

*Subjective & objective
assessment to
answer the layers

The City in Motion

THE RETURN OF THE CITY

Weaving all these elements together you have a city you could call nomadic. The city has always been a centre of transactions, power and intellectual resources. Yet in the context of the nomadic age it is now hard to imagine that in the 1970s there was a fear that the city was in such a decline that it might not recover, as city centres hollowed out with business and commerce leaving in a flight to the suburbs. The result was urban wastelands as also industry declined and began to move to the Far East. Remember, New York barely avoided bankruptcy in 1975.

A significant phenomenon emerged in the transition to a knowledge driven economy from the early 1980s onwards. This prefigured the digitally enabled world. **The city was 'rediscovered' and began again to exert a gravitational pull**, because of its resources in learning, its capacity to help exchange and make transactions, its cultural institutions and richer artistic life and vibrancy, its stock of buildings and infrastructure and its transport links. The city was seen as an accelerator of possibilities. The city is a dense communications system that is not easy to replicate in other settings. These were things pioneers wanted and they are what locals as well as the more nomadic desire. Within that context the 'creative city' concept emerged, which described how in a dramatically changing world it is possible to create the conditions for people to think, plan and act with imagination in order to find solutions for intractable problems or to discover opportunities. It focused initially on the value of creativity, culture, heritage, the arts or design for city development. Once the urban focus re-emerged a vast urban regeneration process began with the tearing down of the past to make the city ready for professional services related industries, offices and residential developments that frequently pushed out older tenants as a result of the price hikes - in essence the gentrification process. Often the results were negative in that older communities were torn apart or displaced.



Waiting for redevelopment, Lisbon

#Subjective & objective assessment to answer the layers

The City in Motion

Getting the balance right within gentrification processes is one of the most difficult dilemmas for urban development.

City planners and property developers then self-consciously tried to create urban developments which **tried to mimic and recreate the urbanity** and qualities of well-functioning cities with their mixed uses and intense interactions. The industrial period had fostered segmented land use planning in order to separate dirty or less healthy functions from living and recreation. In the cleaner knowledge economy this separation was less necessary and mixed uses and new configurations for living and working have emerged.

Simultaneously, an extensive retrofitting exercise began. **World-wide, several hundred old warehouses, breweries, train, bus or fire stations, cement, coal, textile, tobacco or steel factories, old markets or military barracks or older working class districts, were transformed into culture or experience centres, incubators and company breeding grounds and as hubs for wider urban regeneration.** Trendies call them industrial chic. Think here of the Creative Factory in Rotterdam, Ler Devagar in Lisbon and its linked complex next door, or the Russell Industrial Centre in Detroit, the Cable Factory in Helsinki, the Spinnerei in Leipzig and the Toy Factory Lofts in Toronto. The creative professionals and the nomads across the world, the graphic designers, software engineers, app developers, artists or actors, are drawn to these places. Their mere presence made them the vanguard of regeneration, a process that is well documented, but also led to gentrification and as costs spiralled often pushed those creatives out later. Indeed some property developers specifically enticed and incentivized artists and other creatives to move into declining areas in effect using them to trigger the regeneration process. Typically then cafes and restaurants move in attracted by the bohemian atmosphere and cheaper rents followed by younger professionals which over time change the ambiance. This process was first documented way back by Sharon Zukin in New York in the 1970s.

It is strange that those same places that had had **horrible working conditions began to be celebrated as places for the new and the hip.** Why do these structures resonate? They exude memory and the patina of ages in an age where novelty erases memory increasingly and of course, physically their spaces are large and allow for flexibility and interesting structures. As the celebrated Jane Jacobs noted 'new ideas need old buildings'.

The problem is that these old buildings have mostly been refurbished or destroyed across the world. City planners have a renewed challenge to create these atmospheres without the physical substance to work with.



