

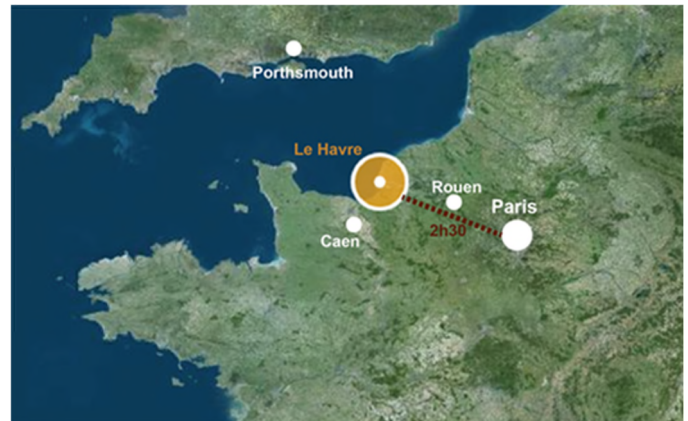


3S RECIPE - Smart Shrinkage Solutions Fostering Resilient Cities in Inner Peripheries of Europe

LE HAVRE (FR) POLICY BRIEF #3 • LIVEABILITY

EXECUTIVE SUMMARY

This policy brief showcases a solution to improve liveability for inhabitants and tourists through commercial policies in the city centre. The aim is to **regenerate liveability thanks to a programme of maintaining or even creating commerce in the city centre**. This has been implemented since 2017 in Le Havre – a medium-size industrial port city in French west coast, coping with economic restructuring, demographic decline and an ageing population. Based on local experience and interviews, this brief demonstrates how to maintain or even re-develop a solid commercial offer that has beneficial effects for the whole city. The key lesson learnt is that to build a resilient liveability, accessible rents are necessary, as well as a concentration and diversity of activities. They are essential and possible thanks to the implementation of new laws. The brief offers several policy recommendations to enable this process.



INTRODUCTION

Le Havre has been continually shrinking since 1982: from around 199,000 inhabitants in 1982, the city today numbers less than 172,000 inhabitants, in part because of deindustrialisation and suburbanisation. Nowadays, inhabitants in Le Havre are below the national average (yearly income: 18,507 euros) and the poverty rate is very high (21% - national rate 14%). There is less and less employment (-3 277 between 2011 and 2016) with lot of employers living outside Le Havre. The ageing population needs local services in the neighbourhood. The local government had reinforced attractiveness with a very dynamic policy for touristic development: in 2005, the city was chosen as world heritage site, cultural events were promoted during the 500th anniversary of the city, the number of visiting cruise ships increased, etc. For residents and tourists, the continuity of shops, in particular those located in the city centre, is very important. However, Le Havre has one of the highest rates of vacant shops (more than 15%), especially concentrated in certain streets including the city centre. For example, Rene Coty Avenue has been heavily impacted by vacancy (today we can still find more than 50 empty shops). According to Procos' study, 10.7% of shops were empty in 2015, and according to the SCoT¹ report, in 2011, Le Havre had 626 shops, whereas in 2014 there were just 485.



Paris Street: empty shops (Dubeaux, 2019)

¹ SCoT is a planning document in charge of shop development. The area is larger than Le Havre, it covers 33 municipalities.

To maintain liveability, Le Havre partners focused on attracting high-value shops to the city. This ambitious goal has called for the creation of a preservation area where the intensity and diversity of shops is controlled by the municipality.

