

# CITY LINKAGE

Art and Culture Fostering  
Urban Futures

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# Small Scale with Big Potential: The Story of PB43

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At PB43's original location on Prags Boulevard 43 in the southern part of Copenhagen, more than 150 self-organized users in a number of member groups, associations, and creative businesses succeeded in transforming a former paint factory into a platform for creative and cultural entrepreneurship. After a period of much uncertainty and an exhausting struggle for survival as a consequence of the sale of the real estate, PB43 has found another location. The vision is to continue developing the potentials for small creative businesses as well as alternative cultural and social projects. In short, it is about creating a sustainable environment for creative growth, culture, and social innovation. In this essay I will have a closer look at the development of PB43 from its beginning in 2010 to its relocation in 2015.

## The Beginning—2010

PB43 was situated in one of the last industrial areas in Copenhagen that in recent years had begun the de-industrialization process in which production closed down and moved out of the city. Such areas often lack official planning and distinctive functions, which altogether creates a spatial vacuum—a form of empty space—away from the real estate market and the public's interest until it is absorbed by the normalization process of city development, typically with new office buildings, upper-scale apartments, shops and cafés. The non-profit organization GivRum negotiated a two year contract with an option for extension with the real estate owner, the international chemical company Akzo Nobel. This temporarily opened up the former factory and its grounds for new uses, a re-definition of its function that was suitable for people who had a project or idea they wanted to try out. The keywords were: low rent, flexible space, high degree of freedom, self-organization, interdisciplinary cooperation, local interaction, and sustainable bottom-up city development. This seemed like a space of possibilities. A space of unlimited use. A space of re-creation. A space of action. A space to be. So when GivRum invited the public to come to the first meeting, I went there hoping to learn more about the project.

In the main building there was a sharp smell of chemicals and the panes in several of the windows were missing or broken. There was neither heating nor lighting in the hallways and in the rooms, since the electrical installations and the wiring had long since been stolen for the resale value of the copper. It was truly hard to imagine anyone



PB43 urban garden project



Public activities on the site

wanting to use the buildings of the former paint factory. Still, between thirty and thirty-five hopeful project makers, entrepreneurs, and artists gathered on this chilly November afternoon in 2010 to hear about the plans and discuss the reanimation of the 6,400 square meter plot, including four empty buildings, into a self-organized working community.

