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Inadequacies of heritage protection regulations in an era of shrinking communities: a case study of Valga, Estonia

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ABSTRACT
Valga is a small shrinking town in Estonia where the heritage conservation area acts as the business, administrative and cultural centre of the town. Compared to the overall socio-economic situation of the town, the heritage conservation area suffers due to substantially faster depopulation and higher vacancy rates. Revitalization of the urban centre is a key part of the small town’s strategy. This paper addresses the question: In an area of urban shrinkage, what role does heritage protection play in revitalization of a town centre? Drawing on a qualitative case study of the Valga heritage conservation area, the findings show that the current heritage protection system does not support revitalization efforts. There is a need to develop a new set of heritage conservation rules for shrinking cities and to adapt the current heritage conservation system to urban shrinkage. The paper further proposes some possible aspects of such system adaptation.

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Introduction

Valga is a small shrinking town in Estonia where the heritage conservation area plays the role of the town centre. Shrinking towns suffer from population loss and economic contraction resulting in high vacancy, property abandonment, overbuilt infrastructure and fiscal distress (Ryberg-Webster, 2016). In Valga, underused and vacant buildings are concentrated in the town centre. Planners underline the importance of revitalization of a town centre in strategies to cope with shrinkage (Leetmaa, Kriszan, Nuga, & Burdack, 2015; Prada-Trigo, 2014; Sánchez-Moral, Méndez, & Prada-Trigo, 2015; Wiechmann & Bontje, 2015; Wiechmann & Pallagst, 2012). The declared goal of the heritage conservation area is the maintenance and preservation of structures that are located within it (Riigikogu, 2002). Thus, the overarching research question for this study is: In an area of urban shrinkage, what role does heritage protection play in revitalizing a town centre? This paper seeks to answer two questions: (1) What barriers does the Estonian heritage conservation system pose in revitalizing a city centre in a shrinking town? (2) How can the Estonian heritage conservation system adapt to shrinking communities?
This paper uses Valga, a small European city, as a case study to examine the complexity of heritage protection within shrinking cities. Valga is a strategic case due to its:

- town centre designated as the heritage conservation area;
- decades-long struggle with population loss, property disinvestment and vacancy;
- town reputation as an example of shrinkage within Estonia;
- on-going Comprehensive Planning process that aims to adapt urban space to a shrinking population (first Comprehensive Plan in Estonia with such goal).

Corresponding author of the article has assisted the local government in Valga since 2013 as an urban space specialist. He has been actively involved in various aspects of local planning such as property inventory, comprehensive planning, the Special Conditions for Heritage Conservation survey etc. Field observation, interviews and knowledge of local planning policy gained during the period facilitated a deeper understanding of the town’s built environment, historic resources and property conditions.

This paper briefly sets the context of urban shrinkage and heritage protection in Estonia and then gives a deeper overview of the drivers and consequences of urban shrinkage in Valga with a focus on the town centre. A set of applicable lessons and recommendations for adapting heritage conservation system in shrinking communities is then drawn from the example of Valga.

**Causes and consequences of urban shrinkage**

The phenomenon of shrinking cities has been examined by scholars from different points of views. Researchers investigate urban shrinkage for its economic (Bogataj, McDonnell, & Bogataj, 2016) and social (Großmann, Arndt, Haase, Rink, & Steinführer, 2015; Hollander & Németh, 2011; Ročak, Hospers, & Reverda, 2016) aspects, impacts of shrinking population on land use (Deng & Ma, 2015; Kroll & Haase, 2010), and the challenges of urban governance of shrinking cities (Rhodes & Russo, 2013; Wiechmann, 2008). The concept of urban shrinkage was firstly described among scholars in the USA and Western Europe, and only during recent years post-communist and post-soviet countries of Eastern Europe have started to study the impacts (Leetmaa et al., 2015; Pužulis & Kule, 2016; Stryjakiewicz & Jaroszewska, 2016). Although research focuses mostly on the problems of larger cities, some articles on shrinking small cities and rural areas have recently occurred (Leetmaa et al., 2015; Pužulis & Kule, 2016; Wirth, Elis, Müller, & Yamamoto, 2016). Though, there is no singular definition of shrinking cities, the term ‘shrinking city’ is mainly used for a city which is losing its population and also losing its economic importance (Bernt, 2016; Kotilainen, Eisto, & Vatanen, 2015; Martinez-Fernandez, Audirac, Fol, & Cunningham-Sabot, 2012; Reckien & Martinez-Fernandez, 2011; Sousa & Pinho, 2015; Wiechmann & Bontje, 2015).

Existing research documents the drivers of shrinkage such as economic decline with job losses and out-migration, suburbanisation and natural population decline (Großmann et al., 2015; Haase, Bernt, Großmann, Mykhnenko, & Rink, 2016; Martinez-Fernandez et al., 2012; Reckien & Martinez-Fernandez, 2011). Wiechmann and Pallagst (2012) specify shrinkage in Eastern Europe to be the result of a combination of post-socialist and post-Fordist transformation including deindustrialization, suburbanization, post-
Soviet re-composition and demographics factors. The main factors causing the depopulation of small towns in the Baltic region is the concentration of population and economic activity in the capitals of the states (Pužulis & Kūle, 2016; Tintěra, Ruus, Tohvri, & Kotval, 2014). Urban shrinkage results in falling property values, over-dimensioned and under-used infrastructure, social problems, out-migration, and waning social life and public spaces (Sousa & Pinho, 2015). Two of the most prominent symptoms of shrinkage are housing vacancies and urban brownfields (Haase et al., 2016; Wiechmann & Pallagst, 2012).

