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Paper entitled

London 2012 - Will it be regeneration or renaissance in times of financial crisis?

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Abstract:
This paper is part of a PhD study, in its final stages, focussing on the ‘regeneration’ that is proposed for the residents in the area of the Olympic Park developments in the Lower Lea Valley in London. The study is based upon the detailed examination of two past Games and their impacts upon the local residents to the Olympic venues, in Sydney, 2000 and Barcelona 1992. The study evaluates the impacts of the planning for London 2012 to date on the local residents through in-depth, semi-structured interviews. These interviews have been undertaken with planners, government officials, residents and community representatives. An interpretive analysis with emerging themes has highlighted ‘what is community?’, ‘difficulties in stakeholder identification’, ‘what constitutes legacy’, ‘issues with forward planning and ‘problems in communication’. This study also examines the impact of the global credit crisis upon the legacy planning and highlights some of the impacts already being seen with regard to the changes being made by the Olympic Delivery Authority to the original bid documentation. One of these changes includes problems in raising finance for the Olympic Village where the private developers, Lend Lease, have failed to raise bank finance thereby forcing the UK Government to use public funds and the ongoing impacts such difficulties may have in the future on legacy planning for the ‘local’ community.

Key words: legacy identification, regeneration, forward planning, stakeholder identification, credit crisis
Introduction

Chalkley and Essex (1999, 2000) write about events being catalysts for urban change, without articulating directly for whose benefit. Past Games have been excuses for ‘cleansing’ of undesirables, as evidenced in Atlanta in 1996, where many homeless persons were given one way tickets out of town (Mitchell, 1997). In Barcelona, not only were local residents moved to the outskirts of town, Roma gypsies were moved from traditional settlements and forced to relocate to high rise tower blocks (COHRE, 2007). In both Sydney and Barcelona, the ex athletes’ accommodation became desirable properties which greatly appreciated in price (131% for sales and 145% for rentals in Barcelona, COHRE, 2007). As a result only middle class professional people were able to afford them and through the increases in rental values many people had no option but to find alternative accommodation. The current global credit crisis has already affected the London Games planning (Lend Lease, the village developers, have not been successful in securing bank finance) and questions what long term implications will be seen as a result in relation to legacy planning. In London, the original bid documentation predicted that up to 40% of the available accommodation would be for key workers, yet how will this be managed and controlled, and with ever increasing costs of the Games, will the organisers recognise the opportunity for realising much needed funds from the sale of all the properties?

A report written by the London East Research Institute on behalf of the London Assembly in May 2007 entitled ‘A Lasting Legacy for London’,
acknowledged that the urban renewal programme for London would be “challenging”, not least because evidence from previous Games highlighted that whilst programmes of urban renewal were deemed by respective cities to be successful, they nearly all came at the cost of higher property prices benefiting property developers and ‘new’ residents, not the existing population. One intention of the author’s thesis is to question the use of the term regeneration as the blanket flagship terminology, suggesting alternative descriptors that could be used as regeneration implies the existing population remain in situ whereas past studies have shown evidence of revitalisation of areas for different social classes (Mace et al. 2007). London could be the first Games to show true regeneration through benefiting the existing communities around the park.

The research undertaken for this PhD study has involved in-depth, semi-structured interviews involving key personnel from Barcelona 1992, Sydney 2000 and also those concerned with the planning and preparation for London 2012 including residents. The research is based upon an interpretive paradigm with the data being analysed for the themes that are emerging from the similarities and differences across the three different case studies, including lessons learned for London 2012. Two years ago, in Melbourne, I presented an outline of the intentions of my PhD. Now, 2 years later I would like to return to disseminate my findings to date and have the opportunity to discuss my research and receive feedback.
Mega-event legacy within a London Context.

The Olympic Games are widely held to bring a variety of positive social benefits through the process of ‘urban regeneration’. Social impacts, also referred to as soft impacts, are those which are intangible and affect individuals within their everyday lives (Adair et al, 2007).

