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Private Sector-led Urban Development Projects

Management, Partnerships & Effects in the Netherlands and the UK

Erwin Heurkens

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'Ge moet nie zo veel leren, straks witte alles'

My grandma, a nature lover

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Preface

This research has been quite an adventurous journey. Four years of dedication to a single subject felt simultaneously like a drudge and discovery, with moment of doubts and 'Eurekas'. I developed myself both academically and personally, often inter-locked in a process cycle of self-imposed deadlines and following holidays. Some had the impression that I was always travelling and often asked when I was 'ready'. Indeed, this research has brought me both the indescribable freedom to explore, to think, to interpret, and to learn. However, it also often resulted in a restless state of mind, as things were never finished in my head. For myself, I discovered what was really needed to succeed with such a project: determination, lots of curiosity, some structure, and most of all relativism. It is not that you are going to change the world with a single book. At the end of this journey, I can say that I definitely recommend others to go 'walkabout'. Start a PhD journey, but be aware of getting lost. In retrospect, it has been as much as an academic quest as a life-changing personal experience.

My academic life has been made much easier with the help and support of some of my finest colleagues. I would like to thank the Department of Real Estate & Housing and Hans Wamelink in particular, for the opportunity, trust, and financial means given to me to carry out this PhD research in the first place. Especially, I would like to mention the positive cooperation and relationship with my supervisory team. My promoter Hans de Jonge inspired and challenged me to go the extra mile, to ask the question behind the question, to reflect on my findings with occurring trends in practice. He gave me the absolute freedom to discover the heart of the subject myself, with my own lens, which is a great good. My daily supervisor Fred Hobma guided me through the process by making me feel that I always had someone researching along. He commented on all my draft versions throughout the years with incredible eye for detail, sharp as a knife, realistic when needed. Thank you both for your optimistic attitudes and our numerous positive discussions.

Also, other colleagues have been of tremendous support over the last years. Ineke Bruil, Peter Paul van Loon and Wout van der Toorn Vrijthoff; thank you for introducing me to science, for teaching me what it takes to be an academic, and for giving me necessary advice. I would like to thank Tom Daamen, Graham Squires, and Vincent Nadin for their reflections on, and conversations about my work. Also, Esra, Philip, Jelle and Monique, I really enjoyed our personal chats over smooth cappuccinos which eased my mind. And last but not least, Laura, I really enjoyed our daily talks about all sorts of things; you have been such a supportive friend in many ways.

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My warm thanks go to my colleagues at the University of the West of England, Janet Askew, Christine Lambert, Micheal Short, and Nick Smith. Thank you for hosting me at your department, and for giving me the opportunity to study my UK cases. Also, my acknowledgements go to my PhD defence commission members, whose detailed and constructive comments proved to be very helpful for further improving this book. As this research mainly was a sole undertaking, I felt the urge to work together on other projects than my own. My gratitude goes to the Master City Developer colleagues who had to endure my absence once in a while. Therefore, I would like to thank Geurt, Tom, Peter, Jeroen, Jeroen, Eva, and Marlies, for their interest in my research and my well-being. Moreover, I have intensely enjoyed collaborating with some graduation students during my research. It is often underestimated how much inspiration and new insights come from young enthusiastic people who are willing to explore new directions in our field. Sjoerd Louwaars, Sandra Straub, Merel Putman, Judith Wicherson, Ria van Dijk and Huub van der Post; I really enjoyed us exchanging so many ideas.

My valuable social life suffered at some occasions, but in the end I found the balance to not become a 'hermit' for a number of reasons. Maybe it is a little unusual to highlight my leisure activities, but I immensely value the positive effects they had on my 'mind state'. Without being aware of it I followed my grandma's wisdom by enjoying nature. I found distractions to break away from my often over-loaded brain and came to realize that it is the beauty and solitude of hiking through mountain 'landscapes' that provided me the natural room for reflection and the energy to continue working on my research. Many thanks go to Interpol, Björk, Editors, the National, Customs, Jamiroquai, Queen, Bløf, and 'the Boss' for their 'soundscape' that repeatedly put me in my writing trance.

Of course, my closest friends have seen me walk my sometimes bumpy road. As you know how much I value your company, I often struggled to give work priority over meeting you at some moments. Stijn, Sussie, Jaap, Maarten, Maarten, Jeroen, Rute, Peter, Remco, Janine, Iljoesja, Mariska, Govert, Meike, Jaap, and Petra, thanks for your interest in my well-being and work, and the great times we keep sharing together. And, Wietske and Yvette, thanks for your patience during my seemingly endless trip and my nocturnal insomnia moments.

My deepest appreciation goes to the ones close to me. Sweet Katja, your sincere interest, encouragements, enthusiasm, care and love, gives me confidence and the confirmation that what I do matters. I cherish the day you walked into my life, that we found each other, and I look forward to share our lives together. Simone and Frank, Wouter and Sandra, I am privileged to have you as my sister, brother, and 'aanhang'. In both good and bad times you were there to show me the relativity of it all, as you taught me some true life lessons. And of course, 'pap en mam', this book would not have been here without you. You gave me the opportunity to explore life as I pleased, to go to university while no one in your families had ever done this before. Your shared values of being true to yourself, to pursue your own destiny, to work hard, and to be good to others in life, helped me to become the person I am. Your amazement about what I do, encouragements and unconditional care, are a great stimulus for me. Thank you for providing me the tranquil place to finalize crucial parts of this book at a time I needed it the most. I dedicate this book to you.

Erwin Heurkens
Rotterdam, August 2012

'To my parents'

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1 Introduction

This PhD research has been carried out against the background of economic and societal changes. In 2008, according to Florida (2010) the Western world entered into the 'Great Recession', a period in which global established economic systems reached their perishable date. In order to follow a path to sustainable economic growth Florida pledges for a 'Great Reset'. A reset that equals the structural system changes that took place in the aftermath of two previous periods of global recessions; the Long Depression (1873) and the Great Depression (1929). Also, now we are in the middle of an economic cyclical change, but we entered a period of structural changes to our daily lives. In North American and European countries, decades of limitless economic growth on based on everlasting consumer spending has turned into slower economic growth or even decline based on structural changed needs. According to Robles-Duran (2011) currently two *parallel urban practices* in the Western world unfold; one that is based on *neoliberal top-down public-private urban projects* and one that focuses on local bottom-up *multidisciplinary urban 'collectives'*.

In our opinion, as an academic researcher, the challenge is to understand these structural changing needs of society and unfolding practices and to contribute knowledge to urban practices. However, this contribution takes place within the limited boundaries of a PhD research. Therefore, this research focuses on understanding and exploring the neoliberal urban practice mentioned above. Furthermore, this research focuses on our own specific field of expertise; urban development projects. Nevertheless, the challenge to contribute valuable knowledge to the domain of urban development remains. The recession has revealed that established ways of thinking and acting in urban development practice are being questioned. In particular in the Netherlands, the academic and professional *domain of urban development* has become subject to *structural reflection*. This is what we would like to call the domain change; the nature of the assignment is somewhat different from its previous period. This domain change and other factors pose conditions on the roles of public and private actors in urban development projects, which is of particular focus to our research. The second change therefore can be defined as the *role change*; local authorities and project developers are adapting new ways of collaboration in managing urban development projects.

This introduction chapter builds upon these important fundamental notions. It positions the research within the field of urban development and provides insight into the choices that have been made to make this study researchable. Section 1.1 sets out the problem this research faces, which relates to a management assignment in contemporary urban development. Section 1.2 elaborates on five related arguments that form the basic reasons for carrying out this research. These sections provide opportunities to define the research objective (Section 1.3) and to pose the main research question (Section 1.4). Finally, we relate the research design and thesis structure into a coherent scheme (Section 1.5).

§ 1.1 Problem Definition

Central to this research lays a *management problem* within urban (area) development projects in the Netherlands. Practising professionals (Van de Klundert, 2008; Van Rooy, 2009) and academic scholars (De Zeeuw, 2007; Daamen, 2010; Van der Krabben, 2011a) argue that urban development in the Netherlands is characterized by a growing sense of *ineffectiveness* and *inefficiency*. It seems that established organizational, legal and financial arrangements used for urban projects no longer match shifting *public-private relations and interactions*. This discussion fits within several contemporary debates which focus on new ways for public and private actors to collaborate on, finance and manage urban development projects. Several practical debates, recent academic theses (e.g. Putman, 2010; Bakker, 2011; Dekker, 2011; Louwaars, 2011; Spakman, 2011; Wicherson, 2011; Trip, 2011) and public opinion (e.g. Stroink, 2012), often include questions about *new roles* of public, private and civic institutions in realizing urban projects. Most research and debates focus on solutions related to *organizational and legal arrangements* between public and private actors. In addition, our research aims at providing insight into how these actors actually can manage or influence projects.

Hence, in search of new public-private relations and roles it seems crucial to gain more insight in the *institutional characteristics* and *actor interactions* involved with urban development projects. But, we are not interested in providing a theoretical understanding of *state-market relations* in urban planning as a whole. Rather, this research builds on recommendations set by Daamen (2010) who argues that it is crucial to research how the 'integration of activities' between involved actors takes place in practice. Thus, in this research, the integration of activities is viewed as a management assignment, which looks at opportunities for local authorities and developers to influence the outcome of projects. This is in line with Van der Krabben's (2011a) suggestion that one of the important issues in contemporary planning research agenda is to provide answers to such *managerial questions*.

In specific, this research is interested in a *leading role* for private actors and *facilitating role* for public actors within urban development projects. A concept we describe as *private sector-led urban development projects*. This concept can be seen as the application of more *market-driven concepts* in urban planning, a trend that characterizes contemporary Dutch urban development practice. Behold, we do not neglect the increased role of civic actors in projects, but rather view incorporating their interests as a condition for public and private actors to create sustainable developments. Thus, we are interested in the kind of public-private collaboration and management that takes place within private sector-led urban development projects. Importantly, this changed situation shifts the *management perspective of public-private collaboration* in urban development projects which involves some crucial issues. At first, the 'new' public-private relationship raises concerns by public actors about the possible lack of control (Dutch: 'regie') over development projects. Furthermore, the situation raises questions about what is required for private actors to manage projects more prominently, to handle new responsibilities, to carry out new tasks. Moreover, it is unclear how public-private collaboration and interaction in private sector-led urban development projects actually takes shape in practice. Finally, it is interesting to study the project effects of such public-private interactions. These are 'problematic' issues the research tries to make sense of, amongst others.

The *problem* of this research therefore is:

There is little scientific and practical understanding about how public and private actors collaborate on and manage private sector-led urban development projects and what the project effects of their interactions are.

The following section sets out various motives underlying the research problem. These motives are derived from a wide variety of sources. It includes a study of academic and professional literature and provides important arguments for conducting this research.

§ 1.2 Research Motives

Foremost, the motives for conducting this research are derived from a Dutch perspective on urban development practice. However, some *motives* also relate to more internationally oriented urban planning and development issues. The motives to a certain extent relate to each other, they are interconnected on several levels of abstraction. But in essence they refer to changes in the Netherlands that have ultimately shifted the day to day relationship between public and private actors in urban development projects. They provide conditions for the way local authorities and project developers can cooperate within projects. More importantly, they affect the way urban development can be *managed or influenced*. To put it in other words, the changes have created a 'new reality' which poses new requirements for the roles of public and private actors in these projects. The following changes in fact can be seen as the major motives for conducting this research, and are briefly described below. In the following sections we briefly describe *four main motives* for conducting this research on private sector-led urban development projects.

§ 1.2.1 Changing State-Market Relations in Dutch Society

The relationship between public and private actors in Dutch urban development practice since the 1980s, and particularly since the 2000s, has shifted fundamentally. Central to this fundamental shift lays a discussion about *State-Market relations* on a societal level. The former *hierarchical relationship* between the two has shifted to a more *network-oriented relationship* (see Boelens, 2009; 2010). Viewed more bluntly, this shift involves a decreasing role of the public sector and an increasing role of the private (and civic) sector in societal decision-making. Actually, this shift finds its roots in fundamental developments within our Western society.

Neoliberalization: The Anglo-Saxon Western wind

Such development can be positioned within the acceptance of more *neoliberal or Anglo-Saxon ideologies* throughout the European continent, and subsequently Dutch society and spatial planning since the 1980s. On the political and economic level authors like Albert (1998), Giddens (1998), Hall & Soskice (2001), Hackworth (2002) and Rifkin (2004) refer to two different types of capitalism that exist in Western countries. These are the *Anglo-Saxon model* applicable to the USA, UK and Canada (and others), and the *Rhineland model* applicable to most Continental European countries. These two ideal type models exist with different interpretations of the roles of the State and the Market. In short, the Anglo-Saxon model consist of free market economies with limited government control and legislation based upon Case Law, while in the Rhineland model's emphasis lies on regulated market economies with some sort of government control and legislation based upon Civic Law. Hence, in regard to this research, we highlight that the Anglo-Saxon ideology involves a favoring role of the Market (or private sector) over the State (or public sector) within society. Nevertheless, the Netherlands is mostly rooted within the Rhineland model. But it has increasingly become under influence of the characteristics from the Anglo-Saxon model (see also Heurkens, 2009). This, not in the last place, has been accelerated by the global interconnectedness of economic and social systems around the world. In political respect, Dutch Rhineland values gradually are being replaced by Anglo-Saxon ones. In the Netherlands, this started with structural government retrenchments and rounds of privatizations in the 1980's (Van der Cammen & De Klerk, 2003). Also, on an organizational level Brouwer & Moerman (2005) and Godijk (2008) indicate that there are obvious influences of Anglo-Saxon principles in the Netherlands. Here, they argue that Anglo-Saxon thinking is becoming more dominant. "We see this in government policies, in the way firms and their managers think and act, and even in the content of current management courses" (Bakker et al., 2005).

Market-oriented planning

In this regard, De Jonge (2007) recognized a fundamental *shift of societal values and power*. He states that in the second half of the 20th century Dutch society, as many other countries in the developed world, has grown towards a society in which on the one hand individualism, selective access to services, and inequality (societal values), and on the other hand the private sector or market (power) has gained more influence. This value and power shift in the context of Dutch urban development is represented in Figure 1.1. Behold that De Jonge constructed this model before the current economic recession took place. However, the model still functions as a somewhat simplified device to explain recent shifts in society.

De Jonge's notion is supported by Boelens et al. (2006) and Boelens (2010) who argue that the 'hierarchical' role of the State has reached its limits, not in the last place within urban planning. Not only does the private sector gain a more powerful position within society, also formal and informal civic organizations have filled the 'gap' left behind by governments. However, this does not mean that governments are 'losing power'. According to Boelens (2010) government needs to reposition themselves within *public-business-civic community networks*. He argues that *public sector-led* civic coalition-building needs to radically change into the acceptance of a public sector position as part of an actor-network, rather than being positioned hierarchically outside of such networks.

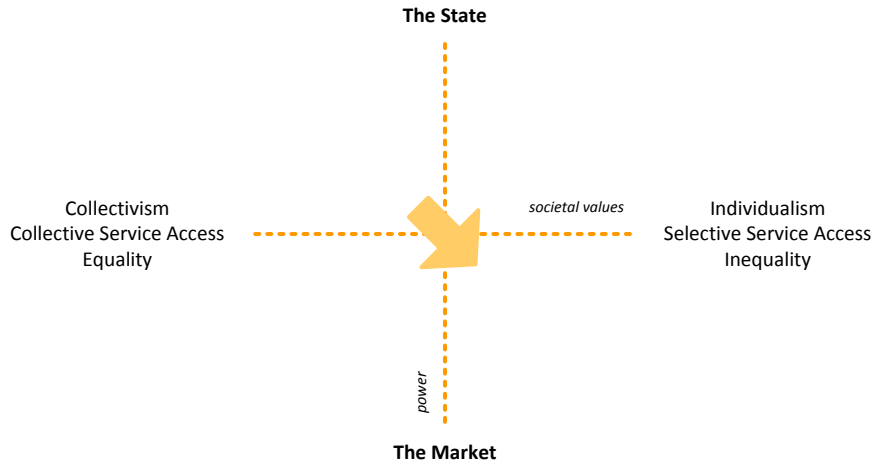


Figure 1.1
Value & power shift in context of Dutch urban development (based on De Jonge, 2007)

From a planning perspective, Alexander (2001) and Adams et al. (2010) argue that it is even a fallacy to position the State versus the Market. They explain the impossibility to separate Planning and Markets. Rather they argue that government institutions have become part of a market system. For instance, Alexander (2001) and Lind (2002) have indicated several forms of *market-driven, market-oriented types of planning*. Here, the basic perspective is that governments are part of a market environment, and should act accordingly. Determining what is public or private in a complex network environment has become more difficult as boundaries between these sectors are blurring; it is not always clear in which domain actors operate (see Teisman, 2008; Nadin, 2011).

Thus, despite the recent (legitimate) call for more government interventions within the ‘failing market economy’ it does not involve a return towards a powerful State (see Boelens, 2009). As stated above, it has become part of a larger system itself, as a vital actor within that network. Thus, public intervention becomes a rather logical action based on its network role. Therefore, Van der Krabben (2011a) argues that this situation represents an economic *cyclical change* resulting in a temporal shifted public-private power equilibrium which can be noticed optically and experienced daily. But as Florida (2010) explains it is rather the *structural change* of a whole economy that truly matters for our future society. He argues that necessary fundamental choices for a new sustainable economy and way of life will likely come from market innovations, as “governments are not the prime mover” (Florida, 2010: 181) in times of recession.

In short, here we indicated that a new equilibrium in State-Market relations is founded within changing societal values. This society-based trend has been pointing towards more private sector influences in Western countries for several decades now. Surely, State-Market relations can be subject to changes in the economy. But, despite the current economic recession and its difficult predictive outcomes for State-Market relations in specific countries, the most fundamental indicators point towards a structural strengthened position of the private sector, also in the Netherlands.

