribution of Ruoholahti and Helsinki City. The figures are prepared on the basis of income per person in the whole Helsinki and not at the sub-district level, or per households in the whole City. However, the smaller share of the lowest income groups and the slight dominance of the middle income groups in Ruoholahti are evident in Figure 8.4a, which shows the income distribution of households in the Ruoholahti residential survey, and 8.4b (income distribution in Helsinki City and in Finland.)

![Figure 8.4a Distribution of the household incomes of the Ruoholahti survey respondents (Field survey 1999).](image1)

![Figure 8.4b Distribution of the personal incomes in Helsinki and in Finland in 1998 (TieKe 2000b).](image2)
There are comparable statistics available on the average income at sub-district and at the whole city level, as shown in Figure 8.4c. These enable a comparison of Ruoholahti to other areas in Helsinki. The Figure illustrates that the average annual income of Ruoholahti households, 232 820 FIM (£25 869), is only slightly higher than the City average (223 480 FIM, £24 831), and closest to some average income areas in the inner city Helsinki, such as Taka-Töölö or Laakso (nos 104 and 180 in Figure 4.3, Chapter 4), both at approximately 230 000 FIM (£25 500). The average income of the Ruoholahti households is far lower than in the traditional high income areas of Helsinki, such as Katajanokka (no. 080) (358 461mk, £39 829), Lauttasaari (no.105) (286 876 FIM, £31 875), or Kulosaari (no. 601) (501 796 FIM, £55 755). If we look at the data on income per employed person, at 162 520 FIM (£18 057) Ruoholahti is close to the average of the inner city 154 073 FIM (£17 119) and the average income areas of Taka-Töölö 163 367 FIM (£18 151). (Helsinki Region Statistics 2001).

The socio-economic profile of the Ruoholahti residents shows that the area is segregated towards the lower middle classes at the costs of the bottom-end classes, and, within the inner city at the costs of the top-end classes. As shown in Figure 8.5a, the lower management class (37.5 %) is dominant among the Ruoholahti residents, and the second highest is the higher management class (27 %). When the shares of the higher and lower management frequencies are compared to other areas, there is a larger share of lower management employees in Ruoholahti than in the whole City and in the inner city, but less higher management workers than in the inner city. In contrast, there is a smaller share of entrepreneurs and fewer skilled workers in Ruoholahti when compared to Helsinki City and far less than in Finland in general.
The above frequencies place Ruoholahti in between Helsinki City average and the inner city average, and makes it a predominantly lower middle class area in socio-economic and income terms in Helsinki, but an explicitly white-collar area at the national level. (Note that these are 1995 figures, which makes the comparisons to the 1999 material weaker.) With reference to Figure 8.5b (household incomes by socio-economic classes in Finland), the dominance of the lower management employees in Ruoholahti makes the middle income groups more dominant. This implies that the income of the skilled worker employees and the lower management employees are very close to each other. These figures are partially explained by the selection criteria of the first council tenants to the area, which is discussed in section 8.1.2.4.

Figure 8.5a Ruoholahti, inner city Helsinki, and total Helsinki by socio-economic class, in 1995 (Helsinki Region Statistics 2001). *The share of the unemployed is calculated from the total employable population, whereas the socio-economic composition is based on the total employed labour force.

Consequently, Ruoholahti has a different residential structure compared to many of the 1980s redevelopment areas in other western cities, which are best suited for the top-end of the income and socio-economic spectrum. Also the method of payment (mortgage) for the owner-occupied new flats is radically different. As much as 30% of the first completed flats were paid with State Arava mortgages, and only 10% by savings (Vehviläinen 1993:3). Such financial assistance to residents is unusual in waterfront regeneration areas in most other countries.
8.1.2.3 **Occupational structure**

Against the suggestions of employment polarisation due to post-industrial urban policies (see, for example, Sassen 1991; Mollenkopf and Castells 1991), one third of the Ruoholahti residents represent the higher middle and lower middle classes of post-industrial occupational hierarchy, namely the ‘technical and semi-professional’ or ‘skilled service workers’ (Esping-Andersen 1993:25). The total distribution of work places in the area compared to the employment sector of the residents is shown in Figure 8.6a. The figure illustrates that although the largest single sector of employment is ‘real estate, renting, and business activities’ (15.5 %), the predominantly middle-paid ‘public administration’, ‘health and social work’, and ‘other community and social services’ (marked in red in Figure 8.6b) employed a total of 32 % of the Ruoholahti residents in 1998. The proportion of these sectors is a little higher than these sectors’ total in the inner city Helsinki (30 %) (Helsinki Region Statistics 2000). The strong IT sector work place agglomeration in Ruoholahti is also visible in the Figure 8.6a and is the major part of the ‘communication’ category (38 % of jobs). In addition, Figure 8.6a is a useful comparison to the literature for it shows that the majority of the jobs created in Ruoholahti (IT, real estate, manufacturing, wholesale, public administration jobs being the largest sectors) represent both middle and high paid occupations – not the highest and lowest paid sectors only.

The data shown in Figure 8.6a indicate that there is a busy commuting traffic to and from Ruoholahti, as the majority of the residents do not work in the area. There are few public and health sector jobs in the area, and a small percentage of the local residents work in the communications sector, which is the area’s main employer. This disparity was recognised during the interviews with the Ruoholahti residents and the public decision-makers. The resident
interviews gave an impression that the people living in Ruoholahti perceive themselves as a part of different socio-economic and life style groups than the IT workers who commute to the local office area. A resident described this disparity during an interview (2000):

"...we'll see how the new office quarters will effect the area. When thousands and thousands of very high-paid workers are going to look around here. We've been threatened that that Ruoholahti will be a yuppies lunch place and there won't be any other services."

Figure 8.6a Comparison of jobs located in Ruoholahti by industrial sector, and the sectors of employment of the local residents (1998) (Helsinki Region Statistics 2000).

Figure 8.6b Comparison of the monthly income by industrial sectors in Finland (1998) (Tilastokeskus 2000).

A homeowner interviewed expressed worries about the possible instability of housing prices due to the office construction:
"... But who knows if this 'Silicon Valley' will affect in the long run. The housing ownership structure here is such that it's difficult to see how those high-paid workers would be able to affect it, apart from the private freehold flats. One way is that people start renting their Hitas flats at market price for outsiders. And then they go themselves to a cheap place and never need to go to work again. But Soininvaara [the Minister of Social Affairs in 2000, Green Party] has done some calculations for this, and said it should be controlled." (A Ruoholahti resident 2000)

Despite the above differences in household income and employment, there are similarities between the residents of Ruoholahti and other revitalised neighbourhoods. First and foremost, the redevelopment has attracted highly educated groups and a majority are employed and working and at their most active stage of life. The higher-intermediate education (equal to a Polytechnic degree) is the most typical education level (34 %), and a large proportion holds a university (Master) degree (28 %), which puts the population in the two highest education categories as high as 62 %. A similar pattern was also found in another 1980s Inner city redevelopment area, Pikku-Huopalahti (Helsinki Region Statistics 2000). This matches with the notions by Hamnett (1996:1425), DiGaetano and Klemanski (1999:51) and van Kempen (1994:1001) in two ways: in the higher interest in urban culture and in becoming a 'gentrifier', and the central role of (high) education in access to employment and subsequent higher living standards in the post-industrial service economy. Secondly, Ruoholahti is also close to the general regeneration arguments when the age figures of the population are looked at. Regeneration areas are argued to be predominantly populated by under 35 year-olds (see, for example, Ley 1985). This is true for Ruoholahti as well. The share of 20-39 year-old residents was 39 % in 2000. Furthermore, only 4 % had reached retirement age (65 and over). (Helsinki Region Statistics 2001.)

The high attraction of Ruoholahti among the highly educated lacks a satisfying explanation. In addition, it was noticed during the planner-resident meetings that there was a large group of residents who were very aware of their environment, actively participating the social issues, and were close to the cultural activists, such as the media people (interview with a former Project Director 2000). According to Butler (1997), these are all typical characteristics of the post-industrial 'middle class gentrifiers'.

On the above basis, it is possible to suggest that the Ruoholahti housing development policy seems to have reached its target groups — young families in average income groups — and has thus partially ‘corrected’ the socio-economic structure of population in the inner city Helsinki.
8.1.2.4 'Social engineering' of the residents for the mixed occupancy blocks

If we examine certain components of the Ruoholahti population, we see that the background to the argument that the socio-economic structure have been 'corrected' by recent housing policy does not quite meet the concept of socially equal urban policy. A significant factor underlying the residential profile of Ruoholahti is the selection system of the initial residents for the mixed occupancy houses. The houses which were built first (between 1992 and 1994) were mainly of mixed occupancy type. These blocks comprised as much as 35 % of the total housing units, and housed 36 % of the population, and 37 % of the floor space in Ruoholahti in 2000 (HKK 2000: updated appendix 8 May 2000). Therefore, the question who lives in the mixed occupancy units is a significant one for the examination of the social impacts of the Ruoholahti development.

The method applied in selection of the first residents indicated explicit 'social engineering' which clearly affected the community in Ruoholahti. The Ruoholahti project team was concerned about the image of the area in case there were many 'deviants' or 'troublemakers' among the first mixed block tenants. These people could 'ruin' the good idea of mixing from the very beginning (interview with a public planner 2000; Vehviläinen 1996:65). To counterbalance this problem, the Helsinki City Housing Office (within the City Real Estate Office) that selects the Council flat tenants, was given guidelines by the Project leaders who to select as the initial tenants. These guidelines preferred employed young families with children, who pay their rent themselves, instead of social security recipients from the general council housing queue.

To assess the impact of the guidelines, it is important to place these selection criteria in the context with the state of affairs in Helsinki at that time. As discussed in Chapter 3, the early 1990s was an era of 'urbanisation of unemployment and social problems' (Sisäasiainministeriö 1996:82-85). The rapid increase in the social security recipients from 1990 to 1995 due to the economic recession was shown in Figure 3.2, Chapter 3. The number of unemployed people queuing for a council flat was record-breaking (Tieke 2001). The guidelines defined by the project leaders were an attempt to make the socio-economic structure of the tenants 'as similar to the home-owners as possible' (Vehviläinen 1996:99). The selection criteria clearly shifted the benefits of the redevelopment away from those in the worst situations, such as the long-term unemployed, and the socially problematic cases. Those groups had a reputation of being 'trouble-makers' in the poorer suburban council flats. The criteria geared the Ruoholahti population profile towards more middle-class families.
The selection criteria presented a problem to the lower middle class families who were caught in an income trap of earning too much and being excluded from the scheme, or not earning enough and therefore having financial difficulties because of the high rents in Ruoholahti. For example, Arava subsidised flats for three-person households were only available if the gross household income was below 15 000 FIM (£1650) per month (Ympäristöministeriö 2001). This meant that it was difficult to find enough applicants who would fit within the criteria of self-payment and be able to pay the rent of a large council flat in Ruoholahti (for example 4500 FIM/ £500 p.m. for a 90 m² flat in 1996). Subsequently, many ‘suitable’ families were offered a flat surprisingly quickly, but soon found the rent too high, and moved out (Vehviläinen 1996:65-66). However, after the City Housing Board decided to demolish the selection criteria in 1995, Ruoholahti has received more unemployed and immigrant groups (Vehviläinen 1996:99). Van Kempen (1994:1001) has identified similar patterns in Dutch cities, and notes that while enabling low income household to live in good-quality neighbourhood, the politic decision on the social housing eligibility criteria unintentionally lowers the incentive to move out from social housing when the household’s income grows. This ‘furthers the social mixed character of especially the more appreciated, favourably located neighbourhoods’. In Ruoholahti, the effect of the criteria was even stronger as it concentrated rather than mixed the higher income households in social housing.

In this way, the early ‘social politicising’ of the mixed occupancy flat allocation contributed to the concentration of problematic tenants elsewhere in the city, and to the relatively segregated (homogenous) residential structure in Ruoholahti. Murie and Musterd (1996:514) have addressed this problem concerning Dutch cities, such as Amsterdam, and argued that, in the environment of increasing social inequality, such factors as allocation policies and turnover of tenants may result in segregation ‘within the social rented sector between areas and estates.’ In addition, they note that ‘social rented sector marked by social mix is not a guarantee against segregation’. These notions match well with the empirical findings in Ruoholahti, where the families with children have become over-represented among the home owners of the mixed occupancy blocks (Vehviläinen 1992:26). A former Project Director interviewed (2000) described that many of the Ruoholahti residents represent a group which he refers to as the ‘poor urbanist’ (‘kaupunkiköyhälistö’). These are medium-income, highly educated persons aged between 35 and 50, who would not have been in a position to buy a flat in the city centre had not the relatively

46 In 1998, the average monthly gross income per household in Helsinki was 16 880 FIM (£1875), which makes it difficult for most households to fit into the Arava limits (Helsinki Region Statistics 2000).
47 Ruoholahti was, and still is, extremely popular among the Council and student flat seekers. Those who were given a flat, described it as an “amazingly good luck” (Field survey 1999; Vehviläinen 1996:32-33,57).
cheap flats in Ruoholahti been available. Many of them are active members of the society (for example working in the media) and active participants in the local development issues. The former Project Director noted that the further planning of Ruoholahti turned out to be contested by ‘an active and aware’ group of local participants.

8.1.3 Where did the new residents move from?

There was a common urban source area for the residents moving into Ruoholahti. Most of them were previously living in the inner city of Helsinki. This is shown in Figure 8.7. On this basis, it can be argued that the redevelopment was not fully successful in reaching social groups under threat of social exclusion in the Helsinki suburbs, which has become an important issue for the City authorities (interviews 2000; HKK 1997; Vaattovaara 1998). Among the questionnaire survey respondents, the groups with urban background were a clear majority with 43% living in the inner city of Helsinki before moving to Ruoholahti, and a further 40% in the outer Helsinki. These are similar to the figures found by also in Pikku-Iluopalahti (Korhonen 1998:36-37). Among others, Ley (1996:37) has noted about the gentrifiers in Canadian cities, that the first decade residents were

‘...rarely returning to the inner city from the suburbs, but are extending .. the period of life-cycle spent as inner-city residents beyond the years of student and young adult life.’

Figure 8.7 The previous place of residence of the Ruoholahti residents (Field survey 1999).

Ley (1996:37) and Smith (1996:54-55) have found that 50% to 80% of the residents in regenerated neighbourhoods in Ottawa, Vancouver, Montreal, Philadelphia, Baltimore and Washington had the previous address within the local inner city area. These groups are at a turning point in their life regarding the living conditions and family relations. The first follow-up survey in Ruoholahti indicated that a mortgage-financed Ruoholahti flat was the first own home for three quarters of
the buyers (Vehviläinen 1993:9). Among the respondents of the field survey the percentage of those who had moved to Ruoholahti from a rented property was also high at 66%.

The urban origin of the residents largely explains why most people in Ruoholahti preferred 'urban anonymity' and did not complain even if they had experienced a lack of social interaction (Field survey 1999). The only apparent community formation in Ruoholahti occurred amongst mothers with their children playing at the courtyard (Field survey 1999; Resident Interview 2000). This is supported by a Ruoholahti resident who mentioned that that “the children force you to contact your neighbours, which you would not do otherwise” (Interview 2000).

8.1.4 What attracted the residents to Ruoholahti?

An examination the Ruoholahti survey responses indicates that social housing production was initially successful in attracting lower-income groups, to whom the house prices were a central incentive. This is supported by the second follow-up survey (Vehviläinen 1996:35). However, this trend seems to be changing, since a large percentage (61%) of the 1999 survey respondents were 'area determined' in their decision-making, that is they had first decided to move to Ruoholahti and then looked for a suitable flat within the area. Among those interviewed in Ruoholahti in 1996, the percentage was only 45% (Vehviläinen 1996:42). This implies that the people seeking a home in Ruoholahti after 1996 had other incentives behind their decision to move. For families with children, the rumours of many similar families living in the area reinforced their decision to move (Field survey 1999; Vehviläinen 1996:31).