The overcapacity of houses and the outdated state of maintenance cause the decrease of real estate values (Bernt, Colini, & Förste, 2017; Elzerman & Bontje, 2015). The private sector is not interested in investing in renovating properties or building new apartment buildings. The result is the predominantly low quality of residential premises and the lack of quality apartments. When the quality of life in an apartment building continues deteriorating, those who can do so move out. Apartment owners with the lowest income remain in the building, but they cannot afford to pay for maintenance and the building becomes uninhabitable (Prada-Trigo, 2014).

As Sousa and Pinho (2015) point out, shrinkage has also psychological consequences on citizens represented by hopelessness, lack of motivation and sadness. The greatest capital of any city is its residents. The psychological link between citizens and their place of residence has a significant effect on their activity in their communities. The place attachment of citizens is affected by the residential attractiveness of the area (Miot, 2015; Reckien & Martinez-Fernandez, 2011). Shrinkage leads to housing vacancies and urban brownfields. An urban space with abandoned and underused buildings has a negative effect on the attitude of residents towards their home (Wiechmann & Bontje, 2015). They may lose pride and place loyalty in their city and this in turn leads to a lack of initiative to improve their city (Reckien & Martinez-Fernandez, 2011). This results in a meagre number of small enterprises – cafés, hairdressers, small shops (Miot, 2015). Competing with the passivity of locals, caused by the poor image of shrinking neighbourhood, is essential for the development of the city (Schenkel, 2015).

To strengthen the above described psychological link between the citizens and their place of residence, the quality of public space in the city centre is very important. The chance to walk around in an attractive city centre with guests or business partners, to sit in a café or visit galleries is important for local residents. It increases pride in their hometown and bolsters hope for the future. Despite requiring significant resources, investing in urban space within city centres with a positive agenda is one of the easiest ways to improve the development of a shrinking city (Leetmaa et al., 2015; Sánchez-Moral et al., 2015; Wiechmann & Pallagst, 2012).

For planning professionals, there is a clear need for a paradigm shift from traditional urban planning orientated towards growth to planning for shrinkage (Martinez-Fernandez et al., 2012). Shrinking is a natural part of urban development (Sousa & Pinho, 2015). Residential and job growth is no longer seen as indispensable for urban areas to be economically efficient (Wiechmann & Bontje, 2015). The goal of planning should be a smaller, but nevertheless a viable city (Kotilainen et al., 2015). Those rightsizing strategies require demolitions. Improvement to residential attractiveness can be achieved by physical intervention in urban space through housing demolitions and quality renovation (Camarda, Rotondo, & Selicato, 2015; Hackworth, 2016; Miot, 2015). Professionals see
demolitions as a way to stabilize the value of properties by the reduction of housing over-supply (Mallach, 2011). For these reasons demolition policy is actually a prevalent discourse among policy makers for the neighbourhoods of shrinking cities mainly in the USA (Hackworth, 2016). However, some researchers oppose this policy (Hackworth, 2016; Rosenman & Walker, 2016). Hackworth (2016) argues that demolition itself, without some other form of intervention, is not able to revive the neighbourhood; that demolition is a signal that the area has been left for dead, which may actually accelerate the process of disinvestment, and that connection between physical deterioration and social disorder can be overestimated. But those arguments do not mean that demolitions do not need to remain as one tool of physical intervention in the urban space of shrinking cities.

Heritage protection and urban shrinkage

Shrinking cities pose particularly interesting challenge to heritage preservation. On one hand the importance of heritage protection in the revitalization of urban space in shrinking cities is largely recognized. Historic buildings, if renovated, help to improve the spatial attractiveness of the neighbourhood (Reckien & Martinez-Fernandez, 2011) and building heritage can play a role in city centre revitalization (Wiechmann & Pallagst, 2012). Historic buildings carry a memory of the place and as such help to strengthen community identity (Ryberg-Webster, 2016). The rehabilitation of the historic centre helps to promote the entire city as a venue for tourists and investors (Sánchez-Moral et al., 2015). On the other hand, preservation policy needs to adapt to the market realities in shrinking cities. Historic preservation is an internal component of a larger system and must align its aims with those of this larger system. Preservation needs to balance the past with the economic needs of contemporary society (Newman & Saginor, 2014). Till now preservation research has been largely disconnected from the dominant urban policy and it has offered minimal guidance for communities where vacancy, abandonment, and property deterioration pose the greatest threat (Ryberg-Webster, 2016).

Mallach (2011) calls for balance between demolition and preservation. In a context of large oversupply of houses in shrinking cities, a building can be preserved only if there is an appropriate use. A lack of market demand discourages the private sector from investing in historic buildings as the cost of restoration exceeds the post-restoration market value of the property. This means that many historical buildings will never find a buyer and remain empty and deteriorating. The aesthetic quality of a building must be weighed against the effect that a vacant building has on its neighbourhood (Mallach, 2011). Vacant buildings have a negative social and economic impact on its surrounding. People are less likely to move into a building close to a deteriorated building or invest in small entrepreneurial activity that could positively influence real estate values (Hackworth, 2016). The core value to be protected is the urban community as a living entity (Mallach, 2011).

Ryberg-Webster and Kinahan (2017) describe the influence of federal historic rehabilitation tax credit on historic preservation in the USA. Historical buildings can apply for tax credit for revitalization if it is listed in the National Register of Historic Place. Such incentives as tax credit for revitalization do have power to help overcome the condition of distress. But historical designation comes with special requirements for the rehabilitation of the building, which mean higher costs for design and construction works which in
return work against the goal to restore the building or even to keep it in use. We need to develop strategies for areas where market values preclude costly renovations (Ryberg-Webster, 2016).

