

La Marina de València



megaprojects and design governance: the transformation of Valencia's waterfront (ES)



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1. CONTEXT AND ADMINISTRATION

The story of the transformation of Valencia's waterfront offers important insights into the challenges posed by entrepreneurial design governance, specifically in the interface between design and financing. It also illustrates the use of different urban design governance instruments and their successes and failures.

With a population of around 800,000 and a metropolitan population of over 1.5 million, Valencia, located on Spain's eastern Mediterranean coast, is Spain's third largest city. Since the late 1980s, after the city became the seat of the newly created Valencian regional government, successive local and regional governments have made large public investments in infrastructure, prestige architectural projects and mega events with the objective of making Valencia more attractive for investment and tourism. One of the city's most significant projects was the celebration of the 32nd edition of the America's Cup sailing competition in the city, which was the source of an extensive urban transformation, particularly in the waterfront area.

Following their win in the 31st edition of the America's Cup sailing competition in 2003, the Alinghi team's principal, Ernesto Bertarelli, created a private company called America's Cup Management (ACM) to manage the organization of the subsequent edition of the competition and as such launched a competitive process to select a venue for it. In November 2003, Valencia was designated as a venue for the 2007 America's Cup. This designation, based on just a few sketches of the port, was considered to be a demonstration of Valencia's entrepreneurialism. The event was broadly well received by politicians, businesses and the general public (Vázquez, 30 November 2004). Decision makers saw the hosting of the America's Cup as an excellent opportunity to finish the city's waterfront, to regenerate the impoverished maritime neighbourhoods, to boost central government's investment in infrastructures and to attract high-end tourism (Biot and Velert, 2003).

2. GOVERNANCE: CONSORTIUM VALENCIA 2007

The plan to host the America's Cup, as well as the infrastructural works associated with the event, had strong governmental support. Such support materialised in the Consortium Valencia 2007, which was formed and comprised by the three main



levels of government - national, regional and local - and chaired by the mayor of Valencia. This consortium was the main governance body in charge of the spatial transformation of the maritime waterfront area. Although urban planning falls within the regional and local competencies, involvement at a national scale was essential since while the central government had competences related to the needs of the event – such as national security, air navigation, maritime navigation and radio space –the area where the competition would take place belonged to the central state (a total of 330,000 square metres of land and 565,000 square metres of water) (Vázquez, 27 March 2007).



Figure 1 - View of the new canal (Source: Author)

The consortium was responsible for the realization of a series of infrastructural works in preparation for the event, with these works ultimately comprising part of the candidature contract with ACM. These works included the construction of a new canal that would connect the inner harbour with the open sea, a dock for mega yachts, and the teams' bases (figure 1). Since the candidature project already included a master plan for the necessary infrastructure works, the Consortium, with limited additional work, implemented it by dividing the overall project into smaller individual undertakings, calling for tenders separately for each of them (Tarazona-Vento 2016). The only original addition of the Consortium to the candidature master plan was a representative building that was commissioned to David Chipperfield and Fermín Vázquez as a result of an international competition. Although the contract with ACM only stipulated the obligation of providing a VIP centre for ACM's guests, it was decided that an iconic building would serve as symbol of the competition, and as an emblem in commemoration of the event (Tarazona-Vento 2016). The representative building, renamed "Veles e Vents," won the LEAF (Leading European



Architects Forum for intelligent design) award and was short listed for the European Award of Contemporary Architecture (Boira, 2007) (Figure 2).



Figure 2 – Veles e Vents building (Source: Author)

In addition to the infrastructural works necessary for the hosting of the sailing competition, the America's Cup spurred further development and transformation of the maritime area. In 1995, there had been a competition to redesign the inner harbour and coastal area, but which had never been implemented. Motivated by the council's lack of overall planning for the area, a local real estate entrepreneur presented a private initiative to develop the maritime area in 2004. This project, designed by star architect Jean Nouvel, included proposals for the inner harbour and a residential development in the neighbouring areas and was the first to consider the sailing event (Olmos, 2005). An image of the Valencia Litoral proposal can be seen in Figure 3.