Kaohsiung, Taiwan

*Subjective & objective assessment to answer the layers



Neal's Yard, London

The City in Motion

Four personal experiences bring the gigantic global gentrification question home to me - living in London, working and living in Berlin, and working in Lisbon and in George Town, Penang. Gentrification up to a point is good, it can get a development dynamic going and improve environments, but when a tipping point is reached it can swing into the negative. In part it is brought about by cities attracting expats and becoming nomad hubs.

A Financial Times article on Brixton on the 14th July 2017 was emblematic. It explains the gentrifying processes we witness in Berlin, Lisbon and soon Casablanca, but also in Kala Ghoda in Mumbai, Fitzroy in Melbourne, Songshan in Taipei. Or as one typical blog says:

'In San Francisco it's the Mission, in New York it's the East Village, in Berlin it's Kreuzberg, in Seoul, the booming capital of South Korea, it's Hongdae - the go-to neighbourhood and anything a hipster could want.'

Yes, really, this is why I was amused to see a tee-shirt in Berlin with 'hipsters are motherfuckers' on it.

TRANSITION & CHANGE

BRIXTON, LONDON

I lived near Railton Road in Brixton, London in the early 1980s, near where David Bowie had been born. It was then called the frontline, a place you did not go to. Brixton has a rich history, it has been a centre of black culture since 1948 when the Windrush ship brought migrants, ex-service men mostly, to Britain to do jobs the British did not want, such as on the metro and rail. This Windrush Generation built a strong community, they met in Windrush Square. That generation saw hardship and their children often discrimination. Their chances were limited and drugs took their toll. Later there were regular eruptions around the frontline given unemployment and police discrimination against black youth. It blew up first in 1981 and then again in 1995 and in 2011 given the social and economic instability.

Around the corner was a place called Poet's Corner with streets named after Milton, Spenser and Chaucer. Now it is a hotspot. There are co-working spaces and incubator centres like Impact Hub nearby with digital nomads in force. Started in London 2005 it now has approaching 100 centres worldwide and 15,000 members. Now in Brixton, good two bedroom apartments cost £550,000 and houses around £1.5 million. In the last 5 years property has risen by 76% and it is still going up. As with everywhere where gentrification is moving fast, locals complain

*Subjective & objective assessment to answer the layers

of being priced out. They believe the place does not belong to them anymore. For the better off young professionals or successful actors it is cheaper than elsewhere in London and very accessible to the financial heartland. To get onto the property ladder many need a helping hand from parents. They bring in a wave of posh cafes and speciality pubs and swanky restaurants, and then the old fish and chip shop closes. 15 years ago, people would not come here easily or happily, though the posher Clapham nearby was alright.

Local distinctiveness is declining as Brixton High Street Homogenizes, despite the presence of people like Tom Shakhli, who founded Atlantic Road Café and instigated the Brixton Pound, a local currency like those of Bristol and Stroud (near where I live now). Brixton's is accepted by 200 local businesses.

Beyond the obvious chains like Starbucks, there are others less obvious coming in, as the FT reports. They look independent but are not, like Franco Manca, that has 38 outlets. It started in a covered market and has now been bought by the ex-Pizza Express chief executive. Effra Social looks unique, but is part of a chain of 44 bars run by Antic. 'I love the arty, independent, cultural vibe', comments one restaurateur. Yet this is the nearly unavoidable dilemma. You want and need some gentrification to get development processes going, but once it reaches a tipping point prices escalate and you often destroy what you set out to experience.

TAKE BERLIN

The city's greatest marketing coup was the fall of the Berlin Wall in 1989. Equally important were the cheap prices of property with hundreds of empty buildings especially near the no-man's land straddling the former border. Around 120 of these were initially squatted before they were legalized. A creative bureaucrat, Jutta Weitz, is an unsung heroine here. She was responsible for dealing with industrial properties on behalf of Wohnungsbaugesellschaft Berlin-Mitte (WBM) and was keen to help the artistic community. The idea of *Zwischennutzung* (temporary use) was key to the strategy, and so many interesting structures ended up as hotbeds, one of most famous of which was the Tacheles complex, a mix of studios, workshops, a nightclub and a cinema. The garden outside had an open-air exhibition of metal sculptures. This and many other initiatives helped create the vibrant alternative culture scene that enabled Berlin to become Europe's hotspot for artists. And of course, as development proceeds 25 years later, new places emerge. Nearby Leipzig, with its cheaper rents is now called Hypezig, with the Spinnerei as one pole of its attraction.



