



Urban area development: towards room for entrepreneurship

The art of connecting

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The Netherlands has a long tradition in the area of spatial planning. The 20th century can be characterised as a government-focused century. It was a century in which the country developed its public housing policy and accompanying legislation within the context of a welfare state; the Housing Act in 1901 and the Spatial Planning Act in 1965. After the post-war period of reconstruction, in which there was a focus on quantitative housing, the quality of housing became more important with urban renewal in the 1970s and early 1980s. This related to in-town renewal of predominantly outdated pre-war housing stock. In those years, retaining and reinforcing the economic appeal of particularly city centres was also a major development challenge for Dutch government bodies. These developments of the 1970s and 1980s continued in the 1990s. In addition to paying attention to providing sufficient jobs, there was an increasing attention for retaining middle-income and higher-income groups in cities. Since the 1970s, this category of residents turned away from cities by leaving to districts outside of the city. An important policy choice at the start of the 1990s was to build a compact city, which is referred to as VINEX locations (site designated by the government for future urban development) after the relating Policy Document.

As urban challenges changed, the nature of public housing as a “development tool” of the government also changed. Under Heerma, the State Secretary for Housing, government corporations for housing were privatised in the late 1980s. Also under Heerma, the objective of 60% purchase and 40% rent was

introduced. For the VINEX locations, this was later translated into 70% market sector and 30% social housing. Also at an investment level, there was a “withdrawing government”. There was a decentralisation going on, in the context of which central government gave municipalities the task of developing the

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1 VINEX Wateringseveld

VINEX locations together with market parties.

It was a period in which government policy made a shift from development control planning to development planning. At a local level, this was translated into urban area development; an approach in the context of which government, private parties and other parties involved in an urban area create a cohesive planning and implementation of spatial projects¹. And more specifically: "urban area development as the art of connecting functions, disciplines, parties, interests and flows of funds, with an eye to redeveloping an area"². Urban area development projects can roughly be divided into those in which water and landscape dominate, in-town challenges (including transformation areas and restructuring challenges of post-war residential areas) and expansion locations. This article outlines 'the art of connecting' from historic and actual point of view.

Silent revolution

In the early 1990s, market parties such as real estate developers, major builders and – at a later stage – various corporations, started manifesting themselves more actively in the drafting and planning processes as well as the land development of projects. As Hans van der Cammen, the former director of the National Spatial Planning Agency, put it: 'This was the time when government funds started to run out. As a result, the market ended up higher in the operating chain, so to speak. Everything that has to do with implementation measures came to an end. Market parties cannot set to work before the planning process has been completed. Due to financial problems, this working method has become intolerable'³.

In my opinion, the changes in the relationship between government and the market have adopted a structural nature. We can surely speak of a silent revolution that has taken place over the past decades. Government subsidies in the housebuilding sector will not come back anymore and government investments in public utilities – such as infrastructure and greenery – will no longer reach their "traditional" level. In addition, reflecting on what ought to be the task of government and that of the market has taken on a wider and deeper dimension than merely "a matter of funds". The trend in spatial development and investments is: leaving more to market parties and a different (not necessarily meaning: smaller) role and position for government. "Development planning" and "urban area development" incorporate this idea, and can be seen as characterisations of a desired working method. The trend is not entirely unambiguous. Calls for a more initiating and steering government can also be heard frequently.

Management

One of the persistent issues involved when government and the market cooperate, is the question: what should government steer and what should it not steer? In the 1990s, detailed

steering was self-evident, particularly in extension areas of large municipalities. In-town projects with a mixed programme and smaller municipalities showed more variation. The above changes in the 1990s have resulted in a shift towards market parties and in market parties becoming more involved in the early stages of processes, i.e. when ideas and plans are formed⁴.

Many market parties present themselves as an area developer. What's more, I do not know of any developer/builder that does not claim to be involved in urban area development. The swift rise and popularity of the concept will have something to do with that.

In addition to market parties, there are plenty of other organisations, companies and citizens that would like to increasingly invest in spatial development projects. It is unclear what actually should be government's task and what is better left to market parties and others. However, there is currently a general call for government to retain the overall management. But what that management precisely entails, turns out to be open to many interpretations. For this reason, it cannot do any harm to make more explicit what that management role may be. This forces one to think about public interests requiring government steering or assurance. For that matter, public interests are never neutral and they cannot be determined objectively; they always contain a political element and they may differ in time, place and type of area task.