When the residents were asked to itemise the factors that influenced their decision to move, the two most important factors were the location of Ruoholahti and the characteristics of the flats. This is illustrated in Figure 8.8, in terms of either ‘very important’ or ‘important’ factor. Location is rated at 90% and the flat characteristics at 84% in the decision-making of the residents. This indicates that the residents would not have moved into any type of flat in the inner city waterfront, but the characteristics (such as the size and design) of the flat mattered as well. A second set of factors which were influential in attracting the residents, were practical reasons (such as the price and availability of flats, journey to work) and image related (waterfront location, new houses, area's design). These were all either important or very important for over 50% of the respondents.
This indicates that the attractiveness of Ruoholahti has increased during the late 1990s. It is likely that available flats are now sought not only by the medium income, ‘price determined’ households, but also by those who wish to live in this particular area and have less regard to the price. The privately financed Hitas flats in particular are currently so highly desired, that they never reach the normal housing markets, but change ownership within days through personal contacts. This is evident in the comments of those people who were considering flat purchase in Helsinki in 2001, such as the following:

“Ruoholahti Hitas houses are perfect for a small income person like me who wants to live in the city centre... But you cannot find these flats for sale anywhere, unless you know someone personally who is selling one... I’ve been asking around for about two years, but there was only one Estate Agency which said that they might get one for sale within a year or so...” (personal communication with a flat seeker, 2001)

Also the decision-makers interviewed gave similar comments:

“There hasn’t been a need to advertise Ruoholahti for years now. It sells so well on its own reputation.” (a former Ruoholahti Project Director 2000)

A negative side of the high demand is recent growth of black market sales practised by the Hitas owners. The person selling a flat receives the fixed Hitas price, but then agrees with the buyer an extra sum, which increases the price towards the free market prices. This form of illegality works since many higher income people are ready to pay the market price for a Hitas flat in Ruoholahti. The official waiting list administered by some estate agencies for those interested in buying a

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48 This is, however, partly explained by that the blocks which were completed later, were freehold Hitas units and private units, and these attracted wealthier home seekers than the subsidised production. See Table 6.3, Chapter 6.
price-controlled flat, is overcrowded. (Personal communications with a flat seeker, 2001; interview with a former Chair of the Ruoholahti Resident Association 2000). A resident commented that there is a need to control the speculation on Hitas flats, because

"...the Hitas system is there to support the low-income people, like us, and [without it] we would be somewhere in Northern Vantaa living in a small plywood box flat hell!" (a Ruoholahti resident 2000)

There are interesting variations between the factors of attractiveness when the levels of importance are compared to against the residents' profile. This is depicted in Figure 8.9a, which shows that for the two lowest socio-economic groups (the workers and lower management) the area's image was higher incentive than for the higher groups (entrepreneurs and higher management employees). This indicates that, for the majority, Ruoholahti appeared as a moderately priced and socially attractive area. The house prices were naturally important to all socio-economic groups, but it is apparent that there is a difference between the skilled workers and the lower management category. The area's image and housing price showed similar variation when compared to the residents' levels of education, as shown in Figure 8.9b. Whilst the lower and the higher intermediate level educated residents (which are comparable to lower management and unskilled workers) appreciate the area's image and are satisfied with the flat prices, the image is less appreciated by those educated at university level, and by those with basic school education (the latter ones presumably belonging to the worker category).

When these two factors are compared to the household category (see Figure 8.9c) it appears that the area's image is important for lone parents and families and less for singles and couples. The house prices are a major concern for lone parents, couples and singles, but less for families, who presumably have social housing arrangements or a Hitas flat. When the area and house prices are compared to the age profile (see Figure 8.9d) the area image is more important for the young age category (19–24) and the older age categories (45–64). The middle age categories (25–44) do not appear to be motivated by the area's image. The flat prices are concern to those at working age and to the middle age category (45–54) in particular. The age disparities in levels of importance can be partly explained by the income variability, which is shown in Figure 8.10a. We can see that the income increases with age. (Field survey 1999.)
Figure 8.9a Importance of selected factors for the decision to move to Ruoholahti by socio-economic status (Field survey 1999). (Mean = the average score in the questionnaire in scale 1-5 from weak to strong.)

Figure 8.9b Importance of selected factors for the decision to move to Ruoholahti by level of education (Field survey 1999). (Mean = the average score in the questionnaire in scale 1-5 from weak to strong.)
Figure 8.9c  Importance of selected factors for the decision to move to Ruoholahti by type of household (Field survey 1999). (Mean = the average score in the questionnaire in scale 1-5 from weak to strong.)

Figure 8.9d  Importance of selected factors for the decision to move to Ruoholahti by age groups (Field survey 1999). (Mean = the average score in the questionnaire in scale 1-5 from weak to strong.)
Figure 8.10a Income and education of the Ruoholahti residents by age (Field survey 1999). (Mean = the average score in the questionnaire from the lowest to highest.)

Figure 8.10b Income and education of the Ruoholahti residents by socio-economic group (Field survey 1999). (Mean = the average score in the questionnaire from the lowest to highest.)

The differences in between the household type and age (Figures 8.9c and 8.9d) are partly explained by the socio-economic group and education levels (see Figure 8.10b). Figure 8.10b shows that the higher management employees and entrepreneurs hold the highest education and income levels. This is supported in the survey by Vehviläinen (1992:26-36), which established that the residents holding university degree were a major group who had reserved a flat from the private freehold blocks prior to their completion, whereas among those buying a subsidised Arava flat, the higher intermediate level was most common. Moreover, most residents had considered only other similar redevelopment project areas with Hitas and Arava housing as only...
an alternative to Ruoholahti (Vehviläinen 1992). This suggests that the price controlled housing in this inner city location was a strong incentive for homebuyers, and thus emphasises the importance of Hitas and Arava production. From this it can be stated that without controlled housing production the population of Ruoholahti would have looked very different, and that Hitas also prohibits the ‘rent gap’ effect (see, for example, Clark 1988) becoming dominant in the redevelopment in Helsinki City.

When the respondents’ answers were subjected to the Spearman’s rank correlation test, there are many interesting associations, as shown in Table 8.1. The strongest attractivity association is between the flat characteristics and area’s design (0.691), which indicates that the well-designed new flats and the general appearance of Ruoholahti were a strong feature in influencing people’s decision to move. The second best association is in between the house prices and the availability of flats (0.521), which is a natural economic influence feature. The third best correlation is between the waterfront location and environmental planning (0.529). This point is further explained in the section 8.2.

<table>
<thead>
<tr>
<th>ATTRACTION</th>
<th>Housing price</th>
<th>Available flats</th>
<th>Area’s design</th>
<th>Flat characters</th>
<th>Natural environment</th>
<th>Friends nearby</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attraction of housing price</td>
<td>-</td>
<td>0.522</td>
<td>0.370</td>
<td>0.294</td>
<td>0.160</td>
<td>0.343</td>
</tr>
<tr>
<td>Attraction of available flats</td>
<td>0.522</td>
<td>-</td>
<td>0.260</td>
<td>0.186</td>
<td>0.174</td>
<td>0.248</td>
</tr>
<tr>
<td>Attraction of flat characteristics</td>
<td>0.294</td>
<td>0.186</td>
<td>0.691</td>
<td>-</td>
<td>0.237</td>
<td>0.264</td>
</tr>
<tr>
<td>Attraction of new flats</td>
<td>-0.013</td>
<td>0.425</td>
<td>0.221</td>
<td>0.268</td>
<td>0.055</td>
<td>0.176</td>
</tr>
<tr>
<td>Attraction of safety</td>
<td>0.269</td>
<td>0.456</td>
<td>0.245</td>
<td>0.336</td>
<td>0.441</td>
<td>0.370</td>
</tr>
<tr>
<td>Attraction of area’s design</td>
<td>0.370</td>
<td>0.260</td>
<td>-</td>
<td>0.691</td>
<td>0.349</td>
<td>0.340</td>
</tr>
<tr>
<td>Attraction of area’s image</td>
<td>0.179</td>
<td>0.214</td>
<td>0.292</td>
<td>0.119</td>
<td>0.494</td>
<td>0.209</td>
</tr>
<tr>
<td>Attraction of waterfront</td>
<td>0.153</td>
<td>0.101</td>
<td>0.282</td>
<td>0.232</td>
<td>0.529</td>
<td>0.199</td>
</tr>
<tr>
<td>Importance of living costs</td>
<td>0.377</td>
<td>0.259</td>
<td>0.084</td>
<td>0.037</td>
<td>0.108</td>
<td>0.337</td>
</tr>
<tr>
<td>Importance of social relations</td>
<td>0.227</td>
<td>0.303</td>
<td>0.179</td>
<td>0.145</td>
<td>0.285</td>
<td>0.381</td>
</tr>
<tr>
<td>Importance of natural environment</td>
<td>0.007</td>
<td>0.311</td>
<td>0.403</td>
<td>0.337</td>
<td>0.325</td>
<td>0.292</td>
</tr>
<tr>
<td>Importance of design</td>
<td>-0.108</td>
<td>0.311</td>
<td>0.378</td>
<td>0.220</td>
<td>0.390</td>
<td>0.085</td>
</tr>
<tr>
<td>Importance of light transportation</td>
<td>0.358</td>
<td>0.216</td>
<td>0.340</td>
<td>0.472</td>
<td>0.187</td>
<td>0.449</td>
</tr>
</tbody>
</table>

Table 8.1 Correlation coefficient data on the main factors which attracted households to move to Ruoholahti (Field survey 1999).
Examining a range of associations, the area's image is positively correlated with the attraction of the housing prices and flat characteristics, and the importance of environmental management and design. The housing price factor is positively correlated with the attractiveness of available flats and the importance of living costs and light transport networks. Both these ranges give a general insight into the residents' decision-making. From this information it can be generalised that there is a group of the current residents who have moved to Ruoholahti mainly because of the modest total living costs and housing prices, and for whom the area's characteristics were not an incentive. There is a second group of residents who are more design oriented and were attracted by the area's architecture and the design of the flats, but did not pay particular attention to housing prices. There is a third group, the 'poor urbanists', who were attracted by cheap living costs, public services, and cycling and pedestrian connections, and friends living nearby.

8.2 Residents' satisfaction with the area

The purpose of this section is to assess the social success of the redevelopment policy in Helsinki. It establishes the residential groups who are satisfied and who are dissatisfied with their living environment in Ruoholahti, and evaluates to whom the redevelopment has benefited the most.

8.2.1 The main sources of satisfaction and dissatisfaction

The residents' opinion on the area redevelopment in Ruoholahti was established in two ways - the general satisfaction with the redevelopment, and the extent to which the personal expectations of the residents have been met (Questions 9 and 13, Appendices 1 and 2). In combination, the total scores indicate that the maritime environment was the highest source of satisfaction in Ruoholahti. Most people were attracted to the area by its central location, flat design, and flat prices. Of these, the location seems to satisfy large majority of the residents. In contrast, the flat design and living costs did not satisfy the residents' expectations as much. Thus, it appears that the 'winners' of the redevelopment - the most satisfied - are those who initially moved to Ruoholahti because of its central and maritime location, and the relative 'losers' are those who moved due to affordable housing. This is shown in Figure 8.11, where the waterfront is rated as the most satisfactory feature in the Ruoholahti redevelopment with 73% of the respondents rating it either 'very successful' or 'successful'. The second most satisfying feature is the natural environment in general, which is rated at 50%. The residents' views on public and private housing are less positive with 43% satisfied with (predominantly owner-occupied)
private housing production, which is slightly higher than with the (mainly rented) subsidised flats rated at 40%. One possible explanation is given by a resident, according to whom some 'sour attitudes' prevail among the tenants against the homeowners:

"...the rental flat tenants are in a worse situation than the others, and here homeownership has been very cheap – Hitas units are everywhere, but only two private freehold blocks. Housing costs are so low, that actually the homeowners pay monthly much less for their mortgage than the tenants pay rent." (A Ruoholahti homeowner and a former Chair of the Ruoholahti Residents' Association 2000.)

When the very unsatisfied responses are examined it appears that offices and housing costs are rated slightly higher than other variables (see Figure 8.11). Dissatisfaction with the office construction is discussed later in this section. Dissatisfaction with the housing costs derives from many reasons, one of the reasons being recent increases in the Arava flat rents. The other reasons may be the quality of housing, and the size of the flat. A resident interviewed (2000) explained that some people are not happy with the area because they want something completely different, or because the size of one's flat is insufficient but there are no chances to change for a bigger flat within the same area. Together with the housing costs, the follow-up survey found the latter a general reason for dissatisfaction on public housing (Vehviläinen 1996:141). The relatively poor quality of housing construction was a general complain also in the open questions about the worst features in Ruoholahti (Question 19, Appendices 1 and 2). There were several comments similar to the following:

"I'm scared because of the construction faults in our block... Are these built too cheaply and too carelessly? The future?" (A young owner of a £39,000 flat in a mixed occupancy block 1999.)

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**Figure 8.11** The level of respondents satisfaction with selected features of the Ruoholahti redevelopment area (Field survey 1999).
On the contrary, supporting the notion of the highest satisfaction among those who were attracted by the central location of Ruoholahti, public transportation has met the expectations of 89% of the residents at either 'very satisfactory' or 'satisfactory' level. Considering how strong incentive the location was for Ruoholahti (see Figure 8.8), good public transportation has been a very important factor towards success. According to an open-ended question (Question 18, Appendices 1 and 2), proximity to the city centre is also the best overall feature in Ruoholahti.

The Spearman's rho correlations shown in Table 8.2 indicate more explanatory associations for the levels of satisfaction than the frequency figures. Examining the response levels of satisfaction, the strongest association was between satisfaction with the natural environment (the living environment) and the environmental management of the development (0.601). This suggests that the respondent had the same opinion in nature as on the planned natural environment. The second best association is between the waterfront development and the environmental management (0.503), which again implies a high level of success in planning the open green spaces. The waterfront development is related to many other satisfaction variables – housing quality (0.419), natural environment (0.425) and housing design (0.430). The area's design is also associated with the waterfront development (0.430), and high quality living area (0.460) scores.

<table>
<thead>
<tr>
<th>SATISFACTION</th>
<th>Public housing</th>
<th>Housing costs</th>
<th>Waterfront</th>
<th>Area's design</th>
<th>Environmental management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction with private housing</td>
<td>0.500</td>
<td>0.017</td>
<td>0.365</td>
<td>0.270</td>
<td>0.295</td>
</tr>
<tr>
<td>Satisfaction with waterfront</td>
<td>0.102</td>
<td>0.114</td>
<td>--</td>
<td>0.430</td>
<td>0.503</td>
</tr>
<tr>
<td>Satisfaction with housing quality</td>
<td>0.150</td>
<td>0.345</td>
<td>0.419</td>
<td>0.307</td>
<td>0.272</td>
</tr>
<tr>
<td>Satisfaction with natural environ.</td>
<td>0.334</td>
<td>0.263</td>
<td>0.425</td>
<td>0.447</td>
<td>0.601</td>
</tr>
<tr>
<td>Satisfaction with design</td>
<td>0.290</td>
<td>0.208</td>
<td>0.430</td>
<td>--</td>
<td>0.437</td>
</tr>
<tr>
<td>&quot;High quality living area&quot;</td>
<td>0.366</td>
<td>0.345</td>
<td>0.340</td>
<td>0.460</td>
<td>0.282</td>
</tr>
</tbody>
</table>

Table 8.2 Correlations of the factors against high satisfaction of the Ruoholahti residents (question 9, Appendices 1 and 2) (Field survey 1999).

The Spearman's rho correlations of the respondents' personal expectations, shown in Table 8.3, indicate a complicated picture of associations. The best correlations are between the natural environment and environmental planning (0.601) and the natural environment and area's design (0.437), which both correspond to the general levels of satisfaction, as mentioned above. The waterfront development is also associated with many other variables – housing quality (0.419), area design (0.430) and environmental management (0.425). This again implies that the residents
who are satisfied with the waterfront development are also satisfied with the housing quality and the environmental management (0.425). The 'housing quality' variable is associated with a high quality living area (0.428), which suggests that the views on the quality of houses match the residents' views on the quality of the area's design.

<table>
<thead>
<tr>
<th>PERSONAL EXPECTATIONS</th>
<th>Public services</th>
<th>Housing quality</th>
<th>Area's design</th>
<th>Environmental management</th>
<th>Cultural facilities</th>
<th>Community relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction with private housing</td>
<td>0.307</td>
<td>0.182</td>
<td>0.270</td>
<td>0.403</td>
<td>0.201</td>
<td>0.163</td>
</tr>
<tr>
<td>Satisfaction with housing costs</td>
<td>0.015</td>
<td>0.345</td>
<td>0.208</td>
<td>0.263</td>
<td>0.111</td>
<td>0.105</td>
</tr>
<tr>
<td>Satisfaction with social mix</td>
<td>0.035</td>
<td>-0.005</td>
<td>0.043</td>
<td>-0.038</td>
<td>0.126</td>
<td>0.261</td>
</tr>
<tr>
<td>Satisfaction with waterfront</td>
<td>0.160</td>
<td>0.419</td>
<td>0.430</td>
<td>0.425</td>
<td>-0.049</td>
<td>0.018</td>
</tr>
<tr>
<td>Satisfaction with natural environ.</td>
<td>0.189</td>
<td>0.272</td>
<td>0.437</td>
<td>0.601</td>
<td>0.178</td>
<td>-0.033</td>
</tr>
<tr>
<td>Satisfaction with housing quality</td>
<td>0.327</td>
<td>-</td>
<td>0.307</td>
<td>0.135</td>
<td>0.011</td>
<td>0.226</td>
</tr>
<tr>
<td>Satisfaction with public transport</td>
<td>0.145</td>
<td>0.101</td>
<td>0.076</td>
<td>0.168</td>
<td>0.103</td>
<td>0.391</td>
</tr>
<tr>
<td>Satisfaction with commercial services</td>
<td>0.402</td>
<td>0.232</td>
<td>0.156</td>
<td>0.172</td>
<td>0.226</td>
<td>0.262</td>
</tr>
<tr>
<td>Satisfaction with cultural facilities</td>
<td>0.298</td>
<td>0.011</td>
<td>0.195</td>
<td>0.340</td>
<td>-</td>
<td>0.365</td>
</tr>
<tr>
<td>&quot;High quality living area&quot;</td>
<td>0.016</td>
<td>0.428</td>
<td>0.460</td>
<td>0.222</td>
<td>-0.058</td>
<td>0.094</td>
</tr>
</tbody>
</table>

Table 8.3 Correlations of the factors against high satisfaction of the Ruoholahti residents (question 13, Appendices 1 and 2) (Field survey 1999).

