Living next to a flagship development

A literature review on the spatial and socio-economic benefits that flagship developments can generate for adjacent residential neighbourhoods

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Abstract — Over the last decades flagship regeneration emerged as an answer to neoliberalism and de-industrialisation in developed countries. Flagship development can be described as prestigious land that catalyses urban regeneration (Bianchini et al., 1992, p.252). This paper consists of a literature review, answering the following question: what are the possible benefits that flagship development can generate for the local communities living in adjacent neighbourhoods and how can these benefits be exploited?

Cities in which industry has taken a big part of, and therefore suffered the most from de-industrialisation, were the first cities in which flagship developments appeared. These cities suffered from e.g. high unemployment, poor image and declining public revenues. (Doucet, 2009, p.102). Flagship developers aimed and still aim at attracting tourists and investment, revitalising an attractive image for the city and encourage private investment. Some municipalities that are involved in the projects, also consider local quality and benefits as important. Often, the local community mainly suffers from the developments, because projects cause fragmentation and have an alien and unwelcoming appearance (Bianchini et al., 1992, p.254; Doucet, 2009, p.105; Loftman and Nevin, 1995, p.305). However, it is possible for flagship developments to generate beneficial possibilities for the adjacent residents.

The benefits that flagship developments can give on a local scale are for example catalysing regeneration in adjacent neighbourhoods and providing urban spaces, amenities and recreational facilities. These benefits can only be exploited if flagship developers reposition their goals and if the negative effects, that prevent the local community from benefiting, will be diminished or taken away.

This paper can be used as a theoretical background when developing a flagship project. The future challenge is to examine what the characteristics of the project should be in order to ensure the beneficial possibilities.

Key words — flagship development; waterfront development; de-industrialisation; spatial fragmentation; residential neighbourhood

1. Introduction: global flagships, local effects
As a result of increasing globalisation of economies, in the 1980s neoliberalism established in developed countries. This system focuses among others on a market-driven economy, privatisation of the public sector and deregulation by reducing the role of law and state. (Jessop, 2002). Many local companies have disappeared; global companies established and play important roles in national economies.

When a strong de-industrialisation process took place in European cities, many social and spatial changes were the result. Structural unemployment followed. (Kesteloot, 2006, p.129). Many harbour areas became abandoned when the industrial businesses moved out. Waterfronts in industrialised cities became a perfect location for flagship regeneration, stimulated by the new ideas of neoliberalism.

Flagship development can be defined as “significant, high-profile and prestigious land and property developments which play an influential and catalytic role in urban regeneration” (Bianchini et al., 1992, p.252). Flagship developments are places where global and local influences intertwine. The global deals with a focus on tourists, investment, global
companies; and also on image building for (inter)national relations. On the contrary, the local focuses on users and residents of the area, the spaces that are located in a specific urban fabric. (Bianchini et al., 1992, p.254)

The first flagships, emerging in the 1980s and 1990s, were implemented on vacant land. This land was empty because de-industrialisation made the industries declining or moving out of the city. The first flagship developments arose in the cities that suffered the strongest from de-industrialisation and associated problems. The developments have many proponents and many opponents. Despite the economic advantages the projects can bring to the city, negative impacts should not be underestimated. Flagship projects often are isolated instead of fully integrated with their surroundings and the wider city, they worsen social and spatial segregation. Despite the many critiques on the developments that exist, flagships are still being built nowadays. Urbanists have the task to rethink the spatial and socio-economic relation between flagship projects and their adjacent neighbourhoods.

The aim of the paper is to answer the following question: what are the possible benefits that flagship development can generate for the local communities living in adjacent neighbourhoods and how can these benefits be exploited?

The structure of the paper is as follows. In the next part, section 2, the rationale behind flagship development will be described in general, with the critiques over the years. The third section gives a description of the goals flagship developers aim for. By understanding their aims, we can see whether they have the intention that neighbourhoods should benefit from the projects, or if the aims should be adjusted in order to create beneficial possibilities. The fourth section discusses critiques for and against the developments, by pointing out the actual local effects of the developments according to literature. The fifth section reflects on the main question. This section ends with recommendations on what to research on this issue in the future. The author will use the outcome of the paper as a theoretical framework for the research on how the residential neighbourhoods in in Amsterdam North can benefit from the adjacent flagship development Overhoeks.