A shared ambition

There is something that precedes steering and management: formulating an ambition level. Ambition is a necessary component of urban area development. A shared ambition creates energy and commitment. Ambition is not the same as an accumulation of requests that, for example, various municipal sectors have filed with the alderman responsible for spatial development. For example: special town planning as well as architecture, or sustainable buildings, covered parking as well as a luxury implementation of the public space. Not wanting to or not being able to choose a feasible ambition creates stagnation and frustration. This is also true if parties do not demonstrate a willingness to honour a feasible ambition level from the side of government.

Cooperating in a shared ambition presumes shared policy-making and shared decision-making. It involves more participation from residents and social organisations. In this context, the input into processes constitutes advice for the benefit of decision-making. For government to really provide room for private investments, a delegating and facilitating style is of importance, in addition to the above interactive styles⁵. This means that government focuses much more on frameworks within which others can work out a policy. To put it differently: government can also support policies of others. A good

Images

2 Bloemendalerpolder

3 Vinex location Haverleij; Contributed by NAW Magazine of Rabobouwfonds

4 Vinex location Wateringseveld; Contributed by Contributed by NAW Magazine of Rabobouwfonds



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the A1 motorway⁶. A lot of water flowed through the Vecht river before the two most involved municipalities and the province were on one line. Setting up a design studio focusing on the contents of the task and the resulting spatial point of view led to a consensus between the government bodies. However, the involvement of market parties (with available locations) remained marginal. After entering into an “anticipatory agreement” with the market parties involved, it was time to reassert the involvement of market parties on the way to a master plan.

A different kind of example is Zuidplaspolder, a large regional urban area development project between Gouda and Rotterdam. There is a tendency to rely to an extremely high extent on contributions from the land development for costs outside of the area covered by the plan with respect to – costly, and therefore difficult to realise – infrastructural utilities. In this case, substantial contributions for the above purpose are drawn on heavily. Contributions of EUR 30,000 per dwelling have been mentioned in this context. The qualification “land development as cash dispenser” used in this context is not only understandable but also justifiable.

We see this more often: government bodies trying to agree with one another by jointly developing a master plan. If all goes well, at least the plans are worked out, but that is something different from preparing a business case with direct market contribution. That is to say, if they manage to agree in the first place. Obviously, there are also good examples of effective regional cooperation to which central government and the provinces commit themselves, as well. Examples are the Drechtsteden (“Drecht” cities), Parkstad Limburg (Limburg Park city), De Stedendriehoek (the city triangle) and Assen-Groningen. But it does not happen often enough.

Entrepreneurial planning

Along with Peter Noordanus⁷, chairman of the board of AM Vastgoedonwikkeling (AM real estate developer), and Stan Roestenburg⁸, director of real estate developer Boheemen, I believe it is time to leave behind the dogma of “first properly

arrange the public house”. An intervention by a market party, with ad-hoc coalition partners, is precisely what may result in an initiative that can count on support. Projects such as Sijtwende, Oud IJmuiden and Venster Woeden/Bodegraven are examples of this. Here, developers together with public organisations – whether or not out of an economical need – take the initiative with respect to the management of interests and ideas for designs. I do not present this as a universal remedy, but as an extension of the repertoire to create successful urban area development.

The “entrepreneurial planning” outlined above may perhaps also contribute to a solution of the problem of “passing on the bill”. Passing on the costs of public investments causes stagnation in the level of urban area development exceeding the purely local. The government body that takes the initiative and “goes for it” runs the risk that it will eventually have to pay the bill. Hence, the entire laborious discussion about a further extension of Almere and the relating infrastructural facilities can be traced back to this subject. Tactical considerations of a financial nature preclude strategic decision-making.

Geert Jansen, the Queen’s Commissioner of Overijssel and also chairman of the Council for Transport, Public Works and Water Management, recently revealed this mechanism again in an article with the apt title “Fear for bills wrecks regional plans” (*Rekeningvrees nekt regioplannen*)⁹. Jansen’s formula for improvement consists of setting aside the financial watchdogs in the initial phases. He argues in favour of an ad-hoc project bureau of the government and of the regions, whose employees jointly and “reasonably detached” from their homebase produce a point of view with alternative solution approaches. It is not until that moment that accountants come into the picture, steered by political administrators. A step in the right direction, I would say, but too unilaterally government-oriented.

I would like to draw special attention to two points of attention for a fruitful cooperation between government and the market.

European tendering rules

The first point of attention relates to European tendering rules.



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The rules result in a much too comprehensive and complicated selection process if government bodies were to involve them in all aspects of urban area tasks. This costs a lot of time, money and energy. In addition, the European tendering rules cause government to record the contents of plans in too much detail at a premature stage, smothering the creative input of market parties, and flexibility is lost. For urban area development to be successful, it is therefore of the utmost importance to know what a government body is permitted to do and what it is required to do when it comes to the selection process.

