"Restructuring Madrid´s Riverfront.
Mega-projects and the crux of producing just outcome"

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Abstract

In the face of a globalised and increasingly competitive environment, large-scale urban development schemes figure globally as a key planning tool in city-building strategies. They are considered to strengthen economic competitiveness, deemed important sites for attracting global capital and used for reinventing the image of the city in order to propel it onto the global stage. Their planning and implementation process is generally accompanied by reorganisations of governance structures, new deregulatory frameworks and (innovative) means of financing. Given their scope of influence and increasing proliferation they have triggered a large wave of criticism coming from different scholarly directions assailing their negative impact in terms of social polarisation, politico-economic reorganisation and spatial fragmentation.
Having selected Madrid´s large-scale (riverfront) regeneration scheme for the case study, this research aims to contribute to this debate and analyses the scheme´s socio-spatial impact in terms of open / public space and housing as well as the role politics and professionals played within this development.
The analysis will reveal that even though the case perfectly mirrors features of neoliberal rule and consensual policy order, it also demonstrates improvements for the locality in question. So far the regeneration scheme has impacted the social and urban fabric both at local and metropolitan level and demonstrated that some public benefits have been and still might be provided in the near future. However, it also raises the question - under what conditions and to what consequences the development´s relatively positive socio-spatial outcome has been achieved in regard to the welfare of the city as whole.

Introduction

It is hell below [...] and paradise above. (González Capitel 2009)

Carrying out a development that generates a debt for the next 45 years is not the best way to face the future. (Basurama 2013: 226)

How many tens or hundreds of thousands of social housing units for young people could be financed with that amount of money? How many kindergarten places and nursing homes for the elderly? How many programmes to support vocational training, technological innovation and the formation of new companies? (López de Lucio 2004)

In 2005, some of the world´s largest tunnel boring machines (Rowe 2006: 44) started to dig a six kilometre long tunnel on Madrid´s riverbank. It is the commencement of one of the largest urban projects in Madrid´s recent urban development. The transformation of the river Manzanares consists of three phases: infrastructure, greenery and building. In a first stage, parts of the urban motorway M-30 were taken underground. The freed-up surface was, in a second step, converted into a new urban park reclaiming the long neglected relationship between the city and its river. Concurrently, a third phase was commenced that aims at revitalizing and refurbishing the adjoining neighbourhoods. Given its magnitude and impact the project triggered a considerable controversy at local level and attracted international attention mainly among policy-makers, architects and engineers. Two major lines of engagement can be identified. First, the urban park attracted much attention among architects who focused on and praised aspects of its design and landscape

architecture. Second, the infrastructure project was fiercely critiqued by predominantly local urban scholars from a political-economic perspective whose criticism formed part of the contestation that was triggered by the first project phase during its planning and implementation process.

In this sense, this paper seeks to tie in with the local debate by relating the tripartite development in its entirety to broader theories. The research of the empirical case study is based on qualitative methods that encompass semi-structured interviews and a political discourse analysis. Fieldwork was carried out in Madrid from May to July 2014 where interviews were conducted with a range of societal stakeholders that were in some way involved in, affected by or (critically) engaged with the project such as local residents and business owners, citizen groups and activists, academics, architects and representatives of local authorities. Attending conferences and guided visits further supplemented the local research. The overall objective of this research is to grasp the essential nature and complexity of this urban transformation. I will seek to carve out the political motivations and the discourse used for justification, the decision-making process and the actors involved as well as the impact that characterise this project.

In fierce competition with other cities, city governments have increasingly relied on large-scale urban development projects to attract global capital (both financial and human), stimulate economic growth and embellish the city´s image. Typically, today´s critical urban discourse identifies large-scale projects as key factors behind growing inequality and socio-spatial fragmentation. They are therefore often described as the material expression of neoliberal and post-political tendencies in contemporary urban planning (Swyngedouw *et al*. 2002; Gualini and Majoor 2007). The selected case study embodies a number of features that perfectly reflect the neoliberal rule and post-political condition. At the same time, I will argue that large-scale projects can generate public benefits and overcome socio-spatial fragmentation if they consider local context and pay genuine attention to the local urban and social fabric. Ultimately, however, I raise the question under what conditions and to what consequences the development´s relatively positive socio-spatial outcome has been achieved in regard to the welfare of the city as whole.