Low value of properties in combination with restriction for the conservation of structures under heritage protection often leads to a situation when a lot of properties are disregarded by their owners to the point where the property suffers damage, collapse and need to be torn down. Newman and Saginor (2014) call such process ‘Demolition by neglect’ and define it as the destruction of a heritage through abandonment or lack of maintenance. Local governments can use different economic incentives, legal penalties, and land use policies to prevent demolition by neglect. Financial incentives are one of the most successful means of counteracting demolition by neglect but underfunding forces to focus on only the most important structures of historic significance. Legal penalties for allowing the process to continue tend to be heavily reactive to structures already succumbing to neglect. Other available tools such as land use policies including incentive zoning, transfer of development rights, design review and interim zoning suit the cities with growing population and remaining development potential (Newman & Saginor, 2014).

There is a dearth of scholarly research focused on preservation in shrinking cities and the existing research focuses mainly on the situation in the USA (Mallach, 2011; Ryberg-Webster, 2016; Ryberg-Webster & Kinahan, 2017). Shrinkage is a universal phenomenon with local specification. The consequences of shrinkage depend on the actual institutional settings and market conditions in a particular location. Bernt et al. (2017) demonstrate how different outcomes of depopulation on housing stock can be in the US and the UK where owner-occupation, high mortgage debt, and liberalized markets are a norm in comparison with Germany where rental sector has a high share within housing market. Scholarly research reacts to such different realities. German contributions often tend to focus largely on vacant housing, the US on poverty, segregation and crime (Bernt, 2016). Similarly to housing sector, the institutional setting of historic preservations in Europe is different from North America. In the US, most historical structures are assessed primarily according to their aesthetic nature and ability to look as they did at a particular time historically. The approach of American preservationists differs from European heritage management by remaining primarily locally regulated, while many European cities practise an area-based approach (Newman & Saginor, 2014). Different institutional settings and market conditions limit the applicability of North American heritage protection tools in Europe. This paper uses Valga as an example to examine the role of heritage protection within the revitalization of shrinking cities in European, and more precisely post-Soviet, context.

Heritage conservation in Estonia

Estonia is among the EU countries whose population is decreasing due to migration and low birth rates. The general speed of population decrease in Estonia is comparable to other Eastern European countries; however, the decline is somewhat slower compared to the other Baltic states. Estonian population is moving to the three biggest cities (Tallinn, Tartu, Pärnu) and from there to their neighbouring municipalities (Figure 1). Communities in other regions are shrinking at a varying pace, depending on their size and
location. Smaller communities which are further away from the Estonian capital Tallinn are likely to shrink more quickly than the average (Tintëra et al., 2014).

Heritage conservation in Estonia is regulated by The Heritage Conservation Act. This Act regulates the rights and obligations of state and local government authorities, and the owners of cultural monuments for the preservation of monuments and heritage conservation areas. A cultural monument is structure(s) ‘under state protection which is of historical, archaeological, ethnographic, urban developmental, architectural, artistic or scientific value’ (Riigikogu, 2002). Heritage conservation areas are defined as historical settlements ‘of cultural value which have developed under the joint influence of natural phenomena and human activities’. A heritage conservation area may include ‘immovable monuments, which together with the site, natural features, the street network, blocks of houses and arrangement of plots, constitute a culturally valuable whole’ (Riigikogu, 2002). The state supervision over monuments and heritage conservation areas is exercised by the National Heritage Board.

Building classification as cultural monuments or building location within the conservation area restricts building conservation and restoration. Monuments or structures located within heritage conservation areas may only be conserved, restored or constructed on the basis of a conservation, restoration and construction plan which adheres to the special conditions for heritage conservation. Both, plan and special conditions need to be developed by a licenced specialist. A licenced specialist has to exercise conservation supervision over the constructional work and in the case of a monument provide the constructional work (Riigikogu, 2002). It means that restrictions for structures located within heritage conservation areas differ from restrictions for monuments only by not having licence requirements for building companies. The National Heritage Board issues conservation

activity licences. The National Heritage Board is also the institution which approves permits for conservation, restoration or construction within Heritage conservation areas issued by a local government. The decisions of the Heritage Board supersede the decisions of a local government.

The Heritage Conservation Act gives the owner of a monument or structure located on heritage conservation area the right to apply for support from the state budget to maintain, conserve or restore the building (Riigikogu, 2002). In practice, only investments in monuments are supported and total yearly amount of such incentives allocated from the state budget is really limited. 641,197 euros were distributed between 73 monuments with the average subvention under 9,000 euros in 2017 (the National Heritage Board, 2017a). There are more than 6,000 monuments in Estonia. It is unlikely for an owner to get incentives for their monument and even if they succeed, the allocated support is insufficient. Even the price of compulsory preparative works for the restoration of a monument (special conditions and restoration plan) generally exceeds the average subvention sum. Buildings located on a heritage conservation area are not, due to underfunding, supported at all.

The demolition of a historical building in a heritage conservation area is impermissible if the building can be preserved. The Heritage Conservation Act states directly in its introduction that ‘is prohibited to destroy or damage monuments’ (Riigikogu, 2002) and there are no rules on how to proceed with the demolition of a historical building within a heritage conservation area. In fact, the Act does not include the word ‘demolition’ at all. Demolition is a subgroup of constructional works and is subjected to the same rules. A building can be demolished only if the special conditions for heritage conservation have not detected it as a valuable building. The only legal way to remove a structure with cultural value within a conservation area is to wait till a structure becomes a ruin. The removal of a wreckage is allowed.

