



3S RECIPE - Smart Shrinkage Solutions

Fostering Resilient Cities in Inner Peripheries of Europe

PORTO (PT) POLICY BRIEF #3 • LIVEABILITY

EXECUTIVE SUMMARY

This policy brief analyses the **Municipal Master plan** focused on the urban regeneration of one of the **most deprived neighbourhoods** in the city of Porto. It is a comprehensive **revitalization project** for the eastern part of the city, historically more disadvantaged than the western area. Its development has been carried out in parallel with a revision of the Municipal Director Plan, and encompasses different liveability dimensions (e.g., housing renewal and expansion of green areas). This brief will focus specifically on **housing, understood as a fundamental cornerstone in the liveability concept**. The main lesson we can draw is that large spatial interventions, especially initiatives aimed at housing renewal and the improvement of public space, do not only reorganize the urban environment, but also increase property values. In the context of traditionally devalued and downgraded neighbourhoods, such an intervention can generate a 'rent gap' between actual and potential rent, leading to gentrification. Hence, policy-makers should anticipate the negative consequences of their master plans and take into account the need for affordable housing.

INTRODUCTION

The city of Porto carries a structural loss of residents (down by 112,000 since 1980). This fact, together with indicators such as the unemployment rate (10.1% versus 6.9% metropolitan and 5.4% national) or the percentage of vacant dwellings (19% in 2011), has long characterized Porto as a shrinking city. Yet three recent processes have partially mitigated the negative consequences of Porto's demographic loss. Firstly, following the **airport expansion** completed in 2006, Porto has become an **international tourist destination**. This process has transformed the city's growth model, with profound consequences for urban and residential dynamics. Secondly, Porto – the core of a dynamic metropolitan area – has been overburdened by the rising costs of the central city's infrastructure and public services, arising from **labour commuting**. Third, the **University of Porto** has become successful in attracting numerous national and international students and workers. As a result, Porto's mass tourism, universities, and its labour commuter traffic have helped to avert dereliction and the proliferation of urban voids; the incomers have also prevented Porto's social and technical infrastructure from being underutilized.

This success of urban regeneration has come at a cost, however. Rising housing prices and rents, and *touristification*¹ of the historical city centre area have led to many residents being displaced to the outskirts of the city, and mostly to Porto's neighbouring municipalities. Moreover, *studentification* – the growing domination of residential neighbourhoods by student households – has had an impact on the dynamics of the housing market, removing traditional dwellings from the rental market, and increasing property values. The pressure from tourists, students,



¹Touristification refers to the impact of mass tourism on the commercial and social fabric of neighbourhoods, causing services, facilities, and shops to be oriented towards and conceived of by reference to the tourist rather than the resident.

commuters, and other users of the central city has heightened the asymmetric territorial redistribution of demographic and economic development.



Master plan study area. Source: Port Eastern Strategic Master plan

Over several decades, these three processes have generated rather uneven geography in the allocation of resources and, consequently, in the location of municipal infrastructure and services across the city. Porto's growing inner-city spatial imbalance has been accentuated by the loss of permanent inhabitants and urban shrinkage, leaving the eastern part of the city in an advanced state of material degradation, disconnected, and drifting away from the rest of the urban fabric (see the map above).

THE STRATEGIC MASTER PLAN OF THE EASTERN AREA OF PORTO

The local authority has reacted to the decay of eastern Porto through a planning intervention in the form of a new master plan. This master plan is built on the Municipal Director Plan and the Strategic Urban Development Plan of Porto (2015-2016), which focussed on two relevant challenges in the eastern part of the city: 1) increasing territorial and social cohesion in the city through better integration of the eastern area into the rest of the urban fabric and into its economic, cultural, environmental, and institutional dynamics; 2) strengthening the different dimensions of the quality of life, namely, the morphological and typological conditions, the urban built environment, the amenities and urban 'atmospheres'.