2. A brief overview of flagships
2.1 The first flagships
The cities where the first flagship projects emerged, were the cities where the industry had taken a major part in, and that therefore suffered the most from de-industrialisation. These cities dealt with high unemployment, poor image and declining public revenues, e.g. Baltimore, Newcastle and Bilbao. (Doucet, 2009, p.102)

The prestigious flagship projects tend to be confined to areas with the highest development potential, such as the city centres, locations with significant heritage value or waterfronts. (Bianchini et al., 1992; Loftman and Nevin, 1995). “It was a response to both the cataclysmic shifts in cities brought about because of de-industrialisation and as an example of neoliberal strategies being developed and implemented at this time.” (Doucet, 2009, p.101) Flagship projects aimed at creating more wealth for the city under neoliberal ideas.

The projects were a necessary answer to the declining industries. The developers aimed at diversifying the city’s economic base and encouraging private investment (Bianchini et al., 1992; Healey et al., 1992; Loftman and Nevin, 1995, p.304). Declining city economies led to a 'flight' of the affluent households, because there were not enough possibilities to move into owner-occupied, high quality housing and high unemployment existed. Flagship projects aimed at attracting affluent households by building according to their housing needs. The projects facilitate the physical restructuring of certain areas to meet with the changing demands of the production and consumption services. (Loftman and Nevin, 1995, p.304)

Another need for the regeneration was the worsening image of the city, another effect of declining industries. The prestigious projects aimed at revitalising an attractive city image (Doucet, 2009; Smyth, 1994). Flagships became icons for the city, such as the Guggenheim museum in Bilbao or the Erasmus Bridge in Rotterdam.

Besides economic reasons, we can find political rationales behind the emergence of flagship projects. Deregulation and privatisation of urban policy making was an important phenomenon, which empowered the shift to a post-Keynesian mode of urban intervention (Gaffkin and Warf 1993 in: Rodriguez et al., 2001, p.168). This mode stresses the dynamic nature of an economy which uses money and which is subject to uncertainty. (Pearce, 1989)

After the first flagsapos; arose in declining cities, many other cities copied the development. The prestigious projects appeared to be successful in numerous cities. The places seemed economic attractive and the planned physical transformation took place. (Loftman and Nevin, 1995, p.302)

2.2 Contemporary flagships
Flagship projects are still being built nowadays. The developments have changed somewhat, but the most
important effects and critiques remain the same. Thanks to negative critiques, the attitude of municipalities towards flagship projects has changed. For example in the UK: in 1998 the social exclusion unit reported that there has been too much emphasis on physical renewal, instead of better opportunities for people. Helping people out of poverty has become a goal of contemporary urban regeneration, e.g. in the UK, the Netherlands and Spain. (Doucet, 2009, p.102)

Another change is the use of local community input and participation, that exists in a few contemporary projects. This is a major shift from the former property-led development, and meets partially with critiques, as can be read in paragraph 4.2. However, it is not true that the ideas of the 1980s and 1990 have disappeared. Several authors have argued that the neoliberal winner-take-all approach has continued. There are many examples of flagship projects in Europe that are nowadays still being built along the lines of traditional flagship projects. Much regeneration is “still predicated on iconic, consumption-led projects that are aimed at a higher-income or visitor audience”. (Doucet, 2009, p.103)

Despite the fact that some developments now also pay attention to less fortunate residents, most of the other goals remain present. Critiques remain similar.

2.3 Examples of flagship projects

Flagship developments are located near the city centre, geared to an outside audience of possible residents, investors or tourists. The area contains mixed functions; often housing, offices and facilities. Well-known examples of flagship projects are London's Canary Wharf, Dublin's Docklands and Rotterdam's Kop van Zuid. Many of the projects also contain a cultural landmark such as a museum. Examples of these are the Guggenheim in Bilbao and the National Museum of Photography, Film and Television in Bradford.

These developments function as catalysts for further development nearby. The flagship projects are visible signs of renewal, with a landmark designed by 'starchitects' to attract visitors.

The flagship areas are most often in enormous contrast with adjoining areas. The adjoining areas used to be located next to an industrial area; typically they were built for the working class. Small houses, of which much is social housing, are a characteristic of these neighbourhoods. The neighbourhoods are inhabited by low-income households, and can be problem or attention areas. Because many inhabitants used to work at the industrial companies, the unemployment-rates of such neighbourhoods are typically high. This is for instance the case in neighbourhoods adjoining Canary Wharf, the Kop van Zuid or Overhoeks in Amsterdam.