The awarding of the 2012 Olympic Games to London heralded the promise of the regeneration of an entire area in the Lower Lea Valley in east London into the biggest new urban development seen in Europe for 150 years (Coalter, 2004), with regeneration recognising developments for the benefit of the existing community. Within the development plans, the Olympic Delivery Authority (ODA) have promised to revitalise and restore parklands and waterways, new sporting venues, highways, bridges, utilities and 40,000 new homes covering an area of 2.5 square kilometres. The whole design of the park is based on encouraging and supporting community use of the facilities post-Games, a task that previous Games have not been proactive in securing, and to place a greater focus on sustainable development (ODA, 2006). The community referred to being people who either live, work or have some social connection with the area within and surrounding the proposed Olympic Park site. Whether these people will be the same ‘community’ pre and post the Games is an area of discussion.

Already the plans for the park have been amended several times and there has been much press coverage of the ever-increasing financial projections (Jenkins, 2008). There are however, far more long-term social legacy impacts for the local site residents than currently reported in the
mainstream press, it is impacts on communities, and the role of the voice of such communities in managing such impacts that is paramount. Volrath (2005) argues that legacy is the aims, motives, meanings and impacts of an event (particularly the Olympics) yet more specifically the results, effects and long-term implications. Such a view is now evolving, as legacy is a phenomenon which relates to before, during and after something else happening. Additionally, the use of the term ‘legacy’, whilst used extensively within the Olympic documentation, is not universally recognised and easy to translate, as identified at an International Symposium on Legacy of the Olympic Games (1984-2000), held in Lausanne in 2002. For the purposes of this study the terms benefits, impacts and outcomes (Hiller, 1998) will be used concurrently with legacy. Many writers (Ritchie and Aitken (1984), Haxton (1999), Lenskyj (2000 & 2002), Cashman (2003), Kasimati (2003), Moragas, Kennett & Puig (2003), Preuss (2004), Vigor, Mean & Tims (2005)) use the terms interchangeably, although legacy has a longer term associated time-scale than short-term benefits or impacts.

These legacy impacts can be both positive and negative. However, for a sustainable legacy, all the objectives of the various stakeholders need to be addressed and a holistic approach taken to the development and management of the mega-event facilities so as to leave overall, a long-lasting positive legacy impact.

The use of events may be exploited to redevelop urban areas, through the new infrastructure required and that the expenses incurred are offset against the improvements to airports, sewage and housing, especially in infrastructure developments in inner city areas in need of regeneration. This
is often quoted as a strong motive for bidding for the Olympic Games. Monclus (2006) associated urban strategies with large-scale international events as having been the catalysts for the urban regeneration but that the architectural and planning context is specific to each city (Chalkley and Essex, 2000). Roche (2003) believes that events, if successful, can develop a positive and renewed image for the host city through the media coverage and the subsequent resulting tourism and inward investment. He further argues that events should be judged not on their impacts, but on their causes and productions, yet urban studies, that is to say, city image and contemporary re-imaging (soft legacy impacts), are a vitally important phenomenon within urban policy. Hu and Ritchie (1987) and Chalkley and Essex (1999; 2000) also believe large-scale events have the potential for being a catalyst for redevelopment, imaging and place promotion. Yet, too often in the past, social legacy has been as afterthought in the planning and execution of previous Games (Cashman, 2006). In particular, the International Symposium held in Barcelona recognised that legacy building must start with the decision to bid for the Games.

Smith and Fox (2007) suggest that large events have always been associated with the physical regeneration of cities because of the opportunities they offer to capitalize upon the softer social and economic regeneration. It will therefore be necessary to examine the soft, social impacts of the housing issues from previous Games in order to identify potential legacy planning issues for London 2012. According to Hall (1997) the creation of ‘desirable’ middle-class living conditions is often a precursor for both higher property
prices and increased rents and that the catalyst for change expounded by Chalkley and Essex (1999) actually becomes a fast-track process in which development takes precedence over welfare. The communities most impacted are the ones often least able to affect policy-making and this situation will possibly be exacerbated by the credit crunch.