There are 12 heritage conservation areas in Estonia. One of them is rural heritage conservation area and three lie in the Estonian biggest cities (Tallinn, Tartu and Pärnu). The other eight areas are inside towns with less than 18,000 inhabitants. All those towns are losing population with decreases between 10.7% and 15.8% from the census in 2000 to the census in 2011 (Statistics Estonia, 2013). It means that two-third of heritage conservation areas in Estonia are located within small shrinking towns. Valga with its size of population and pace of shrinkage is a typical representative among them.

Case study of Valga, Estonia

Valga is located on Estonian-Latvian border and forms a twin town with Latvian Valka. Valga and Valka descend from the town of Walk which was divided between Estonia and Latvia when both countries got independence from the Russian empire in 1917. Valga is situated 267 kilometres from Tallinn and with its 12,452 residents (Statistics Estonia, 2017b) the town places 12th out of a total of 47 Estonian cites. Valka has 4,718 inhabitants.

Historically, Valga has experienced two periods of rapid growth, while at other times it has lost its population (Figure 2). The connection of the town to the rail network of the Russian Empire in 1889 caused explosive development of industry in the last decade of the nineteenth century and the first decade of the twentieth century. During this first
period of growth the population increased from 2,473 people in 1867 to 14,179 people in 1919 (Tammekann, Luha, & Kant, 1932). The town was split in two when Estonia and Latvia regained their independence in 1918, and exports to Russia decreased considerably. After World War I the town continued to grow as a result of the increase in its administrative territory and continuing urbanization, but this trend turned during the Great Depression. Then the population decreased from 14,746 in 1929 to 10,842 in 1934 (Tammekann et al., 1932) and continued to decrease until World War II. As a result of the war, Estonia lost its independence and was incorporated into the Soviet Union. The town started to grow again in the 1960s and 1970s. Valga became once again an important industrial town due to the opening of the Soviet market and a military base was established there. Both of these activities had a significant impact on the population growth: from 13,354 people in 1959, to 18,474 in 1979 (Statistics Estonia, 2017a). After Estonia regained its independence in 1991, the Soviet army left Valga and the town’s industry collapsed. The town’s population decreased by 3,172 people between 1989 and 2000 as a result of these changes, and the population has continued to decline at a similar pace as in other towns in the region. The Population and Housing Censuses issued in 2000 and 2011 Valga showed a 14.4% loss of population (Statistics Estonia, 2013).

Wiechmann and Pallagst (2012) suggest deindustrialization, suburbanization, post-Soviet re-composition and demographics factors as the main drivers of shrinkage in Eastern Europe. The example of Valga confirms their observation. From five major factories operating in Valga at the end of the Soviet era – industrial bakery, textile factory, machinery plant repairing railway wagons, furniture plant and meat factory, only the last two succeeded to adapt to new free-market realities in independent Estonia. Economic decline with job losses caused out-migration, mainly to Tallinn or abroad. During the 90s Valga similarly to the whole state went through the period of low natality which caused natural population decline. Only suburbanization is hard to observe in Valga as there has never been significant real estate development since the collapse of the Soviet Union.
Valga heritage conservation area

Valga heritage conservation area was declared in 1995 with the objective to preserve the town centre as an urban whole as it had developed historically till the 1940s. The conservation area covers the town centre with an area of 22.7ha and 137 plots. Kesk (Central) street, which is the Valga business, administrative and cultural centre of the town, is located within the conservation area (Figure 3).

There are 119 buildings in the centre of Valga within the Heritage Conservation Area (Figure 4). The oldest buildings date from the second half of the eighteenth century and most of the structures were built-up after the town connection to the railway network in 1889. Therefore, 24% of the preserved buildings date from the second half of the nineteenth century and 50% from the twentieth century before the Second World War period. 16% of the existing buildings were built during the Soviet occupation (1944–1991), and then only 6 buildings (5%) were added later (Kooskora, 2016). 48% of edifices are residential buildings, mainly apartment buildings. The city centre of Valga has an important public and commercial function. Stores, cafés, hotels and other commercial buildings account for 22% of the existing buildings, 9% represents local government, educational and cultural buildings. 24 of 119 buildings within the conservation area are classified as cultural monuments (Kooskora, 2016).

There were 735 inhabitants living within the heritage conservation area according the Population and Housing Census from 2011 while 932 inhabitants were enumerated in year 2000, which contributes to 21.1% population decrease. The number of apartments decreased from 548 in 2000 to 502 in 2011 and their occupancy rate from 82.1% in 2000 to 78.3% in 2011. 96% of all apartments were private-owned in 2011 (Statistics Estonia, 2013). The pace of population shrinkage within the heritage conservation area (21.1%) is substantially faster than the decrease of the town population during the same period (14.4%). Despite the fact that the demolition of a historical building in a heritage

Figure 3. The location of heritage conservation area within Valga – Valka.
conservation area is impermissible, a decrease in the number of apartments was detected during the period. It means that apartment buildings had turned to be uninhabitable and were removed, so they have gone through the process of ‘demolition by neglect’ as described previously. This demonstrates that heritage preservation in Valga is not able to fulfil its intention. This corresponds with Newman and Saginor (2014) observation from the US that neglect is the most difficult situation to solve for preservation institutions, as they have no authority to protect designated structures from demolition by neglect.