3. Aims of flagship developers

3.1 General aims

Developers formulate aims when planning the flagship projects. The most important aims were previously mentioned, the flagships should:

- attract tourists, jobs and investments
- revitalise an attractive image for the city
- create more wealth for the city
- encourage private investment

It is important to notice that none of these aims are focused on residents living in adjacent areas. They focus respectively on the regional and global scale, on the city as a whole, or on the flagship area itself. More aims will be discussed in that order, plus aims that focus on adjacent areas and the local community.

Developers put forward a lot of aims that focus on the large scale. They want the prestigious projects to put cities on the map (Rodriguez et al., 2001, p.167), so they become more attractive for different target groups and investments. The project should attract regional and (inter)national visitors. Also should it attract people with high incomes to buy or rent a residence in the area (Doucet, 2009).

Moreover, an economic aim of the project deals with the inter-city competition that became important from the start of neoliberal activities. It should make possible that the city defends its position in the global economic hierarchy (Loffman and Nevin, 1995, p.304). These approaches consider the city as a whole; this is typical for the aims. In this sense, other aims are present. One of these is to boost municipal revenues (Grodach, 2010, p.353), although this is widely discussed and definitely not always the case. In fact, sometimes the project costs more for the municipality than it yields.

Furthermore, the projects should change local perceptions (Smyth, 1994). During the de-industrialisation, many waterfronts became vacant, causing bad perceptions for residents of the city, but also for (possible) tourists and investment.

Other aims are explicitly focused on the flagship area itself. One of the most important goals here, is place-marketing (Bianchini et al., 1992, p.248; Doucet, 2009, p.104; Grodach, 2010, p.353; Loffman and Nevin, 1995, p.303). Place-marketing then contributes to other goals of higher scale levels, such as the attraction of tourists and investment. Attracting private sector finance is an important aim for developers as well (Bianchini et al., 1992, p.248; Healey et al., 1992, p.218; Loffman and Nevin, 1995, p.299), because the development in most cases needs private financing since the costs for such a large urban project are very high.

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Nonetheless, there are aims that focus on adjacent neighbourhoods. An important one is for the flagship to catalyse regeneration in adjacent neighbourhoods (Bianchini et al., 1992, p.249; Grodach, 2010, p.353; Loftman and Nevin, 1995, p.299). Also, the project should promote growth (Smyth, 1994). This often leads to gentrification of areas located nearby. Gentrification also sometimes is a goal of developers, like the Kop van Zuid in the Netherlands.

Regeneration is a tenuous notion that can have many different effects on neighbourhoods, positive but also negative when for instance talking about gentrification. Gentrification is a widely discussed subject, that will not be discussed in detail here. One of the critiques on gentrification can be mentioned, in the sense of residential benefits. This is the fact that residents of adjacent neighbourhoods will not be able to benefit from the flagship if they are displaced from the area. This happens often when gentrification takes place, then it means that the effects of the development are still focused on outsiders: residents from elsewhere that move into the adjacent areas once the flagship has been built.

3.2 Municipal aims
Many flagship developments are led by a collaboration of municipality and private developers. Some municipalities seem to add local quality and benefits to the list of aims (Manchester Council in: Doucet, 2009, p.104). Municipalities also try to help people out of poverty with the flagship projects, but exactly how they try to reach this goal remains unclear (Doucet, 2009, p.104). Nevertheless, governments in e.g. the UK, the Netherlands and Spain are shifting their attention towards helping deprived communities with the new developments (Doucet, 2009, p.104).

4. Effects of flagship development
In this section several effects that are mentioned in literature will be pointed out. These effects are the ones that developers do not specifically aim for, but that are being noted by critics. First effects that plead for the development of flagships will be discussed, second effects against it. At the end of this section, several phenomena that threaten successful flagship development will be discussed.

4.1 Positive effects of flagship development
Several arguments plead for the building of flagship projects. Social, economic and spatial arguments will be mentioned in that order.

