Kiinteistönomistajat
ja rakennuttajat

Future-proof City Centre

Results report

June 2023

Contents

Why a clinic on city centres?

City centres are the most intense places of societal change. The vitality of city centres largely determines the state of cities and societies. The operating environment is changing and city centres need sufficient capacity for change.

Rakli carried out the Future-proof City Centres clinic in spring 2023. The solution-oriented clinic focused on boosting the capacity for change and the vitality of city centres and intensifying cooperation between cities and key private actors. A total of 12 cities, city centre associations and several professional real estate investors participated. The Ministry of Economic Affairs and Employment was also involved as a co-financer and an active participant in discussions.

The clinic focused on urban processes and partnerships as well as key substantive issues, such as commercial premises in city centres, changes in trade, city centre housing and traffic, and tools for complementary construction.

The development of city centres is one of Rakli's strategic focus themes. We want to be involved in creating the prerequisites for strengthening the vitality of city centres. Clinics are a concept that Rakli has long used in finding solutions and recommendations for the development needs identified by the industry.

Read more

Which changes are intensifying and how are they reflected in city centres? Looking ahead to 2030

The clinic started with a foresight workshop. The work made use of an interactive foresight map by Futures Platform, which can be used to describe alternative futures and continuing naturally to working with scenarios from there.

The foresight map consisted of six sectors, with 70 change phenomena related to city centres selected from a list of over 700 in total, maintained by Futures Platform's foresight experts.

In the first work phase, the participants prioritised the most important changes in small groups and added ones that were missing. In addition, comments were provided on the opportunities, challenges and measures related to the changes from the perspective of city centre development. This work resulted in an updated version of the foresight map that was used as a basis for further work.

Figure 1. Prioritised changes identified in the foresight workshop

See Figure 1.

Figure 2. Conclusions and measures for city centres and the development of city centres

See Figure 2.

In the second phase, the participants drew up future visions of changes in households and key functions in small groups as well as reasons to come and spend time in city centres in the year 2030.

Table 1: Changes in key functions by 2030	
Work • Hybrid work is well established in knowledge work → People work more at home and in third locations – Centres remain attractive in specific sectors	**Commerce and services** • The importance of commerce in city centres has decreased and the importance of services has increased. In the future, groceries will be ordered for home delivery (online). • Return of the convenience store? • Storefronts focus on services and experiences; recycling of high-quality clothing; responsible consumption

Housing
• Increase in new housing concepts, such as co-living, multi-purpose spaces and shared work space/housing solutions
	Other
	• Ongoing large projects in city centres completed by 2030 → More to offer to people
	  – Effects of practical changes on customers' everyday lives and accessibility
	  – Will we be able to take future space requirements into account?

Conclusions

- Hybrid spaces will increase – different functions will increasingly overlap in the future.
- Living comes closer – work, housing and leisure are getting closer.
- Emphasis on the promotion of urban culture and "soft" attraction factors.

Figure 3. City centres in 2030

Situational picture of city centres in 2023

- Cities involved in the clinic have been active in land use planning of their centres during the 2000s.
- Population of the areas within a 15-minute walking distance from city centres has increased significantly in the 2000s. This development supports the vitality of the core of city centres, even though the number of people living there has not increased to the same extent as on the areas surrounding the cores.
- The number of jobs in the city centres has decreased in most of the participating cities in the 2000s.
- The significance of events and activities in strengthening the vitality of city centres is growing in general.
- City centres play a new kind of role between home, work and leisure time.

In all cities, population of the centre has developed very positively over the past 20-30 years. During the same period, however, the number of jobs and commercial services has decreased due to many changes in the operating environment. The vitality of city centres is increasingly based on events and the liveliness of brick-and-mortar stores.

Increasing the number of inhabitants does not automatically replace the vitality that office work and trade have traditionally provided, but housing is nevertheless the most essential of the individual functions for the vitality of the city centre. *"Residents are automatically the customers of commercial and other services in the city centre,"* as was stated in the clinic's workshop.

In addition to trade and commercial premises, vitality measurements must also take into consideration the number of inhabitants, services, cultural institutions, events and activities — i.e. a set of indicators that would take into account city centres' changing role.

The City of Helsinki has commissioned JLL to study the effects of individual projects on the vitality of the city centre. The full report can be found on the website of the City of Helsinki. The clinic included a talk on the subject. The main findings of the impact assessment are

- Accessibility and the experience of accessibility are the foundation of vitality.
- Estimating visitor numbers and total time spent should be included in planning purpose of use in premises and public space.
- Creating meeting places is an effective way to improve vitality impact.
- Even good visions will remain on the drawing board if finances have not been taken into consideration.