§ 1.2.2 Private Influences in Urban Planning & Development

Development planning

Contextual changes most often determine changes in daily practice. Particular for this research, spatial planning policy formation represents a reaction to the changes in society described above. Van Rooy et al. (2006) argue that urban planning in the Netherlands is faced with changed spatial assignments and relationships. The National Spatial Planning Policy's emphasis on the *development planning* (Dutch: ontwikkelingsplanologie) concept – in planning literature also referred to as *communicative planning, interactive planning and consensus planning* – instead of the former used *restrictive planning* (Dutch: toelatingsplanologie) indeed can be seen as reaction to changed circumstances. The relative simplicity of spatial planning policy under government leadership is being replaced by pluriformity and changeableness, with more different actors involved and less fixed relationships. The rise of development planning can be attributed to dissatisfaction with the visible shortcomings of the classical permitted planning (Hobma, 2005). The Dutch National Spatial Planning Act (VROM, 2006) refers to this as a *shift from government towards governance*; “Collaboration between public actors, societal organizations, citizens and companies is needed to effectively handle problems and to seize opportunities.”

Urban area development

It is increasingly acknowledged that the power and value shift also effects public and private actors' roles and relationships in urban development practices all over the world. Daamen (2010) argues that the 'Dutch' answer to changing roles and relationships in its spatial planning practice is called '*gebiedsontwikkeling*', translated most literally as 'urban area development'. It can be seen as the practical equivalent of the development planning concept. According to Daamen (2010) *urban area development* stands for:

“A way of working in which government bodies, private parties, and other actors involved reach an integration of planning activities and spatial investment, eventually resulting in the implementation of spatial projects” (Daamen, 2010: 3).

This definition emphasizes the role of different actors in developing urban areas. Daamen (2010) argues that governments have found themselves not above but between the other actors concerned, signifying a definite shift in their power to enforce and regulate particular land uses and planning activities. In urban development practice we most profoundly notice this shift in the way plans are made. Land use plans that have been unilaterally drawn up by the public sector do not give any guarantee that development takes place in the manner intended; private sector investments and involvement indeed are needed. Unmistakeably, both actors are interdependent in realizing public and private development interests and objectives.

“They cooperate on policy matters, the route to be followed by the process, and budget matters to secure development. In other words, urban development practice nowadays combines spatial plan formation with agreements about spatial investments. Therefore, the role of planning in the development process cannot be reduced to simply an instrument of implementation, planning seemingly functions more and more in interactive arenas in which negotiations take place and decisions are made” (Van Loon et al., 2008: 17).

Private influences

Thus, spatial policies, plans and projects are the result of a negotiation process in which governments are no longer obviously ‘in the lead’. Private actors, community groups and other public bodies have all become participants in an on-going quest for improving the way land is being used and developed. As a result of this trend and subsequent public planning policies, the private sector gradually gained more influence over urban development projects. In the Dutch urban development practice, De Zeeuw (2007) describes that these trends resulted in the *forward integration of market parties* in the development process. Project developers gradually replaced local authorities in their task as initiators of urban development projects. In the Netherlands, this was based on their interest to develop large amounts of acquired land for development. Furthermore, we can state that the policy shift from restrictive towards development planning concepts impacts the way public and private actors organize urban development projects. Indeed, as a result of policy changes we see that *Public-Private Partnerships* (PPP) gained ground as an organizational and legal instrument for actors to cooperate on spatial developments. In the Netherlands, most profoundly we noticed an evolution in the existence of PPP models towards more private sector involvement. This is due to several reasons related to financial positions, the availability of means, and the status of competencies (amongst others) of the public and private sector. Dutch *PPP models* evolved from *public sector-led* urban development (building rights model) towards *public-private sector-led* urban development (joint venture model) into *private sector-led* urban development (concession model). However, this does not mean that former models have disappeared; they still exist and are used for projects. But, the *public-private spectrum* changes constantly, which automatically changes the roles of both actors in urban development projects and processes. In other words, market parties are operating more often and further into the classic government domain, due to the increased number of private initiatives and investments.

Notice that in *historical perspective*, urban planning in the Netherlands always has been characterized by forms of public-private collaboration, in which private initiatives went along with public spatial guidelines. Since the 12th century polders for example were made on the basis of concession agreements (see De Klerk in Bijsterveld, 2009). Also the spatial composition of inner cities in the Netherlands was based on a planning framework provided by local planning authorities, within which private entrepreneurs developed building blocks. In this regard, Boelens (2009; 2010) argues the period from the Second World War and especially in the 1960 with a leading government in the countries’ reconstruction and spatial planning can be considered to be not more than a *temporary ‘hiccup’* in a longer history of civic and private entrepreneurship.

From the 1980s on, we see a gradual return towards the 'normal' situation in the Netherlands. The private sector became more involved in planning with investments in development projects through PPP projects. And, since the early 2000s, the increased use of the concession models in daily development practice has increased the private role even more. Despite this 'evolution', De Klerk in Bijsterveld (2009) emphasizes that the phase from the 1980's until now can be characterized by a difficult relationship between the State and the Market. A clear conception on the roles of public and private sector is lacking. In the pragmatic Dutch climate, he argues that we owe this stern relationship mainly to a defective political fundament between the Market and Politics. The lack of direction in the academic and practical discussions and debates on the fundamental public and private roles in planning seem to be rooted within this '*pragmatic attitude*'.

Entrepreneurial risk-taking governments

Moreover, Van der Krabben (2011a) emphasizes that Dutch urban development in international perspective has a unique character that somewhat 'colours' the perspective on public and private roles. Urban development has developed itself as an established domain, both professionally and academically, far more than in other countries. More importantly, the active *risk-taking entrepreneurial role* of local authorities in land development can be considered as an exception to the international rule. *Active public land policy* as an instrument for local authorities to realize ambitions, in other countries does seldom exist. In most other countries, private developers are acting as risk-taking and investing actors within land and real estate development. For reasons explained later, this type of development approach is becoming less and less defensible.

Behold, for a new cooperative public-private balance in Dutch urban development practice, few grounded principles are available at the moment. De Klerk in Bijsterveld (2009) emphasizes that this is a problem that can be solved by determining which fundamental responsibilities both domains could have. This research can be viewed as a contribution to such a public and private roles clarification. However, this will not be disputed on a political level but clarified by analyzing operational urban development projects, as will be outlined in Chapter 2.

In conclusion, this section provided *three fundamental notions* that are of most importance for contemporary debates on *Dutch State-Market relations* considering planning policies and urban development practice:

- The *structural trend* towards more private sector influences in policies and practice;
- The *historical fact* that the role of government was limited within spatial planning;
- The *international exception* of an active risk-bearing public land development role.

§ 1.2.3 EU's Neoliberal-oriented Public-Private Partnership Legislation

Tendering principles: Competition, transparency and role division

From a legal perspective other changes influence the way public and private actors cooperate in urban development; tendering procedures based on European Law are becoming increasingly coercive. The application of *European tendering procedures* for Public-Private Partnerships in urban development is a reoccurring issue in the Dutch planning debate and practice. The European Commission (2004) expresses their concerns about the somewhat non-transparent public-private cooperation in Dutch urban development practice. They prefer a clear *public-private role division* and a government that minimizes potential risks for development, e.g. a more *neoliberal-oriented development approach* (e.g. based on Anglo-Saxon characteristics). In particular, the often used institutionalized Dutch PPP joint venture model – with a single corporate body commonly chaired by both public and private board members – is a cooperation model for which critical comments are formulated, looked at from *European tendering principles perspective*.

First, public-private entities like the single corporate body in the joint ventures in the Netherlands in the initiative phase of a development often are formed without a clear competition among property developers. Private parties are selected based upon their coincidental interest in a development and on the basis of land ownership in the area, and thus obtain a favored position in relation to other private parties, by which the *European competition principle* may be violated (ICER, 2008).

The second reason why the joint venture model in relation to the selection of private parties is doubtful is the unclear definition of the subject of the tender formulated by the public body at the early stage of an urban development. The European Commission (2004) has frequently diagnosed that the tasks appointed to public and private parties within the single corporate body are defined inaccurately and in some case are totally absent in the contract. This leads to problems with the *transparency and equality principles* and the detriment of the *objectives of common interest* by public bodies.

Thirdly, in the realization phase, the hybrid role of public actors within the single corporate joint venture body creates the so-called 'double hat problem'. This problem occurs when public organizations gain financial profits out of a development under private law, but at the same time act as the guardian of common interest. They have specific qualitative wishes which in their turn may be disadvantageous for the development financial result of the single corporate entity (Wolting, 2006). This creates frictions with European Union principles, because it threatens *public legitimacy*, and brings along unnecessary public financial risks.

A fourth issue includes the consequences of the Auroux-judgment for the practice of urban development in the Netherlands. Current Dutch PPP practice can be contradictive to the statement of the European Court of Justice (C-220/05) that close financial involvement of municipalities in urban development projects which are meant to be brought on the market, may well be in conflict with *public procurement rules*. This situation asks for a tendering framework with clearly defined expectations, tasks, competencies, responsibilities, and risks involved for the tender undertaker.

Furthermore, according to Bregman (2010b), the more recent Müller-judgment by the European Court of Justice (C-451/08) implicates that future urban development PPPs will be based on a *clear role division by law*, in which public bodies operate within the public domain and developers within the private domain. Bregman foresees that future PPP models will be 'new style' joint venture and concession models rather than the building rights model. This results in more market freedom and less detailed government control. Thus, in the near future, based on these legal arguments, a more private sector-led development approach (with a government avoiding financial development risks) based on a clear public-private role division can be expected.

§ 1.2.4 Difficult Experiences with Joint Venture Partnerships

Inter-organizational partnership problems

The experiences of public and private actors with the application of the *joint venture model* as a form of Public-Private Partnership (PPP) in the Netherlands in general is considered as positive. However, some critical notes to these positive experiences can be made as well. In a joint venture model, public and private actors set up an organizational body with a sharing principle; investments, risks, revenues and responsibilities are shared among the parties. The main reason from both public and private actors to choose this type of cooperation model is the conviction that the contribution of both parties brings about an *added value* for urban development (Klijn & Twist, 2007). The added value is, on the one hand, to be found in more *efficiency, effectiveness and innovation* due to the contribution of private parties in the form of financial means and market knowledge, a thought based upon the New Public Management theory. On the other hand, the involvement of the public sector in the whole life cycle of the development process could contribute to more *flexibility* to react on changed political, environmental, and societal circumstances, a thought based upon the *Governance* theory. Klijn & Twist (2007) conclude that experiences in Dutch practice show that the expected advantages are not obtained easily. Teisman (2008) argues the following.

"The majority of partnerships in the Netherlands seem to face (...) inter-organizational partnership problems. The parties involved have difficulties in combining the demands of partnership with their internal demands. It seems that the inter-organizational capacity is just too weak to achieve added value, even if this value can be verified on paper" (Teisman, 2008: 323).

In addition, Klijn & Teisman (2003) argue that partners have "difficulties with joint decision-making and organization, and tend to revert to traditional forms by contracting out and separating responsibilities." As a result in urban development, for example, we see a growing interest in the concession model. This collaboration model is based on a *strict division of public and private roles* by contract, also propagated for as a manner to reduce the complexity of public-private cooperation by separating both domains. De Jonge in Harms (2008) more profoundly states that PPP in the Netherlands has had a chance for about 15 or 20 years, but

actually just a few real successful projects have been realized. In summary, the main reasons for mixed experiences with the joint ventures are summarized here.

Hybridism: Incompatible value systems

First, the expected advantage of more efficiency and effectiveness is not always met which is caused by the *differences in objectives and interests*. The public sector is viewing urban development projects in terms of safeguarding public interests. The private sector is mainly interested in obtaining a decent profit safeguarding the continuation of the firm. On top of these organization-dependent objectives, common objectives have to be found within the inter-organizational PPP entity. Here, the lack of a clear role description of both parties often results in a discussion which actor actually is accountable for what issues. Teisman (2008) argues that actors within these partnerships are acting on the 'edge' of *public and private domains*. This creates situations of *hybridism*, especially within formal inter-organizational partnership arrangements such as PPP joint ventures. Teisman (2008: 319) continues by stating that "despite attempts to clearly divide the public and private domain", in reality (e.g. urban development practice) the borders between what is public and private become blurred. This poses challenges for the management of urban development processes and projects. For instance, throughout the initiative and plan development stage of PPP joint ventures a lot of effort is put into the negotiation process to reach agreements on sharing risks and revenues. The high number of organized meetings and paperwork involved in this process can be viewed as a way of safeguarding interests. In this regard, Teisman (2008) argues that economists criticize the high *transaction costs* of hybrid arrangements, which are attributed to the time-consuming task of streamlining the '*incompatible value systems*' of public and private domains. General speaking, public actors exist to serve public interests (democracy, safety, health) while private actors exist to serve private interests (profits, business continuation). In the light of PPP joint ventures, De Jonge in Harms (2008) highlights the difficulty with hybridism as a management problem: "a simple rule applies; the one that pays also likes to decide." As both public and private actors have a financial stake, and basic public and private objectives often are hard to match, negotiation and decision-making processes are seldom efficient and effective. Moreover, the compromising nature of decisions could possibly harm process and product innovations.

Flexibility: Inability to cope with dynamics

Second, the expected *flexibility* to react on *changed circumstances* through public sector involvement throughout the whole life cycle process of the development is not always viewed as an advantage from a private sector perspective. Because of the long project time span, often a characteristic for joint venture urban developments, projects face several political elections. This sometimes is referred to as the problem of *political discontinuity* as political priorities change, often resulting in the adaptation of functional spatial programs. Laborious achieved common objectives become subject to a repetitive situation of reframing them in the realization stage, when urban development projects are already underway. Furthermore, Yescombe (2007) argues that PPP projects also are subject to technological and economic

changes, which PPP contractual agreements often lack the flexibility to respond to. However, “projects with a stable long-term planning horizon such as roads or other transport facilities fit well with the PPP approach” (Yescombe, 2007: 27). One can question if complex and dynamic urban development projects are characterized by such ‘stable’ long-term planning perspective and horizon.

Nonetheless, dealing with changed circumstances is important for the public-private relationship. Not responding to changing public objectives is not an option for private actors, because it could damage the social and professional relationship between both partners. Furthermore, it could create a situation of distrust within the common development entity. The risk of not being able to proceed with the cooperation is obviously, from a private sector perspective, but also from a government point of view, an undesired situation. Already substantial investments in the project have been made. It can be stated that changing local politics have a major impact on a development because of the shareholders position of public entities in joint ventures. According to De Zeeuw (2007), a way of coping with the inflexibility issue is to look at organizational models in which politics are more clearly separated from daily urban development project organizations.

Misconceptions: Distrust between actors

Third, the cooperation between public and private actors in joint ventures is hindered by *misconceptions* from public and private actors towards one another. An evaluation of Public-Private Partnerships in Dutch urban development projects by Deloitte (2008a) reveals the *bias* towards one another on the roles and motives of parties (Table 1.1). This bias can be considered as a major socio-cultural characteristic of urban development; this misconception in general creates *distrust* between public and private actors. The main reason for this is the hidden agenda used by both actors within the joint venture cooperation. Further on, in general we claim that such attitudes towards one another are often contra-productive for public-private cooperation. They encompass a view build upon States versus Markets (or public versus private actors), rather than their recognizing their interdependent nature.

Public Sector	Private Sector
‘Private parties only want to make a profit’	‘Local authorities never decide and stack ambition on ambition’
‘We first explore the financial possibilities within our public organization, and if we can’t manage it we bring in the private parties to close financial gaps’	‘After four years faced with another alderman with other views, the whole circus starts again, if they don’t already retreat in the meantime’
‘If we bring in private parties we lose control’	‘We are not asked to bring in our knowledge and expertise, but only support development with money’
‘Land positions are only taken by private parties to buy cooperation from the government’	‘Local authorities create expectations, start by making models, but don’t have a clue of the costs involved’

Table 1.1
Public & private sector bias in PPP joint ventures (based on Deloitte, 2008a)

Furthermore, the lack of *transparency* often creates unnecessary negative energy in projects. A possible solution not only lies in the construction of solid agreements, it is the *culture* that needs to change as well. For instance, Bult-Spiering & Dewulf (2006) argue that 'soft' *sociological aspects* in PPPs in general have been overlooked by 'hard' economic and spatial aspects. For this research it means that a solution for a public-private role definition also should also consider taking into account the relational aspects of *mutual dependencies*. On the basis of these findings, we conclude that the cooperation experiences with joint ventures have not yet resolved in a fully mature and professional public-private cooperative relationship. Therefore, possibly, experiments with other models proofed to be promising.

§ 1.2.5 Economic Crisis & Financial Consequences for Actors

The latest economic recession has put several urban development projects in the Netherlands, but also elsewhere in Europe and North America, on hold or under reconsideration. One can say that the *economic crisis* started in 2008 has confronted professionals and academics with the *short-comings of contemporary urban development practice*. For this research it is interesting to look more closely at reasons beyond the need for a redefinition of the roles of local authorities and property developers. Here, we explore some reasons, consequences, and future conditions for Dutch urban development and the actors involved.

Economic downturn: Shortcomings of contemporary urban development

The beginning of the economic crisis marked the *end of a period of urban growth* and substantial demand for offices, housing, and retail in the Netherlands. Van der Krabben (2011a: 9) argues that Dutch spatial planning and development at the moment is at a turning-point. This is a statement that also is supported by American academics such as Florida (2010) and Glaeser (2011) who argue this is a matter occurring on a global scale. Especially *decreasing development demand* from risk-avoiding consumers and increased bank loan restrictions to finance development, have put the development market under pressure. Most likely, we are entering a period of marginal growth and a shift from a supply market towards a demand (buyers) market in urban development. In 2011, the Dutch housing market has seen housing prices fall substantially, while in the office market vacancies are considered as structural. Both public and private organizations have both contributed to the current oversupply with growth policies and ambitious development proposals. At first glance, this situation seems to be of cyclical nature. However, as the Dutch demographic growth and welfare levels also stabilize, this situation seems to be of a more structural nature.

Moreover, since the economic crisis, Dutch urban development projects face substantial *financial feasibility difficulties*. It is commonly acknowledged that the previous growth-oriented ways of developing cities and areas is no longer suitable for current and future demands. Van der Krabben (2011a) argues that the main assignment for urban development will focus on urban transformation of the existing urban landscape and real estate stock (see also Peek, 2011). However, brownfield development and transformation within cities, with

existing financial development models and supply-driven development strategies, seem hard to realize. The reason for this is that financial margins on land and real estate development in those locations are low. This is a result of high land development costs on the one hand, and low real estate profit margins on the other hand. However, *densifying cities* and making them more attractive is the sustainable way forward, a course supported by the Dutch government (see VROM, 2008; VROM-raad, 2010). This poses a great challenge for both public and private actors with regard to their current internal financial situation.