Delimitation of the Oriental Park (left). Source: Strategic Master plan

The new master plan of eastern Porto covers about one fifth of the city's surface and population – about 9.7 km² (3.7 sq. miles or 23% of the whole city) and 45,000 inhabitants (19% of total population). It includes the whole of *Campanhã* Parish and also residual parts of the Parishes of *Paranhos* and *Bonfim*, delimiting a heterogeneous area that encompasses low-density urban spaces, some rural areas, and an industrial axis along the railway track. This territory is remarkably fragmented and marked by the significant presence of social housing neighbourhoods, degraded and derelict spaces, and large metropolitan mobility axes.

The master plan postulates that, in spite of this heterogeneity, the economic base of the eastern part of Porto is characterized by a structural weakness of the labour market, a high unemployment rate, and a strong presence of the traditional tertiary and heavy industrial sectors. Thus, the area does not offer the adequate infrastructure and services to support new economic activity and is particularly lacking in its alignment with the emerging economic sectors, foreign trade, and tourism. Overall, eastern Porto is marked by high levels of poverty and social exclusion.



Urban decay here was caused by the decline of the urban-industrial model, which sustained the historical process of urbanization of the area, with its large contingent of working families, concentration of public / social housing neighbourhoods, surrounded by old shantytowns and degraded villages. This legacy has hastened and intensified the process of peripheralization and concentration of the increasingly economically vulnerable population.

The new master plan has established a set of initiatives, some of them still on-going, with a clear urban transformation potential, including: (1) the design and construction the

Campanhã Multimodal Platform Bus Terminal

complementing the current public transport interchange; (2) the reconversion of the former slaughterhouse to house start-up firms, museums, galleries, auditoriums and social facilities; (3) the creation of a public park (*Parque Oriental*) along Campanhã valley through landscaping and environmental reconfiguration of the banks of River Tinto; (4) the creation of urban rehabilitation areas (ARU) in *Corujeira* (cost €177 million) and *Azevedo* (€2.6m); (5) the construction of a new bridge over River Douro and the restoration of the *Freixo* waterfront; (6) the construction of a new Health Unit for *Cerco do Porto*, converting old facilities; (7) the restoration of public spaces in social housing neighbourhoods; (8) the implementation of innovative/experimental environmental projects; (9) municipal investment in sports and green/leisure facilities located in the Eastern area; (10) integrated projects aimed at disadvantaged residents with multiple social, health, and economic problems; and (11) the relocation of various cultural activities and events to the Eastern area.



Urban Rehabilitation Area (ARU) of Corujeira (left) and a view of degraded housing in the ARU of Azevedo (right). Sources: <http://www.porto.pt> & <http://etcetajournal.pt>

The municipality of Porto expects its master plan intervention for the east to generate a whole series of benefits: to mitigate the negative impact of the low infrastructure density in the area; to regenerate the surrounding areas, public spaces, and the riverfront; to create jobs and training opportunities for local inhabitants; to intensify the flows of city users to this area of the city; as a spill-over effect, to attract new residents, new economic activities, tourism, and new urban functions; to increase the supply of green areas and convert natural landscape into high quality naturalized urban spaces; to mitigate poverty, social exclusion, and improve accessibility to high quality public services and infrastructure; to integrate local neighbourhoods within the surrounding areas, thus, reducing the ghetto effect; to strengthen intra-urban mobility for leisure, culture, and sports entertainment; and, finally, to valorise endogenous resources and promote social and territorial cohesion in the city.

The success of the new strategic master plan for eastern Porto with its potential benefits depends on the following five necessary conditions:

Necessary conditions for a successful delivery of the strategic master plan

1. Accessibility	Provide better connections to the city centre and improve internal mobility
2. Liveability	Improve living conditions, providing a varied and high quality housing offer
3. Affordable housing	Introduce affordable housing, especially for middle class households
4. Improvement of community spaces	Reconfigure community spaces as an element of residential attractiveness and social cohesion
5. Urban (re)planning	Integrate irregular homes and slums (informal housing developments) into the legal system through adjusting urban planning regulations

RECOMMENDATIONS: LEARNING FROM URBAN REGENERATION IN EASTERN PORTO

➤ **Urban regeneration of a deprived area should provide affordable housing in order to preserve social diversity and improve socio-economic cohesion**

The restructuring of areas of multiple deprivation can result in gentrification and fragment the urban fabric in social-spatial terms; thus, it is important to provide middle class families with affordable housing.