8.2.1.1 Satisfaction with the landscape and design

The waterfront environment is the most satisfying feature in terms of the landscape and design in Ruoholahti. In this regard, there are two more points which support the argument that the groups attracted to Ruoholahti mainly because of the waterfront were the most satisfied 'winners'. The group of more 'design-oriented' than 'price-oriented' residents, mentioned in section 8.1.4, are likely to be satisfied as well, since the design of the area was highly appreciated at 61%. This is even higher than the satisfaction on the natural environment (50%) (see Figure 8.11). This indicates that the design of Ruoholahti does not represent 'alien' values or symbols for the local people as for example Harvey (1990, 1989) and Zukin (1995) have suggested (see section 8.1). The waterfront and the adjacent parks are also the clearly most frequently used local services in the area with approximately 60% using them often and the rest at least occasionally (Question 14, Appendices 1 and 2).
The above points can be interpreted as features that almost all the residents of Ruoholahti can equally enjoy regardless their income. Even the groups which were disappointed with the quality and prices of housing, gained a place of residence in an area that is generally satisfying. This becomes evident in the Question 12 on the impacts of the redevelopment on the landscape of Helsinki. For 75% of the respondents the impact was 'positive', and 66% agreed on a description of Ruoholahti as a 'high quality living environment'. When asked to describe the redevelopment area (Question 16, Appendices 1 and 2), 66% of residents gave a positive overall description, and nearly the same percentage described the landscape with positive terms. At the same time, those who did not like the landscape, felt strongly so, since the bad landscape and the ongoing construction were the second most mentioned 'worst features' of Ruoholahti. This was mainly because of the touch of a "suburban design" in the area, which was criticised by the respondents. This derives from many houses being designed by a single architect using similar materials and style (Vehviläinen 1996:97). On this basis, it can be argued that the architects failed in creating 'an extension to the city proper', which was one of the key targets of the landscape design.

On the other hand, the equal easy access to and the high quality of public space were amongst the most successful features of the development. Virtually every respondent and person interviewed was very pleased about the waterfront and the Ruoholahti Canal. In fact, in every third of the open answers the waterfront was equal to the canal. The follow-up survey suggests that the canal has worked a builder of place identity through which the residents perceive themselves as living in a particular place. When the flat prices started to rise due to high demand, sales may have ceased was not the canal such a particular attraction in Ruoholahti and commonly presented as a symbol of the area by the media. (Vehviläinen 1996:11,38-39). Completing the canal as the first element in the area turned out to be very successful strategy.

The large scale office construction, which commenced five years after the first residents, affected the landscape substantially. The offices were the highest source of dissatisfaction with a total of 23% unsatisfied and 9% very unsatisfied (shown in Figure 8.11). The office blocks directly affected only small number of housing blocks, but the distribution of different occupancy types was done so that the cheapest flat types (the mixed occupancy and the rental units) were mainly adjacent to the office sites (see Figure 6.4, Chapter 6). Therefore, a potentially critical group are those who live in the cheaper rental flats and in the mixed occupancy blocks in particular. This view is supported by a homeowner, who lives far from the offices in the southwestern corner of Ruoholahti, and does not mind the offices at all:
"... I do not feel so disturbed by the offices because the city is in other direction. They actually block the traffic noise out from here 49... But I'm pleased that there are both work places and housing in this area because it makes this good, and the public spaces are all really open for everyone." (A Ruoholahti resident, 2000)

On the contrary, for example, a homeowner in a mixed occupancy block opposite of the office sites noted that the "excess of massive, ugly office blocks" is the worst feature in the area (Question 19, Appendices 1 and 2). However, the office construction was positively viewed by a next door resident, since "they prevent suburbanisation" (a tenant of a State subsidised flat 1999).

8.2.1.2 Opinions on the image of the redevelopment area

The Ruoholahti redevelopment area gained publicity at early stages of the implementation due to its central location. According to the interviewed public decision-makers (interviews with Lampinen 2000; Mäkinen 2000; Laitinen 2000; Lindroos 2000) and the follow-up survey (Vehviläinen 1996:36), the image of the area was at its lowest in 1992-93, when the first, large mixed occupancy blocks were being completed and their design gained negative publicity. Many lower socio-economic and education groups were attracted to Ruoholahti during this time because the area was presented as affordable and non-exclusive, and the interest towards the flats was not yet very high (see Figures 8.9a-d). Housing allocation for families with children was to some extent too successful, partly due to the selective resident policy for the mixed occupancy blocks (Vehviläinen 1996:92-93). This was a commonly mentioned problem in the open questions of the questionnaire:

"I wonder if there will be enough (legal) activities in the neighbourhood for all the teenagers in the future." (A middle-aged man with two children living in a right-of-occupancy flat, 1999.)

"I'm a bit afraid what is going to happen in the future. Families with children are numerous and it is visible in the level of (un)cleaness of houses, stairways and courtyards! The owner-occupied flats and blocks are in better condition and the atmosphere in them is closer to what I am used to. The rents are high, many families live on social security, and this can be easily seen." (A woman who had moved from the old inner city to a rental Hitas flat, 1999.)

Ruoholahti's image started to rise only after the first residents had settled down and perceived the area as their home, and subsequently started to cut wings from unfairly negative comments (Vehviläinen 1996). Since then, living in Ruoholahti - with its satisfying landscape and design - appear to have increased the level of social status of most residents. In 1999 survey, 25 % rated the impact of the redevelopment as 'very favourable' to the image of Helsinki, and further 60 %

49 This was the target of the planners when they located the highest office blocks alongside the main road.
as 'favourable'. This was also central in many descriptions of the reasons to be satisfied with the Ruoholahti area. One responded commented this in short and pithy: "also considered a status area." (A lower management level right-of-occupancy flat holder 1999.)

8.2.1.3 Satisfaction with the local community in Ruoholahti

There are no signs of social or income class based community networks in Ruoholahti. This is according to the question asking the residents' opinion on the statement that Ruoholahti is a 'close residential community' (Question 15, Appendices 1 and 2). The results show that the Ruoholahti residents acknowledged some level of community formation: 46 % 'agree to some extent', and 36 % 'agreed'. Together with 64 % feeling that they had 'to some extent' become a local person (Question 20, Appendices 1 and 2), this may indicate that they have noticed some community formation, but do not feel themselves a strong member of the community. Many pointed out the visible network of families with children, which tend to make the others outsiders. (Field survey 1999, resident interviews 2000).

8.2.2 Links between the satisfaction and the background of the residents

When the respondents' satisfaction levels are compared against their personal background data, it is seen that opinions are not systematically dependent on any major factors. In some cases, however, the class-based differences help to explain the overall satisfaction patterns. Furthermore, in some cases, the type of household and type of occupancy is reflected in the respondent's satisfaction.

8.2.2.1 Impact of the socio-economic and education background on residents' satisfaction

With as many as two thirds of the residents describing the redevelopment in positive terms, it appears that the socio-economic groupings with less income and education are particularly satisfied with their new living environment. Although most of them live in the cheaper flats, the respondent data indicates that they are less critical with their environment. They appear to be more satisfied with the opportunity to live in the city centre regardless the flat characteristics or the environment. In contrast, the groups with more economic resources who may be in a position to pay more attention to (or are more interested in) the quality of their neighbourhood and the flat characteristics are more critical and variable with their satisfaction levels. This may be partly explained by an observation concerning Canadian cities (Ley 1980:242) which indicates that,
compared to lower classes, the higher social classes tend to seek for self-fulfilment and aesthetic life style satisfaction, instead of mere fulfilment of basic needs.

The variability in satisfaction between the income groups is illustrated in Figure 8.12a. This figure shows that the lowest groups (£4501-13 500) were generally more satisfied with the housing quality, community relations, and design than the other income groups. The middle income groups (£13 501-22 500) were variable in their satisfaction responses. The lower end was dissatisfied with the housing quality but satisfied with the community relations, and the upper end was not satisfied with either categories. The upper income groups (£22 501 – over 45 000) were more satisfied with housing quality and community relations than the middle income groups.

![Figure 8.12a Satisfaction on the redevelopment area in terms of selected factors by income (GBP p.a.) (Field survey 1999). (Mean = the average score in the questionnaire in scale 1-5 from weak to strong.)](image)

The socio-economic background of the respondents reflects the above comments, as seen in Figure 8.12b. The figure shows that the workers are more satisfied with the waterfront development and, to some extent, with the public housing, but dissatisfied with the housing costs. The lower management employees are very satisfied with the public housing, housing costs and social mix, but are less enthusiastic about the waterfront. The higher management category was relatively unsatisfied with the public housing but relatively satisfied with the housing costs and waterfront development. The entrepreneurs were satisfied with the public housing and waterfront and dissatisfied with the housing costs and social mix. However, some systematic patterns can be identified when we look at the satisfaction levels against respondents’
education background \footnote{The 'basic education' group data is not fully comparable, because there were only three respondents who represent this class due to the small number of them living in the area and their lower response rate.}, as in Figure 8.12c. We can see that the residents with basic education are satisfied with the housing quality, community relations, and design, but are dissatisfied with the environmental management. The lower and higher intermediate education classes are similar to each other in the levels of satisfaction. The university educated group was dissatisfied with the housing quality and the environmental management, but satisfied with the community relations and design.

\textbf{Socio-economic status}

\textbf{Figure 8.12b} Satisfaction in terms of selected factors by socio-economic status (Field survey 1999). (Mean = the average score in the questionnaire in scale 1-5 from weak to strong.)

\textbf{Level of education}

\textbf{Figure 8.12c} Fulfilment of expectations in terms of selected factors by education (Field survey 1999). (Mean = the average score in the questionnaire in scale 1-5 from weak to strong.)
8.2.2.2 Impact of the type of occupancy and type of block on residents' satisfaction

A high quality waterfront area is easily presumed as one designed for homeowners rather than tenants. In Ruoholahti, however, whether a household is owner-occupant or tenant is not a major influencing factor in terms of residents' satisfaction. Nonetheless, the cost gap between the owner-occupied and rental flats is a factor that effects the satisfaction with regard to the housing costs, as shown in Figure 8.13. The Figure shows that homeowners were more satisfied with the public housing and housing costs than the tenants, who were satisfied with the social mix and the waterfront. In terms of social mix in the area, 34 % of the respondents rated it 'successful' or 'very successful', but as many as 40 % considered it no less than 'quite successful'.

The City's own follow-up survey addressed the social networks in the area, and offers possible explanation for this. It found out that a great majority of both home-owners and tenants considered the mixed occupancy as a very good structure: the home-owners were satisfied because of the 'positive pressure' from the homeowners (who are 'more likely to behave according to the social norms') prevent disturbing behaviour of the council tenants, and the tenants were satisfied because many 'decent' council tenants feel that they were not subject of imprinting and problems of conventional council housing (Vehviläinen 1996:67-69). The survey quotes a Ruoholahti resident who well describes the attitude of many locals on the homeowner-tenant relationship:

"...these days, it is not about own or rental home that tells the intelligence or behaviour of a person. There are nuisances and unsocial people in both, whether you had a mortgage or a rental flat... That's where the line in respect should be drawn." (A homeowner in Ruoholahti 1995, quoted in Vehviläinen 1996:76).

The following comment by a former Ruoholahti Project Director is in line with the above:

"The type of occupancy discussion never claimed much time during the residents - city planner meetings which were organised in Ruoholahti. Instead, the functional elements, such as access to services and parking, concerned the residents much more." (Lindroos 2000).

The mixed social structure seemed to be unproblematic for the majority of the residents, and the social engineering practised for the mixed block housing clearly had an impact on this. These points are verified by, for example, the following comments from the residents interviewed:

"There are all social classes present in Ruoholahti, but the biggest difference to Länsi-Pasila, where I used to live, is... when I first time went shopping here I thought that "damn - everybody has got a future here!" Whereas there were drop-outs in Pasila." (A Ruoholahti Hitas homeowner who had previously lived in Länsi-Pasila, a 1980s redevelopment project in Helsinki, 2000.)
"When we came back to Helsinki after five years in Ireland, we realised how nicely things are organised in Ruoholahti – there were no big plates outside our housing block shouting ‘COUNCIL FLATS’... It was unbelievable to be offered a flat in this location. That was probably because we had two children and no chance to pay market rent... But this is too expensive for us though.” (An academic mixed occupancy block resident who was placed in Ruoholahti from the Council queue, 2000.)

Moreover, another comment by the above council flat tenant supports the argument that the social mix is not a hot issue in Ruoholahti: this household was not aware at all that they were living in a particular ‘mixed occupancy block’. There were not told about this by the City Housing Office, and they never noticed anything special in their neighbourhood.

Figure 8.13 Impact of type of occupancy on satisfaction with selected features of Ruoholahti redevelopment (Field survey 1999). (Mean = the average score in the questionnaire in scale 1-5 from weak to strong.)

Despite that occupancy structure does not appear to be an issue in Ruoholahti, Table 8.15 shows tenants as slightly more satisfied than the homeowners with the public housing production. This is likely to be due to many council flat and privately financed flat tenants feeling lucky that they got a place in Ruoholahti – even though the flats were too expensive for many, and sometimes of disappointing quality. However, as a former Chair of the Residents Association noted (interview 2000), in practise, the Ruoholahti homeowners want to express their perceived superior position in the local hierarchy and gain more weight for their demands. They have also gained some minor privileges compared to the tenants, but still the survey concludes that the ‘social norms are not set in accordance to the type of occupancy, but other factors’ (Vehviläinen 1996:23, 83-85).
8.2.2.3 Impact of age and type of household on residents' satisfaction

The critique to post-industrial urban change has generally suggested that regenerated areas are most suitable for young singles or childless couples. The age structure of the Ruoholahti example does not support this argument, as shown in Figure 8.14a. The figure shows great variations in satisfaction between the age groups, but in general the older groups (55-64 year-olds) are the most satisfied. These appear to be most satisfied with the housing costs and social mix. The young adults (19-24 year-olds), such as students, are the next most satisfied group. These are satisfied with both the public and private housing. The household type has only a minor influence on the respondents' satisfaction (see Figure 8.14b). The only substantial difference concerned the natural environment, which had met the expectations of families and singles far better than those of the childless couples. The Figure illustrates that the single households were particularly satisfied with the community relations and natural environment. The couples were dissatisfied with the natural environment and, alongside with the families and lone parents, dissatisfied with the public services.

The following description by a resident supports the above statements:

"This [Ruoholahti] is made to suit well for the special groups, such as the disabled, families with children and the active city singles would like it as well. There are services for families in particular. I think people at any stage of a life cycle are alright here." (A resident and former Chair of Ruoholahti Resident Association 2000.)
8.2.3 Residents' satisfaction with the social and commercial services

The regeneration schemes in the western cities have been criticised for including mainly higher-income services and for neglecting the public service provision (see, for example, Harvey 1989; Feinstein 1994b; Goodwin 1991, 1993; Rowley 1994). To test this assumption, the residents' satisfaction with the local services was examined (Question 14, Appendices 1 and 2). The results suggest that there were an unsatisfactory number of services and, according to the open-end questions, this was a major nuisance in Ruoholahti.

Equally large groups (both at 27%) of the total respondents were 'satisfied' and 'unsatisfied' with the public service provision. When the satisfaction was examined by the socio-economic, education, income, and household background of the respondent (as in, for example Figures 8.12a and 8.14b), the opinions were scattered, and do not give indications of higher or lower levels of satisfaction being based on these factors. In terms of commercial services, only 33% were 'satisfied', and there are no links to the respondents' background. Both the daily and durable goods shops in Ruoholahti are of similar medium standard, and do not appear to be geared towards higher classes (personal observations 1998-2001), but rather toward the needs of the families with children (see also Figure 8.14b).
Some residents, however, were increasingly concerned about the impact of the IT workers on the local commercial services (resident interviews 2000, 2001). Although the residential questionnaire and interviews indicated that residents would like more specialised services in the future, as some written replies complained about the lack of high quality or specialty products in the local shops. A former public planner also noted during an interview (2000) that:

"It would be great if some competition and upgrading of the services occurred in Ruoholahti due to the office construction! There would be some choice of lunch places, for example!"