Financial consequences for private actors

Property developers have first felt the consequences of structural changing economic circumstances. Before the economic recession, private sector involvement in urban development practice increased as a result of central government's spatial VINEX policy for large *greenfield housing development* locations (see VROM, 1991), and the fact that market demand for real estate often seemed limitless. This eventually resulted in a larger share of private investment and management of developing the built environment. For instance, a new Public-Private Partnership model in the Netherlands called the '*concession model*' occurred. This was a result of a retreating government and the urban planning policy emphasis on large scale greenfield developments. In essence, public means for development, being land, capital and knowledge, were gradually superseded by private ones. Furthermore, development was so booming that local authorities simply did not have enough labor capacity to manage all urban development projects within a city. Therefore, they chose to let the private sector develop potentially less (political) risk bearing developments.

However, then the economic crisis occurred in 2008. As a result, property developers in urban development practice face severe difficulties to secure investment for new projects. As market demand for real estate is particularly low, investment loans from banks for development are accompanied by tightened risk-avoiding conditions. Therefore at the moment, the private sector's appetite for risk-bearing investments in projects is low as argued by Heurkens (2010). Along with the *lack of external financial means* for development comes a *lack of internal financial liquidity* within development companies. They own substantial amounts of land waiting for development. And at the same time real estate sales and land prices are low due to low market demands. This has led to reorganizations and redundancies within the development industry and selling off land positions to local authorities.

Furthermore, at the moment, a fundamental review on development strategies of developers in urban development is taken place. A strategy that is built upon a demand-driven approach focusing on end-users and introducing sustainable development concepts, rather than supply-driven mass production developments and economy-focused concepts. In essence, one can state that the current changing role of private sector is part of a *cyclical change* highlighted by the recession economy (see Van der Krabben, 2011a). This view is supported by a study by Joolingen et al. (2009) on the consequences of the economic crisis for the Dutch urban development practice. They indicate that private actors have focused on mitigated the financial problems on the *short term*. They have started to sell owned land, spread development risks, phase development projects, prioritize the number of projects in preparation, and focus on collaboration instead of selection, and risk aversions.

Financial consequences for public actors

This stands in sharp contrast with the consequences of the crisis for municipalities involved in urban development. Joolingen et al. (2009) emphasize that local authorities at the beginning of the crisis did not oversee the *long term* consequences of the crisis. A study by Wicherson (2011) involving the recent financial position of seven major Dutch local authorities, reveals that since 2010 all local development authorities are faced with serious problems. This is a result of decreasing land revenues from urban development on the one hand, and substantial decreasing central government subsidies for urban development on the other hand. And more importantly, this seems to be a *structural situation*, fuelled by the emerging sovereign debt crisis of national governments. Before we go into this, here, it is important to mention the role of local development authorities in land development in relation to the major consequences of the economic crisis for the role of the public sector in urban development.

Van der Krabben (2011a) explains that *active land policies* have been a successful development strategy for local authorities for decades. By combining *regulatory planning powers* in the form of land use plans and a financial and cooperative role within land development, local development authorities were able to hold 'control' over urban development. Furthermore, by acting as a 'market actor' on the land market, local planning authorities could earn substantial revenues which accounted for substantial municipal income. Moreover, large amounts of profit could be reinvested in public works. Van der Krabben (2011a) even argues that land development authorities acted as 'cash cows' for many Dutch municipalities. Also this strategy helped to 'even' financially unviable projects with financially unviable ones. In economic growth scenarios this development strategy worked particularly well and unmistakably has resulted in high quality environments. However, the crisis has revealed that this development strategy has serious drawbacks once demand drops; it imposes serious financial risks to the public sector as a whole.

Reconsidering active land development policies

The public financial situation is supported by hard facts. A study by Deloitte (2010a) on the financial effects of the crisis on the *land revenues* from urban development undertaken by public land development agencies, show a substantial future deficit for a substantial number of the local authorities. Table 1.2 shows the decreasing balance of land development revenues from local development authorities as part of municipal budgets since 2009. It also shows that in the period before the crisis land development balances grew more positive over the years. Korthals-Altes (2008) argues that this is entirely due to active land development policies. According to Van der Krabben (2011a), he rightly argues that these results would not have been obtained with *passive or facilitating land development policies*. For the near future it is expected that due to increasing land rent costs the land development balances of Dutch municipalities will show negative balances, a view supported by Deloitte (2010a). The main reason for this is the amount of publicly owned land waiting for development which was obtained in economic more favorable times with active land development policies. Of course these figures show the situation for all Dutch municipalities combined. Specific situations in municipalities may vary, but the trend seems clear.

Public Land Development	2005	2006	2007	2008	2009	2010	2011
Yields	3,427	4,523	5,126	6,676	6,880	7,207	6,386
Costs	3,217	4,088	4,665	6,169	6,370	6,836	6,345
Balance	211	435	461	742	510	371	41

Table 1.2

Yields, costs & balance of land development within Dutch municipal budgets (in € millions) (based on CBS / Deloitte, 2010a)

Therefore, several authors (Needham, 2007; Buitelaar, 2010a; Muñoz-Gielen, 2010) have argued that this typically Dutch development model has reached its limits. Van der Krabben (2011a) states that 'foreign' scholars like Alterman (2009) have called this active land development policy a '*relic from the past*' that creates unnecessary financial risks for municipalities. Van der Krabben (2011a) adds that there is another reason for questioning the active Dutch land development policies. He states that there are *other development strategies* and instruments which can be used by municipalities to compensate the costs of public investments in urban development (see also Buitelaar, 2010a; Munoz-Gielen, 2010). These authors started the tendency of learning from other countries' instruments for financing urban development. Interesting enough, Van de Weg et al. (2009) argue that there are no clear indications that in other countries urban development projects are hard to realize and that the quality level of developments is low. These considerations put the active land development attitude of local authorities in the Netherlands in a different daylight.

Furthermore, local development authorities nowadays face substantial *financial retrenchments* from central government. Thus, risk-bearing public investments in urban development projects from local authorities are not expected either (Heurkens, 2010), as capital and land as a means for development is becoming less available. Moreover, the move towards a more facilitating role is strengthened by the latest facts and insights from several authors and institutions (see Joolingen et al., 2009; Buitelaar, 2010a, 2010b; Deloitte, 2010a, 2011a; Van der Krabben, 2011a, 2011b; Van Dijken et al., 2011; and Van Til, 2011). They argue that the established active land policy of Dutch municipalities has come under serious pressure as a development strategy for the future, and alternatives have to be sought.

In this regard, another important trend has a direct influence on the level of future public land revenues, the focus on inner-city development. Hence, the National Spatial Strategy (VROM, 2004) focuses on *concentrating developments within cities*. This directive policy indicates a shift towards brownfield projects as the VINEX policy on greenfield development is likely being realized within this decade. This policy shift results in fewer public land sales and lower profit margins for land development as opposed to greenfield development. They are often financially not viable within cities, as profit margins from land sales after preparation are lower within inner cities. This has to do with the multitude of private land and property owners which are purchased at high costs. Land preparation with soil decontamination is also costly. This is supported by Deloitte (2010a) which estimates a Dutch municipal land development balance deterioration of €2.5-3.0 billion in 2010. Thus, this brings a major irreversible change to local government financial positions, as the almost guaranteed sources of income of land sale on a long term basis disappear to a large extent.

In conclusion, one may question if the economic downturn represents a *fundamental structural change* in public-private relations, or that it is an *economic cyclical occurrence*. At the moment it is hard to foresee whether a more facilitating role of local governments in urban development is one of societal or economic nature. Nonetheless, these changed circumstances pose new conditions for Dutch urban development practice, which shape the way actors relate to each other in different ways. Therefore, private sector-led urban development projects remain a subject worth exploring, regardless its nature. In a period of economic uncertainty both public and private actors search for new ways of managing urban development projects; one that is more in line with the changed reality. Thus, we will focus on the *collaborative and managerial roles* of public and private actors in this 'new' reality. It also shows us that project developers are likely to continue their involvement in urban development, to what extent remains to be seen. But does this mean that the role of the public sector becomes irrelevant? On the contrary, local authorities will also have to rethink their role in order to still be able to influence urban developments as a means to improve cities.

§ 1.3 Research Objectives

The objective of this research builds upon the explanations provided in the problem and motives stated above. Central to this research is the notion that the relationship between and roles of public and private actors in Dutch urban development is changing fundamentally. Basically, we notice a shift from less public to more private influences in initiating, planning, financing, realizing and operating urban development projects. But this changing relationship has implications for the way public and private actors can manage these projects. Therefore, returning to the main problem of this research, the main objective is to provide an understanding of how public and private collaborate on and manage within 'private sector-led urban development projects'.

In order to reach the objective of the research we use a case study approach (see Chapter 3). We conduct case studies in order to understand the relationship and interactions between local authorities and property developers in private sector-led urban development projects. Moreover, we study these projects within different *urban development practices*, the Netherlands and the United Kingdom (UK). The reason for the *international orientation* is that we can learn significantly from other development practices, for this research in particular UK's market-oriented development practice. Here, the main interest is to understand the mechanisms behind the cooperation between local authorities and property developers and to understand how they manage projects. Thus, the objective focuses on understanding projects on a *tactical-operational level* by using conceptual models, rather than building theories for public-private relations on a more strategic-tactical level.

Furthermore, this research aims at determining intended as well as unintended *effects* of the collaboration between public and private actors. Therefore, the research aims at indicating effective and efficient management activities undertaken by public and private actors which possibly or most likely result in intended effects. Do they present opportunities to close the inefficient and ineffective gap experienced in Dutch practice? Although, it must be clarified

here that assessing causal relationships between management interventions and their effects is not at the heart of the research. Determining cause and effect is considered rather impossible and too simplistic more other factors than management also affect outcomes. Therefore, we are mostly interested in which management actions most likely results in what effects, without underestimating the importance of other factors.

Hence, this research also has two related sub-objectives, one aimed at developing knowledge for science and the other one aimed at providing lessons for practice. The academic sub-objective is to *develop conceptual knowledge and tools* to analyze the management of urban development projects in general. This contributes to the application and relevance problem of management theory for the domain of urban development, as explained in Section 2.2. The practical sub-objective is to provide *inspirational lessons* from practice for a more effective and efficient urban development practice in the Netherlands. Therefore, we use the insights generated through conducted cases studies in both the Netherlands and UK. By collecting and analyzing relevant research data in a systematic way it is possible to describe *conceptual solutions* for problematic issues regarding the roles of public and private actors in Dutch private sector-led urban development projects. Thus, both the conceptual academic tools and practical lessons result in describing conceptual recommendations for the collaboration and management issues current Dutch urban development practice faces. In this sense, way aim at bridging the gap between urban development practice and science.

The **objective** of the research therefore is:

To provide an understanding about how public and private actors collaborate on and manage private sector-led urban development projects, in order to develop conceptual knowledge and draw lessons for urban development practice and science.

§ 1.4 Central Research Question

The basic idea of this study is that it focuses on what we can learn from urban development practice by analyzing empirical cases with theoretical and methodological concepts. Therefore, we take this as a starting point for formulating the central research question.

The **central research question** we try to answer is:

What can we learn from private sector-led urban development projects in the Netherlands and UK in terms of the collaborative and managerial roles of public and private actors, and the effects of their (inter)actions?

The question, on purpose, has been formulated generally, but is based on some fundamental choices which have major implications. The 'we' here implies both urban development science (academic scholars) and practice (public and private professionals) in general and Dutch urban development science and practice in specific. Also, we use the word 'learn' to indicate that we aim to draw lessons from different urban development practices in general, and from private sector-led urban development projects in specific. Moreover, urban development projects form

the *object of study*. Furthermore, the ‘collaborative and managerial roles’ of actors imply that we are dealing with interaction between and actions from public and private actors, which forms the *subject of study*. Moreover, we emphasize the importance of actor interdependencies by focusing on both ‘public’ (local authorities) and ‘private’ (project developers) actors. And finally, we study the effects of such (inter)actions with regard to process and project outcomes.

§ 1.5 Structure of the Book

In order to answer this question a research structure is presented in Figure 1.2. This research design also functions as the thesis structure. It is divided into different research parts and further subdivided into different chapters. In general, the research parts (or stages) are divided into Concepts, Practices and Synthesis. For each part the subsequent chapters are described hereinafter.

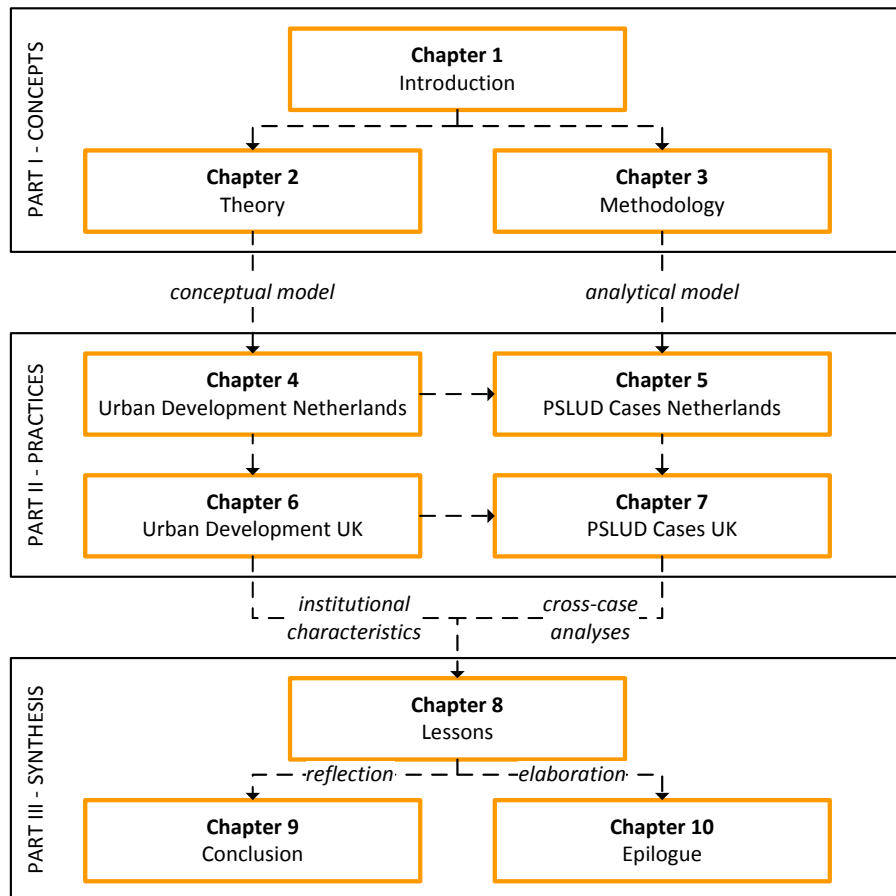


Figure 1.2
Research structure

The *Concepts* part involves framing the research, using relevant theories to understand the crucial issues at hand, and using appropriate methodologies to carry out the research. In this Chapter 1, we provided an Introduction to outline the research. Chapter 2 about Theory gives a detailed description of the (theoretical) 'conceptual model' used for this thesis. The conceptual model relates the different concepts involved with private sector-led urban development projects. Insights are based on a multiplicity of theories and literature reviews which are used to understand state-market relations, inter-organizational structures, and managerial interactions between actors within the domain of urban planning and development. Chapter 3 on Methodology contains the 'analytical model' which is used to describe and analyze the different empirical cases. This model is based on the open systems approach often used within the field of business administration. Furthermore, we introduce the need for international comparative urban research and practical lesson-drawing and the appropriate methodology used for this type of research.

The *Practices* part involves describing the relevant urban development practice characteristics of both countries, in order to understand the institutional background against which the analysis of empirical private sector-led urban development projects takes place. As a result of the choice for an international research the chapters in the Practice part follow a similar pattern. Chapters 4 and 6 contain a description of and the evolution of 'institutional characteristics' of Urban Development Practice in the Netherlands and the UK. Each of these institutional contexts is described systematically by viewing three subsequent societal periods from political, economic, and environmental perspectives. These insights provide the context against which empirical private sector-led urban development projects are analyzed. This is done in Chapters 5 and 7 which contain a description and analysis of urban development Case Studies in each of the selected countries. For the Netherlands ten private sector-led urban development projects are taken as object of study, while in the UK two cases are studied. These case studies are studied through a similar structured analytical framework in order to enable comparative research. But foremost, the empirical cases provide valuable empirical lessons about these types of projects. Findings from empirical cases in each country are subject to 'national cross-case analyses'. The findings from the Dutch case studies, in particular the problems faced within private sector-led urban development projects, serve as aspects of attention for UK data collection.

The *Synthesis* part involves interpreting the literature findings and empirical case study findings and draw lessons from both Dutch and UK private sector-led urban developments, followed by an epilogue on some crucial issues related to the research. Chapter 8 foremost is aimed at drawing Empirical Lessons & Implications from both countries. Here, theoretical data retrieved from the Dutch and UK urban development practices are compared with one another resulting in the identification of some general differences and similarities between 'institutional characteristics' of both practices. The chapter continues with drawing empirical lessons from the private sector-led urban development projects from both Dutch and UK case studies. This results in defining some major empirical conditions for the collaboration and management of these types of projects. The general comparison and empirical lessons help to formulate 'implications' for Dutch urban development practice. These are formulated as conclusions and recommendations for the roles of actors cooperating in Dutch private sector-led urban development projects. Then, Chapter 9 consists of a summarized Conclusion

which provides an answer to the central research question, reflects upon the used concepts for analyzing practices, and recommends directions for further research. Finally, Chapter 10 contains an Epilogue, which elaborates on two non-researched fundamental issues related to private sector-led urban developments, namely safeguarding public interests and alternative financing instruments.