➤ **Local government should control gentrification phenomena that arise from a rent gap process**

The devaluation of a neighbourhood is sometimes encouraged; subsequently, when the objective market conditions occur, speculators reinvest and revalue the rundown area, thus, obtaining economic surplus value. Large-scale spatial interventions through a master plan could control and steer the process of economic reinvestment for the benefit of the many.

➤ **Affordable housing policies for the regenerated area must be matched by fostering ‘centrality’ – the state of being accessible from and attractive to variety of places**

Housing policies may not enough to attract new residents into the regeneration area and should be complemented with the improvement of other liveability dimensions, including good public spaces, green areas, an integrated and effective public transport system, leisure activities, and amenities.

➤ **The often complex housing reality in the areas of multiple deprivation must be integrated, if possible, into the legal urban planning system to prevent social segregation**

The municipality should, as far as possible, promote an inclusive and flexible approach towards various irregular dwelling styles in order to prevent the community’s growing disconnection from the rest of the urban fabric.

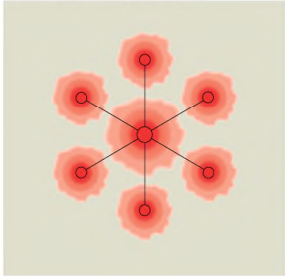

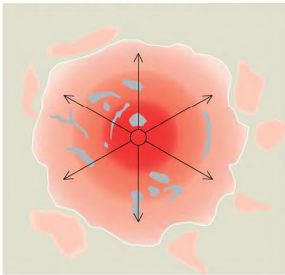
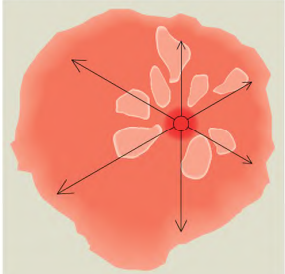
Reconversion project of the former slaughterhouse (in the background) along with a residential and parking area. Source: <http://idealista.pt>

CAN THE REGENERATION OF THE EASTERN AREA DELIVER THE SAME BENEFITS WHATEVER THE FUTURE BRINGS?

A smart shrinkage solution may be strategic or detailed. 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? To answer this question, 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), as follows:

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 inequality. 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 <i>Market Forces</i> 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 <i>Market Forces</i> 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 <i>Fortress World</i> 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 <i>Fortress World</i> is the logical outcome of the unattended social polarisation and environmental degradation they observe.

A summary of these four global urban future scenario tests is provided below. These scenarios represent four very specific socio-economic systems that ultimately respond to four ideal urban governance models. 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.