Figure 3 - Infography of Nouvel's Valencia litoral project (Source: The Ateliers Jean Nouvel, Ribas & Ribas Arquitectos)

The project did not go forward but, in 2006, the consortium convened an international ideas competition, presented at the Venetian Biennale, for the design of a new marina in the inner harbour area alongside a residential development in the neighbouring urban quarter of El Grao. The final area delimited for the competition covered approximately 1.35 million square metres and included a water surface area of approximately 565,000 square metres (Consorcio Valencia 2007). The objective was to create a marina for mega-yachts which could attract high-end tourism. In contrast to the typical procedure with other urban plans, for the El Grao Urban Plan the council introduced an intermediate design phase independent of the implementation phase and for which a competition was convened. The first prize exaequo was awarded to the German office GMP International Architects and to the joint proposal of Jean Nouvel and Ribas & Ribas Arquitectos (Boira, 2007). The project for the marina was ultimately implemented but the 2008 economic crisis unfortunately meant that the residential development awaited for investment from private developers in order to be carried out.



3. FINANCIAL MODEL

The consortium invested in infrastructure and convened international design ideas competitions to influence urban design outcomes and processes. However, the design governance aspect which most influenced the resulting urban quality of the waterfront area was the use of financial tools to achieve the implementation of the project.

One key important element of the financial model utilised for the transformation of the waterfront area was leverage, including the money necessary for the project and ownership of the land. Recovering the inner harbour for the use of citizens had been a long time aspiration of the city and the 2007 America's Cup represented an opportunity to do so. With the precedent set by the overall transformations and investments made by the central government in Barcelona and Seville for the 1992 Olympics and Expo '92 respectively, the America's Cup was expected to be a lever by which substantial investment from the central government could be achieved as well as an opportunity to make the inner harbor—in the hands of the Port Authority of Valencia and used by the commercial port—suitable for citizen use. The America's Cup was therefore seen as an opportunity to expedite the cession of the inner harbour to the city council, as well as a pretext for receiving investment in infrastructure from the central government. In fact, the regional government requested infrastructural investments from the central government for a high-speed train and improvements to the three airports of the region, and the mayor submitted a request for €1,600 million to the Minister of Public Administration to pay for the necessary works for the America's Cup and to upgrade and improve various areas of the city (Velert, 10 June 2004).



Figure 4 - Bases of the America's Cup teams (Source: Author)



The precise financial model that would be used for the implementation of the project proved to be a real bone of contention within the consortium, and, while the definitive infrastructure project was soon approved, it would not be until October 2004 that there was a definitive agreement regarding the financing of the works. The infrastructures stipulated in the contract were initially budgeted at €500 million (although ultimately completed for €450 million). The works included the construction of the canal, the dock for mega-yachts, the team bases, and an iconic building — later on known as Veles e Vents — commissioned to David Chipperfield's global architectural practice as the result of an international design competition. Figure 4 displays a view of the America's Cup team bases.

For nearly a year the different levels of government represented in the Consortium could not reach an agreement regarding the specific financial formula to be used to pay for the infrastructure. Finally, it was agreed that the central government would provide a bank guarantee for a loan of €500 million from the Official Institute of Credit (ICO). The government expected to recover 70% of the investment through the exploitation of the inner harbour area after the sailing competition had taken place (that is, after 2007).

The finally agreed-upon financial formula highlights the importance of public sector investment for these kinds of megaprojects, as this formula was chosen for two main reasons. The first was to avoid making a budgetary allocation, given that a loan is a different type of financial asset and does not accrue as public debt while a budgetary allocation is active in the budget and since it is debt, it is therefore accrued as debt. The second was because, since the economic returns from the exploitation of the waterfront area (which had been intended to be used to pay the loan back) were not clear, the private sector did not want to take the risk. It was the public sector, as is usually the case, which took on the burden of the financial risk.

The sailing competition was considered a success; it attracted 6.4 million visitors, was broadcast in 150 countries and hit the headlines of newspapers worldwide. The results in terms of economic returns and profitability of the investment were, however, less positive. The exploitation of the inner harbour failed to generate enough returns to pay back the loan. Although the infrastructure had been paid for with public money, ACM had reserved the exclusive rights to exploit the inner harbour area under the name 'Port America's Cup' for the duration of the regattas. This was initially between 2004 and 2007, and was later extended to 2010, when the 33rd edition took place in Valencia as well. Once the 32nd edition of the competition concluded in 2007, the area remained deserted, and (as described by some local commentators) became a 'ghost town.' Bars and restaurants had to close due to the lack of clients while, in 2009, only 6% of the marina's 311 moorings for mega-yachts were occupied (Zafra, 13 September 2009). The area failed to generate any further



income that that already reaped by ACM. In 2009, the Consortium had accumulated losses of around 60 million euro. ACM, on its part, declared in 2007 to have obtained net surplus benefits of 60 million euro (50% for themselves and 50% to share with the rest of the teams) (Ros, 6 July 2007).