CREATE A PRESERVATION AREA: A KEY MECHANISM FOR SHOP REGENERATION

Based on studies of the municipality and the local Chamber of Commerce, the creation of a preservation area was voted in 2017 to maintain shops within the city centre. It is a new specific zone where any installations other than shops are systematically denied: for example insurance companies, banks, and estate agencies are refused permission to locate there. One reason is that these activities are very different and do not present continuity in the store fronts. The other reason is that these activities are often connected to major companies, which are able to pay high rents. That in turn maintains high prices within the city centre, which small activities and shops cannot compete with. Moreover in this area, the municipality can pre-empt the sale of some premises, in order to encourage the establishment of shops. This solution is quite new but it is already proving to be successful with new shops having opened in the renewed Paris Street. Moreover, a new urban renovation project located at the end of the street has attracted additional new activities. From formally being something of a dead end, the street has become very popular because of new trendy activities (bars, artistic installations, restaurants, public spaces, etc.).



Paris Street: new activities (Dubeaux, 2019)

To identify the practical mechanisms driving this liveability resilience process, we have used a distinctive in-house **Urban Futures Method** designed to facilitate stakeholders' collective reflection on and learning about this solution, its benefits, and necessary conditions for effective urban regeneration and smart shrinkage practices (Lombardi *et al*, 2012). In particular, the local stakeholders have collectively stressed the need for several main **intended benefits**: (1) reduce the rents for the shops; (2) reduce the number of vacant shops; (3) by selecting and reinforcing the activities, create a continuity in the store fronts. Consequently, according to the local stakeholders, there were four sets of **necessary conditions** (see below) to create the enabling context for a powerful economic area - the smart shrinkage solution - to deliver its intended benefits.

Enabling conditions

What are the mechanisms to make it happen?

1. Cooperate especially at inter-community level	Shops' strategy is decided at the intercommunal level. However, conflicts between municipalities still lead some municipalities to accept sprawl development: during the last 10 years, 60% of new shops in France were localised outside of city centres, in turn making city centres fragile. Today, the growth of peripheral shopping centres is higher than the growth of the population.
2. Stop considering shops as financial investments	Under current French legislation, an empty shop be declared by the owner as a loss of income for tax purposes. The rent that should have been declared as income can actually be deduced from the owner's income. Because of this specificity, shops are therefore a particularly lucrative financial investment that triggers speculation as well as shop vacancy. It is necessary to reconcile the reality of the local market with the amount of rent charged.
3. Taxes with a spatial approach	Land taxation in France is currently being recalculated. This silent revolution could have disastrous consequences for city centre commerce by sharply increasing certain taxes. While these taxes are usually paid by the owner, it is common in the retail sector to pass them on to tenants. The use of a lower coefficient of localisation for city centres is therefore unavoidable. A tax on vacant shops already exists, however, if a municipality applies this tax, it has to be applied at either municipal or metropolitan level. The idea would be to apply this tax to smaller areas.

4. Maintain the frequentation of shops selling small amounts of local produce.	Such stores can only operate if their customer base is maintained or expanded. The strengthening of the city centre as a place for housing activity and tourism is essential here. It is also a question of responding to the growing demand of the digitisation of commerce.
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RECOMMENDATIONS: LEARNING FROM LE HAVRE

➤ Better collaboration

In France, there are many stakeholders involved in commerce. However, a clear division of competences and roles is still lacking. It is necessary to better identify potential partners and to bring them together at the metropolitan level.

➤ Gaining a better understanding of commerce

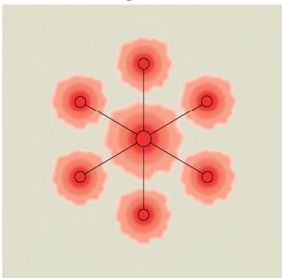

Local government very often lacks knowledge concerning the dynamics of shops. This includes the level of rents depending on the location, the creation or closing of shops, the nature of activities, the capacity to digitise activities, weakness, etc. Applying a preservation area as a solution demands having a very precise knowledge and understanding of how shops work.

➤ Thinking globally from commerce

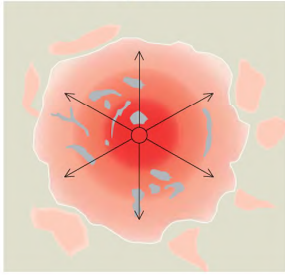
Shops are very difficult activities to create. The first ambition could be to maintain these already in activity. Two threats should be very carefully considered; firstly the localisation of peripheral shopping centres, and secondly, the growing impact of the numeric shopping revolution.

