

## From crisis to choice: Managing change in shrinking cities

*This article builds on the results of an URBACT project aimed at reviewing and assessing contemporary practice in dealing with urban shrinkage and demographic change (Schlappa and Neill 2013). We examine the generic aspects of developing realistic perspectives on strategic development options for shrinking cities and provide an example of good practice in taking a strategic approach towards land-use management. We argue that realistic forward strategy must come from within the resources of a shrinking city and be based on an acceptance that socio-economic development is an inherently evolutionary and cyclical process of change.*

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### **The dynamics of urban shrinkage**

#### *In Europe we are dealing with islands of growth in a sea of shrinkage.*

Urban shrinkage is rising to the top of the political agenda in Europe. The Cities of Tomorrow report (Commission of the European Communities 2011) refers to ‘stagnating’ and ‘shrinking’ cities as one of the main challenges for policy and practice. Shrinkage is uneven and some regions fare better than others, but every EU Member State has cities that are shrinking within its boundaries. Current estimates suggest that 40% of all European cities with more than 200,000 inhabitants have lost significant parts of their population in recent years and that many smaller towns and cities are also affected. Professor Thorsten Wiechman, lead expert of the COST action on urban shrinkage, describes that ‘in Europe we are dealing with islands of growth in a sea of shrinkage’ (Wiechman 2012). He warns that without targeted action many local and regional governments are unlikely to gain control over the socio-economic and physical decline of an ever-increasing number of urban settlements.



Fig. 1: Removal before transformation in shrinking cities. Photo: Ivan Tosics, Urban Institute of Budapest.

*Urban shrinkage happens when urban development is affected by economic, demographic and political processes in ways which lead to a reduction in the local population. Shrinking cities typically face declining revenues, rising unemployment, outward migration of economically active populations, surplus buildings and land together with a physical infrastructure which is oversized for the population it serves. A report recently published by the OECD (Martinez-Fernandez et al. 2012) illustrates how the combination of a decline in population, economic capacity and employment opportunities leads to a complex shrinkage process from which cities struggle to escape. These problems are compounded by current demographic trends. The growing costs of housing, care and transport for older people create a formidable problem constellation for shrinking cities, which face rapidly declining revenues and simultaneously increasing demands for services. Although there are stark regional variations across Europe, and also big contrasts between rural and urban communities, the overall tendency is a shrinking population of working age and a growing population of 65 years and older (Council of the European Union 2011).*

*A further and equally important dimension of urban shrinkage is that the process of socio-economic decline is often not recognised as being systemic in character. Instead, typical problems associated with urban decline, such as underused land or buildings, unemployment, migration or social polarisation, are identified as separate strategic priorities for intervention. In the best case, such interventions are designed based on careful problem analysis and research on how to develop effective solutions to specific problems. But the overall trend of decline, the broad strategic context of constrained choices and even profound crisis, is often not explicitly recognised. Instead city leaders, planners, businesses and residents often deny these realities and pursue fragmented, sectoral interventions which tend to be based on models that were effective in the past. However, if the trajectory for a city is contraction, reduction and decline in its socio-economic fabric, then individual projects aimed at economic*

growth and population retention are unlikely to succeed if they are not rooted in an acceptance and understanding of the contraction process. Hence the development of strategy for a shrinking city must first be concerned with creating an acceptance of the reality of shrinkage and its long-term as well as short-term implications. The experience from this URBACT project, and also other projects which explored urban shrinkage, suggests that changing perceptions about what represents a viable future for a shrinking city is perhaps the most formidable barrier to unlocking local resources to arrest decline and reverse the fortunes of a shrinking city.

**Developing strategic choice in the context of shrinkage**

*Today there is general agreement in the shrinking cities literature that a paradigm shift is needed away from growth-oriented planning and towards ‘smart shrinking’.*

It seems that many decision-makers and practitioners continue to focus on ‘linear’ trajectories of urban development, which have their roots in expectations that local actors can attract investment and create economic growth. Since 2007 leading researchers and practitioners such as the International Research Network on Shrinking Cities<sup>1</sup> have called for a ‘paradigm shift’ in urban planning and development. Their arguments that markets as well as traditional interventions through financial and planning instruments are no longer appropriate to deal with urban shrinkage echo the current debate which points to the need for a departure from traditional models of urban development.

*One of the findings from the URBACT project is based on the notion that urban development is a cyclical process and that many shrinking cities invest significant resources in the maintenance or ‘conservation’ of what they perceive to be their strategically important socio-economic assets.* These would typically include educational and welfare services, housing stock, infrastructure and leisure facilities with goals for their management which tend to be more a reflection of the city’s prosperous past than its likely future. We also found that many shrinking cities had got stuck in a ‘crisis’ stage and could not break out of this mindset to initiate an envisioning process which might lead to the emergence of new choices and development opportunities. Local actors seem unclear how to bridge the gap between the city’s past and its future and a sense of confusion prevails in a shrinking city. This confusion is in part caused by the fairly consistent failure of initiatives that were intended to reverse the decline and pull the city back to a previous development trajectory characterised by prosperity and economic growth.