Urban regeneration policy of Valga town government

Valga town authorities have formulated an urban regeneration policy for the shrinking city attempting to adapt it to the needs and expectations of its current 12,500 residents. The regeneration policy of local government includes the development of the new Comprehensive Plan, housing demolitions, investment in restoration of monuments and in urban space in the city centre.

A New Comprehensive Plan for Valga territory is developed taking into account the declining population. It aims to adapt Valga urban space into a compact, high-quality environment, with an emphasis on the revitalization of the city centre, renovation of residential buildings and brownfields redevelopment. The development of the city would be directed towards a denser and more concentrated urban area (Valga town government, 2016). The plan is currently the only Comprehensive Plan in Estonia that aims to adapt urban space to a shrinking population.

The physical size of the town still corresponds to the needs of the population from 30 years ago but the number of citizens has actually decreased by a third. This leads to building underuse and vacancy. One of the first tasks of creating a Comprehensive Plan was to
undertake a detailed land use inventory. For each of the 3,038 plots in Valga, their actual use and/or vacancy was visually determined. The type of use was determined for each vacant plot:

- greenfield: previously not developed land designated for development in the Comprehensive Plan;
- underused area: previously developed mostly industrial land from where structures have been removed;
- gap: solitary un-built land in compact residential areas;
- brownfield: land with vacant or underused structures.

The results of the land use inventory (Figure 5) conducted by the town government to get an overview of the extent of vacancy show that 2,226 (80%) from 2,781 usable plots are in use. Since the area of vacant or underused plot is on average bigger than the area of plot in use, only 72% of the usable area within the town territory is currently in use. 45 of the 379 apartment buildings in Valga have been completely abandoned, and 34 are less than half-occupied. From 206 buildings with commercial purpose, 42 are empty and 22 underused, from 128 industrial buildings 19 and 9 respectively. Similarly, the Land Use Inventory of the plots within the heritage conservation area shows that the majority (127 of 137) of sites are built-up. The remaining ten sites were previously developed but the structures were not preserved. From all 137 sites within the heritage conservation area 88 (64%) sites are in use, others are underused or abandoned. In case of sites within the conservation area with a cultural monument on the site even fewer are in use (14 out of 24, or 58%). Compared to the 80% rate of the sites in use for the entire territory of Valga, both numbers (64% and 58%) are substantially smaller.

The vacant or underused apartment buildings are mostly two-storey wooden buildings, usually without central heating, bathrooms or sewerage. This type of wooden apartment

Figure 5. Land use inventory in Valga.
buildings represents key building type from the first period of growth of Valga town. They can be found in various neighbourhoods but most of them are located in the heritage protection area in the centre of the town and as such their vacancy is more apparent than the vacancy of other types of structures. The occupancy rate of four- and five-storey brick or panel apartment buildings dating from the second period of growth is higher due to better living standard they offer.

A larger share of unused residential premises on the market lowers the value of property. The average price of an apartment sold in 2016 in the town of Valga was less than 150 euros per square metre in contrast with average price for whole Estonia exceeding 1000 euros (Statistics Estonia, 2017c). The apartments in two-storey wooden buildings described above are generally sold at auction by law enforcement officer for a few hundred euros per flat. Low price does not allow owners to sell their properties or use them as collateral for loan agreements. The private sector is not interested in investing in renovating properties or building new apartment buildings. Only one apartment building has been erected since 1991 and residential premises are predominantly of low quality.

Due to the process of apartments privatization after the collapse of the Soviet Union the majority of housing is privately owned. In this fact, the Estonian situation differs from most similar situations in Western Europe (Großmann et al., 2015; Haase et al., 2016) and limits local government’s ability to act in case of vacancy. Valga town government is proceeding with housing demolitions in accordance with the living standards that the buildings offer. If the buildings are still partially occupied, Valga town government offers the existing residents either social housing or the opportunity to exchange their apartment for another in a more sustainable building. If a building is empty, the town government prepares a technical expert analysis of the building that declares it unsuitable to inhabit, withdraws the right of use from the building and orders a real estate value evaluation of the building. The value of an apartment without the right of use is zero and if the value of the plot does not exceed the demolition costs of the building, the value of the property becomes negative. The apartment owner is left with two options: they can gift their apartment to the town or participate proportionately in covering the demolition costs. Six apartment buildings have been demolished in Valga during the last three years. Only one of them within the Heritage Conservation area where the possibility of demolishment is strictly limited.

As the majority of the abandoned and underused houses in Valga are privately owned, public sector cannot directly invest in their renovation. However, the town government does own the public space between these buildings. Two large projects are currently underway in central Valga. The first creates a new intimate square on the brownfield area in the city centre between the three oldest streets of Valga. The second is linking Valga and Valka city centres with a pedestrian street between Jaani Church in Valga and Lugaži Church in Valka and creates a new central square of Valka town. The length of the new pedestrian street will be 650 m. The town government hope that if environment in the city centre becomes more attractive, the value of buildings in the city centre will increase.

A town centre full of abandoned and underused buildings affects the attitude of residents towards their home town; they may lose pride in their town and this in turn leads to a lack of initiative to improve its situation (Sousa & Pinho, 2015). As part of the Comprehensive Plan, a survey for the Special Conditions for Heritage Conservation
was conducted by Valga town government in 2016 to investigate the attitudes of inhabitants of Valga town centre. The questionnaire included 43 questions where responders were asked to specify their level of agreement or disagreement on a symmetric agree-disagree scale for a series of statements. A space for comments was provided for each answer. The printed questionnaires were distributed to all 502 residential post boxes within the Valga heritage protection area. The participation rate of the survey was low (38 respondents, 7.6% response rate). Since completed questionnaires were returned mostly by older people, an additional 8 students of the Valga secondary school living in the town centre were later asked to fill the questionnaires to get the opinion of a different age group. This cohort increased the response to 46 completed questionnaires.