PART 1 Concepts





2 Theories

§ 2.1 Introduction

In the previous chapter, we introduced the problem, motives, objective, questions and framework of the research. We explained that we are mainly interested in the roles of and relationship between public and private actors in private sector-led urban development projects. Hence, we explained the focus on the management of these projects as this in academic and professional literature has been underestimated as a critical condition to realize public and private objectives in urban development projects. Therefore, the objective of the research is to analyze the collaboration between and management of public and private actors in such projects. Also, we briefly introduced the concept of private sector-led urban development projects based on indications that project developers at least in the pre-crisis period increasingly became involved in leading Dutch urban development projects. Furthermore, we emphasized that we will carry out international research on established private sector-led urban development practices in order to draw lessons for the Netherlands.

In this chapter we explore several theories and concepts related to our research topic. These are aimed at providing insight into relevant academic literature findings used to construct a conceptual research model. They consist of several interrelated and crucial theoretical issues and considerations which are presented in order to create a broad understanding of private sector-led urban development projects. Hence, we emphasize that our theoretical choices derive from an *iterative research process* in which empirical findings and theoretical concepts have constantly be confronted with one another. We start, first, by positioning the research by indicating the perspective and choices made to identify the main research object and subject, which enables us to develop a conceptual model of private sector-led urban development projects (Section 2.2). In the following sections we explain the roles of and relationships between public and private actors on different analytical levels from a theoretical perspective. These sections are aimed at deepening our understanding of the context, organization and management of private sector-led urban development projects. First, on a *contextual level* (Section 2.3) we introduce the main theories and contextual factors influencing the organization and management of urban development projects. Second, on an *organizational level* (Section 2.4) we explore theories and factors of public-private cooperation conditioning actor's management of projects. Third, on a *managerial level* (Section 2.5) an overview of relevant management theories and the choice for relevant management measures for this research are provided. Then, also the choices for the project *effects* of importance to the research are explained (Section 2.6). Section 2.7 summarizes the main issues with regard to theories and concepts used in our study.

§ 2.2 Positioning the Research

In this section we explain the basic choices made for the object and subject of research. We do so by introducing several arguments which have led us to identify the perspective and scope of research. Moreover, these arguments enable us to deliberate on what this research is not about by discussing why we have not chosen for obvious others. Also, it enables us to create a conceptual model which is used as a structuring device for carrying out this study.

Notice that this research is rooted in the research school of Urban Area Development within the Department of Real Estate & Housing at the Faculty of Architecture (Delft University of Technology). It is a relatively young academic domain which views urban development most profoundly as a complex management assignment (Bruil et al., 2004; Franzen et al., 2011). Academic research in this school is characterized by an *integrative perspective* with a strong *practice-orientation*. Here, integration in urban development involves bridging various actor interests, spatial functions, spatial scales, academic domains, knowledge and skills, development goals, and links process with content aspects. Hence, such an integrative perspective does justice to complex societal processes, and therefore provides a fruitful ground for studying urban development. This research perspective is taken as a starting point to position our research and has been applied to our research in the following manner.

§ 2.2.1 Urban Development Projects

The choice for a certain object of study of the built environment carries both the opportunity to identify its precise nature, and the limitation of disregarding other perspectives. Van der Veen (2009) and Daamen (2010) also use *urban development projects* as central objects of study. We follow the definition from Daamen (2010):

“An urban development project refers to a framework of concrete material interventions inside a geographically distinct urban area” (Daamen, 2010: 18).

Hence, his description is characterized by a ‘neutral connotation’ and ‘contextual equivalence’. Moreover, it represents the choice for ‘concrete spatial intervention’ and a defined ‘spatial scale level’ of study. Let us explore the reasons for following these authors by exploring urban development project characteristics and explain where we stand with our specific object of study. First, according to Daamen (2010) the *neutral connotation* means that one is not dealing with a specific phenomenon of urban development projects. In contrast, for instance, he argues that studies on ‘large-scale urban development projects’ (see Swyngedouw et al., 2002; Majoor, 2008), and ‘urban mega projects’ (see Carmona, 2003; Chen, 2007) are underlining a specific feature of urban development projects. However, in our research, unlike Van der Veen (2009) and Daamen (2010), we do highlight a certain phenomenon, namely ‘private sector-led’ urban development projects, as we are specifically interested in this type of projects. Nonetheless, in this research also reference is made to the ‘neutral’ urban development projects indicating that we are not dealing with our specific phenomenon.

Second, the *contextual equivalence* of the term urban development projects is of central importance to this research as we are dealing with two international contexts, the Netherlands and the UK. Hence, there are several context-specific descriptions of urban projects. For instance, in Dutch spatial planning literature and practice the term 'integrated area development' (Dutch: integrale gebiedsontwikkeling) is often used. Daamen (2005) and Teisman & Klijn (2002) mention that the level of integration that is related to "the degree of functional and material changes planned for the area" which relates to aligning different interests, disciplines and sectors involved in the intervention within an area (see Daamen, 2010: 18). Moreover, according to Bruil et al. (2004), Peek (2006) and Franzen et al. (2011), such integration also implies that technical, legal, political, economic, demographical, ecological, and socio-cultural aspects have to be taken into account to realize urban areas. Notice that in other countries such integration can have an entirely different meaning (see Moulaert, 2005). Daamen (2010: 19) argues that, for instance in the UK, "the integrated approach counts as a normative response to depressing social and environmental results produced by a market-led urban planning regime in the 1980s." This is different from the understanding of the term in the Netherlands. Also, in an international context, we encounter context-specific terms like *urban regeneration*, *urban renewal*, *urban revitalization*, *urban redevelopment* and *urban renaissance* amongst others. They all indicate a response to improving an existing urban situation (notice 're-'), with a specific approach in a specific period. Therefore, in our view, they are not contextual equivalent as they represent time- and location-embedded constructs. As Lees (2003b) indicates, there are contextual subtleties in the use of these terms by academics and professionals. For instance, urban renewal is a term often used to indicate the 'public sector-driven' large-scale spatial interventions in the 1960s and 1970s, for instance in the UK and USA. Also, urban regeneration (see Roberts & Sykes, 2000; Couch et al., 2003; Jones & Evans, 2008; Tallon, 2009) refers to the specific UK policy implementation-oriented response to reach the spatial integration of economic, social and environmental objectives. On the contrary, urban development projects do not contain such context-inequivalent feature, which provides opportunities for generic usage.

Third, urban development projects as object of study explicitly emphasizes a *concrete spatial intervention*. In line with the argument made by Daamen (2010), a project implies a concrete material intervention inside a geographically distinct urban area; they are a 'means' to carry out a spatial intervention to implement policies. It focuses on organizations and actors who directly cooperate on and invest in an area by modifying its land use. This is fundamentally different from the term 'urban development'. In our view, this foremost implies a 'planning practice' with its context-specific characteristics, such as commonly shared institutional values, arrangements and attitudes. For instance, in this research a description is given about the urban development (practice) in the Netherlands and the UK. These institutional characteristics are of relevance to this research in the sense that they condition the way urban development projects are carried out. Then, it is precisely the 'operational' project which provides opportunities to study public-private collaboration and management as a form of concrete spatial intervention.

Finally, the last reason to choose urban development projects as object of study is the *spatial scale level* of the 'area'. Cities can be studied on different spatial scales, ranging from metropolitan, city, area, to building scale levels as indicated by Van Hoek & Wigmans (2011: 54). An area consists of a (connected) collection of buildings situated within the specific urban context of the city. Spatial intervention by means of urban development projects often takes place within such defined areas. Therefore, we mainly focus on the area scale

rather than the city scale when evaluating our projects. This is a different starting point than evaluating the implementation of planning policies which is an often used scale perspective in 'urban planning' studies. Our area focus implies evaluating project effects rather than policy implementation outcomes on a city level. Nonetheless, areas cannot be treated as isolated phenomena. Areas are complex in the sense that they are influenced by dynamic events from their surroundings. Therefore, we also take the project context into account when studying private sector-led urban development projects.

The reasons provided above indicate our choice for urban development projects as object of study. We also discussed the opportunities and limitations these choices bring with them. In the following section we explain how this relates to the subject of study.

§ 2.2.2 Management, Influencing & Steering

Reasons for management research

Research in the field of urban development is rooted in many academic domains related to the built environment. Daamen (2010: 21) argues '*urban area development*' (Dutch: gebiedsontwikkeling) "finds its scientific position in the diverse field of spatial planning." Hence, urban development builds upon several theories ranging from *planning, economics, political science, geography, law, public administration, organization* and *design*. This is due to the relative young existence of the profession and academic domain as well as the complex, dynamic and sociological nature of urban development. As a result of this, many academics analyze urban development from one particular perspective or speciality; i.e. the understanding and solutions for problems are provided based on domain-specific paradigms. This has created a considerable and extensive body of knowledge. However, so far a *management perspective* as used in this research has been less frequently used in studying urban development. There are several reasons to apply such an approach to this research.

First, a management perspective on urban development projects fills an *academic gap*. Academic scholars such as Klijn (2008) and Van der Krabben (2011a) have put forward the necessity for more management research in urban development. In their view, management by public and private actors in urban development projects is one of the most important factors for achieving desired outcomes. They claim that the way these actors manage projects to a large extent determines the outcome of projects. In other words, management activities by actors, rather than legal and organizational rules, 'produce' concrete project effects. For instance, in his dissertation on strategies for urban development projects, Daamen (2010: 36) concludes that despite that formal institutional rules give order to the decisions made in projects they rarely are decisive for the outcome of projects, *actor (inter)actions* are. Nonetheless, such institutional rules condition the way public and private actors can organize and manage such projects. Therefore, they remain of crucial importance in understanding urban development projects as well.

Second, choosing a management perspective carries the opportunity to bridge *management as science* and *management as practice*. It enables us to bridge the explanatory and design sciences, thereby filling an academic gap described by Van Aken (2004). He argues that academic management research is faced with a serious *application problem*. A lot of research in this field is based upon description-driven research, rather than on prescription-driven research. This difference can be explained by the notion that the mission of all sciences is to understand, describe, and explain a phenomenon. According to Van Aken (2004) such academic research fails to produce *conceptual research products* derived from empirical research which can be used in the design of solutions for specific management problems and questions for practitioners. Hence, Mintzberg (2010) emphasizes that management neither is a science nor profession, but a 'practice' which is rooted in a particular context: "Management not even is applied science, but in management science is applied" (Mintzberg, 2010: 21). Therefore, he argues that it is crucial for academics to understand management practices by conducting empirical research. Then, management research can make use of this knowledge to construct more generic conceptual research products. Then, these concepts can be adopted, implemented and operationalized by practitioners themselves for their specific context.

Third, in relation to the above, the strong *empirical nature* of this research which contains a wide variety of case studies justifies taking such a management perspective. In Dutch urban development practice, actors are in constant search for effective and efficient 'strategies' (e.g. Daamen, 2010) needed to produce successful outcomes of such projects in the current times of crisis. However, solutions for the current difficulties tend to focus on financial (e.g. Van Rooy, 2011), organizational (e.g. Franzen & De Zeeuw, 2009) and legal (e.g. Bregman, 2010a) solutions. For instance, new types of financial models, Public-Private Partnerships, and planning laws are proposed. However, a remarkable knowledge gap exists about the consequences for the implementation of these proposals in empirical projects. In relation to the shifting roles of public and private actors (see Introduction), practitioners are searching for effective ways to 'influence' the outcome of projects. Therefore, specifically in our research on private sector-led urban development projects, we aim at taking the discussion about new organizational, legal, and financial models a step further by looking at the consequences for the management of projects carried out by public and private actors.

Fourth, in relation to our specific object of study, the *operational level* of urban development projects strongly favors a management perspective. It is at this level where the implementation of planning policies and coordination of development interests takes place through a complex process (e.g. Franzen et al., 2011) of public-private interaction. Here, public and private interests come together in planning and development processes. These processes contain contextual political and economic interests which need to be managed as well. Furthermore, the project's financial, organizational and legal arrangements such as development contracts, to a certain degree constrain the way actors can manage them. Moreover, the general objectives of actors with urban development projects are to deliver high quality results as efficiently and effectively as possible. Therefore, it is at this operational project level where the management of a complex set of interrelated public and private interests emerges.

Fifth, crucially, it is our specific phenomenon of the private sector-led urban development project which justifies taking a management perspective. As project developers are assumed to take the 'lead' and local planning authorities 'facilitate' in these types of projects, the management opportunities of public and private actors change. In the Netherlands, often the need for *steering* (Dutch: sturing) and *control* (Dutch: regie) of urban development projects is stated by public actors in particular. However, what is essentially meant with such managerial terms remains rather vague; leaving aside some exceptions (see Wicherson, 2011). Moreover, private sector-led urban development projects are assumed to contain 'less' steering and controlling opportunities for municipalities to achieve public objectives. Also, such a development model may require different or additional managerial competencies from private actors, as opposed to more established Dutch development models such as the joint venture. This research aims at defining what public and private management actually means and encompasses in private sector-led approaches.

For these reasons, our research does not involve testing (e.g. verifying or falsifying) a priori theoretically founded *hypotheses* in practice, commonly used in social sciences like economics and business administration. Sechrest (1992) argues that such an approach is based on the "widespread conviction that only quantitative data are ultimately valid or of high quality." However, in line with Guba & Lincoln (1994: 106) we argue that the aim of science is not primarily "the prediction and control of natural phenomena" based on quantitative research. Rather, our research tries to understand complex empirical phenomena by integrating different (sometimes opposing) theoretical concepts aimed at designing conceptual research products through *inductive practice-based qualitative research* (see Bryman, 2012). Such an approach does justice to both the pragmatic nature of urban development practices and projects, and the need to develop conceptual (management) knowledge for academics, possibly to be further tested through inferential (quantitative) research.

Integrative management approach: Systems & contingency theory

This brings us to how we view management in this research. Notice that our fundamental thoughts on management are related to a particular academic institution. This research is conducted within the Department of Real Estate & Housing (Faculty of Architecture, Delft University of Technology). The main focus of research at this department lies on answering *management questions of the built environment* (see Wamelink, 2009). Hence, objects of study in the built environment are studied with management perspectives. Specifically, this research is rooted in the Chair of Urban Area Development. This *research school* primarily uses an (overarching) *governance perspective* as a guideline to study urban area development (see Franzen et al., 2011). In short, governance than is seen as "the capacity to organize collective action toward specific goals" (Hillier, 2002). Moreover, this research perspective implies governing urban development in all its complexity, diversity and dynamics by means of *integration* (see Bruil et al., 2004). Hence, as urban development consists of different *disciplines* and *fields of knowledge*, encompasses various interrelated *spatial scales* and involves several interdependent *actor interests*, it is difficult to use one theoretical research perspective. Thus, an overarching management perspective enables us to study specific urban development phenomena. For instance, this research is positioned at the "operational side of governance" (Franzen et al., 2011: 11) as we study 'projects'.

Therefore, here, we argue that the various characteristics of urban development projects require 'object-related' *integrative management approaches* to both understand urban development and to construct useful conceptual tools for practitioners and academics. Integrative approaches "attempt to combine a number of different variables or elements into a more holistic approach to the broad process of management" (Black & Porter, 2000: 57). Such an approach must be placed in the long history of *management thought* as a reaction to our increasing complex society. In short, classical management theories provided 'structuring' answers to the division and coordination of labor (Smith), determining the one best way by key principles (Taylor, Fayol), and defining ideal types of organization (Weber). Neoclassical management theories emphasized the 'human' nature of management, such as informal power (Follett), behaviour (Mayo, Hawthorne), human resources (Maslow, McGregor), learning organizations (Agyris, Schön), forms of leadership (Lickert), and quantitative decision-making (Simon) (see for an extensive overview Black & Porter, 2000).

Nowadays, management practices – such as urban development – increasingly have become more complex and are less suitable for structured approaches only; flexible approaches that deal with its complexity are needed. This fits well with the current evolution of management thought towards more integrative approaches which view management more broadly. "Flexible approaches seemed to be better suited for rapidly changing and complex environments" (Bruil, 2011: 24). For instance, in urban development there are constantly changing inter-organizational partnerships (see Van Loon, 1999; Van Loon et al., 2008; Daamen, 2010) between public, private and civic actors. Nevertheless, the concrete nature of urban development projects also requires actors to structure projects with inter-organizational arrangements such as a role division and contractual agreements. Foremost, the management of urban development projects is aimed at achieving concrete spatial and financial objectives. Therefore, our integrative management approach combines two integrative theories; systems theory and contingency theory.

First, we apply the *systems theory* as means to structure the way public and private actors manage private sector-led urban development projects. In systems theory, operational management is described as steering (Dutch: sturing). De Leeuw (2002: 151) defined *steering* as "any form of directive *influencing*". This implies using an *open systems approach* which sees urban development projects as fundamentally open; they are subject to various types of influences from their environment. In essence, than our *steering paradigm* is a "collection of concepts of thought about steering and the way these can be used to make representations and models for analysis and design. At the basis lies the assumption that it is possible and useful to approach reality as such" (De Leeuw, 2002: 151). Thus, steering incorporates all kinds of different steering activities like learning, educating, motivating, transforming, planning, controlling, designing and decision-making amongst others. This view on steering is based on some key principles. First of all, De Leeuw distinguishes *three important dimensions in steering* a project; uncertainty, unpredictability and ambiguity. These dimensions are also present in urban development projects and need to be dealt with in an accurate way. The accurate way to manage projects depends on changing conditions and aims of projects in specific contexts, and therefore often is tailor-made. Second, the model is based on *three dominant aspects of managing* a project; achieving objectives with people, steering a course, and problem solving and designing solutions. These aspects are very closely related to the actual collaboration between public and private actors in urban development projects, and thus, very useable as management approach.

Second, our integrative management approach uses the principles of the *contingency theory* as a way to view the actual management of projects more broadly. According to Bruil (2011: 24) the contingency approach “refers to a choice between the more traditional forms of organizational structure and the methods of management and more flexible and less specified structures and methods”. De Leeuw (2002) argues that management contingency means that there is “*no universally effective way of managing*, the appropriate way to manage is dependent on the circumstances.” Notice that this statement is in line with recommendations from Van Aken (2004) and Mintzberg (2010) that actual management is not the objective of academic management research; this is the domain of practitioners. Therefore, in our academic research as well, foremost we aim at understanding practice by recognizing that management is context-dependent. In general, management happens within particular contexts and organizations aimed at reaching certain objectives carried out by people’s actions (Black & Porter, 2000). As we study several cases in both the Netherlands and the UK, we need to comprehend management more broadly, as other types of influences might be present in each particular project context.