Current debate on urban mega-projects

The Great Wall of China, the pyramides in Egypt - mega-projects are older than modernity and have always served as display of (the ruler´s) power. In the postwar city, large-scale urban development projects served to reconstruct the city by means of infrastructure and large public housing projects. They were embedded in the 'tradition of modernity [and often] based on the ideal of democratizing society and distributing a 'fair share' of their benefits' (Lehrer and Laidley 2008: 788). However, their destructive social and ecological impact (e.g. displacement and separation of communities) gave cause to rising protest leading to their regression. In recent years though, large-scale urban projects have experienced a revival. In the face of a globalised and increasingly competitive environment, urban mega-projects are seen to strengthen the economic

competitiveness and are thus deemed important sites for attracting global capital. They have advanced to a global planning tool for reinventing the image of the city in order to propel it onto the global stage. Their planning and implementation process is generally accompanied by reorganisations of governance structures, new deregulatory frameworks and (innovative) means of financing. Given their scope of influence and increasing proliferation, recent urban mega-projects – as their predecessors – have triggered a large wave of criticism coming from different scholarly directions assailing their negative impact in terms of social polarisation, politico-economic reorganisation and spatial fragmentation.

From a politico-economic perspective major criticism centres around the structural change in public policy and the shift from Fordist redistribution strategies towards a neoliberal agenda dominated by the aims of economic growth and urban competitiveness (Gualini and Majoor 2007). Large-scale urban projects are viewed as the 'healing effect on the city´s vitality' (Moulaert *et al.* 2005: 2) and believed to be a panacea to revitalise deprived parts of the city (Baeten 2007). The necessary framework is provided by the governance structures that favour private over public interests. This results in an increasing privatisation of mega-project management whose planning and implementation process is, as a general rule, shaped by a network of exclusive political and business elites (Moulaert *et al.* 2005; Díaz Orueta 2007). Likewise, large-scale projects serve to implement 'exceptionality measures' (Swyngedouw 2002: 542) that are used by politicians to justify the change or circumvention of statutory norms and procedures, alteration of institutional and governance structures and the lack of public participation.

Other studies highlight that large-scale urban projects tend to be 'planning disasters' (Hall 1980) and constantly exceeding initially defined budgets (Altshuler and Luberoff 2003). In their study of large-scale transportation infrastructure projects Flyvbjerg *et al.* (2002) come to the conclusion that underestimating the expenses is a strategic decision in order to justify the necessity and feasibility of the project. Cost estimates as well as cost-benefit analyses that are used in an initial stage are 'highly, systematically, and significantly deceptive' in order to convince politicians and the public to push through the project (Flyvbjerg *et al.* 2002: 290).

Further criticism revolves around the lack of integrative and participatory planning approaches. Public participation within large-scale urban development projects is often interpreted by local and planning authorities as informing, consulting or persuading local communities mainly with the aim to enhance the project´s legitimacy and to prevent protest (Flyvbjerg *et al.* 2008: 157-160). In the vast majority of cases, community involvement is invited only when the project is already predefined and hence only 'allows discussion of the "how" but not the "if" of the issues at stake' (Dohnke 2013: 262; Raco 2000; Perrons and Skyers 2003; Flyvbjerg *et al.* 2008: 105).

From a socio-spatial perspective the key line of criticism refers to the phenomena of socio-spatial segregation and socio-economic exclusion to which large-scale urban projects considerably contribute (Mingione 1996; Díaz Orueta 2007). Scholars like Moulaert *et al.* (2005) note that the reorganisation of the socio-spatial fabric is triggered by a shift from a social to a spatial definition of urban planning and development. Firstly, mega-projects tend to attract targeted rather than

spatial labour markets and therefore often exclude local labour force. Secondly, regeneration schemes are planned by adopting a place-focused approach or as Moulaert *et al.* (2005: 257) hyperbolically put it: 'it is places that need to be integrated, not citizens; it is places that need redevelopment, not people that require jobs and income'.

The literature identifies large-scale urban projects also as places of speculation and production of land rent. Owing to their speculative character they entail high risks as their calculation of profit is generally based on increasing land prices and rents. As a result, the development with its residential and office spaces predominantly attracts high-income groups. Gentrification and segmentation of exclusively wealthy vis-à-vis deprived areas are often major consequences triggered by this development.

Finally, authors like Zukin (1998) critique the increasing commodification of public space and the mega-project as a place of spectacle (Debord 1983) perfectly put in spotlight by city branding that aims at meeting 'the special consumer demands of middle- and upper-class sectors' (Díaz Orueta and Fainstein 2008: 761).