	Saavutettavuus			Aktiviteetit ja vetovoima				Kohtaamisten mahdollistaminen		Kokemus		
	Ulkoiset yhteydet	Saapujien sisäiset yhteydet	Nyky-käyttäjien sisäiset yhteydet	Jalankulkija virta	Ajanvieton kokonais-lisäys	Jalankulkija virran ajallinen jakauma	Tilojen moni-puolisuus	Kohtaamis-paikat	Julkinen ja puoli-julkinen tila	Turvallisuus	Kulku-kokemus	Vehreys
Kruunusillat-raitiotien päätepysäkki - vaihtoehto 1: Kaivokatu	0.5	0.8	-0.1	N/A	N/A	N/A	N/A	N/A	N/A	-0.5	-0.5	0.0
Kruunusillat-raitiotien päätepysäkki - vaihtoehto 2: Rautatientori	0.5	0.4	0.0	N/A	N/A	N/A	N/A	N/A	N/A	0.0	0.0	-0.2
Kruunusillat-raitiotien päätepysäkki - vaihtoehto 3: Päätepysäkki muualla	0.5	0.8	-0.1	N/A	N/A	N/A	N/A	N/A	N/A	-0.5	0.0	0.0
Uusi Eliel	-0.2	-0.5	N/A	0.7	0.7	0.7	0.6	0.1	0.4	0.5	N/A	N/A
Sokoksen maanalainen laajennus	N/A	N/A	N/A	0.3	0.2	0.3	0.4	0.1	0.3	0.0	0.5	0.0
Hotelli Vaakunan laajennus	N/A	N/A	N/A	-0.1	-0.1	N/A	0.0	0.0	-0.4	0.0	0.0	0.0
Hotelli Grand Hansa	N/A	N/A	N/A	0.1	0.2	N/A	-0.2	0.1	0.1	0.0	0.0	0.0
Kaisantunneli	N/A	N/A	0.5	0.0	0.0	N/A	0.4	0.0	0.1	1.0	0.5	0.0
Hotelli Scandic Rautatieasema	N/A	N/A	N/A	0.1	0.4	N/A	0.6	0.0	0.0	0.0	0.0	0.0
Rautatieaseman kehitys	N/A	N/A	N/A	0.2	0.2	N/A	0.2	0.1	0.3	0.5	0.5	0.2

Table 2. JLL's example of a project viability impact assessment matrix. Matias Järvinen 27 January 2023.

It is important to identify the great development potential that lies in centres' physical structure. From the point of view of investments, focus is increasingly shifting to the development of privately owned plots and bolstering cooperation. Land use planning and policy must enable complementary and additional construction of central locations and for changes in their intended use.

The clinic's recommended measures:

- Property owners and entrepreneurs should engage in continuously developing a vision of the city centre that decision-makers are committed to
- Continuous identification of development opportunities between the city and key stakeholders.
- Focussed organisation of development in order to implement projects and other activities by a body such as a city board programme group.
- Determined implementation of the vision: strategic measures, promotion of investment projects, small individual projects and the centre as an environment for events.
- Lighter tools for implementing the vision (for example, principles of city centre planning) are needed to use instead of or alongside traditional land use planning instruments.
- New collaboration ideas for measures such as real estate development and the agile land use and permitting this requires.
- Increased assessment of investments' impact on vitality, such as assessing the costs of complementary construction projects in central areas in comparison to their benefits.

See also

Uusi normaali keskustoissa", Elävät Kaupunkikeskustat ry, 2022.

Changes in space requirements in city centres

According to participants of the clinic, multifunctional and flexible commercial premises are on the rise. It would seem that the concept of co-working spaces is expanding from offices to other types of spaces. One trend is the increased flexibility and shorter duration of lease agreements.

The use of space in offices will become increasingly efficient, which will likely increase the amount of underused space that will be visible in city centres. Smooth changes in purpose of use improve the possibilities of meeting the changing space needs while making use of existing buildings.

As Newsec's Janne Mäkelä noted during the workshop, today both commercial and office premises are expected to be experiential in nature. It is also increasingly important what other offerings the property has in addition to your own workplace and, in particular, what the immediate environment of the workplace offers to complement the working day. This is the great strength of city centres: the opportunities for services, events and entertainment combined with the working day!

Figure 4: Janne Mäkelä, Newsec, on office trends in the workshop on 17 February 2023.

The challenge for cities is to maintain a mixed structure in the centres. At the same time, there are concerns regarding housing replacing commercial and office premises and the amount of empty office space increasing. One way of ensuring diverse use of properties is to develop entire city blocks: aim for a comprehensive design solution and synergies between functions, space reservations and dimensioning. A larger development entity is also more attractive to the developer compared with individual small properties. Nonetheless, a prerequisite is that the different properties have simultaneous development needs and capabilities, sufficiently shared interests in reform, and professional expertise for the coordination available to them.