Therefore, in this research we move beyond the often narrow scope of management by arguing that influencing projects require public and private actors to use a wide variety of management activities and instruments. Moreover, we do not assume that certain management measures should be applied by public and private actors. It does not matter who manages as long as someone manages. Thus, we study urban development projects without a normative approach; instead we apply the contingency approach to discover the various ways of managing them.

As such we define the **management** of urban development projects as follows:

“Management consists of any type of directive influencing the realization of urban development projects.”

§ 2.2.3 Conceptual Integrative Urban Management Model

This view of management above brings us to constructing a conceptual model. In this section we explain our choices for a *conceptual integrative urban management model* based upon the systems and contingency approach as a way to study the management of private sector-led urban development projects in more detail. De Leeuw (2002) applied the systems approach to the business administration domain, a goal-oriented discipline which is comparable with the (urban development) project management domain. That is, both domains can be considered to have similar characteristics in different ways. The main similarity is that both business and project management focuses on analyzing, designing and managing goal-oriented processes in and between organizations. These processes are also carried out within administrative business or project contexts with almost similar (inter)organizational features. In both domains, actors try to achieve organization-dependent goals through the realization of a project. For instance, in order to overcome problems within urban development projects public and private actors will apply different management measures individually or collaboratively in order to reach intended goals of projects.

Here, for this research, we highlight some academic *domain perspective similarities* between business management and (urban development) project management:

- *Instrumental*: goal is to develop goal-oriented management measures;
- *Problem- & practice-oriented*: practical organizational or managerial problems;
- *Multiplicity*: complex reality must be approached from more viewpoints;
- *Interdisciplinary*: knowledge from different knowledge domains is needed;
- *Interaction*: goal is to understand interaction processes between actors.

As we argued that urban development practice often is considered to be very complex and dynamic, one may doubt if a conceptual model based upon a systems approach actually represents practice. The main critic here is that models often are considered to be simplified representations of reality. However, all models are always a simplified representation of reality, as not all factors can be taken into account. What matters is that one follows a consistent perspective. Therefore, here, we emphasize that the model is used to understand the relationship between the context, organization, management and effects of private sector-led urban development projects, and not the urban development practice as whole. Thus, the object of study central to this research is a project; we are not interested at creating a complete understanding of the complexity and dynamics of the constantly changing context of urban development and spatial planning.

Although we recognize that a particular context and changes within this context influences the way public and private actors cooperate in particular projects, we tend to search for solutions for collaborative and managerial problems encountered within empirical urban development projects. For this objective, the systems approach is very suitable. It enables us to explain and systematically analyze and understand mechanisms between the relevant factors influencing the management of public and private actors cooperating in projects. Nevertheless, the systems approach is foremost instrumental of nature, and puts less emphasis on interpersonal and social factors. Therefore, we will use literature reviews and ask involved actors about their project experiences to create more insight into relevant social factors involved. Nonetheless, the model provides opportunities to search for 'solutions' for problems that occur within projects, as insight is given into relevant mechanisms underlying these problems.

Figure 2.1 shows the *conceptual steering model* presented by De Leeuw (2002) which we have to adapt to our own specific research subject of (private sector-led) urban development projects (see Figure 2.2). However, here it is crucial to explain some key principles of the De Leeuw's model in order to understand its logic. First, the *context* represents the different levels of surroundings a certain empirical object (of study) is part of. Such a context is often subject to change, as is the case in our research. Applied to the domain of urban development this context (of a project) for example exists of spatial policies or economic circumstances which are viewed as conditions for the way urban development projects can be organized. Second, the *organizational system* represents different aggregation levels of organizational structures, formal and informal relationships and roles between different actors. Applied to the domain of urban development this organizational system consists of public and private actors and the way they organize public-private cooperation of a project. Public-Private Partnerships for instance are an example of formal organizational systems. Third, the *processing system* is the subject of study, in this case an urban development project. It is a process that needs to be managed by the project organization, or public and private actors cooperating in particular for this research.

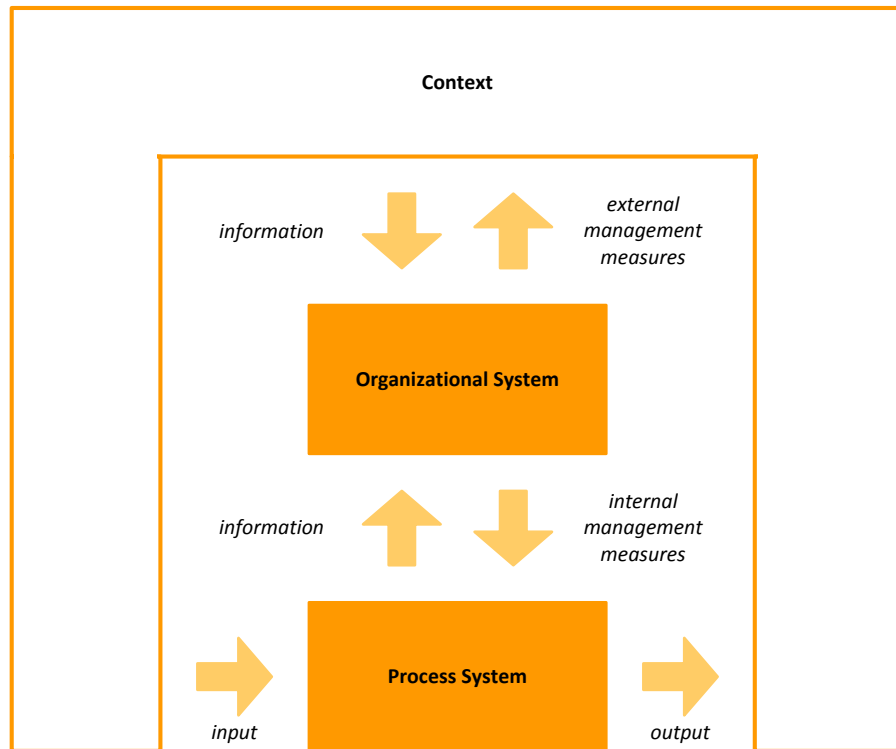


Figure 2.1
Conceptual steering model (based on De Leeuw, 2002)

Furthermore, there are relationships between these three major components, which reflect the dynamics that exist within and surround projects. For instance, a changing context influences the processing system which is considered as *input* for the process. For instance, shifts in economic circumstances change the way processes in urban development projects can be managed; i.e. a project planning for delivering houses will be adjusted according to a decreasing demand as a result of economic circumstances. This is done based on the *information* on changing urban development processes which is 'send' to the project organization (within the organizational system) constructed to manage these processes. This often leads to adaptations by the organizations to cope with the changes. This is achieved by different using *management measures*, which De Leeuw categorizes as internal and external management measures. *Internal management measures* are aimed at influencing the structure or objectives of the project, while external management measures are used to influence the structure or objectives of the project surroundings. For instance, new internal management measures eventually are used by actors to realize an effect or *output* of the urban development project. In urban development projects this can be the adaptation of a functional program than is aligned with changing customer demands as a result of a changing context. Furthermore, the organizational system itself is fed by information or signals from the project surroundings. For example, public and private actors organized in a partnership need to reconsider their individual organizational objectives as part of the current economic crisis, creating new organization-specific priorities and therefore new public-private relationships.

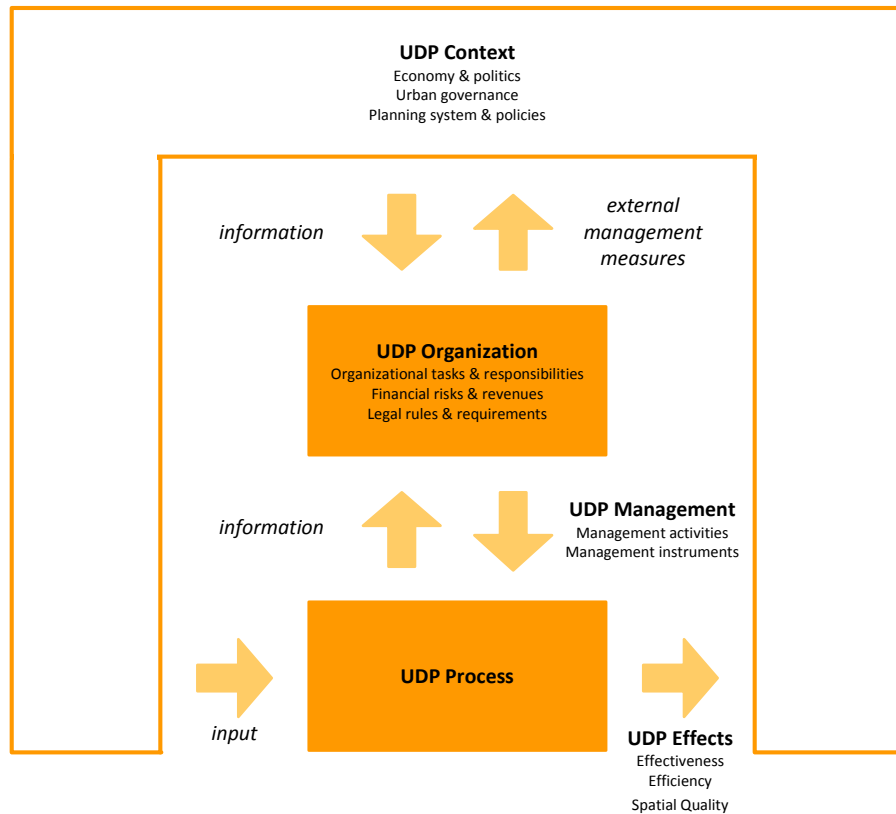


Figure 2.2
 Value & power shift in context of Dutch urban development (based on De Jonge, 2007)

In their turn, changing organizational systems also could try to influence the project surroundings by using *external management measures*. For instance, to realize urban development projects, public and private actors can persuade political leaders to fund their projects. In this way the external environment is ‘steered’ in order to achieve project objectives. However, for this research the emphasis will be placed on the internal management measures as we consider that it is hard to manage a context of a project.

Thus, this conceptual steering model is not a static representation of reality; it rather provides the ability to explain all sorts of mechanisms occurring in projects. In order to analyze and compare cases, however, a choice is made about which aspects are included in the analysis. Here, a brief description of the analysis aspects is given based on various theoretical insights and categorized into different project-related elements.

Figure 2.2 shows the *conceptual integrative urban management model* used for this research to understand different relationships between these aspects of (private sector-led) urban development projects. Within each component of analysis the major aspects of analysis can be found. We claim that, by analyzing projects in this way we create a better understanding of the mechanisms underlying these projects. We have highlighted the *project organization* and *project process* components as these elements are the main focus areas for understanding the

roles of public and private actors within projects. Hereinafter, we make a crucial distinction between the *institutional context* (Chapter 4 & 6; see also Section 2.2.4) and direct *project context* (Chapter 5 & 7). Institutional contexts mainly indicate public-private orientations in the Dutch and UK urban development practices. A project context sets out location, motives, history and important actors involved with the project.

Here, we identify our main contextual, organizational, managerial, and effect aspects under research. See the Sections 2.3 - 2.6 for more detailed explanations on the considerations for choosing these aspects.

In terms of *context*, three different contextual aspects are analyzed: *economy & politics*; *urban governance*; and *planning system & policies*. Several authors like DiGaetano & Klemanski (1999), Nadin & Stead (2008), and Adams & Tiesdell (2010) amongst others, have indicated the importance of several institutional factors for actual planning implementation. In this research the economy and politics are described as a way to understand how economic situations and political landscape influence public-private project cooperation. The urban governance situation is described as a way to understand the relationship between and roles of public, private and civic institutions that influence the project. Planning systems and subsequent policies are described as a way to understand the influence of legal rules and instruments on the project.

In terms of *organization*, three different institutional aspects are analyzed: *organizational*; *financial*; and *legal*. Bult-Spiering & Dewulf (2002) and Bailey et al. (1995) argue that these institutional aspects are in place in public-private cooperation and determine the inter-organizational roles of actors within different development stages of projects. In this research, organizational aspects that are analyzed are tasks and responsibilities, the financial aspects that are risks and revenues, the legal aspects are requirements and rules. We acknowledge the importance of soft relational factors in collaborations between actors such as trust and transparency. Hobma (2011) for instance indicated that effective and efficient collaboration and all its related soft factors can be seen as success factors in urban development projects. However, we do not take these soft factors as a focus point of our research as we claim that they are embedded in the institutional organizational, financial and legal aspects. However, their relative importance may emerge from the cases, and could play an important role in the final lesson-drawing. Behold, all these institutional aspects can to some extent influence the actor's management opportunities in projects.

In terms of *management*, four main types of management measures are taken into account, categorized within two main groups of *management activities* and *management instruments*. Here, we follow scholars like Black & Porter (2000) who indicate that management is 'getting things done with people', and De Leeuw (2002) who refers to different management measures which actors can apply to reach objectives. In this research, *project management activities* are related to development stages through which influencing takes place, which are initiating, designing, planning and operating. *Process management activities* are related to the interaction between actors necessary to develop projects, which are negotiating, decision-making and communicating. *Management tools* are related to planning tools (see Adams et al., 2005) used by public bodies to influence developments, which are shaping, regulating, stimulate and building capacity. And *management resources* are related to the necessary assets for development, which are land, capital, and knowledge. All these management functions can be used by actors to influence the outcome of projects.

In terms of *effects*, three different project aspects are analyzed: *effectiveness*; *efficiency*; and *spatial quality*. These effects are important for determining the output and perceived success of our projects. Effects are measured qualitatively by asking interviewees to indicate whether or not these effects are realized as these effects are hard to measure quantitatively. Effectiveness is the degree to which public and private actor's intended objectives are met. Efficiency is the extent to which public and private actors' cooperation takes place against a minimum use of time and costs. And spatial quality is the degree to which the development project satisfies the expectations of the public and private actors involved. These are operationalized into the user, experience and future values of the project at hand.

§ 2.2.4 Conceptualizing Private Sector-led Urban Development Projects

In Chapter 1 we briefly introduced the meaning of private sector-led urban development projects as central research topic. However in conceptual sense, we have not yet indicated how we define such projects and how they can be positioned in comparative sense with regard to other conceptual types of development practices and projects.

Definitions

In this research we define *private sector-led urban development projects* as follows:

"An urban development project in which private actors take a leading role and public actors adopt a facilitating role to manage the development of an urban area, based on a formal public-private organizational role division."

Here, we can distinguish four major components: project, management, actors, and roles. We already defined our research object (project) and subject (management). But, 'actors' have not yet been a debated issue.

Here, an **actor** is broadly defined as:

"An organization or representative individual actively involved in urban development projects."

In specific for this research we choose *local planning authorities* as public actors and *project developers* as private actors. Although there are many organizations from the public and private sector that are involved in urban development practice, local planning authorities and project developers often remain the key players that collaborate on the operational level of urban development projects. Moreover, the definition reveals that these actors play a certain interdependent 'role'.

In our research we define a **role** as follows:

"A coherent set of organizational tasks and related management measures carried out by actors involved in urban development projects."

Hence, the concept private sector-led urban development project indicates that we are dealing with a *leading private actor*. However, we also emphasize the existence of a *facilitating public actor* in our definition as both actors collaborate and manage in such projects. Contemporary urban development is characterized by the interplay of influences and interests; project realization cannot solely rely on one actor. Thus, leading and facilitating are relative terms. In essence, 'leading' indicates that one actor provides a main 'direction' for projects by performing certain tasks. 'Facilitating' then involves an actor that complements these tasks. Also, a leading role at first sight might suggest that the amount of influence of such actors is greater than actors who have a facilitating role. However, we emphasize that this is not necessarily the case. The amount of influence does not equal the authority attached to such influence, as we will describe hereinafter.

The notion that *leadership* in urban development is a combined public-private effort is also supported by others. Judd & Parkinson (1990: 7) argue that it may be the 'market' that decides about urban development but that "the tradition of the 'city' is to take the hand in its own destiny." In this regard, Osborne & Gaebler (1992) argue that leadership relates to an entrepreneurial effort to shift resources from one place to another that can be executed by both public and private organizations. Laglas (2011: 48) argues that leadership in the built environment requires specific skills from involved actors, including: content knowledge, drive to improve, process competency, well-timed decision-making, and ability to reconcile conflicts. These authors all emphasize the mutual dependency of 'public-private leadership' in managing urban development (see Heurkens & Louwaars, 2011). Notice that Kotter (1990) argues that management and leadership are different (see Zaliznik, 1997); managers cope with complexity and leaders press for change. But both are also complementary, one cannot function without the other (Kotter 1990; 1996; Mintzberg, 1975). Such different interpretations requires our own view on leadership. We relate leadership to management and define leadership as *directing* (Dutch: richtinggevend), that can exhibit almost anyone, at almost any time and in almost any circumstance (Bruil, 2011).

Therefore, in this research we define 'taking the lead' or *leading* as:
"Actively steering an urban development process into a preferred direction."

Comparative Urban Management Model

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Here, we use the above described components to position private sector-led urban development projects. We introduce a *comparative urban management model* which indicates the public and private actor's management in different urban development model types. This comparative management perspective aims to indicate conceptual public and private roles within projects. It is constructed to be reflected upon and used in international comparative studies on urban management practices.

Figure 2.3 shows the comparative urban management model as the conceptual representation of different typologies of urban development models and pre-dominant management measures applicable to public and private actors. It reflects the choices made in the previous sections in comparative perspective. Several nuances in the actual attribution of management functions may exist in practice. Moreover, this model is specifically constructed to be applied

to the study of urban development 'projects' on the operational level. As such, this conceptual model aims at positioning private sector-led urban development projects within the broad spectrum of internationally applicable urban development model typologies.

Notice that the *types of urban development models* are placed on a public-private sector continuum, indicating the nature of the project roles performed by the public and/or private sector. These typologies refer to different public-private cooperation models used in Dutch urban development practice (e.g. public realization, building rights, joint ventures, concessions, private realization; see Section 4.2.3). But they also refer to some international institutional classifications used to express power relations in Public-Private Partnerships (e.g. Savitch, 1997; Bennett et al., 2000; Börzel & Risse, 2002; see Section 2.4). The *types of management measures* indicate which actor(s) predominantly apply management activities and instruments to influence urban development projects (see Section 2.2.2).