Rethinking urban mega-projects

Even though large-scale urban projects have been and had to be the subject of scholarly critique there are some recent publications that point out examples of mega-projects that sought to overcome common negative impacts at a socio-spatial and socio-economic level.

Bornstein´s analysis (2010) of North American and Canadian mega-projects demonstrates that social benefits have been achieved by collaboration between community groups and policy-makers. In all the examined case studies, agreements with societal stakeholders to achieve community benefits went beyond a simple tokenistic effort but tried to apply novel planning instruments.

Along the same lines, Parés *et al.* argue in their studies of urban regenerations schemes in Spain that even though planning and implementation processes of large-scale developments tend to be top-down, 'institutionally there has been an increasing acknowledgement of the need to create participatory mechanisms where citizens can take part in the diagnosis, design, monitoring, and implementation of the regeneration programs' (Parés *et al.* 2012: 264).

Díaz Orueta and Fainstein (2008) identified that the 'new generation' of mega- projects attach greater value to environmental and social issues than did earlier generations of large-scale development schemes. However, whether these ambitious aims are meant to be a serious part of planning and decision-making processes or rather used as a legitimation device is difficult to establish. In many cases, it is supposed they remain a rhetoric of sustainability and social cohesion not least to avoid the mobilisation of opposition. Fainstein (2008) confirms these findings in her own research comparing mega-projects in New York, London and Amsterdam where she comes to the conclusion that new forms of governance as public-private partnerships hold the potential to provide public benefits. Nevertheless, mega-projects remain enterprises of profitability and competitiveness and hence produce similar design schemes.

By applying the method of framing, Salet (2008) sheds light on the ambitious aims that are negotiated in the planning phase but remain unattained in most instances. Yet, at an early stage, the engagement of cultural and civic stakeholders falls by the wayside as their integration fails or their participation needs to give way to technical expertise. Even though Salet (2008: 2360) opines that the agreed planning objectives are not just rhetoric there is 'the crux of the problem, [...] to think that action will follow idea and vision if it is only articulated deeply enough'.

Majoor (2009) discusses this trend in his paper on 'new urbanity', in which he introduces this notion to describe the ambition of planning mixed-use developments that in the long term manage to enhance the urban fabric they are situated in. But here, too, initially outspoken agreements significantly deviate from the final physical results. Dubbed as 'disconnected innovation', it explains the disregard of societal dynamics with the limited capacity to include cultural, civic and similar stakeholders. However, Majoor is optimistic about the future of his concept as he identifies 'promising signs towards a more receptive environment for a progressive form of new urbanity in large-scale development projects' (Majoor 2009: 1400).

Despite some successful and hopeful cases of integratively planned mega-projects, they still seem to be the exception rather than the norm. As Salet (2008: 2343) puts it: 'it is still rare to find positive results regarding the innovative integration of the economic, social and sustainable objectives'.

Madrid´s riverfront redevelopment scheme conforms to these mega-projects and their ambiguous nature in terms of intention and outcome. In what follows, I will first briefly outline Madrid´s political, economic and urban development in recent years with a particular eye to the course of urban planning from the unprecedented economic prosperity to the current systemic socio-economic crisis. This overview is aimed at setting the scene for the close analysis of the case study, which I will then turn to.

Madrid´s transformation into a global city: from real estate boom to urban crisis

Geographically located on the periphery of Europe and politically isolated over a period of several decades, Madrid has evolved into 'a powerful hub within global economy' (OECD 2007: 29). The metro-region of Madrid has emerged as Spain´s financial centre and magnet for foreign investment and human capital. On its way to becoming a global city, Madrid, just like the rest of the country, was undergoing important structural macro-economic changes with major impact on existing power structures: First, the gradual opening up of the Spanish economy to the international market with its peak in 1986 by joining the European Union; second, the economic restructuring process mainly triggered by technological progress and the internationalisation and liberalisation of the domestic market and third, an increase in the power of the public sector by the successive democratisation and decentralisation of local and regional governments (Recio Andreu 2009: 128-129; OECD 2007: 15-23).

To climb the hierarchy of global city rankings, Madrid followed 'a very aggressive strategy [that] was primarily focused on building large transport infrastructures and promoting urban megaprojects' (Fernández-Güell 2014: 6). The urban model at that time was based on boosterism and expansion.