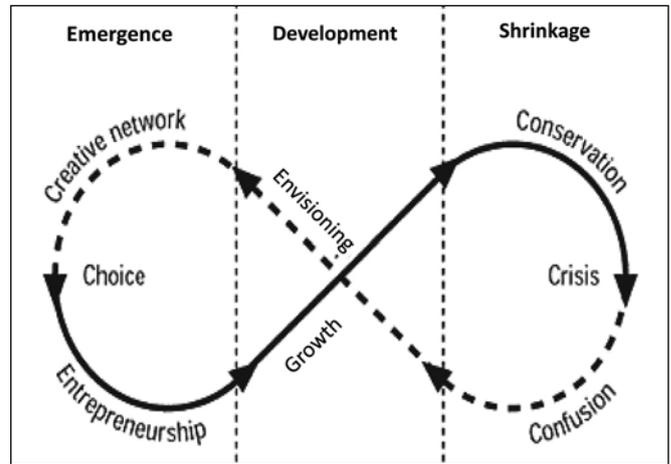


Fig. 2: Cyclical perspective on urban strategy development (Schlappa, H., 2012; based on Mintzberg et al, 2009).

The model above is based on the idea that shrinking cities find themselves beyond a point of growth and largely linear economic and social development. Shrinking cities have limited choice and have entered a phase where strategic options are constrained. Cities which find themselves at this point in the cycle need to set in motion a process through which their future can be re-imagined. Developing a viable vision of the future may need to be based on capabilities and assets that are different to those which created prosperity in the past. Such a new vision is likely to be emergent as well as incremental and dependent on new alliances. Once new choices are emerging these can then be pursued and developed through mainstream economic development tools fostering entrepreneurship and growth.<sup>2</sup>

The solid line in the model above represents the conventional ‘performance’ part of the cycle on which much contemporary economic development policy is focused. The dotted line represents the ‘learning’ part of the cycle, a phase characterised by uncertainty and tension between the status quo and possible alternatives. Transition between the different stages is at times seamless but more often is fraught with difficulty. Shrinking cities are in the part of the cycle characterised by crisis. Cities which find themselves at this stage in the cycle need to set in motion a process to re-envision their purpose. This learning process is collective in nature, draws heavily on the contribution of citizens, businesses and public agencies, but, importantly, is emergent. This means that outcomes are uncertain and most likely require strategic interventions which are different to those which were adopted in the past.

As each city experiences contraction differently the length of time it takes to work through the different stages of a cycle will vary from place to place. Some cities can find

themselves in the crisis part of the cycle for such a long time that it becomes very difficult to develop a viable forward strategy which is based on a city's resources, as the example of Detroit in the United States demonstrates. *The 'envisioning' stage where citizens, officials, businesses and politicians try to re-imagine a future for their city can be relatively swift and can lead to new ways of collaborative working between public agencies and between public institutions and citizens.* Once the key stakeholders have identified viable options for development these can be pursued by fostering entrepreneurship and policies capable of redesigning the cities elements for a 'smaller future'. This stage and movement towards a more linear and predictable part of the cycle can last for generations as cities like Leipzig demonstrates.

The urban strategy cycle is of course not one-dimensional. Given the multi-layered and multi-dimensional nature of urban development and governance it is likely that different institutions, or services within institutions, are at different stages of the cycle. The leadership of shrinking cities has to create a viable vision for their city which takes this into account. However, we would argue that mobilising local actors into an emergent phase where actions are collectively conceived to create realistic choices should be the overall goal of strategy making for any city caught up in an urban shrinkage process.

### Dealing with the physical environment

*One of the most visible links between urban shrinkage is the de-industrialisation of cities.* Underused or derelict buildings and vacant brownfield sites are often close to the city centre, thus blighting central locations and the limited opportunities for economically viable development that might exist. Abandoned urban structures need to be actively managed and Berlin is a well known example for a creative approach to interim urban uses buildings and land, such as the recently decommissioned Tempelhof airport in the heart of the city, or the Wächterhäuser which are springing up in a number of German cities (Haase and Rink 2012).

However, establishing some kind of control over a growing quantity of surplus land and buildings can pose serious problems where the market for these commodities has collapsed. *In situations of shrinkage the major driver of brownfield regeneration is the economic viability of individual sites, but the economic value of brownfield land is affected by many different factors and these can change considerably over time.*

Land management models based on quick economic gain seem unlikely to respond to the needs or the opportunities that shrinking cities have.