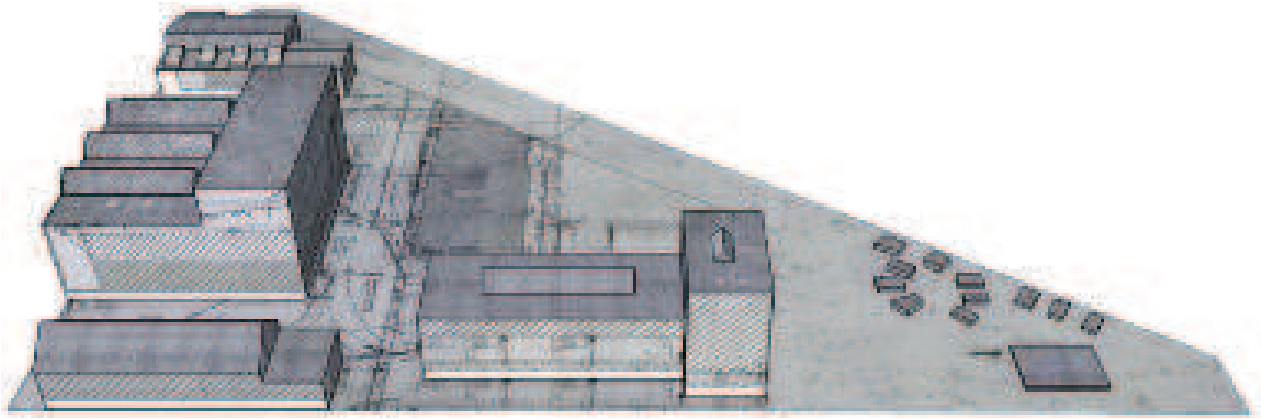
#### The Property Owner

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Akzo Nobel wanted to hold off selling the property until the Copenhagen Municipality had decided on a new development plan for the local area in 2012. Meanwhile the renters would be house-sitting, taking care of the property and preventing vandalism, while their cultural and social activities would help Akzo Nobel in giving something back to the neighborhood as a kind of compensation for the loss of jobs that occurred when Akzo Nobel closed down the production facility. This was the explanation that the director of Akzo Nobel had given when asked why they agreed to rent out the place more or less for free—the users only had to pay the property taxes, maintenance expenses, and the usage of water and electricity.

#### Organization

The users were to be organized as a volunteer member association called the Working Community Prags Boulevard 43 (PB43), which was responsible for the day-to-day operations of the facility, renovation of the property, various administrative tasks, coordination between internal and external projects, arrangement of various social activities, and maintaining contact with the authorities, the press, and the neighborhood. On a longer term, the plan was to transform the association into a cooperative, which would have brought certain tax and legal advantages. The users would then also be given the legal and economic responsibility for the area. Those who rented a space had to be registered members of the PB43 association.



Rendering of the area

### Contracts

The legal contract between PB43 and the renters would be business rental, but with status of borrower. The renters would, by this arrangement, give up many of the normal rights of a rental contract. In return they had the possibility of using the place at a very low rent for an undefined number of years. A law firm was engaged to ensure that the contracts were legally binding. The users' rental contracts were subsumed under all the limitations included in the contract with the property owner, Akzo Nobel, the expenses for which had been covered by Akzo Nobel. The contract with Akzo Nobel was based upon an arrangement to borrow the property instead of a normal rental agreement, since the rights of a normal tenant would make it more difficult for Akzo Nobel to terminate the contract and get the users off of the property.

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### Rooms

In the four buildings there were thirty-nine rooms, some of which were halls so large that they could either be split up and rented out individually or used for cultural and social activities. Some of the rooms were almost ready to use, while others needed more work and investment to be used. It was primarily groups and associations that rented the spaces. The tenants were individually responsible that their own users stayed within the regulations in the contracts, especially with regard to the communal areas. Most renters had their own internal rules for the use of their individual rental space. One communal rule was that the space should be used for working, so living in a space was not allowed. Furthermore, the individual tenant could have their contract terminated if there was no activity in a rented space over a certain period of time or if the type of activity taking place was not that which was agreed upon in the contract.



Workshop in the outside area



The cultural hall Building 5

## Costs

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Each member had to cover the costs for their own construction and the installation of electricity, water, and locks for their rented space. The overall installation of water, electricity, gates, main doors, et cetera would be undertaken by the communal budget. There would be free rental until March 2011. Thereafter, rent would be at a reduced rate for several months, depending on the state of the rented space. After this period, the rent for all spaces would be forty euro per square meter per year, which was less than one third of the market price in Copenhagen. The rent would primarily go to cover communal maintenance of the property, administration, taxes, waste disposal, and some degree of daily coordination. Since neither GivRum, the PB43 association, nor its members had the economic standing to pay the deposit for a property of this size, the association came to an agreement with Akzo Nobel that the renters should collectively save up a deposit of 1,000 euro per month, which would be returned if they left the property and cleaned up after themselves when the contract ended. There was a chance to lower the rent for all spaces if some income was generated through communal events and a higher degree of the practical and administrative work was carried out by the users. Individually, there were also ways to decrease the rent if a project had a focus on involving the local neighborhood or arranged free cultural and social events.

## Outdoor Area

The rent for the usage of the outdoor area would be 25 euro per square meter per year if the purpose were non-profit or the renter already was a member of the working community. When renting for commercial purposes or short-term rental, an individual deal would be negotiated. Member projects did not have to pay rent if they needed to use outdoor space for no longer than two to three weeks and if they had no need for setting up a roof or some walls.