		Type of Management Measure			
		Project Management	Process Management	Management Tools	Management Resources
Type of Urban Development Model	Public sector dominated	Public	Public	Public	Public
	Public sector led	Public	Public & Private	Public & Private	Public
	Public-private sector led	Public & Private	Public & Private	Public & Private	Public & Private
	Private sector led	Private	Public & Private	Public & Private	Private
	Private sector dominated	Private	Private	Private	Private

Figure 2.3
Comparative urban management model

When one takes a closer look at the conceptual model, one can distinguish two role-related terms; led and dominated. Here, we explain what we mean by these terms.

'Led' comes from the verb leading and is closely related to actors performing a directive role in the management of projects. Leadership in this sense is the ability of an actor (in this research a private actor) to influence outcomes (in this research projects) on the basis of their 'leader role'. This leader role derives from typology of *managerial roles* introduced by Mintzberg (1975). He explains that leading derives directly from the manager's formal authority granted by the organization. Leading thus is a form of management by an actor with a certain degree of authority. For this research, the authority on the basis of which a private actor has influence

over a public actor is the fact that the private actor has most of the necessary management resources for a project at its disposal. However, leading also implies that other actors are involved in managing a project; they to a certain extent 'follow' the leading actor, or perform delegated or additional tasks. Thus leading actors give direction to a project, but need to involve other actors to realize projects.

'*Dominated*' comes from the verb dominating and is also closely related to an actor that performs a directive role in the management of projects. However, dominating has a negative connotation; it goes further than leading in the sense that it implies that one takes '*control*' over the other based on *formal authority*. Then, the relationship between actors is not an interdependent one but a hierarchical-dependent relation; one is not able to influence the dominating actor. Vice versa, the dominating actor does not need the dependent actor to accomplish its goals. For this research in conceptual sense this means that the management of a private or public sector-dominated urban development project is undertaken solely by one actor based on the fact that this one actor has all necessary management functions at its disposal. Therefore, dominating in this study means that one actor takes complete control over a project, while other actors are not able to influence a project significantly.

Let us explain the managerial roles of public and private actors in the different urban development models. A *public sector-dominated urban development model* implies that local planning authorities take complete control over realizing urban development projects, by carrying out all management functions without involving project developers. A *public sector-led urban development model* involves local planning authorities taking the lead in projects by applying management activities and tools, in combination with management resources (such as private finance) from facilitating project developers. Then, a *public-private sector-led urban development model* represents a coalition-oriented management approach in which both public and private actors are able to use and apply different types of management functions to influence the outcome of urban projects. In our *private sector-led urban development model* project developers take the lead in developing urban areas on the basis of available management resources (land, capital, knowledge for instance) and activities, while they share management tools with public actors. Finally, *private sector-dominated urban development model* suggests a very dominant private actor and weak public actor in managing urban development projects.

Again, we state that the classification of public and private actors in our model serves a conceptual purpose. The model functions as a useful conceptualization of reality, as it recognizes crucial differences for public-private relations and influences in different urban development models. Moreover, the model uses *neutral terms* which make it *universally applicable*. Hence, that we deliberately choose 'sector' instead of 'actor', to broaden up the possibility to include different actors operating in the public or private domains while studying specific urban practices. Furthermore, the model provides opportunities to be extended from comparing operational urban development projects towards comparing institutional urban development practices, as explained hereinafter.

Comparative Urban Institutional Model

This research has an international orientation as it studies (private sector-led) urban development projects in different institutional contexts, namely the Netherlands and the UK. These urban development practices have their own institutional characteristics with regard to the way public and private actors collaborate and manage urban development projects. Understanding such institutional differences is crucial as they might influence the ability and possibility to draw valuable lessons from other practices. Therefore, here we identify our specific research focus by positioning it into a broader *comparative institutional perspective*. Daamen (2010) recognizes the importance of institutional characteristics in the way actors define and implement strategies for urban development projects. Daamen (2010) developed an institutional framework which distinguished *three interrelated institutional levels of urban development*. He argued that urban development *projects* are embedded in urban development *practices*, which on their turn are embedded in urban development *structures*. In general, Daamen argues that national embedded institutional values form conditions for the development of institutional rules which subsequently affect attitudes of organizations and the way strategies are implemented and carried out. In our research, we recognize the importance of local and national institutional values and rules. Therefore, we introduce Figure 2.4, which presents a comparative urban institutional model, in which our main research focus is highlighted.

		Institutional Levels of Urban Development		
		UD Structures PP Relation	UD Practice PP Orientation	UD Project PP Interaction
Type of Urban Development Model	Public sector dominated	Powerful state / Weak market	Strong public orientation	Clear roles / Formal interaction
	Public sector led	Leading state / Facilitating market	Primarily public orientation	Clear roles / Informal interaction
	Public-private sector led	Strong state / Strong market	Public-private orientation	Changeable roles / Informal interaction
	Private sector led	Leading market / Facilitating state	Primarily private orientation	Clear roles / Informal interaction
	Private sector dominated	Weak state / Powerful market	Strong private orientation	Clear roles / Formal interaction

Figure 2.4
Comparative urban institutional model

Notice that the model uses *three public-private perspectives* focused on *relations, orientations* and *interactions*, and applies these to different institutional levels of urban development (see Daamen, 2010). With regard to our research, in which we mainly focus on studying the collaboration between and management of public and private actors in urban projects, it is crucial to conceptually consider how such public-private collaborations and management are institutionally embedded in different 'ideal-type settings'. Therefore, in our research institutional urban development structures consist of State-Market relations. It contains grounded cultural views about the 'role' and 'power' of the State and the Market. Such views are often embedded in societal 'values' and 'norms', and form the fundamental foundations for political and economic ideologies. In specific, these structures can shape particular public-private orientations in urban development practices. For instance, a powerful position of a government is based on institutionalized rules which creates a strong dependency on, and therefore orientation on, such public institutions. Then, private actors to a certain degree rely on governments for their own plans to be realized. Such rules become embedded in planning systems, spatial policies and land use plans for instance. Furthermore, the urban development structures and practices condition the public-private interactions on the institutional level of urban development projects. Values and rules shape the way Public-Private Partnerships are organized and the 'roles' actors eventually play. For instance, such values and rules determine the formal or informal nature of Public-Private Partnerships. Such comparative urban institutional model can also be considered as a *cyclical model*. Daamen (2010) for instance argues that changing public-private interactions can create different public-private orientations, and ultimately changed public-private relations.

Despite this conceptual note being of importance, we do not focus our research on private sector-led urban development equally on structures, practices and projects. Rather, we emphasize the focus on public-private interactions on an operational *project or contract level* by conducting empirical case studies in different institutional contexts. Nevertheless, prior to our case descriptions, we also explain the public-private orientation characteristics of the Dutch and UK urban development practices by using literature reviews. In that sense, we deal with institutional differences and similarities which are crucial to interpret the context-dependency of the UK's case study findings for the Netherlands. Moreover, the following sections contain theoretical literature findings considering some fundamental public-private relations within private sector-led urban development structures. But, for our research, an institutionalist framework as developed by Daamen (2010) will not be used, as it complicates our research unnecessarily. Rather, here we have used it to position our research in wider perspective. In addition, it provides academics with the possibility to use it as a theoretical tool to compare international urban development practices.

This section defined and positioned private sector-led urban development projects by using comparative urban models focused on the interdependent relationship between public-private actors. The following sections present some key literature findings with regard to private sector-led urban development. Information is provided to create a better understanding of its complex nature, and arguments are given for the choice of relevant context, organization, management and effect aspects under research.

§ 2.3 Context of Private Sector-led Urban Development Projects

In this section we deal with the institutional context of private sector-led urban development projects. We do so by discussing different concepts such as economy and politics (Section 2.3.1), urban governance (Section 2.3.2) and planning systems & policies (Section 2.3.3). These literature findings position our research in an international theoretical perspective.

§ 2.3.1 Economy & Politics: The Anglo-Saxon Model & Neoliberalism

Private sector-led urban development projects are no solitude phenomena; they occur in specific economic and political contexts. Here, such projects are placed against the background of different Western social models and economic ideologies. These contexts provide conditions for urban development practices to take shape. Also, such institutional structures and practices enable private sector-led urban development projects to take root. Moreover, they condition the way public and private interaction on projects takes place. Furthermore, we will indicate that such institutional structures are subject to change. Institutional values and norms are increasingly 'globalized' as values are able to 'travel' from context to context. Some structural descriptions focus particularly on the Netherlands and the UK, as these are the institutional structures forming the background of our cases.

Anglo-Saxon versus Rhineland social models

Several crucial distinctions have been made by academic authors to describe differences and similarities between institutional socio-economic models. Authors like Albert (1993), Giddens (1998), Hall & Soskice (2001) and Rifkin (2004), refer to two different types of capitalism between (Anglo) American and (Rhineland) European economic models. Albert (1993) introduced the *Rhineland social model* as a broad concept of west continental European thinking related to, but different from, the frequently in literature mentioned *Anglo-Saxon* or *Anglo-American social model*. Albert suggests that here we are dealing with two different types of social-economic systems. Bakker et al. (2005) argue that these models are two alternative forms of capitalism, aimed at securing needs of entrepreneurs, financiers, shareholders, politicians and consumers. Here, a description is given about the *main characteristics* of the Anglo-Saxon model predominant for the UK, and the Rhineland model for the Netherlands.

The main differences between the present Anglo-Saxon market systems and what Albert (1993) refers to as social-democratic systems, relate to two main categories; the role of government in the economy, and the social safety net. The Anglo-Saxon market systems, as the name already indicates, focus on the responsibility of the private sector and rights of freedom at an individual level. The Rhineland social-democratic systems focus on the responsibility of the public sector and rights of freedom at a collective level. Bakker et al. (2005) add that the Rhineland model of capitalism in general is based on the power of collective and social consensus, an active role of

the State, and a long term horizon. Anglo-Saxon models of capitalism in general are based on individual success, a minimum of State intervention, and short term profits.

Both terms are also misleading as they both indirectly indicate that basic linguistic or geographical formations are to be considered as an absolute condition for countries to be classified as being Anglo-Saxon or Rhineland. This is not the case. At first glance the term Anglo-Saxon seems to relate to English-speaking countries with close relationships to the United Kingdom. However, Anglo-Saxon in that context might be too broad in a sense. Systems in countries like Canada, Australia and New Zealand are too different to be classified as Anglo-Saxon systems (see Brouwer & Moerman, 2005). But, the United Kingdom and the United States of America both are considered to be Anglo-Saxon social-economic systems. Therefore, for this research however the more broadly defined and non-geographical indicative Anglo-Saxon term will be used, applicable to both the United Kingdom and the United States of America. Rhineland thinking has Germany as its cradle. But Rhineland values are not only applicable to the geographical boundaries of Germany and the Netherlands and Switzerland as countries connected to the Rhine River (as the term indicates). Its basic principles have also influenced formations of socio-economic systems in Austria, Denmark, and Sweden, but in other context-dependent proportions. In this research, however, the focus lies on the Netherlands as a supposed Rhineland country.

Others have indicated the main value differences between Anglo-Saxon and Rhineland models by using different names. Giddens (1998) under scribes the history on the formation of *capitalism* but puts a different label on the two existing social-economic systems. He distinguishes the 'Classical Social Democracy' (or 'The Old Left') and the 'Neoliberal Democracy' (or 'The New Right'). Hall & Soskice (2001) distinguish two different types of capitalism: 'Liberal Market Economies' and 'Coordinated Market Economies'. The core distinction they draw is between these two types of political economies, which constitute ideal types of capitalism at the poles of a spectrum along which many nations can be arrayed. Rifkin (2004) refers to the concept of thinking of the American and European Dream as being driven by various principles. Where the "American Dream emphasizes the unbridled opportunity of each individual to pursue [financial] success", [the] "European Dream emphasizes community relationships over individual autonomy, cultural diversity over the accumulation of wealth, sustainable development over unlimited material growth, universal rights and rights of nature over property rights and global cooperation over unilateral exercise of power" (Rifkin, 2004).

Society & Economy Aspects	Anglo-Saxon Principles	Rhineland Principles
Role of the State	Passive & powerless	Active & powerful
Role of the Market	Economic driver	Employment & economic driver
Role of Civic Society	Individual power	Collective power
Economy	Free market	Market regulation
Market regulation	Competition	Collaboration
Ownership	Market sector (privatization)	Collective sector
Coordination principle	Rules	Shared values
Legislation	Case/Common law	Civil law
Tax policy	Low taxes on high income	High taxes on high income

Table 2.1
Anglo-Saxon & Rhineland principles of society & economy (based on Bakker et al., 2005)

Despite these crucial contributions being of importance, here we consistently follow the distinction between Anglo-Saxon and Rhineland models as a way to explain differences. The principle socio-economic differences of the Rhineland and Anglo-Saxon model characteristics can be summarized by different aspects represented in Table 2.1, based on studies by Bakker et al. (2005). We emphasize that these differences are presented somewhat bluntly and that nuances and variations exist in various countries. Nevertheless, the basic characteristics show the original principles of the Anglo-Saxon and Rhineland model. Especially of interest to this research is the *role of the State and the Market*, as we are studying the roles of public and private actors in urban development projects. For instance, in the Anglo-Saxon social tradition, government is considered to be passive and rather powerless. In general, the role of the State is to provide businesses and civilians the individual freedom to compete within an economic market system. On the other hand, Rhineland-rooted governments are considered to be active and powerful institutions. In general, the role of the State is to regulate market activities of businesses in order to safeguard collective interests.

This indicates that private actors in Rhineland social models to a higher degree than within Anglo-Saxon social models rely on public action and intervention in different social-economic settings. This is an interesting notion for this research on private sector-led urban development projects. Hence, project developers taking the lead in a Rhineland institutional context in principle can be considered as unusual. This might create tensions with government institutions which are possibly used to be actively involved in urban development projects. Moreover, the Anglo-Saxon 'competition' tradition versus the Rhineland 'collaboration' tradition, derived from an emphasis on the free market and market regulation, are of special interest to this research as we study the collaboration between public and private actors. Also, the Rhineland emphasis on building public-private consensus based on shared values for instance, in a private sector-led setting, might be replaced by a focus on rules in the Anglo-Saxon tradition. Such notions are taken into account in drawing lessons from the empirical private sector-led urban development cases.

Of course Table 2.1 can be seen as a simplification of categorizing a complex set of different values underpinning social-economic systems. Therefore, since the 1990s several studies (see Esping-Anderson, 1990; Leibfried, 1992; Ferrara, 1996; Bonoli, 1997; Korpi & Palme, 1998; Sapir, 2006; Aiginger & Guger, 2006; Alber, 2006) have been conducted with the aim of classifying countries within a certain socio-economic system category. By analyzing different studies, Nadin & Stead (2008) introduced the notion of *models of society or ideal types of society* that are used to generalize about diverse values and practices that shape relationships between the State, the Market and Civic Society in particular places. "The closely related concept of the social model is used to generalize about the collections of values that underpin policy positions" (Nadin & Stead, 2008). They argue that these models can be considered as ideal types of broadly founded principles in society, and that certain nuances to these models exist. It is interesting to debate on how European countries fit into certain social models, in particular for this research. Changes in the classification and position of the Dutch social model is of interest as it might indicate that the Netherlands is moving towards being grouped within an Anglo-Saxon classification.

Nadin & Stead (2008) continue that "despite several years of discussion in both academic and political circles, neither the broader terms like European model of society nor the term European Social Model have been identified with any precision." Albert (1993) argues that

“despite the rise of the European Community in the last 40 years and the effort that has been put into the unity of Europe no such thing as a single consistent European model exist, yet”. This indicates that there are a number of variants of related models. There are, after all, large differences in welfare systems and levels of inequality across European countries (Giddens, 2005). Thus, the viewpoint is that there are “different social policy models but that they share a set of common features and underlying aims” (Nadin & Stead, 2008). With this viewpoint in place European countries have been classified as types of social models in different studies. Table 2.2 shows the *welfare state typologies* constructed through the years by several authors on the basis of several different criteria (see Nadin & Stead, 2008; Arts & Gelissen, 2002). We have marked the Netherlands and the United Kingdom as they are of particular interest for this research; these countries are believed to represent distinctive Anglo-Saxon or Rhineland values from their origins.

Author	Classification of European Welfare State Typologies by Country			
Esping-Anderson 1990	Social-democratic DK,FI,SE,NL	Liberal IE,UK	Conservative AT,BE,FR,DE	
Leibfried 1992	Scandinavian DK,FI,SE	Anglo-Saxon UK	Bismarck AT,DE	Latin Rim FR,GR,IT,PT,ES
Ferrara 1996	Scandinavian DK,FI,SE	Anglo-Saxon IE,UK	Bismarck AT,DE,FR,BE,LU,NL	Southern GR,IT,PT,ES
Bonoli 1997	Nordic DK,FI,SE	British IE,UK	Continental DE,FR,BE,LU,NL	Southern GR,IT,PT,ES
Korpi & Palme 1998	Encompassing FI,SE	Basic security IE,UK,DK,NL	Corporatist AT,BE,FR,DE,IT	
Sapir 2006	Nordic DK,FI,SE,NL	Anglo-Saxon IE,UK	Continental AT,DE,FR,BE,LU	Mediterranean GR,IT,PT,ES
Aiginger & Guger 2006	Scand./Nordic DK,FI,SE,NL	Anglo-Saxon IE,UK	Continental AT,DE,FR,BE,LU,IT	Mediterranean GR,PT,ES
Alber 2006	Nordic DK,FI,SE	Anglo-Saxon IE,UK	Continental AT,DE,FR,BE	Southern GR,IT,PT,ES
	New Member States CY,CZ,EE,HU,LV,LT,MT,PL,SK,SI			Other LU,NL

Table 2.2
European welfare state typologies (in Nadin & Stead, 2008; based on Arts & Gelissen, 2002)

Table 2.2 supports our argument that it is hard to classify countries into a certain welfare state typology. In this respect it is important to note that “classification of countries into regime types is time-dependent: government, policies and economic activity can all change over time and directly influence the position of a country in the classification system” (Nadin & Stead, 2008). Nevertheless, some conclusions with regard to the classification of the Netherlands and United Kingdom can be drawn.