Despite low participation rate to the survey, which may be explained partly due to citizen’s lethargic attitude caused by disinvestment (Sousa & Pinho, 2015), some general observation can be drawn from the survey. Most of the respondents live in an apartment constructed during the Soviet period (52%), own their apartment (74%) and they are long-term residents of the town centre (average time of residence is 21 years). The preservation of historic buildings in the centre is important for 66% of them and historical environment for 58% of them. Half of the respondents plan to stay within the town centre in the future and the main motive for moving away for the second half of the respondents would be economical or professional reasons. 43% of all the respondents feel forced to leave due to the presence of derelict buildings and 37% due to the presence of inhabitants with social problems within the neighbourhood. The respondents (87% of them) are interested in the future of the town centre. They (73% of them) are in favour of new house construction on the vacant plots and more than half of them (56%) believe that historical buildings could be replaced by modern ones. An equal amount of the respondents (37%) generally wish and do not wish to renovate their homes. Those who wish to do so feel limited more by their economic situation than by the restrictions of Heritage Conservation. The respondents (80%) prefer to preserve the fabric of Valga’s town centre, and most of them (72%) believe that developments should be faster.

The results of the survey confirm the theoretical finding of the research on urban shrinkage. The spatial attractiveness of the town centre (Miot, 2015; Reckien & Martinez-Fernandez, 2011) is important for its residents. An urban space with abandoned and underused buildings has a negative effect on the attitude of residents towards their home (Wiechmann & Bontje, 2015). For the residents the town centre is more important as a venue for commercial activities and tourism (Sánchez-Moral et al., 2015) than just as a heritage preservation area. The inhabitants of the centre of shrinking towns are in favour of investment in urban space (Wiechmann & Pallagst, 2012).

**Challenges to revitalization of Valga town centre**

Higher population decrease between Population and Housing Census in 2000 and 2011 within the Heritage Conservation Area in comparison with population decrease in the whole town is in correlation with the lower use of buildings in the centre. The lower use of buildings under heritage protection compared to not protected ones can be explained at least by two independent aspects.

Firstly, one of the reasons for a building to be listed in the state register of cultural monuments is its historical value. Similarly, to constitute a Heritage Conservation area
the presence of monuments and other structures with historical value within the area is important. This means that structures under heritage protection or within a Conservation Area are typically older than average structures in the town. Population shrinkage leads to disinvestment and in this context the age of a building negatively influences the quality of life and amenities inside the buildings. The quality of life is one of the important factors in deciding whether the building is in use or abandoned (Prada-Trigo, 2014). From this aspect, buildings in the town centre would presumably be vacant more frequently even if not protected because of their age and chronic disinvestment caused by shrinkage.

Secondly, one of the main reasons for vacancy is a market gap between the costs of restoration and the post-restoration market value of the property, which discourage the private sector to invest in historic buildings (Mallach, 2011). Preservation increases this gap even more as licenced works and special requirements for the rehabilitation of protected buildings raise the costs of design and construction works. From this aspect, preservation can be seen as an extra barrier impeding the reuse of a historic building.

As demonstrated previously, data from Population and Housing Census in 2000 and 2011 shows shrinking population within the heritage conservation area have decrease in both, the number of apartments and their occupancy rate during the period. As more detailed data available for the entire town territory demonstrates population shrinkage both before the year 2000 and after 2011, and there is no evidence that the development of the town centre should not copy the pattern the entire town, we can presume that the buildings vacancy in town centre has been rising since the declaration of the heritage conservation area in 1995.

The process can be demonstrated through the residential building at Kesk Street 20. This typical wooden apartment house in the heart of the town (Figure 6) had been losing inhabitants for a long time and insufficient maintenance degraded the quality of life in the building. The town government evicted the last residents in 2015 when the conditions in the building had become uninhabitable. As a result of the process of privatization from the 90s, each of the ten apartments had a different owner or multiple owners, and the majority of apartments were encumbered with debts and mortgages. The town government could not acquire the flats as such. The roof of the building at Kesk 20 was leaking and the condition of the building was deteriorating rapidly. The town government made all the preparations required for demolition as described previously and requested a permit from the National Heritage Board. After lengthy discussions the National Heritage Board refused to issue the permit for demolition in 2017. They argued that the building, despite its major reconstruction during the Soviet era, represents a valuable example of this type of residential structures in Valga and due to the location in the heart of the town it plays an important role in the urban pattern of the conservation area. From the technical point of view they found the building to be possible to preserve. The decision did not address neither the strategy how to force owners to invest in the reconstruction nor guidance for the local government how to eliminate the danger building represents to its surrounding (National Heritage Board, 2017b). The building remained standing at first, but the students’ parents from the music school next to the building started raising their voices in early September 2017 due to the unsafe structure. The police sent a memo asking for the building at Kesk 20 to be demolished, as they had repeatedly been called out to the building. Unfortunately, it is very difficult for local governments to justify the use of public funds for the renovation of a privately owned building,
especially for a building without use. The town government had two options: wait for the building to collapse or demolish it. On 22 September 2017 the town government implemented immediate substitutive enforcement without a precept for the demolition of a dangerous building and on the same day the structure was demolished.