One possible reason for the high dissatisfaction on the commercial services was found by a City planners' workshop, which attempted to define what makes a place urban or suburban for the residents. A central point was found in the concepts of alternatives or options: the city centre lifestyle provides one with many options to choose from (interview with Lindroos 2000; Korhonen et al. 2000:1). This would explain why just one local supermarket is widely accepted in a suburban shopping centre, but not in Ruoholahti where the residents perceive themselves as urban dwellers.

Despite the numerous objections to the parking system during the residential meetings (interviews with Lindroos 2000; Mäkinen 2000) and in the questionnaire replies, the parking issue appear to be a product of few loud individuals. 40% of the respondents were actually satisfied with the private transportation. A former Chair of the Ruoholahti Resident Associations (interview 2000) noted that there are plenty of free residential parking spaces in the area, but people might not like to pay for or walk to them. At 200 FIM (£20) per month, the price of a space is, however, so reasonable that it should not discriminates any income group.

8.2.3.1 Satisfaction on the cultural services

Despite the passive approach of the planners to the cultural aspects of the Ruoholahti redevelopment, many locals seem to have found interesting cultural activities in Ruoholahti. 44% of the respondents were satisfied and hardly anyone was unsatisfied in terms of cultural services. As early as 1992, the Cable Factory and Lepakkoluola were positively viewed by the residents as they were expected to 'bring more life to the area' (Vehviläinen 1993:9). The former was also positively referred to in the open-end questions of the survey of 1999. Nevertheless, the Directors of both the Cable Factory and Lepakkoluola mentioned that the Ruoholahti residents

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51 The parking space allocation in Ruoholahti is 1 space per 150 m² of living space, compared to 1:100 in the old city. The follow-up survey of Ruoholahti indicated an ownership rate of 27 cars per 100 residents among the first residents - a few more than in the inner city Helsinki (24:100) (Vehviläinen 1992:29).
are not the type of people who have active links to these two institutions (interviews with Raunila 2000; Westermark 2000). It is more likely that they are of symbolic rather than practical importance for the local residents, but people do not feel that these are ‘alien’ institutions to them either.

8.2.4 Future expectations among the residents

For several years, a worry to both the public authorities and the council tenants in Ruoholahti has been that the economically active occupants will be forced out due to recent increases in council rents and these will be replaced by those whose rent is paid by social security (Vehviläinen 1996). It is feared that the area may decay into a ‘slum’ and to decrease the area’s status after “some refugees move in”, as expressed by a present tenant (HS 11 Jan 2001). This scenario was acknowledged by many of the interviewed public planners who referred to this scenario without any questions. Another fear of the residents was that with time Ruoholahti would degrade into a suburb. This is seen as a negative feature because the residents felt that they have gained higher social status because of Ruoholahti’s location near to the city centre. Despite this worry, no one could exactly specify how this suburbanisation might happen, and what it would mean in practice 52.

A commonly referred to and possibly increasing problem is the accumulation of families with young children in the area (interviews 2000, 2001; Field survey 1999). The residents’ opinions in 1999 can be described as ‘so far so good’, but many were expecting problems within 5-10 years time. The local youth organisation workers have recognised the emergence of local gangs. In addition, due to the slow implementation of meeting places and activities for the young, some residents see a ‘bomb ticking’ in the large number of future teenagers in Ruoholahti (Vehviläinen 1996:98). The demolition of Lepakkoluola was a loss for the young people, but the city planners did not consider this as a problem since Elmu was given a “better venue” in a nearby area (interview with a public planner 2000).

The stability of the flat prices has long been a concern of project planners and residents. Previously, during the early 1990s, it was thought that the rapid progress of the office development plan would take resources from housing development and to increase the

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52 Some architects and urban researchers have claimed that Ruoholahti is a suburb anyway, because of the ‘absence of normal historical layers of an old urban area’ (quoted in Vehviläinen 1996:26), and the
construction costs and selling prices of flats (interview with a former Project Planner 2000). But the 1999 survey indicated that, apart from the worries caused by the rich ‘outsiders’ (the IT workers), the future development of flat prices did not worry too many respondents. In contrast to the expectations of the opponents of mixed occupancy housing (KSV 1986b; see section 6.3.1.2), the homeowners in Ruoholahti did not appear to be worried that the council flats would decrease the prices of other flats. There are no signs of many flats being bought purely as an investment in Ruoholahti and for letting (Field survey 1999; interviews with public planners 2000). The 24 % share of Hitas owner-occupied units complicates the process of changing home in its part.

8.3 Who will live in the new Arabianranta?

This section attempts to assess the socio-spatial implications of the Arabianranta redevelopment in the light of information currently available about the future residents and functions in the area. Although Arabianranta Town Plan was prepared according to the same planning principles as the Ruoholahti plan (consisting of mixed social structure, affordable housing, and high quality in housing, offices, and public space), it is possible that the shift in the political atmosphere and economy during the last few years will influence the project outcomes. Although it is difficult to predict the population structure, information can be gained from present information on the pre-bookings of flats in Arabianranta.

A likely reason for differentiation of residential structures between Arabianranta and Ruoholahti is that many media, IT workers, and private entrepreneurs have been well informed of the Arabianranta development plan prior to the start of the construction work. This is partly due to early promotion of the Virtual Village Project which has been targeted to the IT and new media companies. These have been approached as potential sources of finance or as participant companies (interview with Palonheimo 2001; ADC 2000, 1998). The key role of the UIAI and other arts related institutions with the Centre of Industrial Arts development have also contributed to the high awareness of the upcoming residential area among the arts related groups. These youngish professional groups will most likely gain larger benefits from the medium priced Hitas flats than the average income families with children who moved to Ruoholahti. For the first time, the residential structures could possibly be similar to such areas as London Docklands or Battery Park City.

Ruoholahti Canal represents ‘a fake post-modern element’ which ‘does not lead anywhere as the canals used to during the industrial era’ (Karvinen 1997:159; Vehviläinen 1996:49).
This is supported by comments from two core participants working in the Arabianranta project:

"An interesting thing is that I've been recently rang up and asked about those 'intelligent houses' and when will they be for sale, because there are people with a company in the Arabia area, who want to buy a home in the neighbourhood - they are largely the same people who have offices there. They can work at home in the morning and pop into their office later, and be connected to their work by the fast cables. There have been lots of reservations recently after the housing construction has started... So it's very clearly so [Arabianranta changing from an industrial to a high-tech community]... We have just taken up names now that the first Hitas freehold flats are under construction and very much sought after." (A Project leader at the City Office 2000.)

"Flats have been very much asked, but I don't know if the Arabianranta workers are going to live in the area as well. Maybe students in those student flats in the inland side, I can't say more about whether the people appreciate the Virtual Village idea... this place has an image, and it must affect the decision on a flat purchase." (A Marketing Manager, Wärtsilä Corporation 2001.)

During this period of formation of future residential structure, some workers within the local authority appear to be unaware of the influence created by the Centre of Industrial Arts, new media, and the Virtual Village images - or they do not want to acknowledge the influence publicly, since it is towards higher segregation within the city. This is revealed by the comments of a project member at the City Office (2000) who made contradictory predictions during an interview. These are as follows:

"Those who have contacted about the new flats are mainly IT people, artists, piano players, and painters, who want a top floor flat, some pensioners who have lived in the neighbourhood and want a well-planned home".

But, on the other hand, when asked to compare the future population of Arabianranta to the one of Ruoholahti, they were predicted to be "quite similar, originating from the nearby areas... people who already know the area will move there, basically urban people." Soon after, however, another comment is in contrast to the above:

"I think it's for sure that the cable link has been a factor that has increased the interest towards the area."

The suggestion of a similar residential structure between the two areas reflects the early ideas of the types of people that would need this kind of housing and environment. These date back to the Town Plan of 1995 (see sections 7.3 and 7.4, Chapter 7) and do not reflect the current development processes and images in the area. It is likely that, for some public authorities, the importance of and enthusiasm in making the Virtual Village and other ADC driven projects economically successful has shifted the focus away from the initial development targets of the area. Success in attracting the high tech and IT economy and its core people to Arabianranta is perceived marking success of the project in general. This view explains the negative attitude of
the Town Plan Architect interviewed (2000) to the recent (over)emphasis on the technology development in the area (see section 7.4.2.2, Chapter 7). The City Planning Department itself still prioritises normal long-term housing development, which is contradictory to the attitudes of some public authorities and private developers involved in the Arabianranta project.

Nevertheless, the overall picture of the area development shows that the satisfaction of the future residents of Arabianranta – whoever they will be – is still central to the project planners. For example, the local area network based innovations in Arabianranta are as much for the benefit of the residents as for the companies. Home Gateway services and the arts co-operation are examples of these (Managing Director, ADC, 2001; A Marketing Manager, Wärtsilä 2001). Thus, the aim is to avoid excluding the general public and the residents from the spaces occupied by the arts and technology. The future ‘heart’ of Arabianranta is expected to locate around the most lively space, where both the residents and visitors meet, as suggested by a private developer:

“Thanks to Hackman, there are one million tourist every year here visiting the Factory Outlet Shop. I think that the area will turn towards the sea and the square, where there is housing around the Kaj Frank Square, and away from Hämeentie” (Marketing Manager, Wärtsilä Corporation 2001.) (Kaj Frank Square is seen in Figures 7.2 (no. 9) and 7.5, Chapter 7.)

8.4 Conclusions

The field survey results and the statistical analysis indicate the strong social and physical guiding force that the public planning organisation and local government holds in Helsinki, and that it can to a significant extent construct its political-ideological vision of landscape in the city, as theorised by Keith and Pile (1993). The chapter shows that the Ruoholahti redevelopment policy that was focused on social (housing) improvements led to more equal socio-spatial distribution within Helsinki City. This was a result of the high number of subsidised housing and the relatively low prices of the owner-occupied housing units. The dominant resident group was families with children in their first own home in the city centre, which matched with the planners’ first planning initiatives in the 1980s. On the other hand, the socio-economic and income background of the residents had complicated links to their satisfaction and views on the area. The area appeared to serve best those people who appreciated the location and good transport connections of the area, rather than those who wanted a perfect home in a new luxury neighbourhood or chose it due to relatively cheap housing.
However, the social housing production in Ruoholahti failed to serve the lowest social and income groups, which is typical for many initially socially oriented schemes (for example Brownill 1990; Rowley 1994; Gordon 1997). Subsequently, Ruoholahti has become an area of emerging ‘professionalisation’ (for example Hamnett 1994, 1996) with a large share of highly educated people and standard middle class family dominance, and has difficulties to keep price levels low enough for the social housing residents. In addition, speculation in housing markets has occurred due to the demand of waterfront flats. In the up-coming Arabianranta area, the innovative housing projects are likely to have an influence on the area’s future population. This is due to both higher public investment to the ‘futuristic’ area and higher construction cost index in the early 2000s that both increase housing prices to certain extent. Moreover, the Virtual Village scheme has attracted high-tech and media workers to pre-book housing in Arabianranta.

These points indicate that even the most dedicated public planning organisation and strict planning regulations, such as the one in Helsinki, cannot keep the impacts of local and global economic changes from intervening in local plans to some extent. Therefore, it is possible to argue that the local government’s planning principles are shifting away from the ones during the Ruoholahti project due to the future shortage of undeveloped waterfronts, and because of the interests of the high taxpayers in the medium-price, high quality housing in the waterfront areas. This thesis indicates that in the Arabianranta redevelopment the public planners and politicians now value the innovative housing projects somewhat higher than the prevention of the increase in residential segregation. As such, the shift in the social targets of the Arabianranta project reflects the wider shift in urban redevelopment policy in Helsinki from the welfare state principles towards broader range of political and social values, as commonly found in the US and UK and other West European cities. However, the remaining and important difference between these is the limited extent to which the economic values are included in the regeneration policy in Helsinki, the limited extent to which the private interest can participate decision-making on general regeneration project planning, and the level of consensus between the public and private sectors concerning the key policy targets in urban regeneration in Helsinki.
Chapter Nine

CONCLUSIONS

This thesis examined two waterfront redevelopment projects and their socio-spatial implications in Helsinki within the context of international urban policy responses to post-industrial transition. The first research question identified the main decision-making power relations that have determined the shape of physical and social restructuring in Helsinki city during the 1980s and 1990s. The research has also compared urban policies and planning in Finland against other western capitalist cities which have been affected by the decline of traditional industries since the 1960s. The second research question examined the physical content of the landscape change and construction in the case study areas, and compared the development plans to the literature on urban regeneration projects. The third research question evaluated the socio-spatial consequences of redevelopment in Helsinki, and identified the social groups for which the development projects have been most favourable. The methods used included project document analysis, studies of municipal statistics, in-depth semi-structured interviews with local government decision-makers and residents, and a questionnaire survey of residents living in the Ruoholahti redevelopment area.

This chapter will conclude the thesis by first summing up and discussing the most significant research findings. It then will formulate an explanatory synthesis of the main factors that have influenced the post-industrial changes of Helsinki waterfront landscape and social structures within the broader context of politics, planning, landownership, local culture, and globalisation. Through this, it outlines a model of the key factors that define urban development policy in Nordic cities, and thus provides with an alternative to the economy-driven theories commonly suggested in the literature. Finally, some general remarks are made regarding the research practice and possible input to future research on urban redevelopment.

Analysis of the main research findings

From the examination of two Helsinki urban policy case studies, and of the literature on other cities, it is possible to draw out several conclusions. At the general level, similar global processes of economic and social restructuring and production changes have shaped the environment in which urban decision-makers work in Helsinki and in other post-industrial societies. These
processes include the increase in competition between cities over mobile investments and for high-skilled work force. There are common processes at city level as well, such as an increase in private investment, in private sector participation in decision-making, and in the active participation of public authorities in economic development planning. In terms of physical landscape change, waterfront regeneration policy in Helsinki has several elements, such as high quality and high density housing combined with office development, that make the appearances of the regenerated areas similar to those in other cities. There are, however, major differences in the post-industrial urban transition processes between Helsinki and other western cities in the political culture of decision-making and the social content of development policy. These key findings on urban transition in Helsinki are discussed next with reference to the main research questions.

**Regeneration policies, planning and projects in Helsinki – the persistence of the public sector**

The first research question concerned the decision-making power relations and the main targets of redevelopment policies in two case study projects in Helsinki. A secondary task was to examine if the decision-making in redevelopment planning has shifted towards entrepreneurialism and towards the dominance of private developers or other non-democratic parties over the public authorities. In terms of decision-making power, the examination of the planning system and planning practice in Helsinki showed that public planners and local government decision-makers are still firmly controlling the processes of urban change. Both case studies indicate that the Master Planning and especially Town Planning legislation are the key factors that have kept the public authorities on top of the decision-making hierarchy, and given them a substantial degree of independent decision-making power on urban planning issues. The legislative power of the local authority is further strengthened by the large landownership of Helsinki City (over 80% of land in both case study areas and 64% of the total municipal area). These factors have resulted in a strongly public sector led development policy in Ruoholahti and Arabianranta areas. This feature is slightly stronger in Ruoholahti than in other project areas in Helsinki, such the Central City project in the CBD area in Helsinki, where banks, insurance companies and large private investors have more influence in site-level plans since they own more land.

For the broad redevelopment targets, the long-term welfare of the citizens and social equality have been central in the redevelopment plans. This was accompanied by improvements to the physical landscape, work place development, and an environmentally sustainable and efficient
land use and urban structure. The present combination of work places and socially mixed housing within the inner city waterfronts has been perceived as the best option in terms of sustainable development, city-level social structure, and for both public and commercial service provision. With regard to these targets, the absence of strongly opposing land use proposals from the private developers, planning consultants, and the general public, has been a significant feature. This, together with the decision to direct office development to smaller and less valuable sites in the project area, indicates a general consensus on the need for socially mixed housing development within the inner city waterfront. For example, the consultation group that carried out the RAMA survey in 1984 agreed on all major land use change decisions.

The overall picture of the urban policy-making in Helsinki is substantially different from the general post-industrial urban trends suggested in the literature. The core policy targets are dissimilar to the ones in West European and North American cities, where the targets are commonly seen to have shifted towards the dominance of short-term (private) economic development. The case of Helsinki supports the idea of an entrepreneurial shift in the urban politics at a more symbolic level (Boyle and Hughes 1994), or, more accurately, through public control. The interests of private economy has been given increased emphasis in the development policy discourse, but the actual share of free-market based development in the project plans are rather small compared to redevelopment projects outside the Nordic countries. Social development has maintained a central position in development, even though it is sometimes less publicised than is the economic development. The entrepreneurial shift in Helsinki thus represents an adaptation strategy to the changing political and economic environment of urban development rather than a radically new economy-oriented course in urban politics as proclaimed by for example Harvey (1989) and Hall and Hubbard (1996,1998).

