(c) City of Helsinki

The Cable Factory

A sustainable governance model for historical buildings

(FI)

HELSINKI

631,000

Cultural heritage for sustainable development

Governance and financing: new roles for local and regional authorities

Challenge

Nokia, the former owner of the factory, began to wind down industrial activity in the building towards the end of the 80s. They started renting space to creatives as machinery was moved out from the facility. The building was due to be demolished after Nokia vacated it, but the creative tenants lobbied the city, which owned the land, to keep the factory going as a creative hub.

Solution

In 1991, the City of Helsinki founded KAAPELI, a limited real-estate company, to convert the Cable Factory into a cultural centre. Today, the centre consists of 63,000 m2 of space, used by 130 ateliers, two bars, 12 galleries, three museums, two restaurants, multiple event venues and a brand-new dance house with two halls. In 2019, roughly 1,000 people worked at Cable Factory, and more than 500,000 people attended events there.

How ?

1. KAAPELI, a real-estate company owned by the City of Helsinki, renovated an old cable factory building to serve as a cultural centre. The renovation was done gradually, carefully listening to the tenants' wishes. KAAPELI did not take any curatorial role in running the centre. It only managed the premises and the company, leaving its tenants with complete artistic freedom, which helped create a community. The tenants shared the intellectual ownership of the factory.

2. The key to Cable Factory's sustainability lies in the company's organisational model. When founding the company, the City of Helsinki gave the ownership of the factory building to the company and, thus, guaranteed its permanent cultural use and boosted the company's balance sheet and made it financially independent.

3. Once the model had been successfully tested, Helsinki offered other old industrial buildings to KAAPELI. The company has been cautious, only accepting premises that fit its strategy and vision. Today, Koy Kaapelitalo has nearly 100,000 m2 of space for creatives around the city.

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Budget/Financing

- The premises were given to the company as a capital contribution to boost its balance sheet and solvency. KAAPELI took out a bank loan and started to collect rents immediately, renovating the building with long-term (90%) and short-term (10%) income from rental. The company has never received public funding for operational expenses. Its estimated turnover in 2022 is €8,500,000.00.

Management

- In the beginning, only six people worked for KAAPELI. Now, this for-profit real estate company employs a managing director and 20 people. The sole shareholder is the City of Helsinki, which does not demand dividends. It considers that it benefits from KAAPELI's activities through cultural services provided to its citizens and through the increased value of the real estate.
- The board of trustees has tenants' representatives (3), city officials (2), elected politicians (2) and an independent chair. KAAPELI has the freedom to manage the premises independently, and it leaves complete artistic freedom to its tenants. In 2017, KAAPELI founded a daughter company, Kaapelin Mediakeskus, that provides services like internet connection, and ticketing. The subsidiary employs around ten people.

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Transferability

The essential features that make the Cable Factory's model transferrable are:

- A cultural policy can be done through real estate
- A city-owned company is more agile than a city department
- Giving ownership of the building is essential for the financial independence of the managing organisation
- Rental income needs to be sufficient to cover the renovation and running costs of the centre

Design Market (c) Patrik Rastenberger/ Paljon Ihmisiä

Impact

Since Cable Factory, KAAPELI has taken over a former gas plant and a former pharmaceutical factory. Currently, 2,000 people work on its premises weekly, and they attract approximately 1.5 million annual visits. Through KAAPELI, the City of Helsinki has secured 100,000 m2 of affordable space for creative use without spending anything from its yearly budget. The success made the city adopt a new Art and Culture in Helsinki 2030 Vision and Real Estate Strategy for historical premises.

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