In addition to being used for the urban transformation of Valencia's waterfront, the sailing competition was expected to help consolidate the hospitality sector, focus on upmarket tourism and to raise the city's profile and reputation internationally. The results for the tourist sector were excellent in the short term, since in 2007, the number of visitors to the city increased by 8.1% and the number of night stays increased by 15.2%. However, only two years later, the number of visitors had decreased by 7% and the number of night stays decreased by 6% (Zafra, 8 February 2010). Moreover, the entrepreneurs in the hospitality industry complained that the huge increase in supply – in part due to the optimistic expectations that the America's Cup had generated – had left the sector in a flagrant crisis situation since the sailing competition had not been able to compensate for this increase. The America's Cup, which many local commentators described as 'one minute of glory,' proved to be too ephemeral to produce a permanent boost of the tourist sector (Nácher and Sancho 2007; Biot 19 February 2005).

4. CONSTRAINTS AND CHALLENGES

While the financial model chosen made the transformation of the waterfront area possible, it also imposed several constraints and challenges which would prove to impact the ability of the Consortium to deliver urban quality as expected. First of all, the dependence on the America's Cup sailing competition meant that in the inner harbour, where the event would take place, the needs of the event in terms of urban design were prioritised over the long term needs of the city. The contract with ACM was highly specific about the infrastructure to built, and the dimensions and design details. The initial master plan for the candidacy project followed the brief provided by ACM and was strictly limited to the area required for the America's Cup. When the city was selected and the consortium was constituted to carry out the infrastructural works agreed upon with ACM, the candidacy project was implemented directly with little further design or architectural competition. The consortium implemented the master plan by dividing the global project into individual projects and calling for separate tenders for each of them. In fact, the only original addition of the consortium



to ACM's brief was the idea to turn the VIP center for ACM's guests that had been stipulated in the candidacy contract into an iconic building that would be a vestige to remind the city of the America's Cup.

In the same way, in order to repay the loan profitability took priority over holistic spatial planning. The economic opportunities linked to developing the area were grasped and realized but as a set of fragmented plans. Therefore, the sites within the waterfront area that were considered to be more profitable because of the America's Cup competition were planned and developed first regardless of other considerations. In reality, the economic feasibility of the waterfront seemed to depend on the patrons of the sporting competitions, because once there were no longer the crowds brought by them following the 2007 edition of the America's Cup having taken place, the pubs and restaurants in the area started to close. It was not until the end of October 2010 that the local and regional governments presented a usage plan for the waterfront area independent of the sailing competition (Levante, 27 October 2010).

5. SUCCESESS AND IMPLEMENTATION

The main success of the waterfront project was the recovery of the inner harbour for citizen use which had been a long time aspiration of the city. However, important questions remain regarding to what extent the financial instruments that had been used ultimately jeopardised the urban quality of the proposal by making it excessively dependent on the event and the owners of the rights of the event, therefore leading to a prioritisation of their short term objectives over the long term needs of the city. While the event proved to be a catalyst for the spatial transformation of the area there was a failure to integrate such a transformation into a spatial planning framework with long term objectives.

Despite the encountered difficulties, from around 2016 onwards the inner harbour area which had remained almost deserted following the last edition of the America's Cup sailing competition in Valencia taking place, was renamed La Marina in 2017 and started to become more lively. The body in charge of the governance of the area continued to be the Consortium Valencia 2007, but it was now more clearly focused on making the area a vibrant and economically sustainable public space. It could be argued that the key reasons for the late success of the waterfront area are twofold, one linked to financing and the other related to the use of soft urban governance tools.



In terms of financing, the payment of the debt had become a heavy burden. In 2016, the Consortium had a debt of 440 million euro, 330 million of which were with the ICO and guaranteed by the state, and 66 million of which were private debt (García 2016). Despite the fact that the income from moorings and concessions had increased from 4 million euro in 2015 to 6 million euro in 2016 and over 7 million euro in 2018 (García 2016, Marrades 2018), the exploitation of the marina never generated enough income to pay off the debt, and the total debt in 2018 still amounted to 435 million euro (Europa Press 2018).

In 2018, it was decided that the state would pay off the 370 million euro debt with the ICO, and the 65 million of private debt would be paid off by the central, regional and local governments in a proportion of 40%-40%-20%, respectively (Europa Press 2018). The news was well received by the local authorities and the consortium alike, who saw the debt as an obstacle to the realisation of the area's potential (Europa Press 2018, Marrades 2016). Rather than pursuing those proposals with higher financial returns in order to pay off the debt, the consortium could now turn its attention to delivering high quality urban design. As stated in the 2017-2021Strategic Plan, the consortium's main objectives are to transform La Marina into an innovative productive space that is economically sustainable, and to generate vibrant, lively, sustainable, dynamic and inclusive public spaces (La Marina de Valencia website).