There are, however, some exceptions in the literature, such as Imrie and Raco (1999), Boyle and Hughes (1994), Lawless (1994), Wessel (2000), Nelson (2001), and Swyngedouw et al. (2002) who have observed that urban development in North Europe is dominated by powerful local governance organisations. This is related to the identification of new combinations of strategies within urban regeneration policies towards the end of the 1990s. These attempt to be broader than the economic-physical-property oriented entrepreneurial approaches. The British Single Regeneration Budget schemes and some recent projects (such as London South Bank and Dublin Docklands Development) which indicate stronger social inclusion, are examples of the current shift in regeneration models (Swyngedow et al. 2002). This would then comprise a 'third way' in between the former two regeneration strategies: the left-wing/Nordic welfare state socially
conscious policies and the right-wing/neo-liberal entrepreneurial urban policies. Roberts (2000:14) describes the major strategy of the 1990s urban regeneration in British cities as a 'move towards a more comprehensive form of policy and practice' and as 'emphasis on the role of community'. Roberts comments that '...adjustments have occurred in the 1990s, with a gradual move back to a more consensual style of politics and the recognition of series of new problems and challenges'. However, Noon et al. (2000:81) argue that despite the existing evidence that recent regeneration policies have improved social deprivation, for the most deprived areas in Britain, 'it seems that policy has had little effect, indeed, evidence exists which suggests some areas are now worse off'.

When we see, simultaneously with the above process, the Finnish and other Nordic cities including entrepreneurial strategies in their urban policies (such as Kalasatama and Vuosaari in Helsinki and the mentioned Swedish, Danish and Dutch regeneration projects with lesser socially equality targets) one could argue that the Western and North European urban planning policies are 'learning from each other' and seeking to add emphasis on those elements that have previously been neglected in their urban policy. It could be then asked whether the 'third way' policies are potentially a 'Pan-European' urban regeneration model which would be adopted cross the different welfare state borders within Europe in the future? However, taking into account the significant differences between the European countries in, for example, land ownership, planning regulations, and the understanding the role of property and land in cities, just to mention a few issues discussed in this thesis, a general European model does not seem a likely scenario in the near future.

Returning to the issue of the adopted entrepreneurial strategies in Helsinki, they have had a role to play in the relative success of the first decade of the two waterfront areas studied. However, the fundamental role of directing urban policy still remained within the strict legal framework, and traditional practice of public planning in Helsinki. The entrepreneurial strategies were only allowed to operate in small and many times less valuable parts of large redevelopment project areas. This is verified by the field research, which showed that majority of the public authorities perceived the site sales in Ruoholahti and the cultural strategies in Arabianranta as welcome 'experiments' or ways to keep up with progress in urban planning, or as 'unavoidable' changes in the planning values, but nonetheless as minor, external (and sometimes unnecessary) elements in the traditional and successful 'way of doing things' in Helsinki City planning.
The comments of private developers indicate that they were relatively satisfied because of their increased opportunities in the property and land development, and they saw the municipal site allocation solely through design competitions as a system that benefits all sides. However, at the same time, they wished that the municipal landlord and the Town Plan would allow more land for their interests and would, for example, set more 'realistic' (that is higher) maximum price limits to housing production on City's land. This indicates that at the general level, consensus about the waterfront development is strong, and the common arguments in the literature concerning conflicts between the private and public sectors do not hold in Helsinki. Neither does the criticism of incapability of public sector in responding to the global and local changes and in growth generation (for example Goodwin 1993, 1991; Judd and Parkinson 1990; McGuirk and MacLaran 2001; Fainstein 1994). The local governance in Helsinki has gradually given space for change in planning procedure since the 1990s. The changing approach towards higher economic planning emphasis is visible in the Master Plan 2002, which concerns several waterfront redevelopment areas, and in the partial run-down of large-scale social housing and the Hitas control system in 1997 and 1999. Nonetheless, social development targets have been kept at the heart of urban policy.

Despite the differences of public decision-making in Helsinki to other cities, there are factors which increasingly correspond to the published literature. Firstly, the research showed that urban policy in Helsinki is moving closer in line with other post-industrial cities with respect to increasing the incorporation of private investments. Secondly, the planning process in Helsinki includes influential individual 'visionaries' and determinant decision-makers (either private investors, planners or political leaders) who have affected plans far beyond their nominal power. This is a common feature with many urban development planning systems and projects (Cochrane et al. 1993; Tickell and Peck 1996). In addition, referring to Zukin's (1995:3-11) suggestion that urban regeneration projects often show cultural symbols and private capital joined in the production of a 'new place', the redevelopment plans during 1980 – 2000 period included some private developer-local culture connections, for the first time. The Cable Factory and Lepakkoluola in Ruoholahti were typical post-industrial regeneration concepts, as was the Art and Design City company in Arabianranta. But these are smaller scale developments which have been implemented by artist communities from 'bottom-up', rather than as a top-down economic strategy, as has been suggested by Harvey (1990), Holcomb (1993) or Zukin (1995, 1995a, 1992).
The second research question concerned the actual content of the regeneration plans, and asked what were the main similar/different points in urban regeneration in Helsinki when compared to other post-industrial cities. A common feature of most 1980's - 1990's redevelopment projects is a similarity in the overall concept of waterfront regeneration, such as a combination of high quality design, housing and high-tech offices, and some cultural activities, and the replacement of old manufacturing jobs by new growth sector occupations (KSV 1986:26) - the blue-collar job to white-collar ones. However, this thesis has shown that there are more differences than similarities in the urban landscape change between Helsinki and most Western cities. One key finding was that, in contrast to the dominance of private housing in the majority of the waterfront projects in post-industrial cities, socially mixed housing was a major element of the Ruoholahti and Arabianranta redevelopment. There are only a few examples of predominantly social housing schemes in inner city waterfronts. These are mainly found in the Netherlands (discussed below), and in some Canadian cities before the 1970s and the early 1980s (for example St. Lawrence and Harbourfront in Toronto, False Creek in Vancouver, LeBreton Flats in Ottawa) (Ley 1996:37). Unlike in most cities, the private developers in Helsinki did not oppose the extensive social and rental housing plan as such, but only the decision to experiment with staircase-level mixing. Thus, the criticism can be seen evolving from the “natural fear of changes in good old systems” rather than from ideological opposition, as it was put by an interviewee (2000).

Another finding was the clear separation between the housing and economic development (office) areas in the redevelopment projects. This demonstrates that during the 1990s, housing production in Helsinki was still outside the private investment-driven development business. The key planning principles were largely derived from the urban structure and housing development strategies agreed in the early 1970s. There were only a few signs of the upcoming new values and increasing economic interests after the economic crisis of the early 1990s.

A further structural element, common to both projects, concerned the inner city waterfront landscape improvement, in response to ‘urban blight’ arguments in the media and in the public discourse in many post-industrial cities (Gordon 1997). The landscape improvement was seen as an efficient tool in regional competition over growth sector businesses in the metropolitan area but not as an economic resource through development potential as such. Thus, in contrast to many US and UK waterfront projects, non-profit and open public use of the waterfront was self-evident for all participants of the planning process, including the private office and housing developers (DiGaetano and Klemanski 1999:231).
Socio-spatial outcomes of regeneration – focus on anti-segregation strategies

The third research question examined the socio-spatial outcomes of the regeneration projects within the context of the City of Helsinki as a whole, and, more specifically, distinguished the urban groups, who benefited the most. The main finding was that the middle income and low income residents were the most satisfied groups. This was based on the mixed land use which has given these groups a chance to live in a prestigious environment, which they could not afford if there were only free market financed housing. This environment gave these groups a certain degree of freedom to re-assess and rebuild their social class identities, and enhances class mobility. However, typically for most waterfront projects, both projects failed to help the lowest income and other needy groups, such as the long-term unemployed and other social security recipients. This is demonstrated by the resident selection policy, which revealed that the Ruoholahti waterfront redevelopment and its much debated social mixing experiment was considered by the planners and politicians too valuable to be risked by allocating housing to long-term socially problematic citizens. In this sense, the 'model village needed model citizens'.

Nonetheless, the general impact of the subsidised housing development in Ruoholahti, and to a certain extent in Arabianranta, has successfully worked against segregation and socio-spatial differentiation at the city-level. The formation of a new extreme poverty class has been largely prevented by income redistribution policies. This is in line with Esping-Andersen (1993), who has argued that the availability and level of social benefits are crucial in this process in terms of socio-economic segregation, and housing policy in terms of spatial segregation. Furthermore, Esping-Andersen (1990) and Borgegård et al. (1998) attempt to explain the socio-spatial processes in Nordic cities through changes in employment structures. In Helsinki, a certain degree of employment shift (from routine white-collar workers towards smaller groups of relatively well-paid professional workers in high-tech and media) during the first phases of Arabianranta implementation is an important factor in explaining the predominantly upper middle income residential profile that is predicted in the area. Among the first residents in Arabianranta there are many who belong to these groups.

Education appears as another factor that explains the residential structures in Ruoholahti and Arabianranta. With regard to employment restructuring, the increasing filtering effect of education has been acknowledged in many cities (Hamnett 1996:1425; DiGaetano and Klemanski 1999:51). In Helsinki, Vaattovaara (1998) noted a tendency toward negative segregation in East Helsinki and made a clear association between lower levels of formal education, low income per
person, and political inactivity. Many of those who were made unemployed during the recession years predominantly belonged to the lowest education groups. Subsequently, these groups would have suffered from the selection criteria set by the City housing authorities for Ruoholahti which preferred employed tenants for the mixed housing. Van Kempen (1994:1001) also notes this form of indirect segregating impact of low education and the selection criteria in Dutch cities.

These findings from Arabianranta of an increase of high skilled workers give grounds to suggest that those groups who benefited from the Ruoholahti project will not probably benefit from future redevelopment to an equally large extent. It is more likely that the concept of urban development in future will depend on the economic fluctuations that determine the purchase power of the local households, which, in turn, will have an impact on the demand of social and high-cost housing in the city. However, the overall percentage of social housing is not likely to drop to the levels of British and North American examples. This is already indicated in the outline plans for the redevelopment schemes in Helsinki for the period 2000-2015. Both case studies showed that housing units at the waterfronts were subject to such an enormous interest to the potential buyers and tenants, that it makes the control of the residential structure in the areas very hard, particularly under the rapidly changing global economy which effects the level of subsidised housing prices.

Post-industrial political ideals, urban planning and landscape change in Helsinki

The next issue is to sum up the characteristics of urban policy-making in Helsinki that have underpinned the different policy targets, planning principles, and social outcomes of redevelopment projects. On the basis of the field research, several factors can be identified as influential elements that make up the 'big picture'. The main element is the strong statutory planning system which partly relies on large municipal landownership and property ownership, and the housing development system that favours public benefit. Consequently, public planning policy in Helsinki has a high level of social purpose. This is similar to the situation in Dutch cities where, as Badcock (1994:425-426) shows, the property system functions as an important mechanism for the transfer of public and private wealth within society, and, even more relevant to this research, a strong collective value system underpins both government and policy formation institutions. This depends on the choices made in society regarding the mix of public and private property ownership, land allocation, allocation of development subsidies, and whether the priority in land policy is given to private or public interests. In this and many other
aspects, the Finnish planning system as well as its outcomes resembles the system in the Netherlands. In both countries, the municipal governments are the dominant planning powers who control urban landscape change because they are major landowners. The role of public authorities is to allocate land for private developers and provide infrastructure to development sites. The municipal planners also act as legal authority who are responsible for preparing local plans and allocating planning permissions. Referring to the central role of public landownership for influencing social outcomes of redevelopment planning, Badcock argues that 'land is tantamount to public good within the Dutch economy' (Badcock 1994:426) and that 'with the municipalities controlling up to 90 % of available land there is unmatched scope to pursue progressive housing policies'...‘there is nothing to stop the municipalities from allocating the housing associations... land of superior quality’ (Badcock 1994:435).

This logic forms the core of land use planning in Helsinki, but we also need other elements to explain the overall picture. One element is the land price policy. As in the Netherlands, the Helsinki municipal government gives out subsidises for development sites (for example, in the form of special land rents under the Hitas system and site allocation competitions) which 'disturb' the land price formation in Helsinki by intervening in the free markets. This impact is particularly strong in the sites that are of high public interest, such as undeveloped land in the inner city.

However, there are differences between the Dutch and Finnish planning systems. In the Netherlands the public planning control is more flexible than the system in Helsinki due to exemptions to and revisions of the existing plan (Neecham and van de Ven 1995). This thesis has shown that exemptions to Town Plan land use are seldom applied in the area development projects in Helsinki. Thus Helsinki planning policy is more persistent and more comprehensive when compared to Dutch cities (McCarthy 1996:550), with only small changes to the project plans, project agencies and planning personnel during the long implementation period, and with less 'flagship' development features and luxury housing projects. In addition, because the area development projects in Helsinki are fully administrated by the City (as a site provider, implementation agency, and major finance source) the projects do not run out of funding during the long implementation period for external economic or local political reasons, as has been the case in many cities where these responsibilities are divided between many institutions (Gordon 1997:64). The persistence of the planning policy is also supported by the degree of flexibility in the planning practice of the City Planning Department and other City authorities. They have allowed small adjustments in the planning principles (such larger and earlier incorporation of
private developers in the Town Planning process) in order to ‘keep up’ with the changes in the economic, political and cultural context of urban planning. This has helped keep the private sector criticism and political opposition at relatively low levels, and maintained the reputation of the local government as a capable organisation to carry out development. Thus the large-scale urban structure strategy made in the early 1970s is still valid today. Like the idea of ‘collaborative planning’ put forward by Healey (1997) Sotarauta (1994:345) has described this strength of local governance and planning in Finland as

‘strength that is gained by an ability to play with evolution by direct functions, cooperating, networking and influencing other organizations. Strength in this context is not an absolute phenomenon, but a relative and organic state changing according to both trends and the skill, activity and determination or strategies and the whole municipal organisation.’

The local government policies in Helsinki can be said to encourage the post-industrial shift by for example actively seeking growth sector businesses to the redevelopment project areas, and to mitigate the effects of the shift by social equality, subsidised housing and environmental quality policies. This form of integration would then be a central factor in regeneration, with spatial policy having two principal elements – economic efficiency and social equity. Urban policy is said to be most helpful if these two components are equally addressed in a single project policy (Porter 1995, in Roberts 2000:24). In Finland comprehensive local social and economic development planning has been enhanced by broad cross-party and cross-social class consensus which have characterised political cultures since the 1960s. To some extent, this holds also for co-operation between the public and private sectors in urban planning in Helsinki. As one local government decision-maker put it:

‘without a firm co-operation between the public authorities and the private sector they [the city waterfronts] will not be architecturally excellent. Too narrowly framed, too target-oriented leadership and ‘over-the-top’ architecture does not take us to an excellent result’ (Kautto 1994:35)

Alongside the firm cooperation mentioned by many interviewees, a tradition of sectoral division in urban governance can be identified in Helsinki (and in Finland in general), by which the physical planning is separated from economic development and social and employment planning issues. This differs from the more utilitarian planning tradition practiced, for example, in Britain (Healey 1997). By focusing on physical development, the Finnish spatial planning tradition gives public planners freedom from social and economic planning duties. The planners can concentrate on creating physically and functionally better cities solely through the means of land use, design and architecture. This can be clearly seen in the way the Master Plans and Town
Plans have traditionally emphasised the design of landscape and buildings and urban structure and have no active employment schemes included in the area development plans. Employment schemes are responsibilities of other sectors of central and local government. On the other hand, Helsinki has successfully linked the waterfront projects into the city-level development policy: the Ruoholahti and Arabianranta projects had no special status in long-term city planning, apart from the higher design and environmental quality requirements. Instead, they were fully in line with the five-year City Housing Programmes and with the KASA inner city land use strategy of the 1970s and 1980s.

These notions reveal other important characteristics of the redevelopment politics in Helsinki in comparison to other post-industrial cities. Gordon (1997:78-79) noted that at the start-up phase many waterfront redevelopment projects were government-controlled public-private partnerships (close to the ‘development coalition’ model of Keating, 1991:188), and the projects’ approach was initially broader than the ‘growth machine’ theory, which emphasises the centrality of property values and influx of investments in urban policy (Logan and Molotch 1987). However, Gordon (1997:79; also Filion (1999) on Toronto) notes that once the projects are underway, the changes in the political and economic planning environment often led to a policy shift towards harder economic emphasis and less coalition building, and that the agencies’ development activities were ‘surprisingly strongly’ affected by the cycles of the real estate markets and notions of emerging negative externalities were followed by regulation. This link is much weaker in Helsinki and in other Nordic cities. Fluctuations in the global economics and property cycle may have an impact on the outcomes of urban policy – such as social segregation resulting from rises in rental and subsidised housing prices due to rising construction costs – but only to a limited extent on urban policy itself. The property cycle and the global economy do not (at least after the start of the construction of the welfare state in the 1960s) substantially disturb the urban policy principles in Helsinki, for example in terms of social housing production and its location. The City’s policy does not generally prioritise quick financial gains, and the pressure for this from the private developers and property owners is relatively low.