By 1997, the Spanish economy and the construction boom were gathering pace. Within ten years (1997-2007), seven million housing units were built and housing prices shot up by 220 per cent (López and Rodríguez 2011: 5). The growth in housing stock soon saw a threefold increase compared to population growth. At this point, the correlation between demographic and economic growth on the one side and real estate growth on the other practically ceased to exist (Delgado Jiménez 2013: 207). The real estate hypertrophy was fuelled by what Naredo (2009: 42) describes as a 'tsunami of available liquidity', cheap loans on unfavourable terms readily provided by the banking sector. This was complemented by targeted political incentives. To keep the property development circuit running, the housing policy was geared towards 'reducing the public-housing stock, marginalizing renting and providing tax relief for home-buying' (López, and Rodríguez 2011: 14). At the same time, the Land Act of 1998 (*Ley del Suelo*) provided the legal basis for territorial expansion and building permits. It was a lucrative business for both the private and public sector. By releasing former rural land to urban development, local and regional government could improve their budget within a very short period and private property developers were benefiting from tax subsidies and constantly rising housing prices – a fertile ground for despotism and corruption (Farinós Dasí *et al.* 2005: 222; López and Rodríguez 2011: 17; Naredo 2009: 42).

The boom in the real estate market is a direct result of the increase in (private) mobility and significant improvements in infrastructure that have significantly altered the city´s territorial structure over the last three decades (López de Lucio 2003). As a result, Madrid experienced a significant wave of urban sprawl and decentralisation in both population and economic activity. The concept of the compact city was gradually loosing relevance when in the 1990s the population in the City of Madrid started to decline while its suburban peripheries experienced a population growth.

The growth spiral producing value beyond the actual demand, however, experienced an abrupt slump with the onset of the financial crisis. As the provision of loans became heavily restricted, the real estate development was deprived of its essential basis leading to the collapse of the housing market and construction sector. This had a domino effect on the rest of Madrid´s economy. Consumption declined and job cuts became a frequent and intersectoral phenomenon sending the unemployment rate up to 26 per cent in 2013 (Instituto Nacional de Estadística 2014). Job loss and personal debt affected a rising number of households and many ended up being evicted from their property. By 2013, the metropolitan area´s fiscal debt had doubled from 10.17 billion euros in 2008 to 20.76 billion euros (Ruiz-Huerta Carbonell and García Díaz 2012: 159; Comunidad de Madrid 2014). To overcome this crisis, a programme of severe austerity measures was imposed. Madrid´s unsustainable development during previous years and the on-going economic crisis left

visible traces in its urban and social fabric. The cityscape, especially in the suburbs, has been increasingly marked by abandoned housing estates, unfinished developments and incomplete roads. From an environmental point of view, the dispersed and poorly controlled growth has been immensely harmful to the environment. Socially, the enduring crisis and austerity measures have aggravated existing socio-spatial segregation and triggered important urban social movements. Madrid has become the central stage of protest waves with the most notable one on 15 May 2011, the 15-M Movement.

The case of riverfront development in Madrid

The institutional framework and autocratic governance

The genesis of Madrid´s riverfront restructuring project is related to the mayoral election in 2003. The candidate of the Spanish conservative party, Ruiz-Gallardón, known for realising large-scale public construction work[1] announced his next emblematic work to be the remodelling of the obsolete motorway M-30. The project was presented within a narrative of sustainability and competitiveness. It was claimed to improve the city´s transport links and decrease contamination and journey times. The scheme as Díaz Orueta and Fainstein (2008: 762) call it, was 'sweeten[ed]' with the nicely presented new urban park that was promoted as the city´s new important environmental axis (Ayuntamiento de Madrid 2010).

Even though, this intervention was not envisaged in the city´s master plan and decided behind the back of the Urban Planning Department, the planning process was initiated once Ruiz-Gallardón was elected mayor. At that point, however, there was no concrete idea about the subsequent design of the riverside to be reclaimed nor a larger concept to include the adjoining neighbour-hoods into the regeneration scheme.

The project´s development and decision-making process was determined by two significant factors: the political agenda and an alliance between governance, expert knowledge and corporate interests.

The latter is mirrored in the governance structures that were adopted to carry out the infrastructure project. The City Council set up a public company to manage the construction process and later all subsequent maintenance works. In form of a public-private partnership it collaborated with a private company, which was composed of global players in the construction sector. This constellation enabled the local government to exclude the emerging debt from municipal accounts, which would have otherwise exceeded the permissible legal limit. This was insofar important as the first project involved 80 per cent debt and only 20 per cent equity financing. As

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[1] From 1995 to 2003, Ruiz-Gallardón was president of Madrid´s regional government and carried out a large-scale extension project of the city´s underground that aimed at connecting the city centre with the Southern suburbs.