A social effect that flagships have, is the boost of civic pride among city residents (Loftman and Nevin, 1995, p.303). The flagship is a prestigious project, showing clearly the renewal that takes place, so people living in and around the developments will feel proud of the newly built area. This argument is supported by research that measured resident perceptions of the Kop van Zuid, a flagship in Rotterdam, the Netherlands. The results show that residents from the entire city feel more or less proud of the developments. It does not matter if residents live in a deprived area or in an affluent area. Residents living closer to the Kop van Zuid do experience a bit more positive effects than people living farther away, but this is not a significant difference. (Doucet et al., 2010)

An economic, positive effect caused by flagships is the boost of business confidence. By building visible symbols of renewal, businesses feel more confident to invest in the area or in adjoining areas. It has been stated that “the potentially beneficial impacts of flagships on local economies should not be underestimated” (Bianchini et al., 1992, p.251). A rise of development activity in adjoining areas can be seen, for example in the UK where Bradford's National Museum of Photography, Film and Television functioned as a flagship that was crucial for the tourist industry in the city of Bradford. The flagship project was responsible for increasing the annual number of tourists from virtually none in 1980 to around six million in 1988. Flagships can catalyse tourism and convention industries, which can have positive spin-off effects on local consumer service industries, both in and close to the renewed area. (Bianchini et al., 1992, p.251)

Another economic effect proponents see, is the raising of property values (Loftman and Nevin, 1995, p.303). However the question remains for whom this is a positive effect. Many neighbourhoods adjoining flagships were built decades ago for the working class that lived next to industrial businesses. This means that the dwellings are relatively small, and mainly for low rent-prices. Only house and land owners can actually benefit from rising property values.

Proponents state that the benefits of the flagships are for all residents, although this is not widely accepted in literature. Proponents claim that all residents benefit from the creation of wealth and jobs and the use of new public spaces and facilities. The flagship provides many jobs in the service sector, but also supporting jobs for which a lower education is needed. The latter can be filled by the often low educated people in adjoining neighbourhoods, they say.

Also, as a spatial argument, proponents state that new urban spaces and facilities will be designed, which all residents would be able to benefit from. However, fragmentation (which will be discussed in the next section) and strong barriers around the
flagship area, make it hard to believe that all residents can use spaces of the new-built area easily. The facilities of the new development often aim at an affluent audience, so the costs to make use of them are too high for the lower income groups that live nearby.

4.2 Negative effects of flagship development

The most important negative critiques can be divided into spatial and economic effects.

Starting with the economic effects, several disadvantages can be mentioned. First of all, flagship projects have a high financial risk (Loftman and Nevin, 1995; Temelová, 2007, p.97). The construction needs investments of several project developers, and often also of municipalities. The economic returns take a long time, and are not always as high as predicted (Bianchini et al., 1992, p.253; Loftman and Nevin, 1995, p.308). Moreover the financial risks are high (Eisinger, 2000, p.323). This goes together with other economic disadvantages. The investments are concentrated on a few places only, which has the effect that benefits are unevenly distributed (Parkinson & Evans in: Bianchini et al., 1992, p.252). It has been argued that the people benefitting from the flagships are mainly tourists and middle or high class residents. Low-income residents living close by the newly developed area benefit the least. Since the projects are often supported by municipal funding, this keeps resources from going to deprived neighbourhoods and other much-needed improvements of public services (Loftman and Nevin, 1995, p.306). This can also lead to people believing that the expenses of government are unevenly distributed. Residents will start to distrust the municipality's expenses (Loftman and Nevin, 1995, p.306).

Proponents say that flagships create benefits for all residents, like wealth and jobs. Critics argue that these benefits cannot be enjoyed by all residents for different reasons. The creation of wealth focuses on the city as a whole, and not on the local community, they argue. Studies have shown that there is often a mismatch between job offers and education of residents. E.g. in Canary Wharf, London, only 1800 of the 47,000 jobs go to local residents, and over 70% of these jobs are low-skill, part-time and low-paid (Loftman and Nevin, 1995, pp.306-307).

Regarding the spatial effects, one of the most important disadvantages caused by flagships is fragmentation within cities. Many flagship areas function as an island inside the city. (Doucet, 2009, p.105; Loftman and Nevin, 1995, p.305; Wilkinson, 1992, p.206). They are often separated from the rest of the city, not only caused by barriers like infrastructure or water, but also caused by the immense spatial and perceptual differences that exist between flagship projects and their adjacent areas. Several authors emphasise the effects of fragmentation in the city. Fragmentation threatens daily social practices and leads to a lack of social cohesion. Having poor social cohesion in a neighbourhood increases crime and blocks residents from opportunities and resources. (Bowers and Hirschfield, 1997) Moreover, Andersen argues that segregation, exclusion of places and social and spatial inequality are causes of deprivation in neighbourhoods. The inequalities that exist between flagship area and residential neighbourhood can be enormous. (Bianchini et al., 1992, p.252)