Previous Games Experiences

1. Barcelona

Smith and Fox (2007) write in particular about Barcelona and how three events have shaped the city: the 1888 World’s Fair, the 1929 World Exposition and the 1992 Olympic Games. Barcelona, in particular, is an example of how a city has used mega-events to revitalise the city for the residents, especially in the post-Franco period, by renewing pride and community spirit as well as opening up public spaces (MacKay, 2000; Munoz, 2005). In Barcelona, the 1992 Olympic Games witnessed the relocation of many of the indigenous communities from the waterfront, (MacKay, 2000) causing a breakdown in communities’ structures. Through clearing the seafront area, many local businesses and associated communities were evicted even though they had significant social and cultural heritage in being positioned on the seafront in the first place, for example the ‘sea gypsy’ communities (COHRE, 2007). The resultant housing from the former Olympic Village became highly sort after property and led to the gentrification of the waterfront area (with a new community of young
professional residents moving into the former athletes properties) and ‘opened up’ the waterfront that had for many years been industrialised. In both Sydney and Barcelona the ex athletes’ accommodation became highly sort after properties which greatly appreciated in price (131% for sales and 145% for rentals in Barcelona, COHRE, 2007). As a result only middle class professional people were able to afford them and through the increases in rental values, many people had no option but to find alternative accommodation. With the current economic downturn will this be the case for London?

2. Atlanta

Ritchie (2000) believes that legacy planning, in respect of the Olympics, can lead to the attainment of long-term benefits to host destination residents, however, Malfas et al (2004) argue that whilst the Olympics may seem attractive through the positive economic impacts, the social legacy impacts may be negative. This is particularly true when residents are forced to leave their publicly funded housing projects in order to make way for event infrastructure. They highlight the case of the Atlanta 1996 Olympic Games where 9500 units of affordable housing were lost and $350 million in public funds diverted from low-income housing and social services to fund the Olympic preparation.

3. Sydney

Lenskyj (2002), whilst writing about the social impacts of Sydney 2000, openly questions the ‘Best Olympics ever’ title given by the IOC President at the end of the closing ceremony of the Games. She highlights the negative
impacts for Sydney, including the lack of consultation, race issues, rent increases and homelessness. Owen (2001) further suggests that for Sydney in 2000, in the areas adjacent to the Sydney Olympic Park, the social and political impacts were overshadowed by the need to provide the physical and symbolic legacies of the Games, i.e. the more tangible elements. Due to a lack of community participation in the planning processes, negative social impacts resulted, not helped by restricting public access to community facilities (Ryde and Waverly local boroughs lost the use of their swimming pools) and also removing local authorities planning powers. Additionally, many people suffered above inflation rent increases on their properties from unscrupulous landlords in order to force them out their homes and to capitalize on the money to be made from the Games (Beadnell, 2000). Hamilton (2000) wrote that Sydney’s newest Olympic Sport was the ‘rent race’, and McWilliams (2000) wrote at the same time that some tenants who had lived for 20 years in the same building were given 60 days notice to move out.

4. London’s future plans

London’s bid to host the 2012 Games was successful partly because of its legacy plans for the Games site area, yet the new Mayor Boris Johnson, has quoted in the UK press that London’s chances of long-term legacy planning have already been lost because of time wasting (Kelso, 2009) This is despite the appointment of Tom Russell to be the Head of Legacy planning bringing his experience from Manchester 2002 where he was the Chief Executive of the New East Manchester Regeneration Company. In London, the original bid documentation predicted that up to 40% of the
available accommodation would be for key workers, however, the management and control of this availability, considering the ever increasing costs of the infrastructure, will require the organisers to recognise the opportunity to realise much needed funds from the sale of all the properties, particularly when the proposed developers are having problems raising the money required from the banks.