[2] With the change of party in Madrid´s City Government after elections in May 2015, the conservative party,

the City Council only provided as little as 12.3 per cent of seed capital and private companies even less at 2.3 per cent (Rodríguez Molina 2008a: 44), the banking sector that granted the necessary loans was holding a significant position of power. This financial model was actively promoted by local authorities as best practice example of urban planning in how to manage debts of mega-projects and to share their risks between banks, construction companies and local government which soon attracted international attention.

The former can be explained by the fact that every project phase was aligned with political elections. To complete the project within the 4-year legislative period the planning process was subordinated to the tight electoral schedule and any form of potential delay was avoided by exceptionality measures and democratic deficit: First, the motorway M-30 was officially reclassified as an ordinary road. By changing the M-30´s legal status the competence for carrying out the development could be transferred to the local government since in Spain, the Ministry of Public Works and Transport holds the authority over motorway construction and modification projects. Second, the statutory strategic environmental assessment was not carried out beforehand. To legitimise this step, the City Council used the technique of distortion by dividing the development into several single projects, which because of their small scope did not require environmental assessment, the City Council declared. Third, public participation was completely ignored in the first phase of development. Being aware that an open public discussion and a broad process of public participation would have impeded the mayor´s ambitious plans of completion, room for a genuine debate was not provided and the legally required citizen information prior to development was only carried out when construction works had already been started. Forth and last, working conditions for the construction workforce were significantly impacted by ignoring some legal regulation. The time pressure forced construction work to be carried out around the clock and affected the quality of controls and precautionary measures. Local residents were also heavily affected and suffered from unbearable conditions since noise and air pollution were claimed to be over ten times the legal limit and had to be endured over a period of two to three years of building works (M-30, No + coches).

It is no wonder that opposition and civic institutions were taking legal action against these practices. They did so both on national and European level and reported the local government´s malpractice to the European Commission. Only when the City Council was at risk of being condemned by the European Court it expressed its willingness to improve. However, by then the project was almost completed (Arias 2009: 205-206).

A new urban landscape and an extensive investment in public space

Literature on large-scale urban development projects displays only with little exception their negative effects on the social and urban fabric. Megaprojects, it is argued, tend to be poorly integrated in the city´s environment and foster social polarisation in form of displacement and gentrification. Against this background, this paragraph seeks to show to what extent the project in

Madrid differs from what is commonly observed in theory and will therefore discuss the following three problems: In which manner has the development impacted the urban fabric at local and metropolitan level? Which value has been attached to public space? What impact can be expected from the Urban Renewal Plan?

The riverfront´s transformation contributed, I argue, to a new urban landscape with benefits at local and metropolitan level. Undoubtedly, the most visible one is the reclamation of the river Manzanares and its transformation into a linear park with new sports facilities and public services. Also, a new transversal urban reconnection has been achieved in several ways. Most importantly, neighbourhoods and functions that had been segregated for decades have been brought closer together by an extensive network of bridges and walkways oriented towards places with high transit and strategic connections to the rest of the city. In this respect, much importance was also attributed to providing vertical continuity of pedestrian and cycle pathways from the north to the south of Madrid. This can be considered as a particular achievement in a city where bicycles are a rare means of transport and anything but a typical feature of the cityscape.

In addition, the linear park acts as a structural element tying together formerly dispersed green and public spaces along the river from the protected nature parks in the North of Madrid to its South. Considering the diverse types of landscapes the Manzanares is traversing on its way from source to mouth, the design incorporates characteristic biodiversity from its Northern and Southern course. Hence, the river becomes a nexus between inner-urban space and exterior natural territory. The architects´ primary aim was to create a park that is accessible to every type of user. Geared towards heterogeneous age groups, a diverse range of sports, leisure and service facilities was included in the design taking into consideration citizens whose needs often tend to be excluded from public spaces (Hall and Imrie 1999; Hernández 2011: 195). The second priority was to create a space for leisure that is free of charge and can be enjoyed all day long at all times.