After some discussion about the basic structure and the organizing of the Working Community PB43, it was decided to meet some weeks later to approve the association charter, elect the board, and the meeting was adjourned. Beers were opened and cigarettes lit. The mood was cheerful. But people were also tense. No one had a clear sense of where they were going to be in a couple of years.

## **Establishment, Conflicts, and Inclusion—2010–2012**

In December 2010 the users finally approved the association charter and on the same evening the board had its first meeting. It was important for the users to get started as quickly as possible, since they could only use the place for two years. The owner had no objections to the plans, as they conflicted neither with the usage contract nor the local municipality's zoning of the plot. So the implementation of the concept described above could be undertaken as agreed by the users and GivRum.

From the start of the project in 2010–12, the focus was primarily on the establishment of the communal infrastructure, reconstruction of the users' individual spaces, and planning of the use of the communal outdoor area; and only secondarily on developing the organization itself, the association known as The Working Community PB43. The installation of water, electricity, a lock system et cetera was coordinated by the Go To Guy—one of the users who for a monthly fee ensured that the basic infrastructure was established, either by authorized craftsmen or by the users themselves. The Go To Guy also took care of practical tasks, such as ordering waste disposal, advising users about their individual construction plans, the signing of contracts and giving new users general information about the place. He also functioned as the communication link between the users and GivRum, which was not present at the place on a daily basis. Most of the formal decisions over the first six months, such as who could rent a space and for which amount of money, was made by GivRum, while the PB43 association was mainly concerned with the maintenance of the property, social events, and cultural aspects. The real estate owner on the other hand, did not have any objections regarding the use and the activities as long they were not illegal, in direct conflict with building regulations, or could do harm to people.

After a short amount of time it became clear that there was a lot more to do than just practical daily work and having a monthly board meeting in the association. The maintenance of the property was a shared responsibility, so work-weekends needed to be organized where the communal areas were maintained: walls repainted, toilets, rain-water pipes, and fences repaired. Furthermore, various outdoor project began to pop-up: people wanted to park containers, trailers, boats, buses, and even a huge circus

tent. Two different groups even planned to use the same large part of the outdoor area: one for an open urban communal garden for the local neighborhood and the other for a showcase forest for alternative park development. In addition, there arose a growing number of cultural and social activities such as parties, concerts, festivals, and exhibitions. The authorities began to take a closer look at some of the projects: did they have a permit, was the area legally approved for urban gardening, was the swing for the kids built within the regulations, were the public spaces approved by the fire authorities, was there a liquor license, who was in charge of this and that project, who was the official contact for the whole PB43? The press took notice that something interesting was happening and wanted interviews, photos, and background information. Students from universities wanted to do project reports and internships; others inquired about renting a space temporarily for events, projects, photo shoots, and music videos; and other self-organized projects, urban networks, the local council, various municipalities and companies wanted to cooperate and learn more about the experiences of the project.

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One partnership, however, arose from simple basic human needs: access to toilet, water, hot food, and a warm place. In the beginning there was no running water at PB43 and therefore no toilet facilities, the heating was not strong enough in the winter for office work and meetings, and there was not a place to buy warm meals. Prismen, a local sport-center across the street, could fulfill all of these needs. To this end, a deal was struck to use their facilities temporarily by which PB43 members would receive a discount when buying soup and coffee in their café. This mutual understanding developed over the years, culminating in a collaboration between PB43, Prismen, the Copenhagen Municipality and Copenhagen Cooking: in 2013–2014 they arranged the “Taste The World” (“Smag Verden”) festival, where eighty local associations and a number of restaurants showed around 25,000 people from all over Copenhagen a range of what today's urban ethnicity and cultural variety tastes like.

It was, however, only a few projects and activities that were open to the general public, since most spaces served as the daily workplace of the tenants. In the first couple of years there were mainly three open projects: the urban garden Prags Have, the exhibition space 68 m<sup>2</sup> Art Space, and The Urban Laboratory that arranged lectures and courses in urbanism, architecture, and culture. These three projects functioned as a bridge to the city, which helped to create the first official collaboration between PB43 and various partners. It was essential for the place that it did not remain a closed “shop,” but rather invite people to come inside. In this way it functioned as a showcase for open and sustainable city development. This was also important because the deal made with the real estate owner to use the property rent-free required that there should be cultural and social activities for the local neighborhood.