The effect of fragmentation in cities caused by flagships is of high importance, and can have extensive negative consequences for residents. This can for example be seen in Glasgow, where the establishment of prestigious projects has been accompanied by growing deprivation in other parts of the city. Also, high unemployment rates still remained present after the new developments. (Loftman and Nevin, 1995, p.307)

Individual planning contributes to fragmentation, and can often be seen in flagship projects. The planning of the flagship is often poorly integrated with planning the entire city, causing fragments in the city that have poor relations with each other. (Eisinger, 2000, p.333; Temelová, 2007, p.97)

Urban places that are created in the flagship area, are not easy to be enjoyed by all residents. Fragmentation between neighbourhoods prevents this. Moreover, the newly built flagships are not similar to their surroundings, and people that live nearby have no relation with the area. This makes it hard for them to appreciate new affluent urban places. Imitation effects contribute to this, because the characteristics of the city are not visible in the contemporary projects.

Imitation effects have been briefly discussed, and can be used as an argument against the development of flagships. Imitation results in “the proliferation of standardised models of flagships which do not take the characteristics of the locality where they are built into adequate consideration” (Loftman and Nevin, 1995, p.307). This has the effect that flagships can seem alien and unwelcoming to local residents.

4.3 Threats for successful flagship development

The following three phenomena threaten the success of flagship projects. These notions are the ones that developers do not have in control, but can be taken into account when planning and developing such large projects.
First of all, flagship projects are susceptible to the instability and unpredictability of the national market and economy. This is an often mentioned critique on property-led regeneration in general. (Doucet, 2009, p.106)

Besides market forces in general, more importantly, economic recessions play a crucial role in the success of flagship projects. When an economic recession takes place, this can lead to the curtailment, delay or failure of the entire project. It can lead to stagnation of the construction of the site. If the site is completely built, it can easily prevent the buildings to be occupied, and thus causes the project to fail.

A third threat that can be mentioned is the oversupply of prestigious projects. The relation between supply of flagship projects and the demand is tenuous. This can lead to an oversupply of the prestigious developments, built in optimistic times (Loftman & Nevin, 1995, p.307). This is fed by the imitation effects.

5. Conclusions and future challenges

To conclude, an answer will be given to the main question ‘what are the possible benefits that flagship development can generate for the local communities living in adjacent neighbourhoods and how can these benefits be exploited?’. In the previous sections several benefits for the local community have been mentioned, which are listed in a scheme (figure 1).

It can be seen that flagships do have the ability to function as a catalyst for important local benefits such as urban regeneration, local economic development and the use of urban spaces. Now the second part of the question remains: how can the possible benefits for local residents be exploited? In the paper it has been put forward that not only the aims of developers lack focus on adjacent neighbourhoods, also the negative effects described in literature seem to worsen existing disadvantages of lower income households and parts of the city. In order to let the local community exploit the beneficial possibilities, the challenge for the future is two-fold.

On the one hand the aims of flagship developers and actors involved in the project should be repositioned to be more economically and socially inclusive (Doucet, 2009, p.106). Only then, flagships can offer benefits for people other than tourists, developers and high income households. Only then, flagships can affect adjacent neighbourhoods and their residents in a positive way.

On the other hand, several effects of flagship developments prevent the local community from benefiting from the project (figure 2). These effects need to be taken away or diminished in order to make the flagship beneficial for residents of adjacent neighbourhoods.

### Effects that prevent exploitation of benefits

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<th>Effects</th>
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<td>Fragmentation in the city</td>
<td>Doucet, 2009, p.105;</td>
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<td>Alien and unwelcoming appearance of flagships</td>
<td>Bianchini et al., 1992, p.254</td>
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<td>Less resources to deprived neighbourhoods</td>
<td>Bianchini et al., 1992, p.253; Loftman and Nevin, 1995, p.308</td>
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<td>Residents distrust municipal expenses</td>
<td>Eisenger, 2000, p.323</td>
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Fig. 2 Effects that prevent exploitation of benefits

Now that the theoretical part is set, the challenge for the future is to explore the practical part of this issue. How can flagships be developed and designed in such a way that they ensure adjacent neighbourhoods and their residents to benefit from it? The paper puts forward a list of beneficial goals, now the tools to reach them need to be explored.

The author will use the outcome of this literature study for a graduation project in urbanism. With the help of interviews and case studies, more effects will be added to the two schemes. The schemes function as a guide for developing a strategic plan and an urban design for the flagship project Overhoeks in Amsterdam North. The goal of redeveloping the project is to make the local community of the adjacent neighbourhood benefit from it.

### Bibliography