Contrary to many other mega-projects, the restructuring of the public space along Madrid´s riverfront received major attention from the City Government. In times of increasing privatisation and commodification of public goods, local authorities in Madrid have opted for an important public investment in public space without public exploitation in real estate or any form of economic or financial returns. When in 2007 the car-dominated riverbanks were reclaimed for a public park of more than 100 ha, it was a clear statement as to the importance of public space for the city, especially if one considers that this is a public space that is located near but not in the city centre and connects 'bourgeois residential areas with the historically depressed South' (Martín Blas 2012: 4). The common fragmentation of urban environments (Madanipour 2010) has been successfully overcome in this case and turned the formerly 'lost space' (Trancik 1986) into an extensively used and vibrant one.

Beyond, the concern of growing privatisation and securitisation of public space is irrelevant in this case. None of the phenomena Minton (2006) and other scholars have pointed at – the increasing withdrawal of local governments from public services and the shift from state to privately owned

and managed public spaces – can be observed in this case. Not only has the City Council carried out and financed the development project but it has also kept the authority over its management. In addition, no restrictions on opening hours have been imposed on the park´s use overnight and no camera surveillance has been set up as is often the case in 'over-managed public spaces' (Carmona 2010a: 134). It is argued that 'passive security measures can contribute to the physical feeling of safety but the decisive element is actually social dynamics' (Ayuntamiento de Madrid 2011: 198).

Finally, in the face of globalisation and mass consumption, the homogenisation of public space is widely criticised. High mobility and the use of Internet make ideas circulate and professionals operate on a global scale. As a result, Carmona (2010b: 159) argues 'design formulae are repeated from place to place with little thought to context'. Despite this trend, the international design competition for the urban park was won by three Spanish architectural offices, all of them based in Madrid. This is particularly noteworthy as they were selected even though prestigious international architects were invited to submit their proposals, amongst them Peter Eisenman, Dominique Perrault or Herzog & de Meuron.

Along with improvements at metropolitan level, the development scheme proved to have a direct local impact notablay with the significant decrease in the level of noise pollution for a large number of residents. Furthermore, properties in the area are increasing in value (Martínez Calzón 2011: 26) while gentrification has remained very insignificant. There is a common consensus that the area has improved, gained in liveliness and cultural activities. Neither the creation of the urban park nor a new large arts centre have seriously altered the social composition of the community so far.

> I really like the park. Life in the neighbourhood has improved, it´s younger and there is more culture and there are some more bars now [...] with the new cultural centre on the other side of the street we have more guests. (hotel employee)

Local business owners that were interviewed appreciate the changes, and some of them have even experienced an increase in economic activity since then. The business landscape seems to have remained intact and has hardly been effected by gentrification. It is still dominated by SMEs, most of which have been in business for 5 to 40 years. The only visible indication of the new urban park´s existence are some recently opened bicycle shops.

> I´ve been running this pharmacy for 40 years now and I live around the corner. Of course, the neighbourhood has changed, in a positive way I mean [...] and I can´t say that the park has really affected the businesses around [...]. They wanted to build a big hotel over there, you see, but nothing has happened for years and elections are coming up next year, so nothing will happen by then. (pharmacy owner)

> Our shop has opened four years ago. First, we were on the other side of the river, now we are here [...] I can go to work by bike now. That´s really nice. There are actually more and more people using the bike and there are more people here, since the park has opened and yes, business is going even better now. (employee in a bicycle shop)

For how long I´ve been working here? phew... it must be my 33rd year now [...] the 2 ½ years of construction work were horrific and yes, some of the businesses had to close or moved, but of course a park is so much nicer than having a motorway at your doorstep [...] For us nothing has actually changed, clients are still the same [...] There is now a little kiosque next door that opened one month ago, but the rest is still pretty much the same. (plumber´s)

Regenerating the riverside: an opportunity for a different model

When the M-30 was taken underground, and the urban park under development, a third project was introduced. An Urban Renewal Plan was developed, that proposes to improve the quality of the building stock in terms of accessibility, habitability, security as well as energy efficiency and to trigger the revaluation of the area as a whole (Fernández and Villanueva 2013). These proposals were preceded by comprehensive studies of the urban, economic and social structures of the area (AUIA 2010a). They show that the large majority of the housing stock built mainly in the 1960s and 1970s, lacks in accessibility, gas systems and air conditioning (AUIA 2009a: 52). The local economy is primarily characterised by SMEs (less than 10 employees) located in the service sector (AUIA 2009b) and the area´s labour force participation rate tends to be lower than the average for Madrid (AUIA 2009a: 51). Based on these findings two lines of action were taken. The first one aims to refurbish the private housing stock by providing a subsidy programme for which approximately 24,000 households are entitled to make an application. The second line of action aims at revitalising the area socially and economically. Nine opportunity areas have been defined where vacant and obsolete land will be transformed by means of singular projects of which some of them have already been approved by the municipality. They are considered as an 'opportunity to activate economic resources for refurbishment within a real estate sector facing difficult times' (Fernández and Villanueva 2013: 4)[2].