A major point of diversion from the growth machine thesis (Logan and Molotch 1987) and, at the same time, from the Dutch planning model, lies in the secondary importance of the growth policies in the decision-making on urban policy in Helsinki. A pure ‘growth-oriented elite’ seems to the absent in the Finnish urban decision-making system. Thus, the activities of entrepreneurs are not a ‘critical force’ in shaping the urban system as described by Logan and Molotch (1987). Even if we regard the strong public authority (considering their degree of independence) as an
equivalent to the 'governing elite', one would not find such consensus on development targets as is stressed in the growth machine thesis. This research shows that the main source of opposition to the simplistic growth policy is the City Planning Department, which, through its physical planning approach 'protects' the citizen and the city from pro-growth policies. However, this planning approach has been criticised for its non-transparency and technicality. The improvement of the city economy was the most important target of urban policy in the Dutch metropolitan region since 1985 (McCarthy 1996), but in Helsinki it became part of the development strategy only in the mid-1990s when the first waterfront sites were sold to private developers. A major difference also prevails between Finland and the Netherlands in the extent to which the disparities created by the markets are tolerated, and there is far less sign of international influence in the policy targets in Helsinki than in Dutch cities, as the context of planning in Helsinki is still largely based on local social conditions and economic competition in the regional scale.

Instead of entrepreneurialism, the critical force in the process of landscape change in Helsinki is the municipal government policy, which derives from the Finnish welfare state model and its values, such as political and cultural consensus in favour of social equality and justice. This research indicates that there are very few actors in the decision-making process who dare to divert from these principles. Esping-Andersen (1990) makes also further links between the values of solidarity and justice and the activation of the citizens to work for common benefit. This is especially so for the middle classes whose support is particularly important in financing the welfare state. Another finding is that in Scandinavian political culture a strong belief prevails in both the value of public decision-making, and in the absence of a tradition of private economic profits in urban development (with an exception of Swedish policies at the times of right-wing dominance and Social Democrat-Liberal coalition break-up, such as in the 1980s-1990s (Hall 1998:877,881). These have diminished the negotiation powers of the private sector. These characteristics of redevelopment planning in Helsinki also point to the role of the planning and planners – citizen relationship. Redevelopment planning in Helsinki – aiming at high levels of social equality and high quality urban environment for all social groups alike – could be described as empowerment or enabling' (McClendon 1993, quoted by Sotarauta 1994:344), which relies on active self-help from the citizens themselves and the planners' role is to create conditions under which

'...people can act on their own environmental needs and choices between the experts' technical assistance and their personal judgement. The goal will be to put the people in control of their own environment and their destiny. Planners will promote self-respect,

The general public is not directly incorporated into the planning process but the public planning professionals take it as their technical and design challenge to plan the people's daily living environment so that it gives all social groupings equal chances for construction of self-respect and positive community identity. However, as pointed out in the following section, the whole picture of planning in Helsinki is naturally not as smooth and satisfying as this.

The key forces shaping post-industrial urban processes in the Nordic cities

This thesis has shown that the logic of political economy of urban redevelopment in Helsinki is derived from the Finnish model of a Nordic 'universal' welfare state policy and key cultural values. In the Nordic urban policies and planning, attempts to achieve economic growth and general welfare are not centred on private investments and private entrepreneurship. This is in line with national employment and anti-poverty strategies in Finland, in which the role of public authority and direct public subsidises, such as income transfers and benefits, remain high. The system does not rely upon support from private entrepreneurs, as pointed out by Esping-Andersen (1990). With regard to housing policy, this became visible in the direct political and economic support to subsidised anti-segregation housing, instead of supporting private entrepreneurs who would create jobs to the local people and thus help them to get an access to non-subsidised housing. The latter 'trickle-down' model reflects the logic of welfare policies in many US and British cities (3). In other words, the Nordic municipal governments have at most times since the 1960s considered private entrepreneurship as an inefficient and uncertain road to provide acceptable levels of general welfare. The public support to the present type of housing policy is broad and the policy is targeted directly to the needy social groups. This has resulted in lower levels of socio-spatial segregation, although we know from the Ruoholahti and Arabianranta case studies that this system has its pitfalls as well, since it failed to reach the most troubled social groups, and is reliant on relatively high levels of income taxation.

Thus, in general terms, the Nordic urban political system is less reliant on free-market capitalism and Fordist society model, and the 'demand promotion strategies' of the trickle-down model,
and is more susceptible to redistribution strategies. This supports the notion of Silver (1993:336,338) that

‘the nation states do not simply ‘mediate’ global economic change. They continue to influence inequality both directly, through redistributive policies, and indirectly, through the labour market effects of macroeconomic, industrial and employment policies’ ...‘the welfare state modifies economically generated class differences in living standards.’

By the same token, the research findings in Helsinki oppose the comments by Sassen (1991:167) and Harvey (1989) that the welfare state’s role has decreased during the post-industrial era in the capitalist economies.

The Helsinki political decision-making system provides a third solution to Fainstein’s (1994:2) question of whether property development responds to speculation by individuals to make fast profits, or is an answer to genuine social needs. The mature form of Nordic welfare state policy served neither property business nor pure social needs, but had its own targets and played the urban redevelopment game from its own point of view. This point of view largely coincided with the interest of ‘collective good’ but also aimed beyond that to the ‘City’s good’. Public planning in Helsinki is not an ‘enabler’, ‘framework for cooperation’, or ‘coordinator’ as is often suggested in the literature, but a player on its own rights with its own political, economic and value-based interests. This thesis indicates that these interests are targeted, among other things, at renewing the public governances ability to maintain the welfare state values as well as its own power position. More accurately, the public authorities involved in development planning in Helsinki form several more or less conflicting interest groups rather than one unitary ‘public’ interest group. When discussing the changed framework of planning in the Finnish municipalities, Sotarauta (1994:348) acknowledges this and argues that

‘Organizations have strategies and goals of their own. It is a desirable thought that they all would implement local development strategies, but it is more likely that they implement their own strategies.’

Thus, the ‘public’ is not equal to the ‘benefit of all’ but is an actor that has interests to serve the political, economic and socio-cultural targets, and the values of the local authorities. In the case of Helsinki, the ‘public’ governance has served the Finnish welfare state interests since the 1960s,

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54 Also Logan and Molotch (1987) criticise this logic of economic growth trickling down general wealth. They refer to several studies that have shown the complexity of urban growth process with regard to factors that increase income levels and living standards in the society in general. Evidence suggests that housing costs and the level of social inequality are likely to rise.
which, in turn, has built upon a combination of the ideals of equality, solidarity and justice. It has also served the Finnish social democratic policies that believe in the Keynesian ideals of full employment and maintenance of consumer demand as a basis of steady economic development.

However, because of the weak possibilities of both citizen and the private landowners to participate in planning, the strong public planning monopoly is problematic if the development targets of the public decision-makers drift away from the principles which have been commonly acceptable and match the values of the society in economic, social and environmental terms. So far, the welfare state principles have been widely accepted in Finland as targets of urban development. But, the recent criticism to the planning system has indicated that conflicts are likely to arise if the local government adopts strategies which have, for example, a stronger economic purpose, or the development project is concerned with areas of wide public interests for historical or other reasons. It is yet to be seen how the requirement of increased publicity and citizen participation in urban planning included in the new Construction Law in 1999 will in practice affect planning procedures (MRL §1, §6, §62, §63 1-2 mom).

Moving away from the large-scale influences, public governance also had powerful internal influences. It appears that motivation, activity and the shared principles of public planners and influential city politicians are significant contributors in the implementation and persistence of planning policy in Helsinki (see Fainstein 1990:555; Savitch 1988:7-8). These public planners are keen to utilise the power that they are given in the planning legislation. In this sense, democracy in local planning has not decreased due to private sector involvement, but has been affected by a strong planning legislation system, that concentrates the planning power to the City Council’s planners and officers as individuals. For example, it was mentioned during an interview that shift of decision-making power in local planning issues followed when some key officers left the City Office in the 1980s. Consequently, the major decision-making power shifted to the City Planning Department, and even more to the individual architects and engineers working there, and this is where the ‘command centre’ of urban land use planning remains today.

Several other Nordic urban researchers have acknowledged the existence of self-motivation and the independent role of the public decision-makers. Villadsen (1993:44) notes that the welfare state programme in the Nordic countries since the 1960s has made the urban politics a ‘vital part of the politics in its own right, with its own actors, arenas, organizations and institutions’. Likewise, Wessel (2000) asks whether the elected local government officials in Oslo act on behalf
of certain disadvantaged groups, and goes on to argue that the activities of the officials are based on their own motivations.

The institutions involved urban planning in Nordic cities, however, pursue their own interests in a different sense from the arguments by Logan and Molotch (1987), who write that

"the people who use their time and money to participate in local affairs are the ones who... have most to gain or to lose in land-use decisions."

Logan and Molotch show that this link is especially strong in some US cities where politicians may own a substantial amount of local property. This link is virtually nonexistent in the Finnish planning system, where the private landowners are mainly banks and insurance companies who cannot influence planning policy and its underlying principles, but can only rule their own sites and buildings within the framework of the Town Plan. Haila (HS 12 Aug 2001) has noted that land use and property development solely targeted at private economic profit is not part of the Finnish planning tradition and are 'bad words'. The research findings indicate that this opinion prevails amongst the planners, private developers and local communities. This makes the nature and motivations of urban development policies and planning in Finland very different from the most West European and North American examples. Also, the links between the entrepreneurs and other growth policy groups (varying from the elected politicians, local media, labour unions and utility developers to cultural, sports and education institutions) do not exist in Helsinki as a single-minded growth generation group, which Logan and Molotch's theory suggests. There are common interests between the public decision-makers and private developers, construction companies and some of the large corporate companies, but the case studies showed that the role of these private interest groups is far from being the leading position. Moreover, comments of some of the private developers in Helsinki were in line with Haila (1999:183) in her argument referring to global city policies, that the 'irony of the policy shift towards more market oriented programmes is that private enterprise benefits from regulation.' More recently, however, selling of the Lepakkoluola site in Ruoholahti to Nokia gives an example of the use of the city waterfront as an economic growth generator, and this was implemented in cooperation between the Helsinki city officers and corporate land managers.

In contrast to focusing on growth generation, public planning interests in Helsinki have been based on values and traditions — "the ways things have always been done" as one of the interviewed planners put it — as well as on beliefs of what is right in urban development. The anti-segregation policy and social equality in housing and land use are contemporary examples
of these shared values behind consensus policies. At the same time, this thesis indicates that these values are sensitive to changes in both the local and, to a lesser extent, global conditions, but such changes are only slowly implemented because individual officer’s values and attitudes change slowly. Moreover, in many cases an individual planner works at local planning institution for several decades, which according to one of the interviewees contributes to the persistence of the urban policy through different political and economic periods. Thus, the ‘slow and technical’ nature of city planning in Helsinki is referred to in both negative and positive senses.

The values of public planning in Helsinki and in Finland can be examined within the framework of Nordic welfare state project. Some early progressive Marxist scholars were among the first ones to see social policy as a Trojan horse that works in between the capitalism and socialism and enables the capitalist political economy work without confrontations based on class and extreme social inequality85 (Esping-Andersen 1990:11). Esping-Andersen (1990:27,31) also argues that the key to the formation of the universal welfare system has been the social democratic ideal that has incorporated the new middle classes into the welfare state by providing services that satisfy the expectations of these classes. He writes that

‘rather than tolerate the a dualism between the state and market, between working class and middle class, the social democrats pursued a welfare state that would promote equality of the highest standards, not an equality of minimal needs as elsewhere [in the liberal and conservative welfare states].’

Thus, a class-coalition model forms the political value basis of urban policy and planning in Finland. The coalition has been traditionally formed between the working classes/agrarian classes and the white-collar employees. These classes share the same values and principles with regards to welfare state targets and desirable policy outcomes in all the Nordic states (Esping-Andersen 1990:17). This results in private entrepreneurs having a mere cooperative, although increasing, role in making of the city’s socio-spatial landscape.

The relatively minor political, legislative and cultural influence of the private entrepreneur and upper classes in Finland can be partially explained by their small proportion, although they are major property and industry owners. During the formation of the State of Finland in the early 20th century, the parliamentary system was relatively strongly dominated by the working and administrative classes, as well as by small private family farmers who formed the large rural

85 However, in Sweden, for example, social democrats are more dominant in this process.
population and shared similar interests. This is in line with Esping-Andersen (1990:25) who notes that the universal welfare state model can only develop in the conditions of 'historically peculiar class structure, one in which the vast majority of the population are the 'little people' for whom the modest, albeit egalitarian, benefit may be considered adequate'. This describes the social class conditions in Finland during the post-war welfare state construction period, and thus provides the grounds for the formation of class cohesion in the Finnish society. Esping-Andersen (1990:25) also argues that if the proportion of wealthy groups increases in the society, 'as occurs with growing working class prosperity and the rise of the new middle classes, flat-rate universalism promotes dualism because the better-off turn to private insurance and fringe-benefits bargaining...'

These social forces help to explain the increasing interest in the higher percentage of high-cost waterfront housing among the elected members of the Helsinki City Board, and the general decrease in support for subsidised housing in Helsinki during the high-tech based economic boom of the late 1990s, which brought wealth to many middle-class households at higher levels than ever seen in Finland.

The strong central control and belief in long-term large-scale planning shows that urban policy and planning in Helsinki continues on a clearly modernist course. This opposes the popular thesis of a 'postmodern' turn in urban policy-making, including such criticised features as 'Disneyfication' of the urban space (see Sorkin 1992). Modernism defines a desirable city space as a thoroughly ordered and efficient environment, and believes in metanarratives and in structural coherence, which are achieved through centrally governed society. However, when we look more closely at the Ruoholahti neighbourhood, the more complex nature of post-industrial urban policy becomes visible, and there are distinct processes which form the identity of the place. The Ruoholahti residential questionnaire responses imply that the identity of the place is built upon newness, waterfront, and the specific nature of the place between the historical inner city and the new suburbs surrounding it. Thus, the identity of the place is disconnected from its own urban environment, and in this way works against the similarity of places that were constructed during and by the industrial/modernist era (Keith and Pile 1993). The modernist similarity is replaced with a post-modern identity rooted in contemporary local culture (Ley 1996; Knox 1993).

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* See Harvey (1990), Healey (1997), and Le Corbusier (1929). To some extent, this underpins the IT society paradigm as well.
Finally, it is interesting to compare the political culture in Helsinki to the one in Vancouver in the 1970s as described by Ley (1980). Having assessed the extent of similarity and difference between the values of urban development policies in several post-industrial cities, it can be asked whether there are any political grounds for the fact that, according to international comparisons of quality of life in large cities, both Vancouver and Helsinki offer very high quality of living for their inhabitants. What might appear as a random common feature between these two cities may be partly explained by conscious urban development policy which was started in the late 1960s in both cities (and called 'livable city' in Vancouver), and attempts to regulate market forces in order to ensure a certain degree of social equality and high living standard. However, within the Finnish welfare system in Helsinki, this urban political process cannot be described as 'a battle' as it was in the North American capitalist system of Vancouver, but as a slow process of attitude change throughout the political culture and society. The process is best described as welfare state construction through cross-party coalitions policies.