Later, the association managed to renovate the two large halls in Building 5 in order to create a cultural venue with enough room for up to 500 people. It also took on a large part of the coordination and communication with internal and external users that wanted to make events, while Prags Have, 68m<sup>2</sup> Art Space and the Music Association PB43 began to make activities together with and for the local kids and their families, others organized the people's kitchen, urban gardening, and photo workshops. They even began to invite older kids to help at concerts and festivals.

## **Have Gold, But More Gold Is Needed—2012–2015**

After the first couple of years, PB43 had grown into a larger and more professional organization. It was transformed from a volunteer association into a cooperative, which took over the economic and legal responsibility from GivRum in order to negotiate a new four-year contract with the real estate owner. It had two daily coordinators, more tenants and users, and managed to rent out all available indoor space. This is why a vacant part of the outdoor area was reclaimed for parking more containers and trailers in order to meet the increasing demand for workshops, studios, and offices. A number of communal projects and associations had also been established that continually arranged festivals, concerts, performances, talks, parties, movie-nights, and project consultancy. There was a growing demand for renting out space for temporary use such as events, concerts, and seminars. The cooperative was contacted by local, national, and international people who wanted to hear more about the project, have lectures, receive consulting, hold interviews, cooperate on urban projects, and become active parts of the network. The communal PB43 Publishing released its first book, *The City Becomes (Byen Bliver Til)*, about the development of PB43 and twenty other urban projects in Copenhagen. The urban garden won four prizes, which resulted in a huge public interest in the entire project. Locally the second phase also enjoyed the fruits of major developments: PB43 was given two seats in the local council, it appointed a member of the editorial team for the local newspaper, and coordinated a number of art, culture, and music festivals that involved the local neighborhood in various ways. Around the same time, PB43 was granted a property-tax reprieve by the authorities, which halved the annual amount the organization was committed to pay.

One of the most significance steps in the second phase was the development of a sustainable economical model. After a financial deficit in the 2010 and 2011 due to higher establishment costs and a lower rental income than planned, 2012 was a turning point with a more than one-third rise in income. This was due to an increase in the number of activities, as well as a considerable profit after basic expenses, which also continued over the following years and made the organization economically viable on the longer



term. Beginning in 2012, the sources of annual income could be divided into five categories: permanent rental of space (internal), temporary rental of space (internal/external), co-coordination of events (internal/external), consultancy (external), and projects and partnerships (external). This proof of economical viability was especially important for the PB43 organization, showing that it could not only survive, but also develop without the need for acquiring external public funding; hereby retaining a high degree of independence while continuing its work without making too many compromises concerning the ideals of the organization and its users.

The model was based on the idea of “how low can we go to survive?” meaning: what are the most basic needs of the users and what resources are needed to fulfill these requirements? Everything else was merely icing on the PB43 cake: nice to have, but not necessary. The primary need of the users was a space to work, which should be secured by the income from internal sources, i.e., the permanent rental of space to the users, which covered the expenses for running the property: property taxes, monthly deposit saving, communal electricity, water, internet, waste disposal, and the basic administration and maintenance of the property. The rest of the income could then be channeled into a swath of secondary activities such as project coordination, development of the property, organization, and networking as well as social, cultural, local, and international activities.

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The development and success of PB43 seemed to have no end. The finances were healthy, the political influence was increasing, PB43 had become an important local factor, the waiting list for renting a space was growing every week, more potential partners wanted to cooperate, and the international dimension of the project made important steps. Everyone was convinced that 2014 would be the year where the project entered a new phase of development, showing its real potential and proving that self-organized projects had to be taken seriously. Then one day in the beginning for 2014, PB43 received a letter from Akzo Nobel, saying that the property had been put on the market for sale and that the contract with PB43 was therefore terminated. PB43 received one year notice, which meant that everyone had to leave the property at the end of February 2015. This message put an abrupt hold on all further development, but only temporarily: PB43 hired a law-firm and a real estate agent. Over the next six months they gave Akzo Nobel two offers to buy the property. The users wanted to turn the imminent threat into a strategic opportunity: the plan was to become the owner of the property and evolve from a temporary project into a permanent project, thereby securing the users and the organization on a long-term basis.