The subsidy programme for refurbishment is of a voluntary nature and is to be considered an incentive. This is where its strength lies: it is an opportunity to implement a refurbishment scheme that relies on self-determination by the owners and is therefore more likely to avoid displacement and gentrification. It becomes possible because of the Spanish mentality that for a long time favoured homeownership over renting. This is also the case in this particular area where over 80 per cent of the properties are privately owned (AUIA 2010b: 48). In contrast to common regeneration schemes that impose refurbishment in a top-down manner, the conflict between landlord and tenant does not apply in this case. Furthermore, a majority of flat owners is needed to agree on refurbishment measures and their financing. In virtue of these conditions, there has been a positive reaction by the local residents who highly welcome the programme and agree on the

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[2] With the change of party in Madrid´s City Government after elections in May 2015, the conservative party, who had already approved some of the singular projects, had to hand over power to the new left-wing party, which put the city´s major urban developments projects on hold.

need to improve the quality of living conditions. However, this regeneration scheme remains an ambitious project since more than 24,000 households are eligible to participate and therefore a special administrative body is needed to manage, stimulate and coordinate participation of private flat owners. The challenge is to make it a long-term programme that outlasts several legislature periods as well as changes in local government. With the outbreak of the crisis, however, the programme has already been put on hold due to the lack of both public subsidies and financial capacity of private flat owners.

In 2013 and 2014, a pilot project had been carried out in collaboration with professional bodies, local planning authorities, private companies and local property owners in order to provide a platform of knowledge exchange among these different actors and to provide new approaches towards rehabilitation. Within a first phase, local residents could present their housing estates of which one was selected to take part in the programme. In a second phase, the most adequate proposal presented for refurbishment was chosen. Both the process and the selected housing estate were meant to serve to define a rehabilitation model exportable to other buildings in the area. However, residents of the housing estate finally voted against the refurbishment plans arguing that even with the provided subsidies costs remain too high for them.

In line with Rawls´s concept of 'property-owning democracy' (Rawls 1971) this approach holds the potential of overcoming the top-down rehabilitation schemes, not least because it tends to 'increase people's feelings of autonomy and protects them from exploitation by landlords' (Fainstein 2009: 37)

(Long-term) Impact and Reflection

> There are particular policy areas in which municipalities have considerable discretion and thus the power to distribute benefits and cause harm; these include urban redevelopment, [...], open space planning, and service delivery (Fainstein 2009: 21).

Madrid´s large-scale development has without doubt positively impacted the social and urban fabric both at local and metropolitan level and demonstrated that some public benefits have been and still might be provided in the near future. Previously segregated neighbourhoods and fragmented public (green) space have been reconnected. In times of increasing privatisation and commodification of public goods, local authorities in Madrid have opted for an important public investment in public space without public exploitation in real estate or any form of economic or financial returns. So far, the project has revived the area and stimulated local economic activity rather than triggered significant social polarisation or exclusion in form of displacement or gentrification. This was possible due to a strong political will planned and realised by professional bodies that paid genuine attention to the local context and existing social dynamics.

However, this positive impact needs to be contrasted with the development´s financial costs and the ensuing long-term consequences for the wider city.

Costs were deliberately underestimated and eventually skyrocketed leaving the city with high debts for approximately more than 30 years. While the initial costs estimate presented at the time of the 2003 elections amounted 1.7 billion euros, the final costs in 2011 had reached 4.5 billion euros. Thus this development produced a cost escalation of 165 per cent not even taking into account interest rates, regular annual maintenance payments of 300 million euros and the estimated subsidies budget of 305 million euros dedicated to the Urban Renewal Plan (López de Lucio 2014). Given the fact that the project involved extensive campaigning, it can be assumed that the actual costs were systematically underestimated. The City Council´s strategy resonates closely with Flyvbjerg´s *et al.* (2002) conception of deliberate deception. 'Lying as tactics in power struggles', they argue, 'is aimed at getting projects started and at making a profit' (Flyvbjerg *et al.* 2002: 289-290). In a period of economic prosperity and real estate boom, Madrid´s local government and its forecasters seem to have adopted the 'Everything-Goes-According-to-Plan principle [that] simply disregards the risk of cost escalation resulting from delays, accidents, project changes, etc.' (Flyvbjerg *et al.* 2002: 289). However, with the outbreak of the economic crisis, a situation was reached where costs soon exceeded the City Council´s financial capacity. The expenses contributed significantly to the city´s rising debt, which in 2008, after the completion of only the first phase, reached 7,822 billion euros, the equivalent of Andalusia´s and Catalonia´s debts combined (Ministerio de Economía y Hacienda 2008).