Investments by the city in the centre's public services are an important signal, which is reflected in the attractiveness of commercial and office premises. When commercial premises and offices are in use, their users bring customers to all nearby services. Public services have considerable leverage, especially in commercially challenging locations. The overall attractiveness of an area increases when it is naturally exposed to people passing by.

In a vibrant city centre there is an intensity of activity and people, or density in the sense of a lot of activity in a small area and at short distances. A shopping centre or a Christmas market are good comparisons. What the experts that participated in the clinic want on streets and elsewhere in public spaces is safe meeting places, steering the flow of people from the street to commercial premises and for businesses to spread their operations to the streets. In other words, the boundaries between different spaces should be lowered.

Examples:

Example: In Lahti, the “office-like” commercial premises on the street level at Aleksanterinkatu were transformed into restaurants, as the city made the street area more attractive and allowed terraces.

Example: Turku's "event carpets" are a concept that allows low-threshold adoption of urban spaces, such as street areas, for various activities.

Example: The commercial premises register of the City of Kuopio business services, in which property owners and real estate agents also update information on vacant commercial premises.

The clinic’s recommended measures:

- Customer-oriented processes, one-stop-shop services for property owners and entrepreneurs.
- Scheduling priority for processes related to projects in the city centre.
- Cooperation between different parties, such as a joint rental portfolio of commercial premises in the city centre.
- Short-term rental and hybrid use of empty commercial premises (e.g. creative industries).
- Supporting normal use with pop-up activities.
- Managing blocks and street space.
- “Integration” of street and commercial premises: spreading commercial premises onto the street, creating covered sections of streets, making use of courtyards.
- City services and investments to the centre. A shared co-working hub with remote workers, municipal functions and local businesses.
- Clear and guided routes (from parking spots to promenades), electric scooter parking, covered street sections and courtyards.

Coordinated management of storefronts: opportunities for cooperation?

In Finland, storefronts in city centres are typically owned by mutual housing or real estate companies. The owners may be housing companies, local small investors or entrepreneurs operating in the premises, meaning that the ownership of commercial premises is highly dispersed.

The owner of an individual space often has limited financial resources to participate in the development measures of the city centre. In addition, it is practically impossible to engage in measures such as creating a variety of tenants, as is done at many shopping centres. It is also difficult to attract new actors to the area.

One commonly used form of cooperation are traders' associations which organise events and possibly carry out joint marketing. However, it is clear that the fragmented ownership structure undermines the commercial development of city centres within the existing premises.

What if business ownership was centralized like in shopping malls? In a few identified examples, co-ownership has been resolved in two alternative ways: Either the owner is, in principle, a publicly owned special purpose entity, which brings together the ownership of commercial premises of the area, or the owner is a fund to which the original owners contribute their commercial premises in kind, and then receive in return a share of the fund corresponding to the value of their contribution.

Within the existing urban structure, the fund model is more feasible than the alternatives. In Finland this model has been successfully applied to the integration of the ownership structure of a shopping centre built within a city block. The special purpose entity model, on the other hand, is best suited for organising a centralised ownership structure in entirely new areas, where ground rules can be agreed at an early stage and commitment to them can be required of developers.

The clinic's participants were especially supportive of the fund model, in which the municipality could act as a driving force. The model would unify interests of the commercial premises' owners in terms of the development of the city centre. This way a facelift of the general appearance of the adjacent street would no longer be contrary to their own financial interests. The commercial premises' centralised professional management, renting, marketing and security along with harmonised opening hours could significantly improve the commercial attractiveness of the city centre. "Spreading the shopping centre world to storefronts and related cooperation brings vitality and predictability to the development of the city centre."

Reaching critical mass for launching the fund was seen as the key challenge of the fund model. A prerequisite for the model is a sufficiently dense and extensive concentration of commercial premises, preferably within the pedestrian centre. The transfer of commercial premises to the fund in kind is likely to be meaningful only if the transferring owner has a clear investment interest in their commercial premises, or the ownership of individual commercial premises is not otherwise strategically central to them. On the other hand, entrepreneurs or other user owners operating in their own premises may have little interest in joining the fund. A specific issue that requires further clarification are the possible restrictions related to the transfer of commercial premises owned by housing companies that operate within the framework of the Act on Interest Subsidy for Rental Housing Loans and Right of Occupancy Housing Loans.