Kesk 20 is not a singular case but represents the pattern how the Heritage Board has behaved in similar cases in Valga. As an example there was a local government application from 2017 to remove the derelict and dangerous apartment building on address Vabaduse 17a which resulted in an identically argued decision (National Heritage Board, 2017c). Property owners have mentioned identical experiences with their application to remove vacant structures within the conservation area during informal interviews. This corresponds with Newman and Saginor (2014) observation that preservationists in the US often overestimate the value of historical integrity and architectural significance over function.

Demolishing a building at the heart of a heritage conservation area is an extreme measure, which shows the difficult choices faced by the town government and the National Heritage Board in the centre of Valga. Existing heritage conservation system prohibits the National Heritage Board to permit the demolition of a structure with cultural value and does not offer sufficient tools to save it. The barriers of preservation here are not only limited financial resources of the National Heritage Board. Even if it were possible to allocate the support from the state budget, the owner of the building must apply for it. If there are multiple owners, who have already lost interest in their property, as in the case of Kesk 20, no one is prepared to apply. The town government, on the other hand, has many other functions and heritage conservation is only one of them. Safety, the attractiveness of urban

Figure 6. Kesk 20 apartment building before demolition.
space, citizens’ expectations, and rules for the use of public resources force local government to act, even if this means a conflict with the National Heritage Board.

**Need for adaptation of the Estonian heritage conservation system to shrinking communities**

If we are to plan the future of shrinking cities, we need to accept the phenomenon of shrinkage and to adapt city development to the effects of population decline (Elzerman & Bontje, 2015; Kotilainen et al., 2015; Wiechmann & Bontje, 2015). In the context of Valga, this means understanding that the population will never again reach the level of 30 years ago. Accepting shrinkage is the sticking point for many communities with a similar fate. In the case of Valga the town government has accepted the inevitable and stabilization efforts are being made. At the level of the National Heritage Board the situation seems to be different. The fact that the responsible authorities – the town government and the National Heritage Board – cannot actually control the decrease in population within the Valga’s heritage conservation area, is not apparently understood by the Board. The Heritage Board keeps trying to preserve all valuable structures within the Valga heritage conservation area, imposes regulations on building renovation, restoration and construction, and prevents demolitions. The same set of rules which works in growing cities is failing to preserve heritage in the shrinking town of Valga. Yet the Heritage Board is not allowed to behave differently – as a State institution, the Board needs to follow the Heritage Conservation Act and other laws. The situation of Valga’s town centre highlights the bottlenecks in the current heritage conservation system as a whole. We need to develop a new set of heritage conservation rules for shrinking cities and adapt the actual heritage conservation system to urban shrinkage.

**Realistic objective of preservation**

The statutes of the heritage conservation area of central Valga state that the objective of conservation is to preserve the town centre as an urban whole historically developed till the 1940s. As town centre had formed by the period of urban expansion after the town connected to the railway network, the objective of preserving the town’s structure as it was at that time seems too ambitious. We need to accept the population declines, the inadequate maintenance of infrastructure and a reduced need for housing within the town. There is a need to understand the most valuable features of Valga’s heritage conservation area and to focus conservation resources on those features.

**Acceptance of other town centre functions**

The town centre plays an important role as a venue for commercial activities, tourism and residents (Sánchez-Moral et al., 2015). Even if the town centre is declared as a heritage conservation area, one cannot solely concentrate on historic preservation as the main function of the centre. Heritage preservation needs to be weighed against other values of the area. This is difficult when the institutional authority of the National Heritage Board is over the local government authority. The National Heritage Board must understand the wider consequences of its decisions.
The statutes of the Valga heritage conservation area declare the need to preserve the liveability of the historical town centre to the maximum and for as long as possible, but no deeper meaning has been given to this statement. This is in accordance with Mallach (2011) findings that the core value to be protected is the urban community as a living entity. A town centre filled with vacant and derelict buildings worsens the citizens’ attitude towards the town and hinders future developments. In this case assessing the value of each building located in a heritage conservation area separately is not justified, and we must also consider the impact of the buildings on the entire area.

**A wider assessment of the value of buildings**

In the case of possible demolition of a structure only the historical and architectural values of the building and its importance in urban space is actually assessed. If such values are detected, the Building Heritage Board is not allowed to issue the demolition permit. The officials of the Board argue that we cannot foresee whether someone might want to save the building in the future. However, this argument seems inadequate in the context of a shrinking town. In addition to historical and architectural value, an assessment of whether the building is in use and what the likelihood is that the building would be reused before it collapses should be undertaken. The latter is significantly influenced by the structural condition and ownership status of the building. Neglect affects not only the individual building that has deteriorated but also the entire neighbourhood (Newman & Saginor, 2014). The aesthetic quality of the building must be weighed against the effect that a vacant building has on its neighbourhood (Mallach, 2011).

The effect of neglect needs to be evaluated case by case as not only a deteriorating structure but also a vacant plot has a negative effect on its surrounding. Likewise, large scale urban blight is a threat to city branding (Hackworth, 2016). Nevertheless, demolitions need to remain as one tool for physical intervention in urban space even within cultural heritage areas.

**Preventive maintenance of buildings before they become a safety hazard**

It took several years for the apartment building on Kesk Street to become as run down as it did. The decline of the building accelerated considerably when the roof started to leak and the remaining owners were unable to get it fixed. The local government has the right to intervene if a building is a danger to its surroundings, but the gradual destruction of a building is not sufficient for intervention. Preventing destruction is the duty of the National Heritage Board, which it is failing to perform, at least in Valga. In order to save buildings, it must be possible for the National Heritage Board to temporarily fix the roof and apply pressure on the owners, even if the owners are being negligent or are opposed to the idea. There is a need for mechanism for mothballing and other interim stabilization measures of the historical building (Ryberg-Webster & Kinahan, 2017).

