

**Virtual Village Reality – Futuristic housing
in a socially mixed neighbourhood in Helsinki**

Dr. P. Pennanen–Rebeiro-Hargrave * and J. Kangasoja #

*** Researcher, King’s College London & University of Helsinki**

Renvall Institute for Area and Cultural Studies

PO Box 59, 00014 University of Helsinki, Finland

+358-9-1912 2996 / +358-9-1912 3107 / gsm+358-40 7500 298

Researcher, Doctoral Candidate, University of Helsinki

Centre for Activity Theory and Developmental Work Research

PO Box 47, 00014 University of Helsinki, Finland

+358-9-191 4812/ gsm+358-50 4412 863



Paper to be presented at The Sixth Sharjah Urban Planning Symposium
June 1-2 2003, Sharjah, UAE



Contents

1. Introduction	3
2. Nordic welfare society ideals at Helsinki city waterfront	5
2.1. Publicly led regeneration focusing on socially inclusive housing	6
2.2. Policy instruments in Arabianranta	6
3. Helsinki Virtual Village securing open access and open competition	7
3.1. The Arabianranta model and the Virtual Village services	9
3.2. Roots in many grounds	9
4. Conclusions	10
References	12

List of illustrations

Plate 1. Wall of the Arabia factory.	4
Plate 2. Owner-occupied waterfront housing blocks.	5
Figure 1. Visualization of Arabianranta in 2010 by contractor Wärtsilä Ltd.	8
Figure 2. The structure of the 14 km fibre optic cable built to Arabianranta by Helsinki Energy.	11

1. Introduction

This paper is based on two academic dissertation studies (Pennanen, 2003; Kangasoja, forthcoming) examining urban regeneration policies and values in Helsinki, Finland. Albeit a small country of five million inhabitants, Finland has recently become the focus of global interest due to its phenomenal success as a leading information society¹. Manuel Castells discusses Finland in detail in *Information Society and the Welfare State: The Finnish Model* (Castells and Himanen, 2002). Castells regards Finland as an exemplar of an alternative model to the neo-liberal market led development characteristic to many of the advanced technological innovation centres in the world². Active social policies and extensive public services are at the heart of the Finnish model in the context of urban regeneration and technological development.

This paper looks at the construction of the Finnish model on the level of urban regeneration. We argue that the Finnish model is not a unitary, nor stable entity, but rather an emergent and dynamical construct. It can be best understood in the context of the tension between public sector ideals and the market logic, and the internal tensions and transformations of the Nordic welfare society (Kosonen, 1993, 1998).

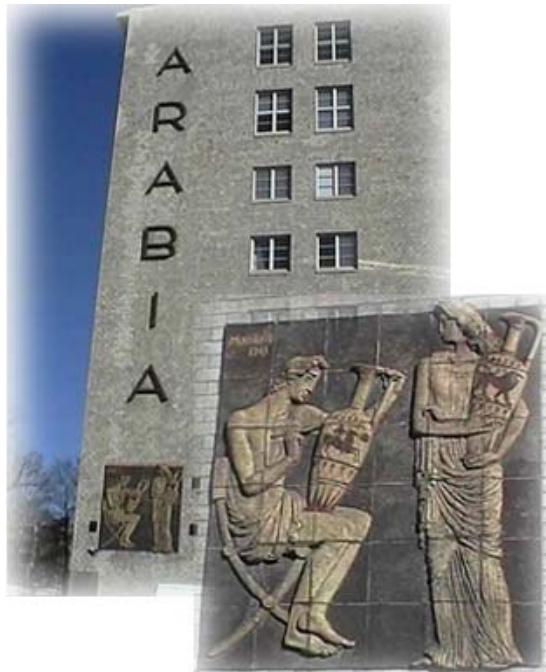
With data from a redevelopment project of former industrial wasteland called *Arabianranta*³ at the Eastern waterfront of the inner city Helsinki we discuss these key tensions and concrete, arguably 'progressive', solutions mediating them. The Arabianranta project is a pilot and a high profile 'flagship' project in several respects, one of which is a public-private partnership in constructing a district wide broadband infrastructure with fibre to home services.

¹ In February 2003 the World Economic Forum ranked Finland the leading information society in the world, slipping the United States to second place in the Global Information Technology report 2002-2003 (available at www.weforum.org/gcp).

² According to Castells (2003) the Finnish model is also distinctly different from authoritative state directed development in e.g. South-East Asia.

³ The district name *Arabia* comes from a porcelain factory, which has operated in the area from 1873; *Arabianranta* translates simply to *Arabia shore*.