The vitality of the city centre can also be further improved on the basis of associations that bring together public actors, property owners and entrepreneurs. Strategic cooperation, work related to the city centre's vision and brand along with joint marketing efforts could improve results significantly, especially when combined with data collection technology and modern methods of knowledge-based management.

The schedule of possible measures for increasing the cooperation or ownership of storefronts should be fitted together with other measures for revitalising the city centre. Even the best cooperation will not bring desirable results if the fundamentals are not in order: Factors that were repeatedly highlighted in discussions of the clinic were accessibility, comfort and security.

Cooperation	Consortium	Special purpose entity

• Application: cooperation between the city, business owners and entrepreneurs to improve the appearance of city blocks, public spaces, storefronts and to implement projects that are not among the core tasks of the city
  ○ Coordination using a city centre development association, for example
• Compare to a business improvement district (BID), which finances individual, improvement and maintenance projects
  ○ Information on BIDs on the website of the World Bank. A European example is Hamburg, where the chamber of commerce plays an important role
• Compare to the development commitment in the land use agreement of Kera in Espoo: development objectives and measures for the area that all parties jointly commit to
• Recommendations:
  ○ Assess the suitability of a similar model of agreement and commitment in the development of existing central premises
  ○ Establish ground rules for cooperation between local actors and organise joint coordination (association)
  ○ Draw up guidelines for revitalising and decorating commercial premises and the street space outside them
  ○ Create a joint brand for the city centre
  ○ Benchmark with development associations
	• Fund: transfer of ownership of commercial premises in kind to a common fund. Offer shares in the fund in return.
	• Application: management of commercial premises in a concentration of storefronts (e.g. pedestrian streets) as described above, especially if commercial premises are initially owned by housing companies
	• Recommendations: Promote/scale the fund model for managing storefronts in the (pedestrian) city centre
	  ○ If necessary, start with small groups and expand the fund later
	  ○ The city is needed in establishing the fund/joint ownership for supporting entrepreneurial owners and housing companies in the preparation of restructuring as part of the vision for the area
	  ○ Investing in factors such as accessibility of the area, parking, marketing, operational efficiency (reduction of costs per partner)
	  ○ Launching network meetings (experiences, scaling)
	• The fund model can also be applied to new areas
	  ○ Fund for land use agreements: "the fund acquires the commercial premises"
		• Special purpose entity as the owner of storefronts of a street/block or other concentration
		• Application: storefronts in a new or substantially renovated urban area, for example conversion of a former industrial area into a district
		• Example: In Copenhagen, a private investor has committed to acquiring the storefront of a project for constructing a new area
		• Example: In Tampere, Hiedanrannan kehitys Oy has planned to buy the storefronts for a separate company with the intention of selling it to investors at a later stage
		• In particularly challenging situations, it is also possible for the city to purchase commercial premises individually for a special purpose entity, which can then be sold to investors at a later stage

Attractiveness of centres in the light of customer flow data

Knowledge-based management is "part of information and knowledge management that aims to enact and facilitate knowledge-based decision-making" (finto.fi). At the same time, knowledge-based management is a concept that encompasses many themes, which were identified in the clinic's foresight workshop as prioritised changes from perspectives like hybridisation of society and real-time data.

City centres' customer flow data demonstrates that the number of visits is still significantly lower than before the COVID-19 pandemic. The number of visits to the centres in big cities has decreased notably and also remained at a lower level, whereas in medium-sized and smaller cities the situation has almost normalised. When comparing visits during 2019-22, there has been a decrease of 38 % in Helsinki and 13 % in Turku.

Services in the city centre area, excluding residential and working, have also remained at a clearly lower level than before. With regard to duration of visit, short-term visits have become increasingly common when using a single service. Correspondingly, long stays in city centres have decreased slightly.

Knowledge-based management is supported by the development of technology, which enables the collection of more extensive and versatile data and new kind of application of data.

Speeches at the clinic highlighted the opportunities that both micro and macro location data provide. A technology developed by Hypercell enables the collection of comprehensive and precise location data of visitors to the city centre, based on the Bluetooth identification of a primary mobile device from a distance of up to 50 metres from a collection sensor. One example is the Helsinki Central Station, where sensors installed in the building can count the number of people passing by accurately and in real time. At the micro level, this enables and supports the planning and quantification of the station's services so that customer flow data can be illustrated to existing and potential new tenants. The collected sensor data is GDPR-compliant, which enables doing comparisons and viewing longer time series in an online service.

Hypercell's service helps Helsinki Central Station to develop its services in:

- the design and attractiveness of routes,

- understanding and appreciating different locations and attractiveness,
- the planning of the station’s services,
- forecasting demand and providing products and services according to demand.