Theoretical underpinning

Stakeholder theory has now evolved into recognizing community as a stakeholder. Altman (2000) writes extensively about ‘community as stakeholder’ and how community stakeholder management is increasingly important in relation to corporate social responsibility (CSR), yet it offers no solution to conflicts that arise in the management of stakeholders. Many companies now ‘invest’ time and resources back into their local communities, often being encouraged to do so by local planning authorities. The problem comes with trying to identify who the community is. In business, managers are usually clear who their stakeholders are (Mitchell et al, 1997; Altman, 2000; Freeman et al, 2004) and therefore about how they want to do business. In the case of this research topic, The International Olympic Association (IOC), being the ‘lead’ manager of the project, operate strict control and guidance about how the ‘managers’ (London Organizing Committee for the Olympic Games and the Olympic Delivery Authority) are to operationalize the Games. This is done through the delivery of the infrastructure to the actual physical Games themselves, all contained within the IOC’s strict guidelines, agreed to at the time of winning the bid. Gibson
(2000) argues that having a moral rationale, as much as an economic one, should be treated equally and therefore any ‘harm’ that could be done to communities whether financial or not should be treated equally. In times of credit crisis, this stipulation of moral duty as opposed to economic prudence should take primacy.

The role of the local community may be problematic. They are often more concerned about the impacts the hosting will have on their community than the staging of the Games themselves (Hall, 1997). Therefore, according to Mitchell et al, (1997) Freeman et al (2004); and Parsons, (2008) the extent to which the local community are ‘true’ stakeholders requires examination. However, the IOC passes this responsibility on to the local organising committees and central government, thus avoiding the issues themselves. This research recognises that within stakeholder theory the primacy is in creating value for the stakeholders involved yet Sundaram and Inkpen (2004) criticise the basic theory because of what they believe to be the inability of satisfactory conflict resolution. This arises when management are unable to work out how to treat all the different parties involved and fail to recognise the number of stakeholders involved.

For an Olympic bid to be successful, Cashman (2006) argues that the host community and key interest groups must be involved from the very beginning as the bid is prepared and therefore acknowledged as being stakeholders. This consultation should continue even into the post games legacy period through recognizing the stakeholders involved at all stages and thus becoming contingent to the successful planning. Whilst the politics of the ruling government and the politics of the organizing committee may
see several changes of personnel, some continuity must exist in key personnel to ensure effective management of the legacy. The mix of stakes and the political complexities of awarding contracts and sponsorships can be volatile if not managed with all the interests of the collaborating parties and stakeholders considered. Total compatibility may never be achieved as the diverging interests of the stakeholders may be too complex, yet solutions to moving towards greater compatibility for the community as stakeholders are possible.

It is evident from the literature review that the soft, social impact legacies seen from previous Games’ research, especially in relation to housing issues, vary greatly and are not always positive. What is not clear at this stage is how London and The Olympic Delivery Authority (ODA) with the task and responsibility of organising the London 2012 Games, can make the long-term legacy impacts for the local residents positive through the development of a new town the size of Exeter once the Games have finished, planning through globally stringent times.

In relation to the health of the area, Hackney, Newham, Waltham Forest and Tower Hamlets have below average self-reported good health and that the infant mortality rates for 1996-2001 are significantly higher especially in Tower Hamlets (ODA, 2006). In addition to the health issues, the area is also severely environmentally degraded and in need of more housing stock, especially good quality social housing. The hosting of the Olympics may not solve the underlying social problems of the area but true ‘regeneration’ plans could be leveraged to channel investments into areas that could possibly improve these figures (Games Monitor, 2007). Within the £9bn
budget, £2bn is for the preparation of the site and facilities, £2bn for the running of the Games leaving the remaining £5bn earmarked for the regeneration project showing the enormity of the project ahead and that for every £1 spent, 75p is for legacy (ODA, 2006). David Higgins, the Chief Executive of the Olympic Delivery Authority, has argued strongly that the ODA approach to regeneration must include a responsible approach to the Lower Lea Valley that goes beyond just the building of the Olympic facilities and to include long-term legacy planning, especially in calling for more co-ordination between the ODA and the governmental departments intending to invest in the area. Whether this will be possible when investments are not forthcoming could seriously affect these plans. The Olympics Minister, Tessa Jowell M.P. however reiterated the importance of distinguishing between those commitments needed to satisfy the IOC in the building of the Olympic Park and those costs associated with the regeneration planning, the responsibility of the Department of Communities and Local Government.