Urban regeneration workshop, Detroit

*Subjective & objective assessment to answer the layers

A major often forgotten factor was that already on the 20th June 1949, the US military governor General Frank Howley had agreed to a proposal by Obermeister Heinz Zellermyer, the speaker of West Berlin's hospitality sector, to initiate 24/7 licensing. Howley then persuaded his French and British counterparts of the idea. Thus Berlin was then and has become the only major European city where you could party and drink for 48 hours on the trot. This attracted the club culture that mushroomed dramatically and especially once techno had been brought over to Berlin from Detroit by Dimitri Hegemann, who founded the important club Tresor, with others like Berghain following in quick succession. Even today you find planeloads of people coming via Easyjet or Ryanair from the outreaches of Spain, Italy, the Nordic countries and further afield to 'let go'.

Scroll forward 20 years. Berlin is Germany's capital and settling into its new role, scroll forward another 10 and it is essentially the capital of Europe. The city has moved on from the slogan 'Berlin ist arm, aber sexy' (Berlin, is poor, but sexy) proclaimed by the then mayor Klaus Wowereit. Whilst it does not have the economic vigour of a Munich, a Hamburg or a Frankfurt the world is taking notice. Berlin's history and heritage and vast investments in its cultural facilities is one reason, another is its attraction as a start-up centre and being a political capital is also key. But a crucial issue is that \$20 trillion worth of global capital is floating around and searching for a home and where better than trendy Berlin. This includes money seeking a safe haven as it escapes out of Russia and China as well as the Middle East. The impacts on the ground are powerful: rental prices have increased by seventy per cent in the 10 years to 2016.¹⁶ More and more people are buying apartments, squeezing out low-income renters, and investment groups are making more large-scale portfolio purchases.¹⁷ Property prices have more than doubled on average over the last decade and even more in select areas like Prenzlauer Berg, Charlottenburg or Kreuzberg.¹⁸ Some say that Berlin is an Eldorado for property investors, with many buying tranches, site unseen.

Then there is the sharing dynamic that is shaking the property market to its foundations, such as Airbnb, which has reduced the availability of affordable housing in the city. Some professional hosts control dozens of properties; in Mitte, a government study found that in one building on Wilhelmstrasse, 280 out of 300 apartments were rented to short-stay tourists as short-term rentals are more profitable. That reduces the housing available for local residents, driving overall rents up. Berlin authorities estimate that 15,000 apartments have been taken off the market to be rented to tourists and so, in 2014, they instituted a law to ban short term rentals - called *Zweckentfremdungsverbot*, a misuse of ownership.

People can still rent out rooms in their homes, as long as they do not exceed half of the floor space. Landlords can apply for official permits to rent out entire apartments short-term, but must include a convincing explanation why they need to. Crucially those that are approved can be rented for no more than the average rent per square meter for the local area. The Berlin law, designed to curtail the runaway growth of Airbnb home-renting has been challenged in the courts, but Berlin's administrative court upheld it, saying what to some will feel revolutionary and to others a relief: 'the ownership guarantee provides no claim for a residential property to be used with the expectation of making a profit.' **The rest of the world will be looking at the longer term outcomes** and what types of regulation are possible within the sharing economy logic, yet simultaneously encourages its energies. At a European level the Commission of the European Union wishes to lift legal roadblocks to the sharing economy, yet when that equally destroys community it stands at the horns of a complex dilemma. Yet it will be difficult to monitor as Airbnb tries to slip around the rules as Steven Hill writes in *The Globalist*.¹⁹ The airbnbsberlin.com²⁰ website provides a wealth of evidence and infographic detail about how Airbnb works in the city.