The first part of the paper discusses the post-industrial urban regeneration policies and planning ideals in the context of the Arabianranta development. It points to the



particularities of the Finnish local planning regulation, to centrality of landownership, and tradition of consensus policies between the public and private sector actors in urban development in Helsinki. These elements have made possible the rather unique phenomena of socially mixed housing at a central city waterfront. However, there is an intense negotiation over the meaning of the concepts of 'progressive' and 'rational' within the public sector as values and logics are contested and redefined.

Plate 1. Wall of Arabia factory. (Photo by courtesy of Art and Design City Helsinki Ltd.)

The second part of the paper discusses the Arabianranta broadband infrastructure solution from the point of view of extending the notion of 'basic infrastructure' and the ideal of 'public good' to the technical and organizational design of the district wide ICT network. The process of achieving the organisational, technical and last-mile ownership solution of the network seem to embody the same tensions as the larger regeneration of the Arabianranta area. We take this as an example of the ongoing negotiation and debate over the definitions of the *nature of information* and *information infrastructures* in Finland, as well as in the Nordic welfare society context at large.

The paper concludes by discussing the significance and possibilities of the socially mixed regeneration and new infrastructure service models created in the *Helsinki Virtual Village* project in Arabianranta as a future framework for socially and economically balanced sustainable urban development.



Figure 1. Visualization of Arabianranta in 2010 by contractor Wärtsilä Ltd.

2. Nordic welfare society ideals at Helsinki city waterfront

Urban regeneration has recently been referred to as the most central part of the so called *new urban policy* in European cities (Swyngedouw *et al.*, 2002). Regeneration policies are commonly claimed to comprise redevelopment strategies with short-term economic interests, weak social returns, and socially exclusive housing production (see e.g. Fainstein, 2001; Harvey, 1989; Hall and Hubbard, 1998). These changes are commonly housed under the concept of *entrepreneurial* urban policies, which suggests a shift in decision-making power and development initiatives from public planners to private or public-private economic oriented agents. By the same process, the centrality of culture, ‘visions of a place’, and communication technologies has increased exponentially for the economic growth strategies (see e.g. Zukin, 1995: Castells and Himanen, 2002).

In Helsinki, the local governance has adopted an entrepreneurial approach and incorporated the private sector into policy-making to far lesser extent than most West European cities, such as British cities. The publicly led process dominates in urban planning, and a relatively strong consensus has prevailed between the public and private decision-makers and across the class and political party borders since the 1960s that ‘good planning’ parallels the Nordic universal welfare society model’s

ideals of social equality, social justice and income equality. Other key factors underpinning the planning principles are strong statutory Town Plan regulations, large public landownership⁴, and long-term land use planning practiced by the local authority. These factors have alleviated the effects of market forces and resulted in relatively low levels of socio-spatial segregation in Helsinki (Pennanen, 2003).

2.1. Publicly led regeneration focusing on socially inclusive housing

For the above reasons, unlike in most post-industrial urban ‘flagship’ schemes, the public sector is the dominant partner of the Arabianranta redevelopment, despite the fact that the Arabianranta planning policy is clearly more entrepreneurial than any previous schemes in Helsinki. It also favours private sector involvement through partnerships, such as the *Art and Design City Helsinki Ltd. (ADC)*, a development company of the Arabianranta project that coordinates the business, arts, and communication initiatives.

However, ADC appears as a more symbolic gesture towards economy-driven urban redevelopment than a concrete strategic shift in Helsinki, as ADC does not hold any executive or land use planning tasks in the project (Pennanen, 2003). And, more importantly, the main focus of the project for public decision-makers – the socially inclusive housing development including high quality social rental and other subsidised housing – remains unchanged. As much as 40 % of the total 3400 planned housing units are social rental housing, and all waterfront sites are reserved for other types of cost-quality controlled housing⁵ (Helsinki City Office, 1999). Moreover, the Arabianranta Town Plan emphasises residential development by allocating land for office construction only on sites that are not suitable for housing due to pollution. It also reduced the private developers’ office space development initiative by 50 % (Helsinki City Planning Department, 1995; Sundman, 2000).

2.2. Policy instruments in Arabianranta

⁴ The City of Helsinki owns 64 % of its municipal land area.

⁵ By the year 2010 the area will include up to 10 000 residents, 7000 jobs and 6000 students. The cost-quality control implies that the developer cannot, for instance, increase flat prices without increasing the quality of construction. The average selling price of a cost-controlled flat was 2 200 euros (£1450) per m² in October 2000).