WOULD THIS ECONOMIC STRATEGY DELIVER THE SAME BENEFITS WHATEVER THE FUTURE BRINGS?

A smart shrinkage solution may be strategic (e.g., designing a CBD) or detailed (e.g., expanding parking space at a park & ride railway station). Whatever the short-term effect of a given solution, policy-makers must adopt a longer-term perspective to ensure its **continued performance** throughout its intended lifespan, despite changing conditions. The question to ask is, thus: will today's smart shrinkage solutions deliver their intended benefits over a 40-year regeneration cycle, typically used for planning investment and development proposals? During this project, we have tested the likely future performance of each urban development and regeneration-related 'smart shrinkage solution-benefit pair' – that is, actions taken today in the name of sustainable urban development – in a series of possible future scenarios for the year 2060. If a proposed solution delivers a positive legacy, regardless of the future against which it is tested, then it can be adopted with confidence. Four **plausible but distinct** future scenarios were included into our analysis (see Lombardi *et. al.*, 2012: Table 2). A summary of these four global **urban future scenarios** is provided below:

New Sustainability Paradigm (NSP)	Key driver: Equity and sustainability	
Settlement pattern 	Description An ethos of 'one planet living' facilitates a shared vision for more sustainable living and a much improved quality of life. New socio-economic arrangements result in changes to the character of urban industrial civilisation. Local is valued but global links also play a role. A sustainable and more equitable future is emerging from new values, a revised model of development and the active engagement of civil society.	Philosophy The worldview of the <i>New Sustainability Paradigm</i> has few historical precedents, although John Stuart Mill, the nineteenth century political economist, was prescient in theorising a post-industrial and post-scarcity social arrangement based on human development rather than material acquisition (Mill, 1848).
Policy Reform (PR)	Key driver: Economic growth with greater equity	
Settlement pattern 	Description <i>Policy Reform</i> depends on comprehensive and coordinated government action for poverty reduction and environmental sustainability, negating trends toward high inequity. The values of consumerism and individualism persist, creating a tension with policies that prioritise sustainability.	Philosophy In <i>Policy Reform</i> , the belief is that markets require strong policy guidance to address inherent tendencies toward economic crisis, social conflict and environmental degradation. John Maynard Keynes, influenced by the Great Depression, is an important predecessor of those who hold that it is necessary to manage capitalism in order to temper its crises (Keynes, 1936).

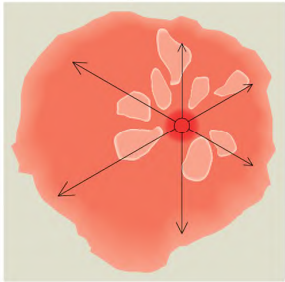


Market Forces (MF)**Key driver: Competitive, open global markets****Settlement pattern****Description**

Market Forces relies on the self-correcting logic of competitive markets. Current demographic, economic, environmental, and technological trends unfold without major surprise. Competitive, open and integrated markets drive world development. Social and environmental concerns are secondary.

Philosophy

The *Market Forces* bias is one of market optimism, the faith that the hidden hand of well-functioning markets is the key to resolving social, economic and environmental problems. An important philosophic antecedent is Adam Smith (1776), while contemporary representatives include many neo-classical economists and free market enthusiasts.

Fortress World (FW)**Key driver: Protection and control of resources****Settlement pattern****Description**

Powerful individuals, groups and organisations develop an authoritarian response to the threats of resource scarcity and social breakdown by forming alliances to protect their own interests. Security and defensibility of resources are paramount for these privileged rich elites. An impoverished majority exists outside the fortress. Policy and regulation exist but enforcement may be limited. Armed forces act to impose order, protect the environment and prevent a societal collapse.