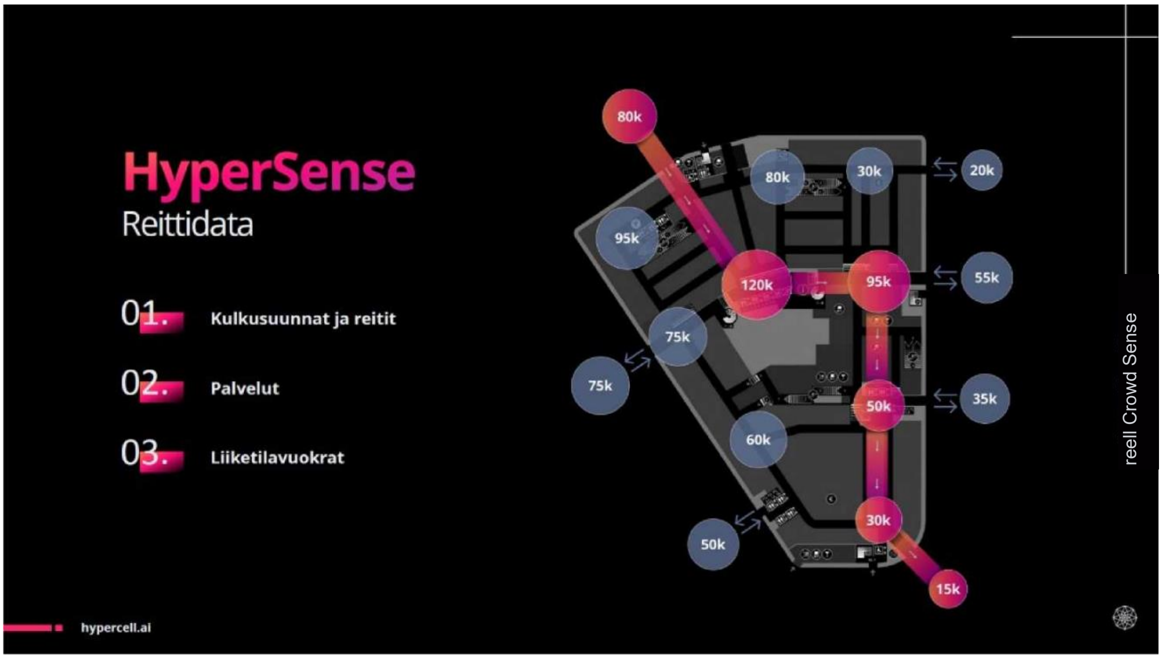

Figure 5. HyperSence - movement directions and routes, services and rentals. Janne Halmela, Hypercell, 17 March 2023.