Urban Futures Method applied to the delivery of a strategic master plan				
Necessary Conditions	New Sustainability Paradigm	Policy Reform	Market Forces	Fortress World
Accessibility Provide better connections to the city centre and improve internal mobility	New mobility networks can be an opportunity to develop and consolidate eco-friendly means of transport. Otherwise, increasing motorized vehicle access to deprived communities can result in greater air and noise pollution and adverse impact on the environment	The improvement of the road and other transport connections with the city centre is a civil engineering measure aimed at improving the local residents' access to jobs and services, helping them share the main resources of the city	Increasing internal car mobility and connecting with different points of the city increases job opportunities and heats up the local residential market	In a fortress city, internal mobility within the neighbourhood is a requirement for the economic and social flows. Outside, walls protect the privileged rich elites from the impoverished masses. No strategic master planning exists
Liveability Improve living conditions, providing a varied and high quality housing offer	Renewing the machinery of the urban collective encourages the introduction of more sustainable infrastructure with reduced carbon footprint and environmental impact. Comprehensive restoration of existing buildings is carried out with energy efficient materials and locally-sourced systems	Mixed communities are encouraged and housing is improved through state intervention and provision. Necessary improvement of material and housing conditions in deprived neighbourhoods leads to social upgrading and economic revaluation of the land.	The material improvement of degraded spaces heats up the residential market, creates new business opportunities, increases the offer for the mobility of wealthy classes, and stimulates the emergence of new commercial establishments. Consequently, economically vulnerable social groups are displaced to cheaper locations	Socio-economic segregation and territorial fragmentation are key drivers of sustaining a city made up of fortress bubbles of wealthy people, opposite the impoverished outside. Channelling economic resources into improving liveability of impoverished neighbourhoods is impossible
Affordable housing	Low cost construction of affordable housing is usually detrimental to durability, environmental sustainability standards, and energy efficiency of new buildings	Social housing and other forms of affordability are encouraged to preserve the social diversity of mixed communities, allowing vulnerable groups to remain in the neighbourhood	Commercial developers are only interested in maintaining high demand in profitable properties. Affordable housing contradicts the speculative logic of the housing market, damaging the market value of the built environment and dumping down the sales and rental prices	The poor only dwell in the housing they can afford and/or self-build. High value homes are available in rich enclaves inside the fortress
Improvement of community spaces	Well-maintained community spaces are favoured as the embodiment of the local community spirit. Promoting sustainable leisure activities (e.g., urban allotments and community gardens) is a social and governmental priority	Improving community spaces is a governmental priority and enforced through the mix community policy aimed at facilitating social interaction between different groups, enhancing urban liveability, and strengthening social cohesion	Market forces favour privatized spaces. Open public and community spaces impose a cost on economic resources. Unprofitable activities and occupation of commercially valuable land for non-profit usage are discouraged	Money for improvement available in rich enclaves, but maintenance in poor areas likely to be unfunded
Urban (re)planning Integration of irregular / illegal	Maintaining and integrating decrepit self-build dwellings and overcrowded unplanned	Strong planning controls mandate the demolition of unsafe housing and illegal residential areas.	The incorporation of slums into urban planning can only come through profit-driven regeneration mechanisms	Weak or non-existent planning control outside the fortress renders the notion of legality

homes and slums	residential areas may be deemed unnecessary in this scenario	This is enforced through slum clearance policy	and the acquisition of acceptable market standard. Normalizing illegal habitations may devalue the land and property. However, slums are not a policy priority within this scenario; they are unlikely to be actively removed	meaningless. High acceptability of self-build housing structures in poor neighbourhoods
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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

The improvement of accessibility and connectivity of deprived communities with the city centre and increased internal mobility is a necessary condition for urban regeneration. There is no social inclusion, interaction between local residents, economic opportunities and, above all, attraction of new residents, if there is no adequate accessibility. Indeed, broadly speaking, material improvements to and the upgrading of housing conditions are a prerequisite of urban liveability. However, special attention should be paid to potential gentrification dynamics, which are often generated when a rundown neighbourhood is revalued. Today, almost any spatial intervention increases property values. This is likely to trigger a social change that would alter the character of the local community. For this reason, the renewal of a degraded neighbourhood that is focused solely on enhancing its liveability for the local residents is not enough. An announcement of the local government's plan comprehensively to regenerate an area of prolonged multiple deprivation could attract private economic actors, whose only interest lies in short-term speculative opportunities. In this context, the strategic master plan must be accompanied by the provision of new affordable housing in the area. This should allow one to maintain the original inhabitants within the regeneration zone, thus, preserving social diversity for the upcoming mixed community. Furthermore, it is also necessary to reinforce the community space as a tool for intergenerational and mixed income social interactions. Reconfiguring the in-between spaces for shared mixed community usage enhances the liveability of the area based on the local knowledge of the land, a greater sense of public safety, and a greater degree of social cohesion. Undoubtedly, the biggest challenge for a successful regeneration of an area of multiple deprivation lies in its underlying housing realities. Therefore, it is advisable to integrate the existing irregular and/or illegal modes of dwelling as a means of effective social inclusion of their residents. The illegal status of such residential areas should not deny the historical right of occupation of this urban space acquired by the local community. By accommodating and normalizing these informal realities, the local authority could rectify some social problems at source, acquire greater control over the area, and prevent likely criminal activities. Besides, the forced displacement of vulnerable socio-economic groups only geographically shifts the problem to other parts of the city, without tackling the problem itself.

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