The Arabianranta project has atypical features for a current regeneration practice: the waterfront development has not been given any special organisational or economic status but is being implemented as a part of the long-term housing and office development targets of the local authority. The public sector gives municipal land for private developers as well as provides infrastructure and municipal services in the project area. The City Real Estate Department has allocated all development sites in Arabianranta for private contractors through open 'site competitions'. Developers have protested against this type of biddings, but due to large municipal landownership, they have to accept selling price maximum and other conditions that the city sets in the biddings.

In addition to the main housing policy instrument, i.e. the cost maximum for majority of the housing units, the city set two other conditions previously unheard of in Helsinki. Firstly, 1,5% of the construction costs must be allocated for art, i.e. to enhance the artistic quality of the area in the form of high quality design, building materials, environmental art, and funding of temporary projects which ameliorate the aesthetic disadvantages to the ten year long construction phase⁶. The second condition was that all of the new houses must be connected to a unified local broadband (MAN) network⁷.

3. Helsinki Virtual Village securing open access and open competition

The so-called 'fibre-condition' that the city set to the contractors was connected to a decision made by the Helsinki City Council in 1997 to make Arabianranta a pilot area for local information technology services. The roots of the decision were in the mid 1990's idea of 'accelerating local networking' as a formula to creating jobs, economical growth and wellbeing.⁸ Once the connection between ICT networks, small and medium size companies and jobs had been made there was a search for exemplary technical solutions. Stockholm was used as an example when the early plans for Arabianranta network solution were drafted. The City Council assigned the

⁶ The Chief Planner Mikael Sundman at the City Planning Department hired Architect Tuula Isohanni to co-ordinate the projects of artists and students with the contractors.

⁷ Metropolitan area network (MAN) is technically and functionally similar to local area network (LAN), but with a larger coverage, such as city district.

⁸ This was a serious concern at the time because the economic recession of the early 1990's hit Finland harder than any other western economy. At worst, in 1994, 20% of the workforce were unemployed.

city's energy company, *Helsinki Energy*, to build as a pilot project, a district wide fibre optic cable network in Arabianranta in collaboration with the Public Works Department.

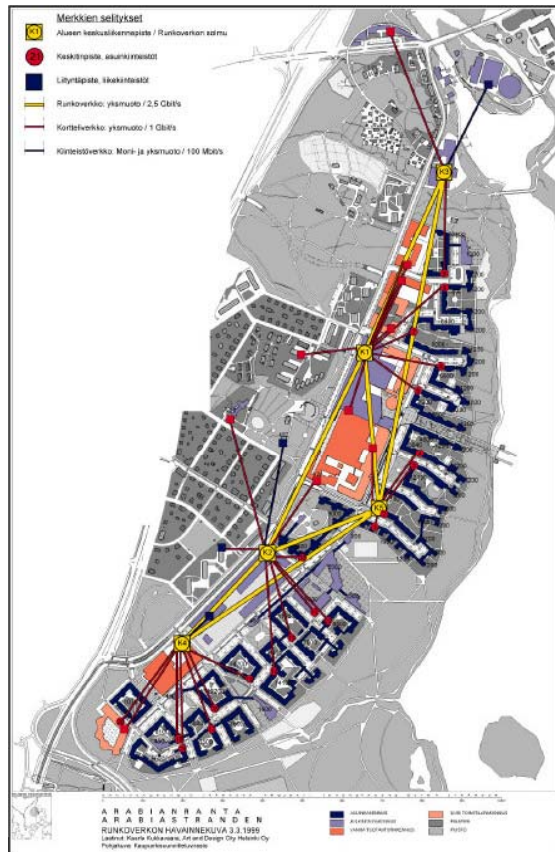


Figure 2. The structure of the 14 km fibre optic cable built to Arabianranta by *Helsinki Energy*.

The Arabianranta model for broadband service provision is of particular interest when discussing innovative solutions in urban development embedded in the Arabianranta regeneration project. It succeeds in binding together two seemingly opposing goals: securing affordable, resident controlled ‘open access’, and the ‘open competition’ for telecom service providers, which was the goal of the 1997 passing of EU level deregulation policy of the telecommunications field. It can be argued that is precisely the last mile solution, which creates a genuine competition situation between the telecom service providers⁹. The services offered by the campus operator and other operators are subject to competition on three levels; on the level of the local

⁹ For the most part in Finland tele-corporations hold de facto regional monopolies because there is no competition. Even in densely populated areas where several companies operate the charge for mere high speed connection remains at 50 euros/month. An Arabianranta resident pays now for a package including the connection and services (see below footnote 10) only 38,50 euros/month.

residential community, on the level apartment and real-estate companies, and on the level of individual households.