“The task ahead for London is to embed the preparation for the hosting of the Games into a broader social policy agenda from the outset. Delivering social legacies are people based issues not facilities” (London Bid Document, p xi)

In London, the Games can generate opportunities for new investments in jobs and other soft infrastructure whilst at the same time physically transforming the landscape. Yet with funding from the private sector scarce, the government have to pledge ever increasing amounts to ensure
the infrastructure is in place. The importance of embedding a wide range of projects in the delivery of a sound social legacy can be the impetus to radically develop one of the most disadvantaged urban areas in Europe, however most of these pledges and projections were made before the present economic climate developed. However, critics (Lenskyj, 2002; Olds, 1998; Ball and Greene, 1997; Brent Ritchie and Hall, 1999) would argue that the benefits from these mega-event associated projects are not so straight-forward, as these developments can increase social inequalities through greater than before costs of living, and not necessarily improving the lifestyles of the most deprived members of the community; in some cases even moving them away from the area as seen in Barcelona (MacKay, 2000). Barcelona prices rose by 131% in the five years running up to 1992, compared to 83% across Spain as a whole over the same period - post Games (Kennett, interview 2007). Previous examples highlight the likelihood that house prices within the residual Olympic Village will follow the same pattern. The impact this will have on surrounding property is uncertain as much of it is occupied on a rental basis by immigrant populations. The other issue which will need to be addressed is the management of the ‘key worker’ properties to be included in the housing developments and how the social mix of owners and occupiers will work in practice as no other Games have had this type of mixed use housing. Barcelona did originally plan to include an element of social housing but it never transpired within the athletes’ village and was eventually built in another part of the city (interview, 2007) It is the organizers intention to turn the athletes’ village into 3,600 apartments, with up to 25% being affordable housing for key
workers (train drivers, nurses, police officers, teachers etc), yet this original projection of units has now been reduced to 2,700 (Mathiason, 2009).

Even though each Games is unique, there are already emerging patterns of soft legacy planning which is not always positive. London is beginning to lose the focus of positive long-term legacy development because of other constraints and pressures being placed on the organisers, particularly through the global financial downturn. The local communities as stakeholders need to ensure that the urban regeneration has long-lasting positive legacy impacts. This focus should not be lost; otherwise the post-Games legacy will be costly, not just in economic terms.

**Research design**

An interpretive phenomenological approach is being used in an attempt to unravel the meanings contained in the accounts through interpretive engagement with texts and transcripts as valuable archive material (Smith, 1997). The key informant interviews were undertaken with individuals who have roles as stakeholders within previous mega-events, ranging from managerial/organisational roles through government (national and local) positions to local community representatives and in particular with London present stakeholders, thus being purposive sampling. The choice of informant also allows for insight, knowledge and understanding of the key issues pertinent to this study. The research has an inductive theoretical perspective, where the methodology takes thematic analysis with the actual method undertaken being the in-depth semi-structured interviews. Such an approach permits the researcher to discover the inconsistencies,
contradictions and paradoxes that describe daily life and augment understanding of what has occurred, how it happened and why (Pettus, 2001).

**Data collection**

Holton (1973) applies a scientific approach to thematic analysis. This seeks commonalities and themes that emerge from the qualitative data but does not disregard themes that appear only once if they are important in relation to the initial aims and objectives of the study. The coding and identification of key themes emerging will highlight important areas of data needed to meet the objectives of the research.

**Initial findings**

- In Sydney, the local ‘community within the suburb of Auburn received no benefits or long-term positive impacts from the hosting of the Sydney 2000 Games. The community that benefited from the park, the housing and the new transport infrastructure are the new residents of the park who are professional, middle class city workers, thus allowing the ‘market’ to dictate the occupancy of the ex athlete village and gentrify the area. To avoid this happening in London, especially in view of the current financial climate, the contracts for social housing need to be confirmed as soon as possible and the exact percentages clarified.