What was also key to the success of this project has been the use of soft governance tools to deliver the objectives of the strategic plan, which includes a participatory strategy plan and an urban financial and perception analysis (La Marina de Valencia website). In collaboration with Western Sydney University, an urban living lab was established with the professed remit of creating inclusive and innovative public spaces through a quadruple helix model of collaboration between government, university, industry and civil society (La Marina Living Lab website). One of the first activities of the living lab was the organisation of a four-day workshop in November 2018, which aimed to better understand the potential of the waterfront area as well as the challenges it has faced. The participants - including 40 experts, professionals and researchers from 15 countries - reflected on the relationship between public space and innovation, and how public space can promote innovation (La Marina Living Lab website).

As a result of the workshop, an Urban Living Lab manifesto was drafted. This manifesto offers guidance on the key principles that should be followed for the design and management of public spaces as well as regarding the stakeholders who should participate in the place making process (La Marina Living Lab website). In addition to being an informal quality culture tool, the manifesto later became an informal quality delivery tool (Urban Maestro) since it is used by the Consortium as a rating tool for the appraisal of tender proposals and design competitions (La Marina Living



Lab website). Thus, entries to design competitions must comply with the public space strategic plan (2017-2021), which is based on the principles established in the manifesto, and must also include a participatory placemaking exercise as part of their design process.

This approach was used in 2018 for the design competition for a skatepark to be located in one of the gateways to La Marina, which required the involvement of the future users of the space in a co-design exercise. However, the most significant example of an intervention in line with the new ethos of the consortium has been the reactivation of the public space in and around Tinglado 2, which is one of the three remaining early twentieth century industrial warehouses designed in an Art Nouveau style and located in the inner harbour.

In 2019, the Consortium launched a design competition for the transformation of over 10,000 sq metres of public space, including the building's 6,000 sq metres and the public space in its environs. The objective was to recover the space - which had deteriorated, was fragmented and lacked legibility - for public use, transforming it into an "open plaza with vegetation, shade and spaces for families and children" (Urban Lab webpage). Figures 5 and 6 depict views of the exterior and interior of Tinglado 2 before it was restored.



Figure 5 – View of Tinglado 2 before being restored (Source: Author)





Figure 6 – View of interior of Tinglado 2 before being restored (Source: Author)

The competition's call was innovative in that, rather than a finished design proposal, it aimed to select a team capable of designing and leading a 14-month-long participative placemaking process (Las Provincias 19 June 2019, Levante 13 February 2018, La Marina webpage). Therefore, the entries had to include a plan for public involvement (particularly the residents of nearby neighbourhoods) in every stage of the placemaking process, including the analysis, design, implementation and management of the public space (La Marina webpage). Moreover, the call specified that the conditions of eligibility stipulated that the participants had to be multidisciplinary teams of no less than six members, including at least one expert in public space design and one member responsible for co-design and public participation (La Marina webpage).

A total of twelve teams, composed of thirty national and international multidisciplinary groups with expertise in urban design, architecture, engineering, sociology, the humanities and communication entered the competition, which was won by the team of Grupo Aranea and El Fabricante de Espheras (Levante 24 December 2019). The first phase of the public participatory process was scheduled to begin in 2020 and the project would have been fully implemented in 2021, but it had to be postponed due to Covid-19 restrictions (Levante 24 December 2019).

The final results are to be seen, as both the skatepark and the design of the public space in the environs of Tinglado 2 remain unfinished. However, both cases are representative of a new approach to the design governance of Valencia's waterfront area, which entails the existence of an explicit strategy for public space ingrained in the decision making process, the use of open design competition that include public participatory processes and co-design, and the emphasis on urban analysis.



6. KEY LESSONS AND TRANSFERABILITY

The case of Valencia's waterfront offers both negative and positive lessons to be learned from. Despite the initial difficulties linked to the hefty debt and the excessive dependence on the America's Cup mega-event, the Consortium managed to turn around the fortunes of the waterfront area around through the use of soft powers associated with urban design governance. The main transferable lesson offered here does not, however, refer to the specific urban governance tools used, but rather to the importance of political commitment to place making, materialised in a dedicated body such as the Consortium Valencia 2007 as well as through investment. While Valencia's waterfront clearly illustrates the drawbacks of speculative investment, it also demonstrates that, in order to deliver good urban design, in addition to a sound financial model, urban quality must be put centre stage; it must be considered a key objective rather than a taken-for-granted result of the development process.



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URBAN MAESTRO

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