**Public investment to monuments**

In shrinking cities the public sector is the biggest investor. Limited taxpayers’ money needs to be preferably used for investments in the city centre. In Valga, there are
many examples of cases where this has not been done. The biggest investment made in Valga in recent years was the new Valga County Vocational Training Centre financed by the Ministry of Education and Research, which was built on undeveloped municipal land on the outskirts of the city in 2011. The buildings in the town centre previously used by the training centre have mostly remained empty and are falling apart. In the case of Valga State Upper Secondary School, which was completed in 2016, Valga town government managed to get the state to invest in the monuments in the city centre. This was despite the fact that the status of a monument was a factor that made the projects more difficult and was not favoured by the financier. In a situation where public funds are limited, we should prefer investments in the monuments and buildings in heritage protection areas instead of building new buildings on the outskirts of the city. This requires changes in the state subvention rules to prioritize the rehabilitation of monuments.

Reduce of market gap between the costs of restoration and the post-restoration market value

Building vacancy is caused by the market gap between the costs of restoration and the post-restoration market value of the property, which discourage the private sector to invest in historic buildings (Mallach, 2011). This gap can be reduced by increasing post-restoration market value and by decreasing the costs of restoration. Despite requiring a lot of resources, investment in urban space in the city centre is an effective way to improve the residential attractiveness of the area. Together with the demolitions of buildings reducing the oversupply of residential premises, investments in urban space raise the property value of buildings in the area.

If increasing the value of a property depends mostly on local government’s activity, building heritage rules play a crucial role in reducing the cost of restoration. The cost of restoration can be reduced by the public sector subsidies or by the mitigation of requirements for preservation works. Subsidies from state budgets allow a high standard of restoration but the funds are limited. In the context of urban shrinkage, we need to prioritize the use of subsidies to revitalize the most valuable cultural monuments.

For other monuments and structures within the heritage conservation area, there is a need to review the requirements for preservation works. Structures under heritage protection may only be reconstructed on the basis of a conservation, restoration and construction plan which adheres to the special conditions for heritage conservation. Both, plan and special conditions have to be developed by a licenced specialist. There is a lack of licenced specialists and their work is costly. The heritage conservation system should assist property owners with the required design work. A good example here can be the new Special Conditions for Heritage Conservation of the Valga heritage conservation area composed within the framework of the Comprehensive Plan. Valga town government is developing the Special Conditions together with the National Heritage Board and they are composed of much more detail than it is typically required for a Comprehensive Plan. The goal is that in the case of structures within the conservation area the Special Conditions of the whole conservation area will replace the special conditions for the restoration of an individual building. As such the property owner would not be obliged to order them and the cost of design works will fall.
The cost of preservation works is influenced also by the requirements of material integrity such as using historical windows or prohibiting low maintenance materials (Ryberg-Webster, 2016). Preservation efforts should focus preferably on first keeping the building in use, and then on material requirements. Inconsistent material or window can be replaced in the future but the future of an empty and unused building is often short.

**Conclusions**

Historic preservation is an internal component of a larger system and must align its aims with those of this larger system (Newman & Saginor, 2014). Heritage policy needs to stem from specific urban realities of the protected area. The same set of values and rules that work in growing cities is failing to preserve heritage in the context of shrinking places. Heritage preservationists have to accept the phenomenon of urban shrinkage, understand its realities and develop special protection statues for shrinking communities. Heritage conservation alone cannot be seen as a driver of shrinkage or as the complete solution for the urban regeneration of shrinking cities.

This paper, using the case study of Valga, highlights several aspects of the Estonian heritage conservation system that might need to be revisited. A new set of statutes for shrinking communities needs to:

- allow selective demolitions within the heritage conservation area;
- create a mechanism enabling the National Heritage Board to mothball or use other interim stabilization measures for a historic building in case of owner inactivity;
- assist property owners with the required design work;
- allow material and element alteration to keep the historic building in use;
- increase the public sector subsidies for owners to revitalize the most valuable cultural monuments;
- set mandatory preferences for the use of incentives from the state and European funds for the rehabilitation of historic bindings.

There is no simple solution to the conflict between society’s need to conserve architectural heritage and to adapt a shrinking town according to the expectations of its current population. We need additional work to build a robust understanding of this conflict. Further quantitative research needs to be undertaken to confirm the correlation between the level of heritage protection and building vacancy. Tools to reduce the market gap between the costs of restoration and the post-restoration market value of historic buildings should be analysed in more detail. Future research should also search for a theoretical understanding of the conservation areas as a complex system of cultural values of individual buildings, their influence on the surroundings and on residents’ behaviour.

This paper offers transferable lessons for shrinking towns with the centre under heritage protection and informs preservationists, planners and urban policymakers about the complexities of heritage protection within shrinking cities. The preservation of historic buildings can be successful only if the development of the town itself is successful. The key to success for any city is its residents and their quality of life. Heritage preservation cannot be seen as an independent value superseding the needs of the town residents. Especially in the town centre, which has other important functions in addition to building protection.
The preservation system should consider the negative influence of derelict buildings and urban brownfields on their surroundings and the citizens’ perception of them. The core value to be protected is the quality of life inside the conservation area and the use of the buildings under heritage protection.

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No potential conflict of interest was reported by the authors.

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