Due to both miscalculation and fast shrinking resources, other areas were forced to suffer severe austerity measures, as the local government announced an increase of certain municipal taxes and most importantly, the freezing of public investments over a period of four years. Undoubtedly, the ongoing econonmic crisis has intensified the situation and reinforced social repercussions. Nonetheless, there is no denying that by opting for such costly mega-project the local government has approvingly accepted cuts in public spending not only in the short run but also for the following (5-6) legislative periods. In the last years, Madrid has suffered from a wave of privatisation of public goods, which affected the city´s public health system, public water supply companies or its public social housing society. Beyond, public services have deteriorated: the quality of public transport and public cleansing service has been reduced, a number of sports and cultural centers are closing down and subsidies for school meals have been shortened (López de Lucio 2014). These long-term implications affect Madrid´s citizens beyond the mega-project´s intended geographical and temporal scope. As a consequence, they will be less and less associated with the development and hence can more easily be concealed under the disguise of economic crisis rhetoric.

As for the positive socio-spatial impact it was political will that led to the social repercussions outlined above; more precisely the autocratic governance by the mayor Ruiz-Gallardón who used not only exceptionality measures to bypass procedures for statutory regulation and extended public participation but also rejected any form of genuine debate about alternatives. The latter

existed and were publicly communicated to the City Council.

These discrepancies between economic growth and social equity as well as efficiency and democracy mirror what Fainstein describes as 'tensions among value commitments' (Fainstein 1999: 252). Values such as democracy, equity, sustainability, growth and diversity that she deems necessary for creating just outcomes in urban planning (Fainstein 1999: 251; 2009) are sometimes opposed to each other. It is the challenge for policy makers and planners to manage to find a healthy balance among them.

In the case of Madrid more attention should have been attached to the broader interest of the city, also in the long run. Following Sen´s capability approach (1999) a cost-benefit analysis in which the benefit for local economy was overrated and final costs highly underestimated should have been replaced by a more broader examination assessing the impact in relation to the city´s different (social) groups. As pointed out by Marcuse (2009: 97) such 'major land use decisions need to be considered in the light of common welfare of the city as whole' asking for the actual purpose of public action.

Conclusion

Large-scale urban development projects are a popular vehicle among policy-makers to revitalise parts of the city economically, socially and internationally. Among scholars, however, they have become a subject of constant critique and are all too often described as 'the expression of a narrow-minded neo-liberal agenda' (Gualini and Majoor 2007: 297). The aim of this research was hence to carve out whether large-scale urban projects can be carried out producing a juster outcome for the locality they are embedded in as well as the wider city. Using the case of Madrid´s riverfront restructuring the paper delved into questions of decision-making and governance, discourse and contestation as well as actual and potential impact.

Even though the case perfectly mirrors features of neoliberal rule and consensual policy order the research has revealt the potential that large-scale urban development projects hold to provide improvements for the localities they are placed in. Revitalisation schemes for public space, housing or economic activity are able to provide a positive impact if genuine attention is paid to the local context and existing social dynamics.

The paper, however, has also illustrated that process and outcome are closely intertwined and values that are deemed necessary to produce just urban interventions, 'depending on their context and interpretation, can cut against each other' (Fainstein 2009: 33). In this regard, it emphasises the role and repsonsibility policy makers hold and criticises their decision-making process that tend to be exclusive and short-term oriented.

Against this background, it raises the questions whether the development´s actual impact and the initially promoted one justify the long-term social repercussions and the shrinking social equity in the wider city. To what consequences should projects of such magnitude be planned and carried

out? And 'who […] has the legitimate authority to establish the mix of values' (Fischer 2009: 62) that should produce juster urban mega-projects to the city´s general welfare?

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