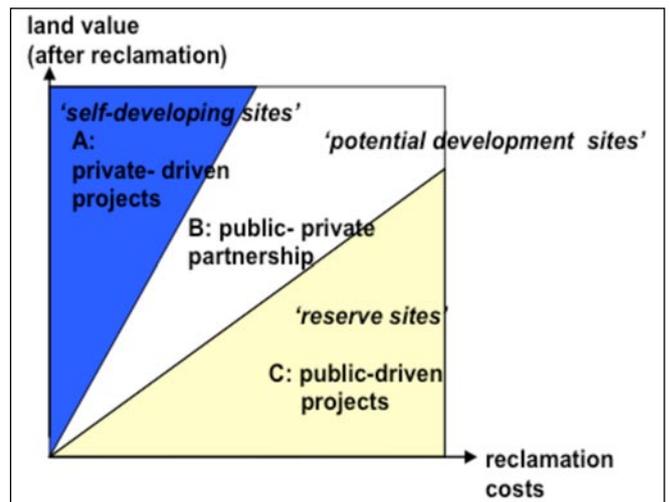


Fig. 3: The ABC model of strategic brownfield land management (Ferber and Preuss 2006).

Using the ABC model above assists in defining sites in terms of their economic viability and helps policy-makers in developing strategies aimed at improving the economic viability and status of sites. The ABC model of strategic brownfield land management identifies three types of sites according to their economic status:

- **A sites** are highly economically viable and the development projects are driven by private funding. Redevelopment would increase site value. There is no demand for special public intervention, instead existing planning and administration systems could provide a general framework for development.
- **B sites** are sites of local and regional importance with development potential but also significant risks due to the balance of investment and subsidy required to bring development to fruition. These typical brownfield projects are situated in the border zone between profit and loss and it is here where public-private partnership strategies are most effective.
- **C sites** are not in a condition where regeneration can be profitable. Their regeneration relies mainly on public sector driven projects. Public funding or specific legislative instruments (e.g. tax incentives) are required to stimulate regeneration of these sites

Urban development companies are a widely used mechanism to bring underused land and buildings back into the economic cycle, but experience shows that pressure for quick results creates perverse incentives to reclaim sites which, given time, would have been brought back into the economic cycle by private sector investment alone (category A sites in the model above). On the other hand, sites which are difficult to develop (category C sites in the model above) have remained underused in many urban areas, especially in cities affected by shrinkage.

The examination of factors that bring about the re-categorisation of a site, for example from A to B, can result in the development of site-specific strategies to accelerate redevelopment. *A number of municipalities are currently using these categories to review their local brownfield strategies and to produce informal inventories at the regional level as well.*

## Concluding thoughts

*Shrinking cities are cities in transition.* Current economic and demographic forces have a transformational impact on such places and we must attempt to turn these forces, as far as we can, into constructive ones. The results of the URBACT capitalisation process reflect findings from other projects which acknowledge that urban shrinkage will become a reality for many places in Europe and argue that urban shrinkage demands new approaches to urban planning, design and management. In particular it would seem imperative to activate and engage citizens to contribute to governance, place making, service coproduction and the social economy given that public agencies are progressively less able to provide the levels of service required.

*Shrinking cities are not just places of intractable problems, they are places of opportunity as well.* There is no doubt that we do have an opportunity to restructure many of our towns and cities in ways which enhance urban landscapes, buildings, services and ultimately also communities. But our findings, and those of other experts concerned with urban shrinkage, suggest that the development of a realistic vision and a set of sustainable strategic choices poses serious challenges for the leaders of shrinking cities. This is in part because we appear to be moving towards a paradigm shift away from a growth-oriented view of urban development to an acceptance that strategy concerned with 'non-growth' offers viable and realistic options. However, most EU policies, such as Europe 2020, and state-level fiscal, regulatory and economic policies, are not designed for shrinking but for growing cities. We join other authors who have argued for the need to adapt policy instruments in ways which reflect the realities of shrinkage. *Without a paradigm shift on these higher policy levels, shrinking cities will continue to swim against the tide of mainstream socio-economic policy in Europe.*

The landscape of urban policies is highly diverse, as the survey of the European Urban Knowledge Network shows (EUKN 2011), but there are some common features which should be developed at both national and regional levels of government. These include the alignment of planning and regeneration policies, good linkages between city and regional planning mechanisms, and the

co-ordination of policies concerned with shrinking cities across ministries and public sector agencies. This paper referred to just one model that would help shrinking cities deal with challenges associated with stagnant land markets, and the full URBACT report provides a wide range of suggestions and links to source materials.<sup>3</sup>

*Despite the profound challenges encountered by the people who live in and work for shrinking cities, we would argue that urban shrinkage can be a driving force for modernisation and innovation. Those who lead and live in such cities must challenge explanations of the status quo and build a new positive vision of the future for their city – which may be smaller than in the past but could also be better in so many ways. ■*

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1 <http://www.shrinkingcities.com>

2 The reports from the URBACT capitalisation programme provide a rich source of case studies and reference material that would be applicable to cities wishing to pursue new socio-economic development initiatives.

3 [http://urbact.eu/fileadmin/general\\_library/19765\\_Urbact\\_WS1\\_SHRINKING\\_low\\_FINAL.pdf](http://urbact.eu/fileadmin/general_library/19765_Urbact_WS1_SHRINKING_low_FINAL.pdf)

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