The question, however, was first and foremost whether or not a large group of self-organized creative entrepreneurs could raise enough capital to buy the decommissioned

paint factory. After the first meetings with real estate institutes, banks, and potential investors it turned out that PB43 was regarded as a creative business organization with a healthy economic standing, an interesting vision, and possibilities for development—all of which meant that the financiers were interested in helping to buy the property. The organization could get 50–60% of the money needed at a low interest rate as a mortgage, and a bank loan for remaining amount. The challenge was that the bank loan had a high interest rate, which meant compounded interest while repaying the loan and therefore a higher amount of rent for the users. A more acceptable solution for the users was a mix of the real estate loan and an installment agreement, whereby Akzo Nobel received a large part of the payment upfront, and the rest over several years. Another possibility would be that Akzo Nobel used PB43 as an example of Corporate Social Responsibility and sold the property at a lower price. PB43 ultimately created a proposal that showed Akzo Nobel the activities and development that had taken place on the property, and in the local area, and what would be undertaken if PB43 became the new owner.

The news about the forthcoming sale of Prags Boulevard and the possible end of PB43 also reached the city council and two of the political parties asked if they should raise the issue and try to convince the municipality to buy the property and rent it out to PB43. One of the largest private funds in Denmark also showed interest in buying the property and letting PB43 rent it afterwards. Unfortunately, both the municipality and the private funds would necessitate broad and expensive renovation; after which the property would be rented at market price and most likely place various demands that would limit the use and the organization of the place—a solution that would mean low independence and high rent. In fact, the fund suggested unofficially that PB43 should try to find another solution because their involvement had a chance of “suffocating” the very idea of the PB43 project. In the end both offers were turned down.

In spite of the fact that PB43 had different financing options and that the organization made two offers to buy the property, Akzo Nobel decided to sell to an international investment fund that had plans to build a self-storage building on the plot. PB43 could not match the investor's much higher offer.

## **A New Place With A New View—2015 Until Now**

The alternatives were either to dissolve PB43 or to find a new place to continue the activities. The users of PB43 chose the latter by unanimous decision. However, the search for a new place turned out to be a difficult task, since the real estate market and the city development in Copenhagen was shifting into a higher gear after a long



Archaea curated by Carsten Rabe at PB43  
(Beton Art Space)



Archaea curated by Carsten Rabe at PB43  
(Beton Art Space)

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period of recession. So vacant places with low rent and a high degree of flexibility that suited a large differentiated group of self-organized people were now less available and much more expensive to rent than just a few years earlier. Many real estate owners and developers seemed at the same time to have learned that disused worn out industrial properties also contained some value—especially for creative users and leisure projects—while waiting for a change in the local municipality zoning plans that would open up for the establishment of new expensive flats and office buildings. Amazingly, just two weeks before PB43 was to vacate Prags Boulevard, they succeeded in finding a new location at the Copenhagen's North Harbor for some of the existing users as well as for a number of new ones. So, in March 2015, PB43 moved to its new location in Copenhagen's North Harbor and is now reestablishing itself.

Here PB43 wishes to secure and develop its vision further, to benefit the users, the local area, Copenhagen, and its many national and international partners. Unfortunately, it is doubtful that PB43's vision will have the same opportunities of development at the new site. The agreement with the real estate owner in the North Harbor does not contain the same favorable conditions as on Prags Boulevard, so the project is now facing a range of new challenges. If the establishment and further development of PB43 in the North Harbor is undertaken at a rent level and under inflexible user conditions based on market terms, it will be the up-and-coming creative businesses, social, and cultural non-profit projects especially that will face the risk of either giving up their activities or radically pivoting their focus. This is because of the simultaneous economic challenges involved in reestablishing working spaces and an amount of rent that has more than tripled when compared with Prags Boulevard. If PB43 is to continue to seriously participate in the development of a sustainable environment for creativity in Copenhagen, it will require active investments and alternative decisions.