First, the term Anglo-Saxon is being used by five out of eight classifications, indicating that this term is commonly recognized. At the same time Rhineland as a typology is not mentioned at all as a typology. This either indicates that Rhineland principles do not exist, or that Rhineland principles are too widespread throughout different countries and welfare state typologies with slightly different contextual interpretations. Most likely, the latter is the case. Second, the

Netherlands is quite impossible to be categorized in a single typology. The Dutch welfare state typology ranges from 'Social-Democratic', 'Bismarck', 'Continental', 'Nordic', 'Scandinavian/Nordic', to even 'Other'. This overview suggests that Netherlands is an indefinable welfare state. Nevertheless, in close relationship with the first argument, it can be stated that the Dutch welfare state is based on Rhineland principles as these principles are somehow present in the various terminologies of typologies used in Table 2.2. Finally, there are fundamental classification differences between the United Kingdom and the Netherlands as they are only positioned in the same box once. For instance, from the year 1990 until 1998 similarities between the Dutch and British welfare state typologies have occurred, at least according to the classification presented by Korpi & Palme (1998). Perhaps this is closely related to the public policies changes under Lubbers-cabinets (1982-1994) towards more market-oriented policies (see Section 4.2).

On the basis of these classifications we conclude that principles of an Anglo-Saxon model, until 2006, were not yet fully adopted in the Dutch welfare state model. However, a closer look reveals that Anglo-Saxon values are being adopted in Dutch organizations. Brouwer & Moerman (2005), Bakker et al. (2005), Van Aken et al. (2007) and Godijk (2008) clearly point out that there are obvious different views on the way organizations work if based on Anglo-Saxon or Rhineland thinking. Bakker et al. (2005) indicate that:

“Rhineland traditions are characterized by: deliberation and consultation of all shareholders interests involved with the organization; thinking in terms of community; recognizing societal factors like nature, environment and employment in business; and innovation, design and renewal in art and science. Characteristics of the Anglo-Saxon model are: dominance of the business sector in society; market thinking; shareholders value as main criterion; rational view and management of organizational processes and collaboration; efficiency thinking; focus on short term results; individualization and materialism” (Bakker et al., 2005).

Of course again, although commonly recognized, this is a very blunt simplification of reality, presented by Rhineland supportive Dutch authors. They continue focussing on the impact of these models on daily management concepts within organizations. At the base of differences between Anglo-Saxon and Rhineland principles in (some) organizations lies the *shareholder* versus the *stakeholder* approach, according to Bakker et al. (2005):

“Managers (and employees) of Anglo-Saxon oriented organizations are judged by the short term results, most clearly recognisable in a strong focus on the business' quarterly results. Managers in Rhineland oriented organizations use societal responsible business models to achieve business goals, balancing the '3 P's', Profit, People and Planet” (Bakker et al., 2005).

These main business objectives influence the way organizations are structured as a consequence. Big Anglo-Saxon businesses can be located on the stock market, with a strong orientation on the stock exchange quotation as a result, indicating an emphasis on financial issues. This then is translated to all levels in the organization implicating lowering costs wherever possible (cutting, outsourcing), striving for short term revenues on investment, and introducing planning and control mechanisms in order to streamline processes. As a result of the financial focus, managers of these types of Anglo-Saxon firms are rewarded for financial

target achievements; craftsmanship skills become less important or disappear altogether. In Rhineland thinking the focus is on finding a balance between all stakeholders, each approached differently; shareholders take an interest in the organization, employees gain a certain trust, contributions to society are made, and respect to the environment is given. Values like integrity and equality at the managerial board, equality of customers are important, supported by a pro-active attitude of governmental institutions. Self-reliance of employees, craftsmanship development, and collaboration with all stakeholders are being supported. Judgment of the managers is based on more qualitative and quantitative achievements rather than solely on quantitative ones.

In conclusion, the organizational and managerial differences between Rhineland and Anglo-Saxon model can be summarized by different aspects presented in Table 2.3. Here, the basic model characteristics show both models' original intentions. In addition to Brouwer & Moerman (2005), Bakker et al. (2005), Van Aken et al. (2007) and Godijk (2008), we mention that there are several nuances possible in the way firms and institutions are organized and managed. The Rhineland roots of organizations in the Netherlands still exist in most of the current corporate cultures. However, Anglo-Saxon management thinking in for example most financial businesses has become the norm.

Organization & Management Aspects	Anglo-Saxon Principles	Rhineland Principles
Business driver	Short term revenues	Continuity & trust
Business thinking	Financial	Industrial
Business model	Stock market models	Other models (family)
Company take-overs	Encouraged: power to capital	Protection constructions
Organizational principle	Money, power, heroism	Craftsmanship, content
Leadership & employees	Trust in hierarchical positions	Trust in self-reliance individual
View on employees	Human utility, mechanical	Human dignity, humanist
Priority relationship	Legal - organization - relation	Organization - relation - legal
Management model	Output-driven: planning & control	Input-driven: strategy & flexibility
Decision-making	Negotiating (gaming)	Consensus (debating)

Table 2.3
Anglo-Saxon & Rhineland principles of organization & management (based on Bakker et al., 2005)

Moreover, as this research is rooted in urban planning, it is interesting to conceptualize the characteristics from both models in relation to *spatial planning*. Table 2.4 presents the main basic differences between the Anglo-Saxon and Rhineland for a number of aspects related to this research (based on Heurkens, 2009). Here, again we emphasize the simplicity of such characteristics, as in practice several nuances exist. Nevertheless, these findings are based on an iterative process of literature reviews and practical reflections during the first stages of this research. Several sections of this chapter contain indications for the characterization of both Anglo-Saxon and Rhineland models in terms of planning. Here, a clarification about some crucial principles for this research is given.

Table 2.4 indicates some quite remarkable differences between Anglo-Saxon and Rhineland spatial planning with regard to this research. The role of the Anglo-Saxon local governments is less active and investment-oriented than its Rhineland counterpart. This relates to dependency on the private sector in Anglo-Saxon countries whose role is more entrepreneurial in the sense that the market is more active in initiating and investing in urban development projects than Rhineland market parties are. Moreover, this is embedded in the concept of *development planning* in Anglo-Saxon countries which enables market parties to actively develop urban areas based on the principle of market competition. The Rhineland principle of spatial planning, on the contrary, is restrictive or *permitted planning*, which refers to the way government sees markets, the need to be regulated (see also Table 2.1). Furthermore, in terms of making planning decisions and implementing planning policies crucial differences arise. At the basis of Anglo-Saxon decision-making lies the discretionary principle (see Chapter 5) which results in negotiating towards public-private agreements, based on the fact that public and private roles in legal respect often remain separate. In Rhineland the emphasis lies on the sharing such roles in institutionalized entities such as joint-ventures, based on the widespread belief in consensus building in planning.

Spatial Planning Aspects	Anglo-Saxon Principles	Rhineland Principles
Role central government	Few regulations & investment	Regulations, visions & investment
Role local government	Reactive: authorization	Active: initiative & realization
Role private sector	Active: initiative & investment	Reactive: investment & realization
Spatial planning principle	Development planning	Restrictive / permitted planning
Decision-making process	Negotiating (gaming)	Consensus building (debating)
Roles in partnerships	Separating public & private roles	Sharing public & private roles
Management focus	Project-oriented	Process- & product-oriented

Table 2.4
Anglo-Saxon & Rhineland principles of spatial planning (source author; based on Heurkens, 2009)

These institutional differences between Anglo-Saxon and Rhineland models on economic, organizational and planning levels are crucial to understand urban development practices and projects. They form a framework of reference that enables us to locate signs of such model characteristics in Dutch and UK urban development practices and studied urban projects.

Neoliberalism as political & economic ideology

In addition to the distinction between the social models presented above, we now move towards *neoliberalism* as the key political-economic ideology underlining the presence of private sector-led urban development projects. Hereinafter, a discussion about the nature and characteristics of neoliberalism is given by relating it to changing State-Market relations. The rise of global neoliberalism took root in the 1980s when the Republicans (Reagan) and Conservatives (Thatcher) became the ruling political parties in the US and UK. Brenner & Theodore (2002) indicate that the neoliberal ideologies have influenced politics in other Western countries: “If Thatcherism and Reaganism represented particularly aggressive programs of neoliberal restructuring during the 1980s, more moderate forms of a neoliberal politics were also mobilized during this same period in traditionally social democratic or social Christian democratic states such as Canada, New Zealand, Germany, the Netherlands, France, Italy, and even Sweden.” They put the preferred change towards neoliberal political and economic ideologies in Western countries in an international historical perspective:

“Neoliberalism first gained widespread prominence during the late 1970s and early 1980s as a strategic political response to the sustained global recession of the preceding decade. Faced with the declining profitability of traditional mass-production industries and the crisis of Keynesian welfare policies, national and local states throughout the older industrialized world began, if hesitantly at first, to dismantle the basic institutional components of post war settlement and to mobilize a range of policies intended to expend market discipline, competition, and commodification throughout all sectors of society. In this context, neoliberal doctrines were deployed to justify, among other projects, the deregulation of state control over major industries, assaults on organized labour, the reduction of corporate taxes, the shrinking and/or privatization of public services, the dismantling of welfare programs, the enhancement of international capital mobilization, the intensification of inter locality competition, and the criminalization of the urban poor” (Brenner & Theodore, 2002: 2).

According to Purcell (2008: 2), “over the past 30 years or so, the global economy, and cities in particular, have been increasingly ‘neoliberalized’. That is to say social life has become increasingly subject to the logic of neoliberalism: free markets, competitive relations, and minimal state regulation of capital.” Hackworth (2002: xi) even argues that “neoliberalism is poised to replace globalization as the next popular meta-concept in the social sciences.” He further claims the “utterly astonishing rise of neoliberalism as an ideology, mode of city governance, and driver of urban change” (Hackworth, 2002: 2). Harvey (2005: 3) further explains that neoliberalism has been “incorporated into the common-sense way many of us interpret, live in and understand the world”. These authors also have implicitly indicated the *seven underlining principles of neoliberal ideals*, which include:

- Individual freedom;
- Market freedom;
- Non-interventionist State;
- Focus on consumers rather than citizens;
- Deregulation of the market;
- Decentralization of state powers;
- Privatization of public services.

Jessop (2002) argues that “neoliberalism is not a thing as much as a process – one that occurs alongside and in combination with many other processes that affect urbanization” (see Hackworth, 2002: 11). This process has been described by Brenner & Theodore (2002) “as a dialectical one, composed of the conflicting tendencies toward destruction and creation”, according to Hackworth (2002: 11). They have indicated ‘moments of destruction’ and ‘moments of creation’ indicative for the coming into being of neoliberal political economies. Table 2.5 shows these moments related to State-Market relations of interest to our research. Notice that Brenner & Theodore (2002) use quite arbitrary value-laden words to indicate the effects of neoliberal ideologies like the ‘hollowing out of the state’. In more neutral sense, Swyngedouw (1997) has described the process of the hollowing out of the state being part of a larger process called *glocalization*. According to Hackworth (2002: 12) this involves “a simultaneous upward (to the global economy and its institutions) and downward (to the locality and its governance structures) propulsion of regulatory power previously held or exercised by the nation-state.” Thus, the neoliberal principle of decentralization of state powers has manifested itself in the *localization* of responsibilities to lower governments. Moreover, the neoliberal market freedom principle has taken root in the *globalization* of state powers to large international public and private institutions.

Site of Regulation	Moments of Destruction	Moments of Creation
The State and other forms of governance	‘Hollowing out’ of national state capacities to regulate money, trade, and investment flows	‘Rolling forward’ of supply-side and monetarist programs of state interventions
	Dismantling of traditional national relays of welfare service provision	Devolution of social welfare functions to lower levels of government, the social economy, and households
	Decentring of traditional hierarchical-bureaucratic forms of government control	Establishment of Public-Private Partnerships and ‘networked’ forms of governance
	Imposition of fiscal austerity measures aimed at reducing public expenditures	Underwriting the costs of private investment through state subsidies
	Shrinking of public sector employment	Transfer of erstwhile forms of public employment to private sector through privatization

Table 2.5
Destructive & creative moments of neoliberalism (based on Brenner & Theodore, 2002: 17-19)

Purcell (2008: 14) uses the term ‘neoliberalization’ by which he indicates the “on-going but never completed project to neoliberalize urban political economies” (see Tickell & Peck, 2003). According to Carmona et al. (2010: 68), the result of these processes (globalization, increasing power and multi-national companies, and hollowing out of the state) has “shifted the emphasis from nation states to individual cities.” Sassen (1996; 2001; 2006) argues that neoliberalization as a process has created a globalized and nationalized competition among cities and city regions to attract capital investment. The neoliberalization processes and focus on ‘localism’ and *privatization* have had several consequences for the governance and physical appearance of cities. We will discuss this in the following Sections 2.3.2 and 2.3.3 on governance and planning systems.

Here, it is interesting to debate whether neoliberalism will prevail as the dominant political-economic ideology for urban development. Hence, the fall of the Berlin Wall in 1989 according to Fukuyama (1989) marked the 'end of history' in which he argued that the battle for ideologies was over: "capitalism had defeated communism, and democracy had finally overcome aristocracy and fascism" (Hackworth, 2002: 188). Fukuyama claimed that neoliberal democracy was the political way forward for countries in the world. According to Purcell (2008: 30) "capitalism and democracy were presented as an essential [political-economic] pair." However, since the 1990s, cracks in the foundation of neoliberalism as the predominant single ideology have been occurring. Market economies throughout have showed not to be perfect functioning systems to deal with ever changing societal needs. Calls for change often represent a reaction to some *disadvantages of neoliberalism*, namely:

- Imperfect competition;
- Imperfect delivery of public goods;
- Existence of externalities;
- Imperfect information;
- Undermining of democracy.

Therefore, several authors (e.g. Carmona et al., 2010; Feagin & Parker, 2002; Giddens, 1998, 2000; Giroux, 2004; Larner, 2000; Mouffe 2005; Rosemann et al., 2009; Purcell, 2008) have put forward the need for other political-economic ideologies to reach alternative (urban) futures, also often referred to as an era beyond neoliberalism. Most prominently, and rooted in political science, Giddens (1998; 2000) argued for the need to reframe the supposed opposite political ideologies of neoliberalism and socialism by introducing the '*Third Way*'. It presented a reaction to the disadvantages of both political-economic models with their single focus on social welfare development (the First Way) and economy growth (the Second way). It presented an attempt to move beyond "simplistic notions of 'government good, market bad' and 'government bad, market good'" (Carmona et al., 2010: 71). It was most prominently adopted as a political-economic programme of New Labour government's in the UK in the late 1990s and early 2000s. However, Third Way politicians and government lost some credibility by focusing both on the strength of markets and government. Commentators judged it as '*neoliberal lite*' (see Peck, 2001). Nonetheless, it presented a first shift towards a more nuanced view on State-Market relations, which were viewed as complimentary rather than antagonistic. But, despite such political shifts have slightly been occurring in Western countries, Purcell (2008: 31) argues that "neoliberal/liberal-democracy is currently the hegemonic model for organizing political economies." Thus, the principles of neoliberalism still dominate governance practices and planning policies throughout the world and still affect the way cities take shape.

In conclusion, this section provided insight into the main differences between two established conceptual social-economic systems, the Anglo-Saxon and Rhineland model. They are of relevance for this research as they represent institutional structures which form the context of private sector-led urban development projects in the Netherlands and the UK. Moreover, in specific we highlighted neoliberalism as the pre-dominant and prevailing political-economic ideology of our times. Here, we indicated some main characteristics and briefly discussed the process of neoliberalization affecting governance and cities. Notice that the aim of this section was not to give a complete and detailed understanding of economic and political literature.

Rather, we choose to be selective in providing insight into some crucial economic and political aspects of relevance to our specific research. The following sections continue to unravel state-market relations in a neoliberal context.

§ 2.3.2 Urban Governance: State-Market Relations

In line with these (Anglo-Saxon or neoliberal) political and economic processes occurring in Western countries since the late 1980s the theoretical notions and concepts of governance also have changed. Hackworth (2002: 9) argues that “by the 1990s, neoliberalism had become naturalized as the proper mode of governance for a variety of geo-institutional contexts.” Harvey (1989) argues that since the 1970s onwards, *urban governance* has become increasingly preoccupied with the exploration of new ways “to foster and encourage local development and employment growth. This trend towards *entrepreneurialism* is in stark contrast to the *managerialism* of the era of the welfare state of the earlier decades in which urban governments were preoccupied with their redistributive role, i.e., the local provision of services and facilities to urban populations.” In this regard, Osborne & Gaebler (1992) argue that entrepreneurial governments are catalytic, competitive, mission-driven, result-oriented, customer-driven and enterprising. Thus, with neoliberalization as the dominant driver of change “the focus of city government/governance shifted from a primary concern with welfare provision to promoting the physical and economic conditions that facilitated inward investment and economic growth” (Carmona et al., 2010: 69).

Also, Harvey (1989) argues that this fundamental shift in the philosophy and practice of urban governance is related to changes in the macro-economy. In particular the globalization process has brought with it increasing instability, as manifested in the “de-industrialization of certain areas of the former industrial core and the *declining power* of the nation-state to control *capital flows* that forces urban governments to take a more *pro-active role*.” Harvey argues that ‘governance’ replaced ‘government’ as the power to organize space derives from a whole complex of forces mobilized by different agents. Harvey (1989) explains that “governments have taken an entrepreneurial stance through the formation of coalition politics; local chambers of commerce, local financiers, industrialists, and property developers have become major players in making urban planning decisions.” As Daamen (2010) indicates governments no longer have the primate on making urban planning decisions, this role is being shared with others as urban development projects nowadays affect several other actors.