Conclusions and tasks for further research

This research has evaluated the redevelopment policies, projects and their outcomes in Helsinki. It has provided a detailed examination of two waterfront redevelopment projects planned and implemented between 1980–2000. It has identified the main similarities and differences between post-industrial urban processes in a Nordic welfare state city, Helsinki, and other western capitalist cities. Within this context, an attempt has been made to recognise the key forces that explain differences in the political processes and in social outcomes. A key finding is that urban development policy in Helsinki institutionalises the welfare state values of Nordic political culture and society in the form in which these values prevailed in the Nordic countries at their most mature form, and these are reflected in the physical and functional urban landscape. These values are the ground to which most planning decisions are built upon, especially the long-term urban land use planning, property development and housing policies. These policies are strictly regulated by the local governance, and alleviate the effects of market forces, which tend to increase inequality and socio-spatial segregation in most post-industrial cities. Compared to the West European (more specifically Britain and Ireland in this context) and North American free market capitalist systems there is a more direct link of economic and political support between the Finnish urban decision-makers, who wish to alleviate social inequality and create high quality urban environment, and those urban groupings who need support in maintaining adequate living standards, including the middle classes. The ideological, political and cultural tradition of Finnish urban planning has contributed to the continuity of socially conscious
housing and land use policies, which have not suffered from major disruptions because of the changes in the local and global economic conditions. The ability of local governance to make small but sufficient adjustments to the planning system in line with the local and global changes have helped the local governance to maintain its power and hence their long-term urban development targets. However, the late 1990s have shown that the traditional equality or Nordic welfare state ideals are contested by free capitalism and the higher economic benefits which can be obtained from central city historic and waterfront locations. This may decrease the citizen’s support to the strong public control on planning. As such, this thesis agrees to some extent with Ley’s (1980:257) argument that a political ideology, such as a ‘livable city’ in Vancouver or ‘equal’ cities in Nordic countries, are ‘only coincidental in special cases where economic development strength is assured, public intervention is active and private interests are constrained’. Indeed, a clear divide between the UK-US regeneration policies versus ‘other Western European’ policies can be made with regard to some policy issues (such as certain features of public-private partnerships (Nelson 2001:486-488, 498-500; Swyngedouw et al. 2002:552)). On other issues and at other times, several common features can be found between West and North European cities, for example some features of major regeneration strategies towards the late 1990s (Roberts 2000:14; Swyngedouw et al. 2002).

Finally, examination of urban transition during any given period is a complex sum of simultaneous processes in economic, social, cultural and political fields. Therefore a research project carried out by a single researcher, such as this thesis, can only effectively include fragments of these dynamic processes, and only briefly refer to other interesting and relevant points. In this research I chose to focus on the interrelationship between the urban policies and planning, the physical landscape change, and their social outcomes. Having concentrated on these large-scale political, physical and social questions, this thesis did not evaluate the economic outcomes or sustainability of the redevelopment policy. I did not question the cost-efficiency, the ‘total price’ paid, for the relatively equal urban structure, and how long may this success last. A more comprehensive assessment of the success of the regeneration policies in Helsinki would need to examine these questions, and provide explanations. These were not, however, the key aims in this thesis, the main focus of which was to reveal the underlying processes that affect the political decision-making and its motivations. This approach has provided a clear insight into the policies and impacts of urban regeneration in a Nordic welfare state during post-industrial social and economic transformation.
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HS Helsingin Sanomat, 8 August 2001 (Pekka Korpinen) Historiankierroistusta ilman faktoja.

HS Helsingin Sanomat, 8 August 2001, Pekka Korpinen syyttää Helsingin historiikkia valheelliseksi.

HS Helsingin Sanomat, 12 August 2001 (Anne Haila) Kaupunkirakentamisen pelisäännöt selviäksiksi ja avoimiksi.

HS Helsingin Sanomat, 9 December 2002, Helsingin kunnallispolitiikassa vahva virkamiesvalta.


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List of interviews

Public planning authorities

Annukka Lindroos – Town Plan Architect of the Western Harbour (Ruoholahti) Project, Helsinki City Planning Department, April 2000

Antti Mäkinen – Project Director of the Western Harbour (Ruoholahti) Project 1990-1995, Helsinki City Office, October 2000


Heikki Somervuo – Project Director of the Eastern Waterfront (Arabianranta) Project, Helsinki City Office, May 2000 and April 2001

Ilpo Forssén – Project Director of the City Centre Project, Helsinki City Planning Department, June 1998

Jouni Korhonen – Researcher, Technical-Economic Unit, Helsinki City Office, a telephone interview, April 2001

Juhani Tuuttila – Real Estate Manager, Helsinki City Real Estate Office, May 2000

Mikael Sundman – Town Plan Architect of the Eastern Waterfront (Arabianranta) Project, Helsinki City Planning Department, November 1999 and April 2000


Timo Laitinen – Project Director of the Western Harbour (Ruoholahti) Project, Helsinki City Office, October 2000

Representatives of private developers

Heikki Mäkinen – Property Development Director, SRV Viitoset; a private developer (Ruoholahti), March 2001

Matti Viinikka – Property Director, Varma-Sampo Mutual Insurance Company; a private property owner and developer (Arabianranta), a telephone interview, April 2001

Mauri Mecklin – Land Resource Manager, YIT-Yhtymä; a private developer (Ruoholahti), March 2001

Thomas Hollfast – Marketing Manager, Wärtsilä Corporation, an international multi-sector technology corporation; a private landowner, property owner and developer (Arabianranta), March 2001

Local institutions

Maija Palonheimo – Managing Director, ADC Oy. – Art and Design City Helsinki Ltd.; public-private development corporation in Arabianranta, March 2001

Marjatta Raunila – Managing Director, Kaapelikintestöt Oy (Cable Estates Ltd.), a former officer at the Helsinki City Real Estate Office, October 2000
Nalle Westermark – Executive Director, Elävän musiikin yhdistys ry. ('Elmu') (Live Music Society), November 2000

**Ruoholahti residents**

(anonymous) - Ruoholahti resident since 1995, a former Chair of the Ruoholahti Resident Association, October 2000

(anonymous) – Ruoholahti resident since 1998, December 2000

(anonymous) – Ruoholahti resident since 1996, September 2001

(anonymous) – Ruoholahti resident since 1994, September 2001
APPENDIX 1

Residential questionnaire
Ruoholahti-Jätkäsaaren kehityshankkeisiin liittyvä asukaskysely

Ole hyvä ja rastita ruutu tai ympyröi mielipidettäsi vastaava numero.

1 Kysymyksiä nykyisen asuinpaikkanne valinnasta

1. Kuinka kauan olette asuneet tällä alueella?
1 □ alle 1 v. 2 □ 1-2 v. 3 □ 3-5 v. 4 □ 6-10 v. 5 □ yli 10 v.

2. Missä asutit viimeksi ennen tänne muuttoanne?
1 □ muualla Helsingissä (kaupunginosas: __________________________ postino: 00___0 )
2 □ pääkaupunkiseudulla (muualla kuin Helsingissä)
3 □ pääkaupunkiseudun ulkopuolella kaupunki- tai taajama-alueella
4 □ pääkaupunkiseudun ulkopuolella haja-asutusalueella
5 □ ulkomailla

3. Mikä oli aikaisemman asuntonne talotyyppi?
1 □ omakotitalo 2 □ rivitalo 3 □ kerrostalo

4. Mikä oli aikaisemman asuntonne omistussuhde?
1 □ yksityisesti vuokrattu
2 □ julkisen sektorin vuokra-asunto
3 □ omistusasunto
4 □ asumisoikeusasunto

5. Mikä houkuteli teidät erityisesti tälle asuinalueelle?

Merkittää seuraavasta listasta kuinka keskeinen mikin tekijä oli asuinpaikan valintapäättöksessänne asteikolla 1-5. Jos ette pohtineet aluetta lainkaan k.o. tekijän suhteen, merkitä "ei mielipidettä".

<table>
<thead>
<tr>
<th>työmatkan pituus</th>
<th>ei lainkaan tärkeä</th>
<th>melko tärkeä</th>
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<tr>
<th>muu luonnonsympäristö</th>
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<th>erittäin tärkeä</th>
<th>ei mielipidettä</th>
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<th>melko tärkeä</th>
<th>erittäin tärkeä</th>
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<thead>
<tr>
<th>turvallisuus</th>
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<th>melko tärkeä</th>
<th>erittäin tärkeä</th>
<th>ei mielipidettä</th>
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<thead>
<tr>
<th>asunnon ominaisuudet</th>
<th>ei lainkaan tärkeä</th>
<th>melko tärkeä</th>
<th>erittäin tärkeä</th>
<th>ei mielipidettä</th>
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</tbody>
</table>
asuntojen suhteellinen hinta
asuntojen saatavuus
uusi asunto
suunnittelu ja arkkitehtuuri
läheellä asuvat ystävät
☐ muu syy, mikä?

6. **Kun suunnittelite muuttoa, päätittekö...**
1 ☐ ensin asunnon maksimihinnan/ vuokran ja sitten valitsitte kaupunginosan?
2 ☐ ensin haluamanne kaupunginosan, josta sen jälkeen etsitte sopivanhintaisen asunnon?
3 ☐ Jokin muu tapa, mikä?

7. **Aiotteko muuttaa muulille alueelle tai muun tyypin asunton tällä alueella?**
1 ☐ Kyllä  2 ☐ Ei  3 ☐ En osaa sanoa

*Jos aiotte, niin minkä vuoksi?*

8. **Kun ajattelete kaupunkeja elinympäristöön yleensä, mitkä ominaisuudet ovat teille tärkeitä hyvässä asuinypäristössä?** Merkitä seuraavaan listaan kuinka tärkeä asteikolla 1 - 5 mikin asuinypäristön ominaisuus on teille. Jos ette ole ajatelleet tietytä alueen ominaisuuutta lainkaan, merkitä "ei mielipidettä".

<table>
<thead>
<tr>
<th>ominaisuus</th>
<th>ei lainkaan tärkeä</th>
<th>melko tärkeä</th>
<th>erittäin tärkeä</th>
<th>ei mielipidettä</th>
</tr>
</thead>
<tbody>
<tr>
<td>kunnalliset palvelut</td>
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<tr>
<td>asumiskustannusten kohtuullisuus</td>
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<td>☐</td>
</tr>
<tr>
<td>asukkaiden keskinäiset suhteet</td>
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<td></td>
<td></td>
<td>☐</td>
</tr>
<tr>
<td>turvallisuus</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td>☐</td>
</tr>
<tr>
<td>yksityisen liikenteen sujuvuus</td>
<td>1 2 3 4 5</td>
<td></td>
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<td>☐</td>
</tr>
<tr>
<td>julkisen liikenteen palvelut</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td>☐</td>
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<tr>
<td>kevyen liikenteen sujuvuus</td>
<td>1 2 3 4 5</td>
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<td>☐</td>
</tr>
<tr>
<td>kaupalliset palvelut</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td>☐</td>
</tr>
<tr>
<td>kulttuuritarjonta</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td>☐</td>
</tr>
<tr>
<td>alueen suunnittelu ja arkkitehtuuri</td>
<td>1 2 3 4 5</td>
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<td></td>
<td>☐</td>
</tr>
<tr>
<td>luonnonympäristö</td>
<td>1 2 3 4 5</td>
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<td></td>
<td>☐</td>
</tr>
<tr>
<td>☐ muu, mikä?</td>
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</tbody>
</table>
III Arvioita nykyisestä asuinpaikastanne

9. Kuinka tyytyväinen olette viimevuosina Ruoholahti-Jätkäsaari -alueella toteutettuihin rakennushankkeisiin ja toimintoihin asteikolla 1 - 5?

| Rakennusobjekti | Tyytyväisyysaste
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Monipuolinen julkainen asuintuotanto</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Korkeatasoinen yksityinen asuinrakentaminen</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Asumisen kokonaiskustannukset</td>
<td>1 2 3 4 5</td>
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<tr>
<td>Asukasyhteisön sosiaalinen monimuotoisuus</td>
<td>1 2 3 4 5</td>
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<tr>
<td>Tiivis asuinrakentaminen</td>
<td>1 2 3 4 5</td>
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<tr>
<td>Toimisto- ja konttorirakentaminen</td>
<td>1 2 3 4 5</td>
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<tr>
<td>Hotellit ja kongressikeskukset</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Kulttuurin tuotanto, tilat ja tapahtumat</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Matkustajasatama</td>
<td>1 2 3 4 5</td>
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<tr>
<td>Merenrannan puistot ja bullevarit</td>
<td>1 2 3 4 5</td>
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<tr>
<td>Luonnonympäristön käsittely</td>
<td>1 2 3 4 5</td>
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</tbody>
</table>

10. Millaisena pidätte tämän alueen viimeikaisten rakennushankkeiden ja toimintojen vaikutusta Helsingin kaupungin julkiseen kuvaan eil "imagoon"?

1 □ erittäin myönteinen 2 □ myönteinen 3 □ haitallinen 4 □ ei vaikutusta

11. Millaisena pidätte tämän alueen viimeikaisten rakennushankkeiden ja toimintojen vaikutusta Helsingin kulttuurielämään?

1 □ erittäin myönteinen 2 □ myönteinen 3 □ haitallinen 4 □ ei vaikutusta

12. Millaisena pidätte tämän alueen viimeikaisten rakennushankkeiden vaikutusta Helsingin kaupungin maisemaan?

1 □ erittäin myönteinen 2 □ myönteinen 3 □ haitallinen 4 □ ei vaikutusta

13. Kuinka hyvin tämä alue on vastannut odotuksianne asuinpaikkana seuraavien tekijöiden ajatellen:

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<tr>
<th>Tekijä</th>
<th>Huomattavuus</th>
<th>Tyydyttävästys</th>
<th>Tyytyväisyysaste</th>
<th>Tyytyväisyysaste</th>
<th>Ei mielipidettä</th>
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<td>Asuinrakentamisen laatu</td>
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<td>Asukkaisten keskinäiset suhteet</td>
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<td>5</td>
<td></td>
</tr>
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<td>Palvelut</td>
<td>Tyydytävyyden skala 1-5</td>
<td>Mielipide</td>
<td>Hyvin</td>
<td>Tyydytävästi</td>
<td>Hyvin</td>
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<tr>
<td>Julkinen liikenne</td>
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<tr>
<td>Kevyen liikenteen reitit</td>
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<td>Kaupalliset palvelut</td>
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<tr>
<td>Suunnittelu ja arkkitehtuuri</td>
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</tr>
<tr>
<td>Kulttuuripalvelut</td>
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<th>Satunnaisesti</th>
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<td>Kunnalliset palvelut</td>
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<tr>
<td>Asukkaiden kerhotilat</td>
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<tr>
<td>Ruokaravintolat, baarit</td>
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<tr>
<td>Kulttuuripalvelut (esim. museo, galleria, musiikkitalo)</td>
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<tr>
<td>Puistot, viheralueet</td>
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15. Kuinka hyvin mielestänne seuraavat luonnehdinnat kuvaavat asuinaluetanne asteikolla 1-5?

<table>
<thead>
<tr>
<th>Alue</th>
<th>Ei lainkaan</th>
<th>Jossain määrin</th>
<th>Ei melkätä</th>
<th>Ei mielipidettä</th>
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<td>Sosialisesti muista Helsingin</td>
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<td>Kaupunginosista poikkeava alue</td>
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<td>Tiivi asuinyhteisö</td>
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<td>Arkkitehtuuriistasi miellyttävä alue</td>
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<td>Perinteinen suomalainen kaupunkialue</td>
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</table>

IV Näkemyksiä asuinalueestanne yleensä
16. Millä sanoilla kuvailisitte asuinalueenne maisemaa ja rakennussuunnittelua? (Käytä mieluiten yksittäisiä sanoja tai selkeitä ilmaisuja, kuten esim. "epämiellyttävä" tai "puistomainen").

17. Millä sanoilla kuvailisitte asukasyhteisöä Ruoholahti-Jätkäsaaren alueella? (Käytä tässäkin mieluiten yksittäisiä sanoja tai selkeitä ilmaisuja.)

18. Mikä on mielestänne paras seikka asuinalueellanne tai siellä asumisessa?

19. Mikä on mielestänne huonoin asia asuinalueellanne tai siellä asumisessa?

20. Missä määrin tunnette olevanne yksi alueenne "paikallisista" asukkaista?

<table>
<thead>
<tr>
<th>vahvasti</th>
<th>jossain määrin</th>
<th>heikosti</th>
<th>en ollenkaan</th>
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21. Onko teillä muita kommentteja liittyen asuinalueeseenne tai siellä asumiseen?
V Taustatietoa vastaajasta

22. Ikä ja sukupuoli
1 ☐ alle18 v.  2 ☐ 19-24 v.  3 ☐ 25-34 v.  4 ☐ 35-44 v.  5 ☐ 45-54 v.  6 ☐ 55-64 v.  7 ☐ yli 65 v.
1 ☐ nainen  2 ☐ mies

23. Koulutus
1 ☐ Perusaste
2 ☐ Alempi keskiaste
3 ☐ Ylempi keskiaste
4 ☐ Korkea-aste

24. Tämänhetkinen taloudellinen aktiviteettinne
1 ☐ työssä käyvä
2 ☐ työtön
3 ☐ eläkeläinen
4 ☐ opiskelija
5 ☐ muu, mikä?