- In Barcelona, the hosting of the 1992 Games also resulted in property prices rising by almost 131% in and around the former athletes village with the ‘knock-on’ being felt throughout the whole city. The community who could afford to live in the ex athletes village were
also different to the previous community who lived in the area through the price increase factor, again showing gentrification.

- The findings point to the community referred to before the Games and the community referred to after the Games as not being the same, with an element of social cleansing being seen in both Sydney and Barcelona as neither venue reserved any housing for key workers or planned mix use housing. Rather the market was allowed to dictate the occupancy. London needs to clarify the occupancy mix of the athletes accommodation post-Games as soon as possible. There is always the opportunity to sell on all ex-athletes accommodation at market prices and then build additional units elsewhere in the park particularly designed for key worker accommodation from the outset, thus maximising return on investment.

- In both Barcelona and Sydney, income was lost to local government where the village was constructed, with light industrial businesses being relocated with no compensation being given. This applies to some of the 5 London boroughs where businesses have been relocated and lost rateable income placing additional strains on local government budgets in times of financial crisis.

- The facilities developed for the ‘community’ within the Park are priced for the ‘new’ residents who now occupy the former athletes’ village. These new residents have higher disposable incomes than the ‘original’ local residents and therefore supporting services are priced accordingly. London must develop ‘mixed’ open spaces as much as mixed use housing. The use of open spaces is one plea from local
residents who believe that ‘communities of place’ form themselves and true social mixing can only happen in open spaces successfully.

Conclusions

The consequences of the credit crisis have resulted in headlines in the UK:

- Hosting the Olympics is a costly business that exposes a city’s seamy side
- The Lithuanian worker being paid just £50 a day to build our Olympics… and 2012 chiefs are even trying to claim he’s a ‘local’
- Gypsies evicted from Olympics site to be re-housed… in six homes costing taxpayer £2million
- London 2012 Games failing to reach promises
- Olympic Master Plan would help regenerate east London but fails to ease money worries

At the time of writing the chosen preferred developer for the Olympic village, Australian firm Lend Lease, has still not secured funding for the development of the village. The UK Government gave them another three months to raise bank finance (until beginning March 2009) to secure the funding. Already the village has reduced in size thus denying many people the chance of gaining affordable housing post the games with only 2,700 units now being built. Plans for the legacy use of the main 2012 stadium have deviated considerably from the original plans included in the Singapore bid of 2005 with the promise to have an athletics stadium post the Games is still not clear at the time of writing. This is because the stadium will be built to host 80,000 in Games mode but to be viable for an athletics venue it will be down scaled to hold 25,000. This is deemed by many including London’s Mayor to be a waste of money and so the option to try and sell on to a football club has not been discounted, although it would appear unlikely. This will however depend on the insistence of the running track being left around the pitch, a feature no football club is keen to entertain
as football fans traditionally like to be as close to the action on the pitch as possible. Boris Johnson has quoted that the Games were won in times of economic plenty and that the down turn in the market and recession has necessitated a review of what in the long term is most viable.

For true regeneration to be possible for London, not only do the property prices/rental conditions need to be controlled to keep the locals living in situ, but more importantly they need to have shared open space and this is something totally achievable by the Olympic planners as a much cheaper option. The need ensure every piece of infrastructure has a post event legacy and community access to these facilities is perhaps not as important as what will happen to all the open space being created. If would appear from the interviews undertaken that this is a central theme from residents, through to planners to council officials to urban planners.

In conclusion, the global credit crisis may be having an effect on the development of the physical infrastructure, but for true regeneration to take place in the area of the Olympic Park, the use of shared open space will provide the mix of communities that regeneration needs to thrive. Letting the market dictate the housing occupancy will follow previous Games outcomes and result in gentrification of the area for higher social classes. The true locals will then be forced to move to other areas and a slow creep of the gentrified areas will radiate out form the park. London’s bid documentation always stated the ‘regeneration; of the area for the local people and this should, for true regeneration, be the communities remaining the same now, 2012 and post the Games.
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