Many Dutch lawyers fail to analyse cases properly and suggest that it is best – just to be sure – to invite European tenders for all urban area development challenges. Particularly this mistaken interpretation of the “Rouanne judgment” (Rouanne is a French municipality that did not invite European tenders for a project) has increased uncertainties. Lawyers who are actually in a position to know, however, have come to the conclusion that it was in fact the municipality of Rouanne after all that bore the ultimate financial risk for the non-public amenities in the plan; not the market party. This legal concept is rarely seen in actual practice in the Netherlands. In addition, the municipality had set quite a few project-specific requirements.

The conclusion from this and other court judgments is as follows. If a municipality intervenes too much in an urban area development project in the form of project-specific requirements, project contributions and taking over risks, it may result in the municipality assuming an actual client position, with the accompanying tendering obligation. This is usually not the case in the Netherlands and there is consequently no tendering obligation for the “private” segments of a plan, such as dwellings, shops, offices, etc. In that case, the municipality continues to be free to choose a selection method that suits the

nature and scope of the task.

If European tenders are to be invited, it is worthwhile to study the form of the dialogue focusing on competition. The advantage is that it offers room for a direct interaction between government and market parties. This interaction is currently tested for, among other things, in-town transformation areas such as the converting part of the A2 motorway into an underpass near Maastricht, and Overstad in Alkmaar.

Trust

The second point of attention relates to the relationship based on trust between government and market parties. A direct communication between representatives of market parties and (managing and general) administrators of municipalities and provinces is obviously the most appropriate way to increase mutual understanding and trust. Admittedly, this is a cliché, but I mention it anyhow since that is not done often enough.

That also applies to the operational level. Trust increases if clients and project leaders together find themselves at the starting point of an urban development project. And then, in the long trajectory from draft to design and business case, contracting and realisation, go through difficult episodes. Urban area development is a dynamic process, with changes along the way, which may be caused by, for example, altered political preferences, resistance in a part of the population or changing market circumstances. To overcome these obstacles, a business-like relationship that is based on mutual trust is a fundamental precondition.

Particularly frequent employee turnover at the government body in question prevents that these experiences are shared together for a long time. The market sector is actively involved in this by recruiting the best people from government as new employees. In addition, an expanding army of external advisers has nested itself as a clay bed between government and market parties. There is nothing against this respectable profession, but precisely when affairs are at issue that touch upon mutual trust, a solution may be found if the public project leader has direct consultation with the private project leader, if necessary, followed by consultation at the administrative level. On the other hand, the external adviser may also crush the distrust by working on the instructions of both parties as an independent expert. This may enhance progress, particularly in the transitional phase from a creative planning process to a more business-like negotiations and financial elaborations.

An increasing number of large and medium-sized municipalities as well as provinces are bundling the knowledge and skills in the area of clients and project leaders into a municipal and provincial project management bureau, respectively. This is a positive development.

For a fruitful process, it helps if market parties opt for a transparent and assertive attitude. This is currently often lacking.

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5 Urban development area Oosterdokseiland, Amsterdam; Contributed by NAW Magazine of Rabobouwfonds

"Transparent", by showing what their company targets are, how they handle commercial and public interests and how they operate from a business perspective. For the latter insight, the books may remain closed, but it would not hurt to talk about money more in a somewhat Anglo-Saxon manner, for example, how the land development is organised¹⁰. By "assertive", I mean: realistic and, if necessary, critically responding to ambitions and proposals from the side of government, even in prickly situations. Assertive is also: drafting proposals individually or in an ad-hoc coalition, which go beyond the interest and scale of the separate urban area development project. In line with the "entrepreneurial planning" outlined above, this consequently also implicates empathy and involvement in public interests.

Conclusion

The developments in cooperation between government and the market indicated in this article relate to the field of research of the Practice-Oriented Chair of Urban Area Development. It is a field of research that requires a multi-disciplinary approach.

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This article is based on : Zeeuw, de F, *De engel uit het marmer* (The angel of marble), Delft University of Technology (2007).

Research subjects relate to a political, institutional and socio-economic context. On an area level, it relates to research in the field of programme, actors, design and finances and into the way in which steering and organising the interaction between these various aspects are to be given shape. Proces and content are in this way connected by means of dialogue and negotiations. Parties with various interests create a joint policy and implementation. Now public means are under pressure, it is necessary for government to designate several key projects in which it invests and for private investors to be involved early in the process in connection with other challenges. Depending on the challenge and context, an appropriate form of cooperation and connection of interests between government and the market is to be selected. As to spatial planning, this means there has to be more room for entrepreneurship, in the context of which a division of risks between government and the market has to be explicitly discussed. And public and private ambitions and money are smartly connected to realise a so much wanted spatial quality. ♻️

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