3.1. The Arabianranta model and the Virtual Village services

The last mile solution involves a joint venture *Arabian Service One Ltd.* founded by the City of Helsinki together with the contractors who won the right to develop the first slots in Arabianranta. The service-company organises parking space provision, tends to public club premises and the common housing yards. This is not uncommon, but for the first time in Arabianranta, the company also plays a crucial role, i.e. that of the customer, in a district wide ICT solution. The apartment companies own jointly the “last mile” from the cable ring to the houses.

The internal, or campus operating services are provided by Nordic LAN & WAN Communication Ltd. Other service providers access the network through a gateway. What is the significance of the network solution for an ordinary resident? The answer is better and more affordable services. The basic service packages have been available for residents and local companies since 2002.¹⁰ There is local cluster of companies in the fields of new media, design and culture, and one of the Virtual Village ideas is to facilitate collaboration between these and to host the local service provision. The user interface of the Virtual Village services is currently a web portal www.helsinkivirtualvillage.fi which in addition to providing general information services (timetables, forms etc.) enables local communities, e.g. residents of an apartment co-operative to co-ordinate their activities.

3.2. Roots in many grounds

In order to appreciate the heterogeneity of the Helsinki Virtual Village model, it is necessary to interpret it in light of the several longstanding motivations that have driven it over the course of its formation (Kangasoja, 2001). As stated earlier, the initial interest of the city was motivated by the employment concerns. However, the technical solution was first and foremost a reaction to the threat of uncontrolled and non co-ordinated activities of competing telecommunications operators to other

¹⁰ The resident package includes currently a connection to the local network (10 Mbps Ethernet), shared internet connection (10 Mbps), e-mail service, WWW-homepage space, domain name service, Firewall, Secured VPN-connection, Virus protection, Phone connection (VOIP) with a phone and free phone calls within the local network.

municipal infrastructure, especially the streets. In order to create a sustainable solution the city tested the use of a shared cable channel, which makes it unnecessary to dig up the new streets for later installation of new cables by other telecommunications operators. Also repairs can be undertaken from the node points (wells) without breaking the street surfaces. (Kangasoja, 2002a).

Compared to this concern there was very little discussion about the ownership model in light of the foundational implications it has as an alternative model for arranging the roles and the ownership and control over information and information infrastructures. In terms of sustainable future models for urban regeneration, these questions hold increasing importance as information infrastructures rise as a new sphere of societal activity. At the same time they increasingly become the medium and mediator of existing spheres, like public services for instance, which accentuates their potential for inclusion and exclusion (Kangasoja, 2002b).

The network solution makes no principled distinction between a producer and user of the information services. This may spur new forms of activity in the middle ground between business and non-profit activities enhancing the social capital of the community and indeed turn Arabianranta into an interesting “test laboratory”¹¹ of the information society.

4. Conclusions

The comprehensive-rational planning model in Helsinki is faced with the challenges of global and national reactions to transforming economy. Local government offices with more direct budget related tasks are currently keener to adopt more market-oriented planning policies, such as partnership and place marketing strategies (Pennanen, 2003). The main tensions within the local authority lies in the tax-base interests of the City and at the financial and ideological crisis of the Finnish welfare society.

The process of fragmentation observed in the society, such as the increase in income inequalities and eroding ‘class cohesion’ is leading towards disintegration of the former consensus between and within decision-makers, planners, and private

actors in Helsinki since the late 1990s (e.g. Haarni, 2000; Pennanen, 2003). Similar tendency has been observed also in other Nordic countries. Esping-Andersen (1990:25) argues that when the proportion of the wealthy groups increase as the middle classes grow wealthier, the class cohesion (and thus the idea of ‘common good’) decreases. In these conditions, the challenge for the public sector negotiators in Helsinki includes finding alternative definitions or presentations for the ‘public benefit’ to match the needs of fragmented society, global business competition and technology, and the own internal tensions of the public administration.

In Arabianranta the bringing together of the ‘market-led’ and ‘public service’ development models is most visible in the place marketing strategies and the information infrastructure development. The social (housing) and landscape development issues are largely unaffected by the *new urban policies*. We argue that Arabianranta is most interesting and innovative example of how the aspect of social welfare can be incorporated to technologically advanced high profile waterfront development with viable conditions for business development.



Plate 2. Owner-occupied waterfront housing blocks. (Photo by Kangasoja, February 2003.)

¹¹ Term used frequently in the place marketing.