25. Tämänhetkinen tai viimeisin asemanne ammatissa
1 ☐ työnantaja
2 ☐ yksityisyrittäjä
3 ☐ ylempi toimihenkilö
4 ☐ alempi toimihenkilö
5 ☐ työntekijä

26. Sektori millä työskentelette tai viimeksi työskentelitte
1 ☐ Maa- ja metsätalous, kaivostoiminta
2 ☐ Teollisuus, energiantuotanto
3 ☐ Rakennus
4 ☐ Kauppa
5 ☐ Hotelli- ja ravintolapalvelut
6 ☐ Rahotus-, vakuutus- ja kiinteistöpalvelut
7 ☐ Liikenne
8 ☐ Julkinen hallinto, sosiaali- ja terveysala, koulutus

27. Kotitaloutemme tuloluokka (yhteenlasketut bruttotulot msk/v palkka- ym. tulot ja sosiaaliedut mukaan lukien)
1 ☐ < 40 000
2 ☐ 40 000 - 80 000
3 ☐ 80 000 - 120 000
4 ☐ 120 000 - 160 000
5 ☐ 160 000 - 200 000
6 ☐ 200 000 - 300 000
7 ☐ 300 000 - 400 000
8 ☐ > 400 000
28. Kotitaloutteenne henkilöluukumäärä? ______ henkilöä

29. Kotitaloutteenne tyyppi

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>pariskunta ja lapsia</td>
</tr>
<tr>
<td>2</td>
<td>pariskunta ilman lapsia</td>
</tr>
<tr>
<td>3</td>
<td>yksinhuoltaja</td>
</tr>
<tr>
<td>4</td>
<td>yhden hengen talous</td>
</tr>
<tr>
<td>5</td>
<td>muu, mikä? __________________________</td>
</tr>
</tbody>
</table>

30a. Tämänhetkinen asuntonne on

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>omistusasunto</td>
</tr>
<tr>
<td>2</td>
<td>vuokra-asunto</td>
</tr>
<tr>
<td>3</td>
<td>asumisoikeusasunto</td>
</tr>
<tr>
<td>4</td>
<td>muu, mikä? __________________________</td>
</tr>
</tbody>
</table>

30b. Asuntonne hintaluokka ostettaessa oli (mk)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&lt; 300 000</td>
</tr>
<tr>
<td>2</td>
<td>300 000 - 400 000</td>
</tr>
<tr>
<td>3</td>
<td>400 001 - 500 000</td>
</tr>
<tr>
<td>4</td>
<td>500 001 - 600 000</td>
</tr>
<tr>
<td>5</td>
<td>600 001 - 800 000</td>
</tr>
<tr>
<td>6</td>
<td>800 001 - 1 000 000</td>
</tr>
<tr>
<td>7</td>
<td>&gt; 1 000 000</td>
</tr>
</tbody>
</table>

tai nykyisen vuokran suuruus (mk/kk) __________________________

Kiitos vastauksestanne!
APPENDIX 2

Residential questionnaire (English translation)
Survey on the development projects in Ruoholahti-Jätkäsaari area

Please tick the box or circle the number that matches to your opinion.

I Questions about how did you choose the present place of residence

1. How long have you been living in this area?
1 □ less than 1 yr. 2 □ 1-2 yrs. 3 □ 3-5 yrs. 4 □ 6-10 yrs. 5 □ over 10 yrs.

2. What was your previous place of residence?
1 □ elsewhere in Helsinki (part of town: _______________________ Postal code: 00____0 )
2 □ in the Metropolitan area (outside Helsinki)
3 □ outside the Metropolitan area in a town or village
4 □ outside the Metropolitan area in rural area
5 □ abroad

3. What was the type of your previous house?
1 □ detached house 2 □ terraced house (row-house) 3 □ block of flats

4. What was the form of occupancy in your previous home?
1 □ private rented
2 □ public sector rented
3 □ owner-occupied
4 □ Right-of-occupancy

5. What attracted you into this area in particular?
Mark to the following list how important each of the factors was to you when you decided on your place of residence (scale 1 – 5). If you did not consider a certain factor at all, please mark 'no opinion'.

<table>
<thead>
<tr>
<th>Factor</th>
<th>not important at all</th>
<th>quite important</th>
<th>very important</th>
<th>no opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>commuting distance to work</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>maritime environment</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>other natural environment</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>public image of the area</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>location of the area</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>services in the area</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>safety</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>flat characteristics</td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6. When you were planning your move, did you decide...

1  ☐ first the maximum price/rent of the flat and then the part of town?
2  ☐ first the part of the town and then seek a suitable price of flat from there?
3  ☐ some other method, what?

II Your general views on a good place of residence

8. When you think of the urban areas in general, which characteristics are important to you in a good residential area? Mark in the following list how important in scale 1-5 each of the area characteristics are to you. If you have not thought of a certain characteristics at all, please mark “no opinion”.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>not important at all</th>
<th>quite important</th>
<th>very important</th>
<th>no opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>public services</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>reasonable living costs</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>community relations</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>safety</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>good private transportation network</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>good public transportation services</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>good light transportation network</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>commercial services</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>cultural services</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>design and architecture of the area</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>natural environment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>☐ other, what?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
III Your opinions on the present area of residence

9. How satisfied are you with the recent construction and functions implemented in the Ruoholahti-Jätkäsaari area (scale 1-5)?

<table>
<thead>
<tr>
<th>Factor</th>
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<th>satisfactory</th>
<th>very satisfied</th>
<th>no opinion</th>
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</thead>
<tbody>
<tr>
<td>wide range of public housing production</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>high quality private housing construction</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>total costs of living</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>social mix of the residents</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>dense housing construction</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>office construction</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>hotels and conference centres</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>cultural venues and events</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>maritime parks and boulevards</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>management of the natural environment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

10. How you perceive the impact of the new constructions and functions on the public image of the City of Helsinki?

1 □ very positive  2 □ positive  3 □ negative  4 □ no impact

11. How you perceive the impact of the new constructions and functions on the cultural activities in the City of Helsinki?

1 □ very positive  2 □ positive  3 □ negative  4 □ no impact

12. How you perceive the impact of the new constructions and functions on the landscape of the City of Helsinki?

1 □ very positive  2 □ positive  3 □ negative  4 □ no impact

13. How well this area have met your expectations in terms of the following factors:

<table>
<thead>
<tr>
<th>Factor</th>
<th>not well at all</th>
<th>to some extent</th>
<th>very well</th>
<th>no opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>quality of housing</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>public services</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>community relations</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>private transportation network</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>
### IV Overall opinions on your place of residence

#### 15. How well the following statements describe your place of residence in scale 1-5?

<table>
<thead>
<tr>
<th>Description</th>
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<th>-</th>
<th>to some extent</th>
<th>-</th>
<th>very well</th>
<th>-</th>
<th>no opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>socially different than other areas in Helsinki</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>close residential community</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>high quality living environment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>varying urban environment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>maritime urban environment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>'high culture' area</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>an area with pleasant architecture</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>traditional Finnish urban environment</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
16. How would you describe the landscape and architecture of your residential area? (Please use individual words, such as "unpleasant" or "green", if suitable.)

17. How would you describe the residential community in the Ruoholahti-Jütäsaari area? (Please use individual words or simple statements, if suitable.)

18. What is the best feature in your place of residence or in living there?

19. What is the worst feature in your place of residence or in living there?

20. To what extent you feel you are one of the 'local people' in the area?

<table>
<thead>
<tr>
<th>strongly</th>
<th>to some extent</th>
<th>weakly</th>
<th>not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

21. Do you have any other comments about your place of residence or about life in the area?
V Background of the respondent

22. Age and sex
1 □ less than 18 yrs. 2 □ 19-24 yrs. 3 □ 25-34 yrs. 4 □ 35-44 yrs. 5 □ 45-54 yrs. 6 □ 55-64 yrs. 7 □ over 65
1 □ female 2 □ male

23. Education
1 □ O-level or equivalent
2 □ intermediate grade
3 □ higher education
4 □ University degree

24. Your present economic activity
1 □ employed
2 □ unemployed
3 □ pensioner
4 □ student
5 □ something else, what?

25. Your present or latest socio-economic position (N.B.: Finnish categories)
1 □ employer
2 □ private business
3 □ management
4 □ clerical
5 □ worker

26. Your present or previous sector of employment
1 □ agriculture, forestry
2 □ industry, energy
3 □ construction
4 □ trade
5 □ hotels and restaurants
6 □ financial intermediation
7 □ transport, storage, communication
8 □ public administration and defence, social security

27. Household income (total gross income FIM per year (GBP per year) including salary and other incomes and social benefits)
1 □ < 40 000 (< £4500) 5 □ 160 001 - 200 000 (£18 001-22 000)
2 □ 40 001 - 80 000 (£4501-9000) 6 □ 200 001 - 300 000 (£22 001-33 000)
3 □ 80 001 - 120 000 (£9001-13 000) 7 □ 300 001 - 400 000 (£33 001-44 500)
4 □ 120 001 - 160 000 (£13 001-18 000) 8 □ > 400 001 (> £44 501)
28. **Number of persons in your household?** __________ persons

29. **Type of your household**
- 1. a couple with children
- 2. a couple without children
- 3. lone parent
- 4. single household
- 5. other, what? ____________________________

30a. **Your present form of occupancy**
- 1. homeowner
- 2. tenant
- 3. right-of-occupancy holder
- 4. other, what? ____________________________

30b. **Price of your home at the time of purchase (FIM)(GBP)**
- 1. < 300 000 (< £33 000)
- 2. 300 000 - 400 000 (£33 001-44 500)
- 3. 400 001 - 500 000 (£44 501-55 500)
- 4. 500 001 - 600 000 (£55 501-66 500)
- 5. 600 001 - 800 000 (£66 501-78 000)
- 6. 800 001 - 1 000 000 (£78 001-111 000)
- 7. > 1 000 000 (> £111 001)

**or the present rent of your home (FIM per month)** _______________________

*Thank you very much for your answer!*
APPENDIX 3

List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARA</td>
<td>Valtion asuntorahasto / Housing Fund of Finland (former State Housing Board)</td>
</tr>
<tr>
<td>Arava</td>
<td>housing production funded by ARA</td>
</tr>
<tr>
<td>ATT</td>
<td>Helsingin kaupungin asuntotuotantotoimisto / Helsinki City Housing Production Department</td>
</tr>
<tr>
<td>FIM</td>
<td>Finnish marks (used until 31 Dec 2001). The currency exchange rate used in the thesis is GBP1 = 9 FIM.</td>
</tr>
<tr>
<td>IIKK</td>
<td>Helsingin kaupunginkanslia / Helsinki City Office</td>
</tr>
<tr>
<td>HS</td>
<td>Helsingin Sanomat. A daily newspaper published in Helsinki. The largest national daily paper in Finland.</td>
</tr>
<tr>
<td>KSV</td>
<td>kaupunkisuunnitteluvirasto / Helsinki City Planning Department</td>
</tr>
<tr>
<td>TieKe</td>
<td>Helsingin kaupungin tietokeskus / City of Helsinki Urban Facts</td>
</tr>
<tr>
<td>VVO</td>
<td>Valtion vuokratalo-osuuskunta / National Rental Housing Cooperative</td>
</tr>
<tr>
<td>YTV</td>
<td>Pääkaupunkiseudun Yhteistyövaltuuskunta / Metropolitan Area Council</td>
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</table>

English – Finnish Glossary

<table>
<thead>
<tr>
<th>English</th>
<th>Finnish</th>
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<tbody>
<tr>
<td>Chamber of Commerce</td>
<td>kauppakamari</td>
</tr>
<tr>
<td>City Councillor</td>
<td>kaupunginvaltuutettu</td>
</tr>
<tr>
<td>Helsinki City Planning Committee</td>
<td>Helsingin kaupungin kaupunki-suunnitteluautakunta</td>
</tr>
<tr>
<td>construction company</td>
<td>rakentaja</td>
</tr>
<tr>
<td>Construction Law</td>
<td>rakennuslaki</td>
</tr>
<tr>
<td>constructor</td>
<td>rakennuttaja</td>
</tr>
<tr>
<td>Cooperation Manager</td>
<td>yhteistoimintapäällikkö</td>
</tr>
<tr>
<td>Development Office</td>
<td>kaupunginkanslian kehittämisloimisto</td>
</tr>
<tr>
<td>Economy and Planning Unit</td>
<td>kehittämisloimiston talous- ja suunnitteluosasto</td>
</tr>
<tr>
<td>Executive Director</td>
<td>toiminnanjohtaja</td>
</tr>
<tr>
<td>Harbour Committee</td>
<td>Helsingin kaupungin satamalautakunta</td>
</tr>
<tr>
<td>Health Department</td>
<td>Helsingin kaupungin terveysvirasto</td>
</tr>
<tr>
<td>Health Committee</td>
<td>Helsingin kaupungin terveyslautakunta</td>
</tr>
<tr>
<td>Helsinki City Board</td>
<td>Helsingin kaupunginhallitus</td>
</tr>
<tr>
<td>Helsinki City Council</td>
<td>Helsingin kaupunginvaltuusto</td>
</tr>
<tr>
<td>Helsinki City Office</td>
<td>Helsingin kaupunginkanslia</td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>Helsinki Energy</td>
<td>Helsingin Energia</td>
</tr>
<tr>
<td>Housing Corporation</td>
<td>asunto-osakeyhti</td>
</tr>
<tr>
<td>Land Resources Manager</td>
<td>maanhankintapääällikkö</td>
</tr>
<tr>
<td>Land Use Law</td>
<td>maankäyttölaki</td>
</tr>
<tr>
<td>Managing Director</td>
<td>toimitusjohtaja</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>markkinointipääällikkö</td>
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<tr>
<td>Master Planning Office</td>
<td>Yleiskaavaosasto</td>
</tr>
<tr>
<td>Municipal Housing Committee</td>
<td>Helsingin kaupungin asuntolautakunta</td>
</tr>
<tr>
<td>officer</td>
<td>kaupungin virassa toimiva työntekijä</td>
</tr>
<tr>
<td>Port of Helsinki</td>
<td>Helsingin Satama</td>
</tr>
<tr>
<td>Project Architect</td>
<td>projektiarkkitehti</td>
</tr>
<tr>
<td>Project Director</td>
<td>projektijohtaja</td>
</tr>
<tr>
<td>Project Planner</td>
<td>projekitsuunnittelija</td>
</tr>
<tr>
<td>Property Development Director</td>
<td>kiinteistökehitysjohtaja</td>
</tr>
<tr>
<td>Property Director</td>
<td>kiinteistöjohtaja</td>
</tr>
<tr>
<td>Public Works Department</td>
<td>Helsingin kaupungin rakennusvirasto</td>
</tr>
<tr>
<td>Real Estate Committee</td>
<td>Helsingin kaupungin kiinteistölautakunta</td>
</tr>
<tr>
<td>Real Estate Manager</td>
<td>virastopääällikkö, Kiinteistövirasto</td>
</tr>
<tr>
<td>Real Estate Office</td>
<td>Helsingin kaupungin kiinteistövirasto</td>
</tr>
<tr>
<td>Resident Association</td>
<td>asukasyhdistys</td>
</tr>
<tr>
<td>right-of-occupancy housing</td>
<td>asumisoikeusasunto</td>
</tr>
<tr>
<td>Social Services Committee</td>
<td>Helsingin kaupungin sosiaalilautakunta</td>
</tr>
<tr>
<td>Social Services Department</td>
<td>Helsingin kaupungin sosiaalivirasto</td>
</tr>
<tr>
<td>Town Plan Architect</td>
<td>asemakaava-arkkitehtti</td>
</tr>
<tr>
<td>Water and Sewage Department</td>
<td>Helsingin kaupungin vesi- ja viemärilaitos</td>
</tr>
</tbody>
</table>
APPENDIX 4

Socio-economic classification in Finland

Entrepreneurs and self-employed people are in charge of their own company, are farmers on
their own or leased land, or work on a freelance basis. /
Yrittäjillä luetaan henkilöt, jotka hoitavat omaa yritystä tai viljelyä omistamaansa tai
vuokraamaansa tilaa tai jotka ovat vapaan ammatin harjoittajia.

Upper-level employees are salaried white-collar employees at a senior level who apply broad
theoretical knowledge in their work. /
Ylemmät toimihenkilöt ovat palkansaajia, jotka tehtävissään soveltavat laajasti teoreettista
tietoainesta.

Lower-level employees are salaried white-collar employees at a junior level who are engaged in
routine office and sales tasks or in tasks which have replaced these. /
Alemmät toimihenkilöt ovat palkansaajia, jotka suorittavat tavanomaista toimisto- ja
myynnytyötä tai toimivat ammateissa, jotka ovat kehitteenet tavanomainen toimisto- ja
myynnyytön pohjalta korvaten sen.

Labourers are wage earners who contribute to the production by working in manufacturing and
maintenance, or are engaged in repairs, storage, distribution and transport or other service jobs. /
Työntekijät ovat palkansaajia, jotka osallistuvat tuotantotoimintaan työskentelemällä tavaroiden
valmistuksessa, huolto-, korjaus-yms. tehtävissä, varasto-, jakelu- tai kuljetustehtävissä tai
muissa palvelutehtävissä.

Source: Tilastokeskus / Statistics Finland 2001. (English translations by the author.)