For the first time, PB43 has applied to the City of Copenhagen for funding for the establishment and development of various projects. The organization is also considering whether or not it should apply for the funding of daily operating costs, which runs the risk of enabling the municipality to potentially dictate certain conditions that are in line with its vision and guidelines for ways that creative environments should be developed in Copenhagen. This is problematic when the core ideals of PB43 require it to remain entirely self-organized and independent. Furthermore, it is also unlikely that PB43's economic model, which is a major pillar of the organization's vision, can simply be transferred to the new conditions.

## Conclusion

When reflecting upon the process of trying to buy the property, it seems that PB43 unwittingly participated in “business as usual” city development, where investors and real estate developers benefit from properties that, for a relatively short period of time, are placed in a vacuum outside of the real estate market. PB43 had the vision and the possibility to create cultural, social and economic value for as many people as possible, whereas the investors wanted to create economic returns for as few people as possible (themselves). Akzo Nobel explained that they were in a period of financial difficulty, which is why they needed to sell their non-productive properties. This approach made it clear that they were not really interested in helping to ensure sustainable city development: they chose to sell to the highest bidder and not to the one that had the best plan for how the city and its citizens could get the most out of the situation in the long term. On the other hand, Akzo Nobel basically donated a space in Copenhagen for five years; a space where it was possible to experiment with ways of using and organizing the city.

For five years PB43 had a unique loan agreement with Akzo Nobel, which in addition to the obvious advantages for the users and the local neighborhood also manifested a mutually advantageous economical agreement for both Akzo Nobel and PB43. It was an agreement that made it possible to establish PB43 as an alternative space within the context of official city development in Copenhagen; meaning low rent, flexible use, a high degree of self-organization, and interdisciplinary exchange. These factors are necessary conditions for developing a favorable environment for fostering creative growth and effecting social change. Had PB43 succeeded in purchasing the areal at Prague Boulevard 43, it would of course also have resulted in very different economic and organizational conditions than was the case over the first five years of the project. The organization would have had to have borrowed a significant amount of capital and paid off the loan plus interest over many years. This would have manifested a huge

challenge and at least doubled the rent for the users, but they would nevertheless have been “masters of their own destiny” and enjoyed a high degree of independence with a unique opportunity for organizing their own environment. Unfortunately, this ideal degree of independence does not seem possible at the new site, since there is not only a tripling of the rent when compared to that of the Prague Boulevard 43 property, but also because the owner in the North Harbor has certain demands and procedures for the use and maintenance of the property.

Perhaps there are both advantages and disadvantages to this new situation. PB43 is now forced to function according to market conditions, which will require adjustments and hard work, but it will also be a test of whether the users, their organization, and the shared vision is capable of standing on their own feet. The most important thing is that the guiding idea behind PB43 has thus far survived the move from one place to another, and that a large part of the overall experience, network, and goodwill has moved with PB43 to its new site. In this way it is possible for PB43 to continue to work for a more open and sustainable urban development for creative growth, cultural innovation, and social evolution. It is not just about securing a dynamic and self-organized environment; as with all sustainable development it is also about manifesting a solid backbone with conditions necessary for survival—a reasonable foundation for change and growth. We must secure the conditions needed by creative entrepreneurs for their work: flexible space, reasonable and affordable rent, possibilities for open sharing of interdisciplinary knowledge and experiences, and a strong ongoing network where projects, products, and ideas can develop through both local and international partnerships. It is this task that PB43 wishes to uphold and support and is what PB43 has come to be: an environment that has set a new standard for creative entrepreneurship, cultural innovation, and social evolution. It will be interesting to follow PB43 as it faces new challenges and develops further.

# Imprint

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