We want to conclude by drawing attention to the innovative ways in which the Helsinki local government continues to enforce social equality in the Arabianranta regeneration, including the information infrastructure development. The questions of what is progressive can often be answered at the hindsight. We argue that the model of involving a local service company as the owner of the last mile is a genuinely innovative way of combining the two rationales; that of the public good and market logic.

To our understanding, these solutions hold many keys to the future development planning policy in terms of finding models that bring together the public sector, citizen and private business interests of general welfare, social equality, and techno-economic efficiency. At the moment, most Helsinki City planners consider the Arabianranta urban regeneration and infrastructure model as a most sustainable form of urban policy, as it includes socially balanced housing, entrepreneurial economic and place strategies, and competitive network solutions, and attempts to minimize social and economic exclusion.

References

- Castells, M., P. Himanen; *The Information Society and the Welfare State. The Finnish Model*; Oxford University Press (2002)
- Esping-Andersen, G.; *The Three Worlds of Welfare Capitalism*; Polity Press, Oxford (1990)
- Fainstein, S. S.; *The City Builders. Property, Politics & Planning in London and New York* (2nd ed.); Blackwell Publishers, Cambridge USA, Oxford UK (2001)
- Haarni, T.; Unelmien Töölönlahti –painajaisten Kamppi?, in: Stadipiiri (eds) *Urbs. Kirja Helsingin kaupunkikulttuurista*; Helsingin kaupungin tietokeskus (2000)
- Hall, T., P. Hubbard; (eds) *The Entrepreneurial City: Geographies of Politics, Regime and Representation*; Chichester, Wiley (1998)
- Harvey, D.; From managerialism to entrepreneurialism: The transformation of urban governance in late capitalism, *Geografiska Annaler* 71B:1 (1989) 3-17
- Helsinki City Office*; Arabia-Hermann Area Redevelopment Project, Economy and Planning Unit, Development Office (1999) Series A 11/99
- Helsinki City Planning Department*; (M. Sundman, P. Pakkala, H. Seppälä) Arabianranta. Asemakaavan selostus, Publications 20 (1995) 2.11.1995
- Kangasoja, J.; Complex Design Problems - An Impetus for Learning and Knotworking, in: P. Bell, R. Stevens, T. Satwicz (eds), 'Keeping Learning Complex: *The Proceedings of the Fifth International Conference on the Learning Sciences (ICLS)*'; Mahwah, NJ: Erlbaum, (2002a), pp.199-205
- Kangasoja, J.; Selling 'promiseware' and securing public good. The dialectics of constructing an information infrastructure for the future city, *Paper presented at the conference of the European Association for the Study of Science and Technology*; York (2002b)
- Kangasoja, J.; Arabian virtuaalikylä – lumeen ja todellisuuden rakennustyömaa, *Mediumi*, 1.0 (2001) www.m-cult.net/mediumi/
- Kangasoja, J.; *Colliding Logics - Constructing the Helsinki Virtual Village in Collaborative Work Across Public and Private Sectors*; PhD thesis, (forthcoming)
- Kosonen, P.; (ed) *The Nordic Welfare State as Myth and as Reality*, Renvall Institute Publications 5 (1993)

Kosonen, P.; *Nordic Models in Transformation* (in Finnish); Vastapaino (1998)
Pennanen, P.; *Policies and Impacts of Urban Regeneration - Waterfront Redevelopment in Helsinki Finland 1980-2000* (2003a) PhD thesis, Department of Geography, King's College London
Swyngedouw, E., F. Moulaert, A. Rodriguez; Neoliberal urbanization in Europe: large-scale urban development projects and the new urban policy, *Antipode*, 34:3 (2002) 542-570.
Zukin, S.; Cultural Strategies of Economic Development and the Hegemony of Vision, in: A. Merrifield, E. Swyngedouw (eds), *The Urbanisation of Injustice* (1995), pp. 223-243

Interviews

Isohanni, Tuula; artistic co-ordinator, University of Art and Design, January 2000
Kykkänen, Paavo; Managing director, ADC Ltd., February 2000
Lahtinen, Eska; Project manager, Helsinki Energy, August 2000
Palonheimo, Maija; Managing Director, ADC Ltd., March 2001
Pipinen, Tuula; Network manager of Fibre optic networks, Helsinki Energy, November 2002
Raina, Kari; Managing Director ADC Ltd., April 2003
Sollman, Petri, Director, Nordic LAN&WAN, April 2003
Somervuo, Heikki, Arabianranta area development project manager, Helsinki City Office, June 2000 & January 2003
Sundman, Mikael, chief planning architect, City of Helsinki planning office, March 2000