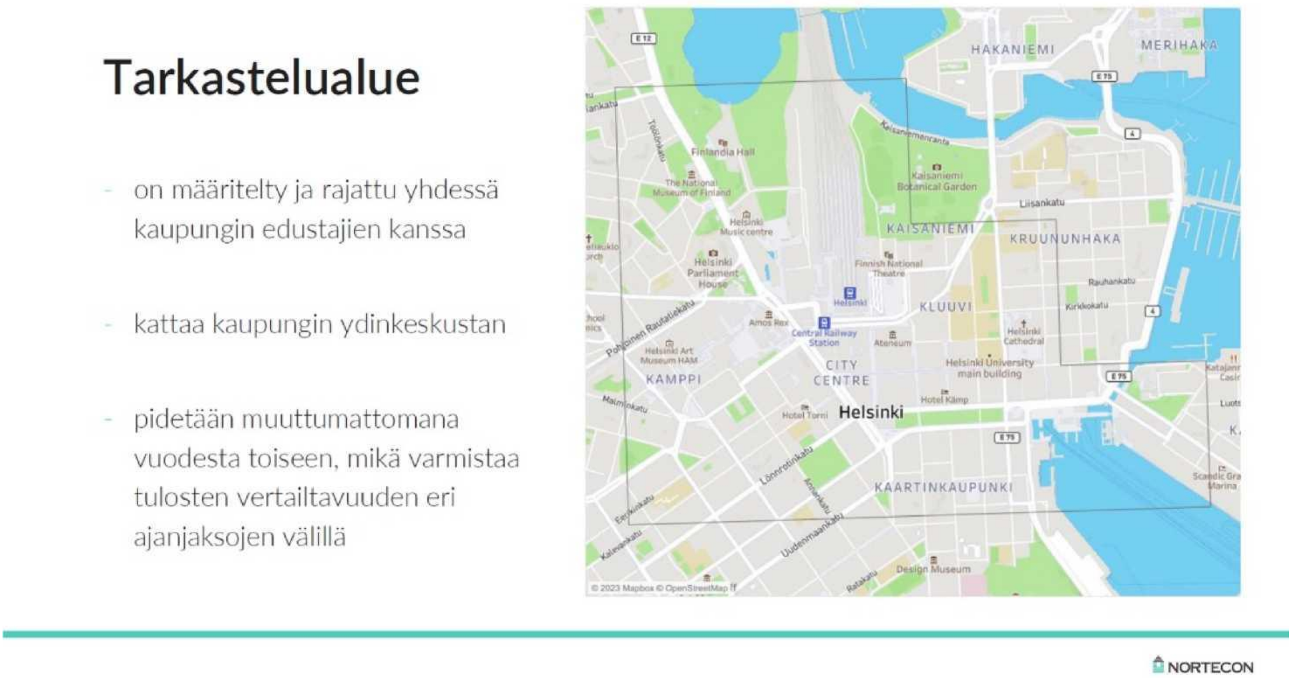

Figure 6. Nortecon's city centre liveliness index, with central Helsinki as an example. Heli Vainio, Nortecon, 17 March 2023.

Expanding the approach to the macro level is supported by the aggregated data from the entire mobile data network that Nortecon has developed, utilised and combined onto a statistical grid of 500m units. The Nortecon Liveliness Index provides more detailed information on factors, such as:

- how many people are moving around the city centre,
- how long they spend there,
- where they come to the city centre from,
- what time of day is the busiest,
- how people's behaviour differs based on the days of the week.

By combining point-based and more extensive data on the city centre area, it is possible to form an overall picture of the number of visitors, visitors staying in the area and routes formed by customer flows. This allows for better comparability.

Utilisation of customer flow data

Of the currently available opportunities, cities and companies have mostly focused on using customer flow data from the viewpoint of mobility. The use of data on visit durations is increasing.

- Traditionally traffic flows are monitored and utilised especially in traffic planning.
- There are development projects related to the monitoring and utilisation of customer underway, such as open data on pedestrian street visitor flows in Jyväskylä, visit duration monitoring in Lahti and new data on transit traffic through the city centre, for example.
- The number of users of cycling and walking paths is monitored in order to measure their utilisation rate and importance. Calculation is carried out with a counter installed next to the route that also displays the number of daily users to the people passing by.
- Data will become an increasingly important part of decisionmaking. The trend is to carefully study how and where people move and how it affects the viability of city centres. The technology is there and it is becoming more varied.

Participants of the clinic emphasised the importance of visit duration data and its application in the planning of services and the urban environment, as well as in organising events and other activities. What new data is needed?

- More accurate data on user flows to use in land use planning and monitoring as well as for commercial use. One key new opportunity is the analysis of the use efficiency of premises and optimisation of the intended uses. At best, this could be open data that is available to everyone
- and demonstrates the kind of urban environments people spend time in and enjoy. This allows proper planning and development of attractive outdoor spaces.
- It would be a good idea to combine the key financial and trade indicators with up-to-date customer flow data in order to assess financial profitability.
- Analysis of the impact of cycling routes, such as their attractiveness. In Kuopio, a lot of city bike exchange points have been located based on data. Main pedestrian routes in the city centre.
- How does art affect visit duration, for example? An invigorating route filled with experiences especially when people are not in a rush.
- Relatively little information has been produced on the use and necessity of parks, which could be utilised, for example, in justifying the importance of urban green areas.
- What kind of environments do people spend time in, even if there is no theatre or another attraction near? What is the significance of a park or outdoor area, for example? This information would enable us to identify the qualitative factors of various areas.

Knowledge-based management must move towards the systematic utilisation of knowledge. Planning and decision-making processes need to be reformed in order to integrate data more effectively into urban operations and overall urban development. Comparison and cooperation between cities should be utilised in solving common challenges. Cities should share observations on events that increase the vitality of city centres, as well as information on how properties' purpose of use promotes the vitality of the city centre.

Locally, data provides a basis for the development of services and tourism, as well as for attracting investments. Data can be used more reliably in justifying projects as well as for decision-making and communications to stakeholders like real estate investors. Data is thus a tool for building and updating the vision for the centre, identifying and prioritising development opportunities, assessing impacts and comparing attractions.

More accurate data would serve the needs of both cities and the private sector. Data that is accurate and based on common criteria regarding the number of visitors and the duration of their visit in the city centre would enable comparison of different cities and seasons and the long-term monitoring of vitality. This comparison could be expanded to cover the city centre, commercial concentrations outside the centre and various event and recreation areas.

Individual examples of data utilisation include mobility services and their automation: provision of data on parking and available parking spaces to customers, sharing routes and modes of transport, and making the environmental impacts of daily mobility choices more transparent to people.