Berlin still has laws in place that dampen the kind of rampant property investment that exists in London, New York, Sydney or Shanghai. Apart from a rent cap, property developers cannot simply buy up real estate and change its use, and leaving flats empty for speculation is difficult.



Lisbon

LISBON & WHO IS NEXT

This dynamic is a global phenomenon. Take Lisbon, which many people think of as 'the next kid off the block' as a capital of cool. Its assets are obvious. A deep history, global connections from its past empire, regarded as a relatively safe place, sunny weather and 'undervalued' property and a start-up culture in the making with organizations like Second Home locating a major base there. Madonna buys a house and talks about it, then Phil Collins and that is in the news. You look at Chiado or the area surrounding Avenida de Liberdade then and now. The glove shop disappears and in its place comes a Burger King, the old coffee house becomes a Starbucks and the march of the major brands proceeds. Who will be next off the block? Athens? It has history, it is cheap? It is warm? The gloomy scenario looking 20 years ahead unless house speculation is curtailed is that the 25 hub cities of the world and the successful ones on the second tier will become cities of two halves or three thirds: the rich in more gated environments; a middle group struggling to keep in property ownership; and a large mixed grouping of the less well-off including swathes of young people who cannot afford to buy and whose parents cannot help them.

#Subjective & objective assessment to answer the layers

BEIJING

The three examples are large European cities, but it happens globally and in smaller places too. In Beijing, Nanluoguxiang is its best-known hutong (a narrow alleyway in a residential area). In a decade it has propelled from a quiet lane for living to a tourist hotspot where you cannot avoid someone taking a selfie. As elsewhere, it started with artists moving in, then a gallery and some unusual shops perhaps launched by an expat, then the Olympic Games happens in 2008 and people in search for the authentic discover it as the hip place, and in 2013 it moves Starbucks. Then people search for the new and suddenly Wudaoying - 'the hip hutong in Beijing' - is touted as the next Nanluoguxiang. Hutongs have the intimate, dense qualities that make it easy to make connections to the likeminded. Unfortunately in Beijing's headlong rush to development many thousands have been destroyed. If more had been left perhaps the few areas that still exist would not have become tourist traps.

PENANG

It does not always have to be like this. Take the smaller George Town in Penang with more than 1000, often degraded, shophouses. A very diverse part of Malaysia that lay on historic trade routes, it became an intellectual hub and location for mid-level sophisticated tech manufacturing. Yet many of its best left for places like Singapore so the challenge was how to get the diaspora to come back.²¹

Here the designation as a UNESCO World Heritage site was a trigger for regeneration, with Laurence Loh playing a key role and it also offered some measure of protection. The other was the George Town Transformation Programme (GTTP) launched by Hamdan Majeed from Khazanah a government investment agency and where I played a part. Both in 2008 set the groundwork for the Think City initiative in 2009. This seeks to regenerate with a principled perspective. As it says in its grants programme:

You are empowered to change your city, we do this because we believe through small acts of positive disruption, we can create cities that value heritage, place sustainability at the core of advance and serve all people.

The programme seeks to kick start regeneration by building on the momentum of civil society-driven activities and private sector initiatives, as well as build local capacity. This programme has shifted pride in George Town, has led to shophouses being refurbished and maintained, and it has been able to bring people back.²¹