Philosophy

The *Fortress World* mindset was foreshadowed by the philosophy of Thomas Hobbes (1651), who held a pessimistic view of the nature of man and saw the need for powerful leadership. While it is rare to find modern Hobbesians, many people believe, in their resignation and anguish, that some kind of a *Fortress World* is the logical outcome of the unattended social polarisation and environmental degradation they observe.

The Urban Future Method does not favour any particular scenario. Indeed, for a solution to be determined to be robust and resilient to future change, the necessary conditions to support intended benefits being achieved over time must exist in all scenarios. Drawing on expertise, experience, and **knowledge of the local context**, we have graded the likely performance of Le Havre's necessary conditions in the future as follows:

Urban Futures Method applied to the liveability strategy in le Havre				
Necessary Conditions	New Sustainability Paradigm	Policy Reform	Market Forces	Fortress World
Collaboration at the intercommunal scale	The ethos of 'one planet living' allows a good cooperation at intercommunal scale	Enforced by national decisions, inter-community cooperation is a high priority even though at the local level competition could be very high	Economic considerations are higher on the agenda than intercommunal collaboration	In this world, polarisation is very high
Shops' rent kept at a medium level (taxes)	Active engagement of the civil society	Government actions require high financial means including new taxes on shops	Competitive, open and integrated markets drive a high level of rent	Rents are very high because space is scarce and tiny within very secure areas
Stop the retention of shops for fiscal reasons	Based on human development rather than material acquisition, this world does not approve any form of tax exemption	Management of capitalism is a new necessity and investments should be useful for the community and should be a priority	Tax exemption is a great instrument to maintain capital and financial resources for some speculators	Tiny spaces within fortress areas could not follow on from empty shops for fiscal reasons
A new legislation about shops which are settling out of the city centre	Compact city is a main goal in this world. Shopping malls (if they still exist) are located within the city	The policy of the national government is geared towards environmental sustainability. This means a more compact city with shops within city centres	No legislation can force shopping malls or shops to settle within the city	Armed forces protect the city. There is no legislation about it but this type of society means living into very bounded and concentrated areas
Keeping a purchasing power	Purchasing power is not very valuable in this world	Strong policy guidance is required to counter inherent tendencies	According to the supposed virtuous circle of capitalism, purchasing	There is a high social polarisation with large



	comparing to environmental values	towards free market economy	power is expected, but sometimes market forces lead elsewhere	inequalities of purchasing power
Maintaining the number of tourists (cruise ships)	Cruise ship traffic is an environmental disaster, which cannot exist in this world. Tourism stays spatially very close or uses ecological transport systems	An increasing number of tourists creates tensions with the sustainability values. However consumerism values persist	Because of their profitability and despite their environmental consequences, the number of cruises is increasing	In this authoritarian world, connexions exist between privileged and rich elites. Their travel and exchanges are secured thanks to the armed forces
Consumption of local merchandises with high values	Local merchandises are a priority but material acquisitions are less important than human connections	Consumerism values are still encouraged, including local consumption	Upper class can buy some local merchandises specially with high values as a new trend	Consumption of local merchandises are a high priority but remains the privilege of a powerful elite

Key: ■ condition highly unlikely to continue in the future ■ condition is at risk in the future ■ condition highly likely to continue in the future

POLICY IMPLICATIONS

It is not easy implementing a policy for improving the quality of life while at the same time boosting commerce in shrinking cities. It requires a set of complex and costly necessary conditions to be achieved, and much continuing debate on its ability to deliver smart shrinkage benefits. The results of the methodology reported herein indicate that a new, mixed-use city centre will deliver most benefits where social and environmental priorities drive policy and practice towards integrated compact settlements with a mix of uses (NSP) and where coordinated government preserves local shops (PR) and counter-balances the drive for profit (MF).

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New shops in Paris Street (Dubeaux, 2019)

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