Enabling customer flow: mobility in the city centre

The transport system and mobility routes form a circulation network which enables or restricts customer flows. The clinic's intense discussion on mobility can be summed up in the following thematic development needs. The needs are weighted differently in different cities, depending on the current situation and resources. Some of the needs are large and strategic in nature, some are smaller operational measures.

1. Zones of mobility: The space needed for mobility in the city centre will change. Mobility should be considered as zones where vehicle traffic passing is moved to the edges, arriving by car is directed to centralised parking facilities and short-term curbside parking, driving speeds in the city centre should be reduced and so-called “shared space” street spaces of equal modes of transport and pedestrian zones should be implemented using customer flow and visit duration data.

2. Smoothness of travel chains: Create clear route signage, both mobile and physical, combined with public transport schedules, rental bike stations and main commercial locations. Routing from a parking facility to a pedestrian street as an example. Remove discontinuities of routes and improve comfort. Make route development a theme of its own within the development of city centres.

3. Quality of the street space and environment: Allow agile measures to improve the appearance, increase visit duration and cosiness as well as improve safety. Seek the

necessary political support for carrying out experiments, temporary arrangements and permanent changes. Staging and rapid implementation of street renovations, winter maintenance, terraces, advertisements, use of electric scooters and parking, etc.

4. Parking: Centralise car parking in paid-for parking facilities and form an easily approachable central parking network as a comprehensive service. An upfront initial investment by the city, if necessary. Use dynamic pricing to improve occupancy and efficiency of space use. Explore the possibilities of shared use, parking in residential, office and commercial buildings and take measures according to the results. Utilise the space that these parking facilities free up in courtyards and along streets for other uses indicated by data that will increase intensity. Ensure that maintenance and logistics traffic flows smoothly. Develop bike and electric scooter parking: network, charging, safety and other quality factors, maintenance services, etc.

Means of land use planning and policy to enable investments

Investors are calling for more flexible land use plans in order to secure investments in city centres: looser regulations on intended uses and a more permissive approach to changes in intended use and additional construction to meet changing demand. Smooth processes in land use planning and granting building permits are of key importance to investors.

There is a desire for parties responsible for land use planning and developers to be open-minded about hybrid property solutions, such as combining care services and retail stores (shared buildings).

One solution that increases the attractiveness of the city centre is integrating the city's own services as part of hybrid projects. This improves the prerequisites for funding and provides residents of the city with easily accessible services.

There are many special-purpose buildings located in city centres, such as schools, libraries, churches. Diversifying the use of these is challenging, but dialogue with the markets and idea competitions make it possible to come up with new uses for them. The development of special-purpose buildings for expanded uses should be considered positive.

Instead of a detailed land use plan, vision-based planning principles would be a lighter and more agile tool for steering land use in centres. The principles should be drawn up in close cooperation between the city's various administrative branches and property owners, as well as other companies and citizens.

Land use agreements should be diversified so that different contract models would be available for operators of various sizes and projects of different complexity. The contracts must be proportionate to the location and the prevailing market. For example, a reduced development compensation is a simple incentive for complementary construction that often works well. For example, the City of Oulu applies fixed-term contract incentives to specific areas, such as reduced contract compensation for housing and business premises. However, if the price of the permitted building volume is low, the reduced compensation alone may not be a sufficient incentive as its financial significance remains small.

If the central plot to be implemented is particularly challenging in terms of its location, technical feasibility, purpose of use or cost risk, the city and the investor could negotiate on including another plot in the same contract. For example, the desired number of commercial premises or underground parking in a city centre site may pose a high financial risk to the investor, but if the investor also receives building permit for another, less challenging site at the same time, the total investment may become sufficiently safe and both parties win. There are experiences of such "bundling" of projects, for example in the land use agreements of the Tampere Deck Arena.

It would be worth considering to use the development guidelines and incentives of the city centre vision as conditions in plot allocation for individual investments. This would bring partnership-based and centre-specific goals in a conrete manner into the realisation of investments.

What investors want from the plot allocation procedure is stability for planning of the site by predetermining the price of the plot and for the investor (consortium) to have the opportunity to plan the site on an exclusive basis within an agreed deadline. Similarly, the solutions and innovations of plot allocation processes should continue until implementation.

Example: *Plot reservation procedure in Hamburg's HafenCity. The* *reform of the HafenCity land area (127 ha) in Hamburg is managed by the city-owned development company HafenCity Hamburg GmbH.*

The company invites investors to submit bids for the development of a plot and selects from among the bids an investor to whom the plot is reserved. The price of the plot and implementation schedule are agreed upon at the time of reservation including more detailed ground rules for the process and content of implementation. The reservation is valid for a maximum of 18 months, during which time the investor specifies the detailed land use plan, organises an architectural competition and details the implementation process and financing method. Once the building permit has been granted, the investor has four weeks to pay for the plot and start the construction.