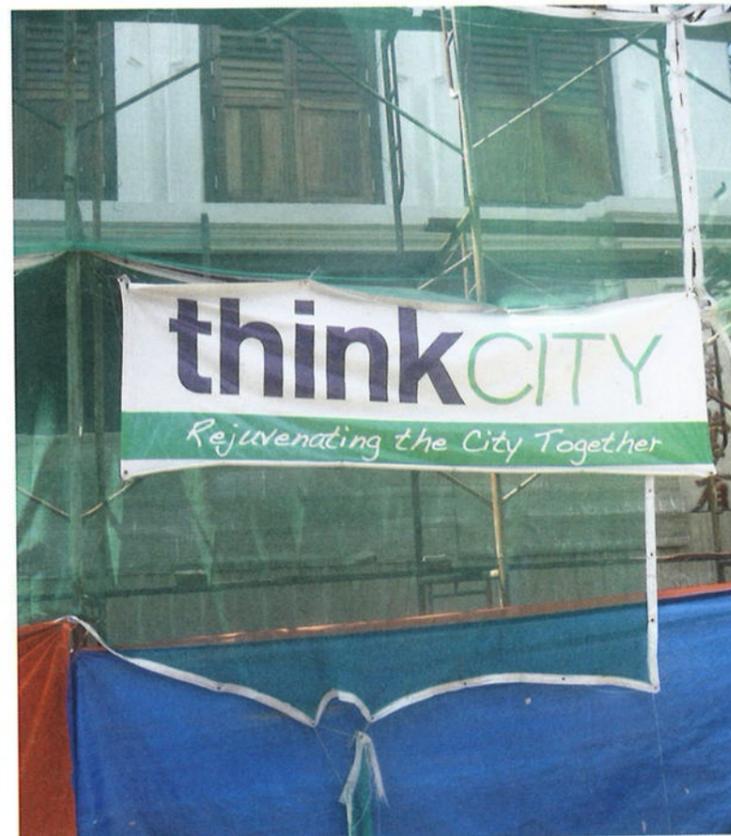
However, danger signals are on the horizon. Development is attracting tourists and foreigners and their capital. Many developments have improved George Town even though the small boutique hotels are out of reach for locals. Yet perhaps the most aggressive is World Class Land, the property arm of Singapore's Aspiat Corporation. It is trying to buy 200 shophouse properties on the edge of the designated heritage buffer zone where regulation is more lax and it wishes to build a 65-storey skyscraper abutting a two-floor zone. People will be pushed out. This is Think City's next challenge: to move from being a grant giver to an advocate for a different development model.

LAND & SPECULATION

Every popular place has to contend with the gentrification dynamic and how to keep its best aspects, such as lifting the quality of public space. Prices can only be contained ultimately by control of land or value increases in the public interest. In essence the rate of value increase should be less than the rate of interest in any given place so as to encourage investing in things other than property. There is land in built up areas and unused land waiting in the wings, examples include. The German Building Codes 165-171 enable the speedy procurement of unused land. It is used to mobilise land and to finance municipal development costs in situations where there is an increasing demand for housing, workspace, or public facilities. The uplift in

land values finances the measure following development. The municipality buys land at the existing, much lower, use value, and then sells the land when it has been planned and serviced for the much higher price of undeveloped plots. The difference is used to fund social infrastructure such as schools, parking and green areas. Owners can fend off the public purchase if they are willing to carry out development in line with the plan, in which case the municipality gets some compensation.

Foundations and charities buy land to take it out of the market. In the Islamic world waqf is a popular example, an unchallengeable charitable endowment under Islamic law. It typically involves donating a building, plot of land or other assets for charitable purposes with no intention of reclaiming the assets. This can be for religious purposes or affordable housing as in Georgetown Penang. Various foundations have done this elsewhere, such as in Berlin where the Swiss Edith Marion Foundation bought the extensive, and famous, Kindl brewery as well the well know alternative hub Schokoladen with more to follow. Another Swiss foundation Abendroth has provided the loan for the large urban village the Holzmarkt, a social enterprise development along the river Spree.²² The Kreuzberg municipal district in Berlin is buying back assets that had been previously been privatized in order to safeguard socially oriented uses. All large cities are experiencing these dilemmas and have appointed a land advisor to scour global best practice - Nicholas Falk, the founder of URBED.²³



Urban regeneration in Penang