HafenCity's master plan is the basis for the plot reservation procedure and individual implementation agreements. There is some contractual leeway for more detailed planning and investors' solutions. The necessary guidance is provided through negotiations and land reservation agreements. This differs clearly from the usual hierarchical land use planning system in Hamburg.

During the reservation period, the city-owned development company will not negotiate on the plot with other potential investors. The investor with the reservation has the peace of mind to focus on planning their project without competition from other companies. In addition, the investor has the opportunity to invest in design without having to commit money to the plot. Money only changes hands once the building permit is issued. This also means that the investor does not have to pay taxes on the property during the reservation period.

The reservation procedure seems to offer clear advantages for both the public and private parties: quality assurance through architectural competitions, coordination and scheduling of investments, rapid start of implementation, management of the private operator's risks and costs and increase in the value of the area that investments bring.

The HafenCity example is described in more detail in the publication Kaupunkien Saksa (ed. Tuomas Ilmavirta & Kaisa Schmidt-Thome, 2015).

The clinic's recommended measures:

- Steering land use planning of the city centre according to principles jointly formulated by the actors.
- Streamlining land use processes in a customer-oriented manner.
- Diversify land use agreements and plot allocation, “tailoring” for the centre.
- Facilitating additional construction by measures such as reducing the development compensation or providing flexibility with regard to maximum building volume in accordance with criteria of the vision for the city centre.

Organised development of centres and public-private project cooperation

The clinic called for a purposeful organisation of development. The city administration should form an expert group focusing on the strategic and operational development of the city centre that is connected as directly as possible to the city's top management and decision-makers. The vision for the centre provides context for individual projects and the city’s role. It creates expectations and a framework for future developments for investors, users and residents.

Successes lead to more successes. When you can demonstrate to decision-makers and the public that an individual investment project or event has been carried out in accordance with its objective, the following projects have a greater chance of being approved. This also promotes constructive and positive discussion on the vitality of the city centre. Success and determination also increase investor confidence. “*A credible development outlook will lead to private investments*,” as was said at the clinic. Assessing the impact of projects, like JLL's assessment work presented during the clinic, helps to identify the correct direction and set goals for future projects.

It is not enough to promote big projects because projects of various sizes are all necessary. There have been good experiences of collaboration in creating a vision between the city and property owners, such as the western city centre of Tampere and the Kauppakatu business district in Jyväskylä. Maintaining dialogue between the city, businesses and the public in various development groups is very important in order to ensure continuity and see viable new projects through. It is important to continue communication and interaction about the progress of the projects when actors change.

Systematic, timely participation in development groups and stakeholders, as well as the participation of decision-makers is required for a comprehensive overview. This does not necessarily pre vent complaints on land use plans, but the content and process of the project can be influenced. The "cross-pollination" of different views makes various situations easier to comprehend. Planning and implementation consortia of property owners, developers, financiers and the city are needed to share risks of specific investment projects.

The clinic's recommended measures:

- Maintain public-private dialogue in order to implement good ideas and initiatives.
- Organise a city centre development group with a contact as direct as possible to the top city-management and politicians.
- Identify and collect an assortment of projects of different sizes - making sure that something is progressing even during quieter periods.
- Establish consortia for planning and financing investments.

Appendix 1 Workshops and participants

Workshop 1: Situational picture of city centres

- Surveys of city centres' vitality, impact of projects on vitality
- Land use planning in city centres in the 2000s, population numbers

Workshop 2: Development of premises

- Changes in space requirements and functions: flexibility in the use of spaces (processes), development of street space
- Commercial premises: coordinated management

Workshop 3: Knowledge-based management, the attractiveness of city centres and customer flows

- Customer flow data and its utilization
- Mobility and visit duration in city centres

Workshop 4: Means of land use and organisation of city centre development

- Planning and land policy incentives to enable investments
- Good partnership practices
- Organisation of city centre development at the strategic and project levels

Participating organisations

Cities

Jyväskylä
Kerava
Kuopio
Lahti
Lappeenranta
Mikkeli
Oulu
Porvoo
Tampere
Turku
Vaasa
Vantaa
City centre development associations of Kuopio, Lahti, Oulu, Tampere, Turku and Vaasa

Property owners and investors

A. Ahlström Kiinteistöt Oy
Avara Oy
Citycon Oyj
Keva
NCC Suomi Oy Senaatti-kiinteistöt
S-Pankki Rahastoyhtiö Oy
Trevian Asset Management Oy

Työ-ja elinkeinoministeriö