Moreover, Hackworth (2002: 10) argues that “the boundaries of urban governance have shifted dramatically in the past thirty years, partially because of structural constraints to governments (municipal or otherwise) in the capitalist world but also because of a related ideological shift toward neoliberal governing practices (Goonewardena, 2003).” Urban governance increasingly has become concerned with making cities and places *competitive* in accordance with the neoliberal logic of market competition. Hackworth (2002: 12) argues that “because of the reduction of [central government] interventions in housing, local infrastructure, welfare, and the like, *localities* are forced either to finance (...) areas themselves

or to abandon them entirely". Therefore, local governments increasingly have become "principal investors in urban development projects" (Purcell, 2008: 19). Not only do they regulate land development, they become concerned with stimulating urban development by providing capital. Hackworth (2002: 26) argues that "local governments now not only are expected to ally with businesses to improve its plight (see Peterson, 1981), they are also increasingly expected to behave as businesses as well. In conclusion, Hackworth (2002: 10) argues that "good governance at the municipal level is now largely defined by the ability of formal government to assist (Harvey, 1989; Leitner, 1990), collaborate with (Elkin, 1987; Stone, 1989), or function like (Box, 1999) the corporate community." Moreover, according to Hackworth (2002) neoliberal urban governance has institutionalized itself into several urban development practices in the Western world:

"The idea that municipal governments should behave as economically efficient, business-friendly, anti-deficit entities is now an axiom rather than a debated policy shift among city managers" (Hackworth, 2002: 39).

Feagin & Parker (2002) argue that the *land and real estate market* contains the logic for urban governance. Private actors such as real estate developers, investment companies, banks, landowners, local business elites, property owners, and bond-rating agencies have become the powerful agents of urban change. For instance, Hackworth (2002: 39) states that "bond-rating officials regularly meet with city officials in the United States (and, increasingly, abroad) to map future allocation plans." "Over a decades of urban development these powerful decision makers have both shaped, and been shaped by, the structures and institutions of *urban real estate capitalism*" (Feagin & Parker, 2002: 16). Feagin & Parker (2002: 13-14) argue that there are several *circuits of capital* in the market system. The 'primary circuit' of capital encompasses the flow of credit capital into raw materials, manufacturing goods, and labor power across the world. The 'second circuit' of capital relates to the flow of capital into undeveloped land and the several real estate objects of the built environment. The 'tertiary circuit' of capital include investments in science, technology and education. Feagin & Parker (2002: 15) state that the second circuit of capital is so active that it even rivals the first circuit of capital. Therefore, real estate investment, speculation and development comprise a major economic sector.

Due to such forces of market capital towards urban development for instance, governments increasingly have to take an entrepreneurial stance to pro-actively invest in urban areas, to lure market capital towards their cities. (Hackworth, 2002: 24) argues that "the decline in federal support for urban development has been almost perfectly counter posed by an increase in *municipal debt*, as localities are increasingly left to fend for themselves in an internecine competition for more investment" (see also Gottdiener 1994: 80-84). Hence, the neoliberal deregulation of state powers, ironically, has undermined the desired autonomy for local governments. They increasingly have to rely on the market and its capital, and borrow money to cover their own city investment expenditures previously dealt with at higher government levels. Furthermore, according to Purcell (2008) the need for short-term decisions to attract and invest market capital in urban areas has resulted in *informal governance arrangements*. "The State has increasingly privatized and semi-privatized its functions by contracting out services to volunteer organizations, community associations, non-profit corporations, (...),

quangos, (...), urban development corporations, regional development authorities, and *Public-Private Partnerships*" (Purcell, 2008: 12) (see Section 2.4 for more details on partnerships in urban development). Thus, "one of the foundations of neoliberal governance at the local level is public-private cooperation. These alliances can vary considerably in form, but city governments are increasingly expected to serve as *market facilitators*, rather than salves of market failures" according to Hackworth (2002: 62). Moreover, it has resulted in labelling such public-private alliances in cities as *growth coalitions* (see DiGaetano & Klemanski, 1999) and *urban regimes* (see Fainstein & Fainstein, 1983; 1985; Elkin, 1987; Stone, 1989). Hackworth (2002: 62) explains that urban regimes are collectives of public and private interests that join forces to initiate development or retard disinvestment in a particular city." Regime theory according to Hackworth (2002: 62) "is helpful in understanding neoliberal governance insofar as it emphasizes the increasingly murky boundaries between private and public institutions in the land development process."

Hackworth (2002: 26) argues that "the less immediate result of the decline of traditional Keynesianism has been the successful 'naturalization' of public-private cooperation at the local level." Hence, it is exactly this local level at which market capital is most effectively spent once public-private alliances are in place. The scale of an area is perfectly suitable for developers and investors as a means to channel market capital investment; real estate development risks with an entrepreneurial government partner are limited as such market-oriented development agencies often aim at reducing regulations enabling development to take less time. Moreover, according to Purcell (2008: 2), it does not involve *democratic decision-making processes*, as these are "often seen as messy, slow, and inefficient; it is a luxury cities competing desperately for investment cannot afford."

In summary, since the 1980s to date, neoliberalization has had several *implications for urban governance*, which include the following:

- Decentralization of state autonomy (more local government sovereignty);
- Reduction of public subsidies & regulations;
- Establishment of new public-private alliances and institutions;
- Aggressive promotion of real estate development;
- Privatization of previously public services (housing, infrastructure, energy);
- Government dependency on (decisions from) market actors;
- Increase in municipal debt;
- Individual property rights over collective rights;
- Competition between urban areas and cities (competitiveness).

Here, it is important to notice that urban governance more recent years has moved beyond the narrow scope of the roles of the State and the Market. Now Civic Society has become a major player in making decisions on cities and urban planning and development. Therefore, Un-Habitat (2009) introduced the term *good urban governance* which it defines as “the exercise of political, economic, social and administrative authority in the management of an urban entity. It is the sum of the many ways individuals and institutions, public and private, plan and manage the common affairs of the city.” According to Hanson et al. (2006), “governance comprises of the complex mechanisms, processes and institutions, through which individuals and other interest groups articulate their interests either through formal or informal channels, mediate their differences and exercise their legal rights and obligations.” Thus, in principle, urban governance nowadays includes three groups of actors, the State, the Market and Civic Society; this is represented in Figure 2.5.

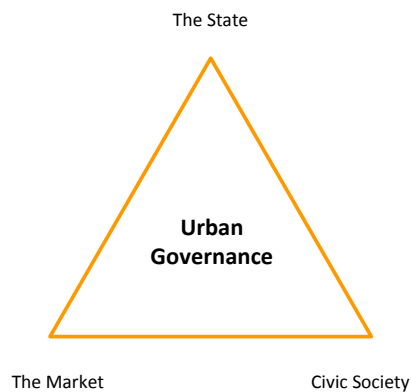


Figure 2.5
Urban governance: State-Market-Civic relations

Un-Habitat takes the discussion on what the roles of these three groups are a step further by relating them to different principles. It explains that “good urban governance is an auxiliary in the realization of sustainable urban growth and development. It goes beyond the state apparatus to include the private sector and civic society.” All three have become critical for sustainable urbanization. Banachowicz & Danielewicz (2004) explain what the principle roles of these groups towards urban assignments; “while it is the role of the government to create a conducive political and legal urban environment, the private sector creates wealth through generation of employment and revenue. The civic society, comprising of various interests groups facilitates political and social interaction and dialogue within the urban environment.” Un-Habitat (2004) declares that; “the spirit of good urban governance therefore requires a constructive and purposeful interaction and engagement of these three sectors. Such engagements must be based on effective participation of all stakeholders, the rule of law, transparency, responsiveness, consensus orientation, equity, efficiency and effectiveness, accountability and a common strategic vision.”

Important to notice is that including civic society (e.g. local communities, businesses) in urban planning and development decisions, can be seen as a step towards *collaborative planning*,

most prominently articulated by Healey (2006). However, in our research, it is primarily the institutional State-Market relation in governing urban development practices which has most of our attention as the main objective is to understand public and private roles in urban development projects. Here, we aim to fill an academic gap, argued by Fuller & Geddes (2008: 253) as that there is "little theoretical appreciation of the complex and contingent processes characterizing inter-organizational arrangements" (see Newman, 2001). Moreover, Fuller & Geddes (2008: 276) argue that in neoliberal institutional practices "local *citizen involvement* is constrained by its subordination both to the market and to more crucial state policies pursued centrally." They point to at the very core of neoliberal practices lays a serious *contradiction* in combining economic and social-environmental objectives (e.g. socialization). Therefore, it is interesting to study how public and private actors respond incorporate social interests in our projects by engaging several community groups in the decision-making process of urban development projects.

In conclusion, this section provided an overview of urban governance as a crucial contextual aspect for private sector-led urban development projects. Neoliberalization has shaped the mode of governance of cities and urban areas as public and private actors increasingly cooperate at a local level. The next section explains how such changing State-Market relations (have) shape(d) planning systems and policies.

§ 2.3.3 Planning Systems & Policies

Institutional aspects: Planning cultures, systems & models

Planning systems are institutional (government) systems rooted within different *planning cultures* all over the world (see Sanyal, 2005). They can be considered as a grounded set of legal rules for carrying out *spatial planning* and regulating *land use development* (see Needham, 2006). Moreover, on the basis of the set of rules of such systems different *planning policies* come about in order to implement planning objectives which respond to social needs of different times. Such policies, in recent years to a certain degree planning systems and policies have incorporated neoliberal ideas, but with different manifestations. Therefore, Hackworth (2002: 12) argues that it is "useful to suggest that policy ideas in North America and Europe are increasingly dominated by unified, relatively simple set of ideas (neoliberalism), it is just as clear that the institutional manifestation (mainly through policy) of these ideas is highly uneven across and within countries." Crucially, planning systems and spatial planning policy orientations differ from place to place, and are accessible for neoliberal ideologies. Moreover, such systems constrain urban projects and the way public and private cooperation takes shape. Figure 2.6 shows a coherent *conceptual institutional planning framework* with different related elements.

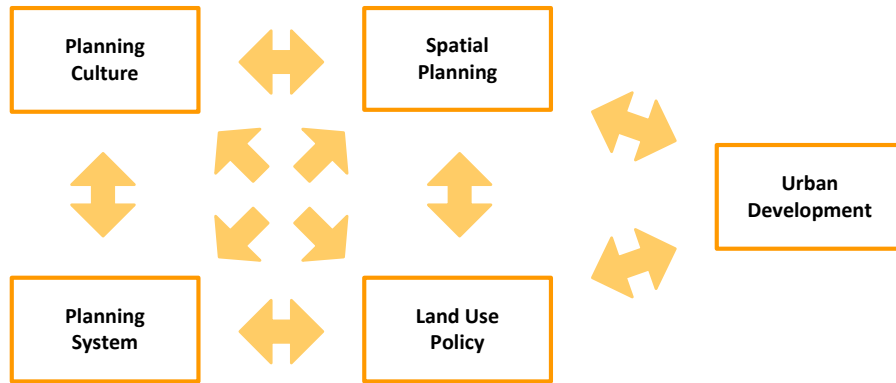


Figure 2.6
 Conceptual institutional planning framework (based on Buitelaar, 2011)

Here, we explore some key characteristics of the Dutch and UK planning cultures, spatial planning, and planning models as these are the institutional practices of relevance for our research. As we discussed in Section 2.3.1, different welfare state typologies are applicable to the Netherlands and the UK (see Nadin & Stead, 2008). Roughly speaking, there are *five types of welfare systems* in Europe indicated in Figure 2.7 by Nadin (2011). We can distinguish the Liberal Anglo-Saxon system of the British islands, the Conservative Continental system for West-European countries, the Social Democratic Nordic system for Scandinavian countries, the Southern Mediterranean system of Mediterranean countries, and New Member State systems which are in transition. These systems underline the institutional values of planning cultures and the way planning systems come about. Figure 2.7 shows overlaps between welfare systems, as country cultures are constantly in transition. For instance the position of the Netherlands is quite remarkable as they seem to be rooted in a mix of welfare systems; Liberal, Conservative, and Social Democratic. This is in line with difficult grouping of the Netherlands as a welfare state typology as shown in Table 2.2. Such a mixed institutional nature makes the Netherlands accessible for adopting other values from other systems, in our research, the Liberal Anglo-Saxon values.

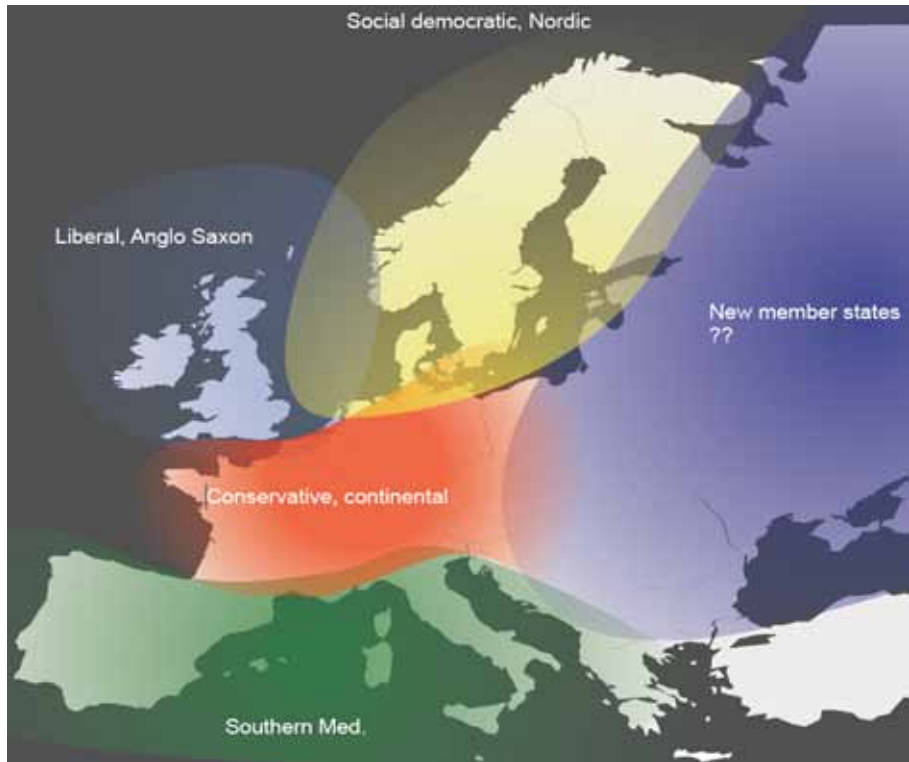


Figure 2.7
 Geography of European welfare systems (source: Nadin, 2011)

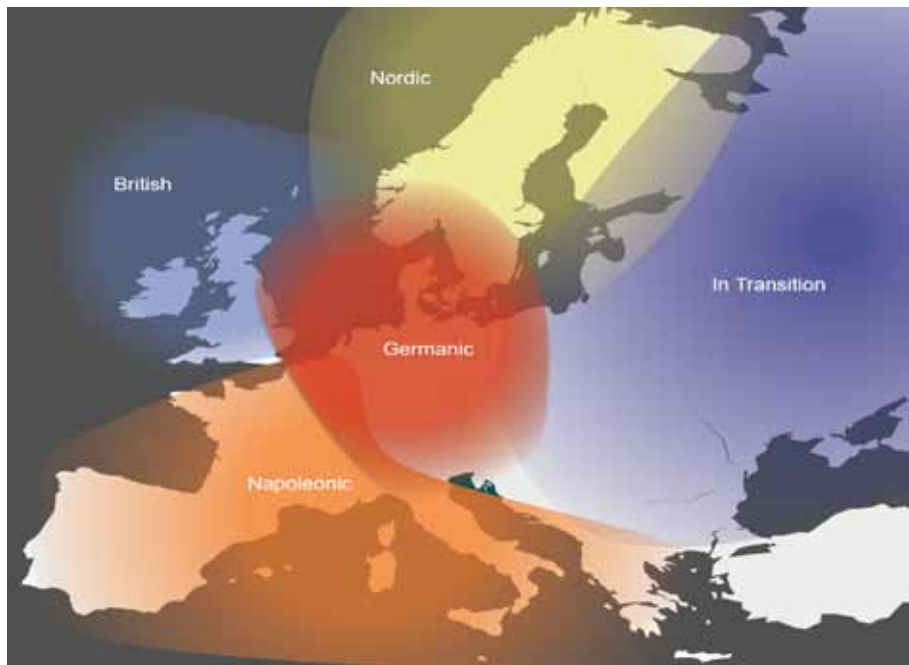


Figure 2.8
 Geography of European legal-administrative systems (source: Nadin, 2011)

Moreover, Nadin (2011) indicates *five legal-administrative systems* in the European Union, presented in Figure 2.8. These primarily constitute of British, Nordic, Germanic, and Napoleonic Law. Eastern European countries law is considered to be in transition. These legal-administrative systems to a large extent influence the way legal rules and laws for planning systems are constructed. Buitelaar (2011) indicates that despite the overlap of some legal-administrative systems, the planning system in the Netherlands in essence is founded on the principles Napoleonic Law, and the UK's planning system in British Law. Moreover, as Table 2.6 shows, the legal characteristics of planning systems influences some fundamental features of spatial planning in both countries. A detailed explanation of these planning system and spatial planning characteristics is provided the chapters on urban development practices in the Netherlands (Chapters 4) and the UK (Chapter 6). Moreover, there we discuss the mutual influences that have been occurring between the two countries.

Institutional Aspects	The Netherlands	United Kingdom
Planning System	Napoleonic	British
	Codified law	Common law
	French Revolution origins	Feudal origins
	Constitution present	Constitution absent
	Abstract law principles as basic rule	'Law-making as we go'
	Limited role judicial power	Judges as law-makers
Spatial Planning	Binding land use plan	No binding land use plan
	Limited-imperative system	Importance of material considerations
	Legal certainty	Discretionary authority, focus on flexibility
	Permitted planning	Negotiated planning

Table 2.6
Planning system & spatial planning: UK-Dutch comparison (based on Buitelaar, 2011)

Dühr et al. (2010) argue that there is a strong international dimension to spatial planning. This is especially true for the European Union in which boundaries between States are blurring and traditions of other countries are more easily influencing other countries. Therefore, they studied several European spatial planning systems and questioned whether a 'European Model of Spatial Planning' would exist. They concluded that there is no such model. However, several interrelated models of spatial planning do exist in Europe. Moreover, Nadin (2008) distinguishes *four models of spatial planning* in Western Europe, based on research from the Commission of the European Communities (CEC, 1997) shown in Figure 2.9. Dühr et al. (2010) emphasize that countries are listed according to the predominant model or ideal type of spatial planning. All countries will exhibit a mixture of types. For this research, we are mainly interested in the spatial planning characteristics of the Netherlands and United Kingdom. Therefore we explain the comprehensive integrated model and land use management model in which they have been grouped by Dühr et al. (2010).

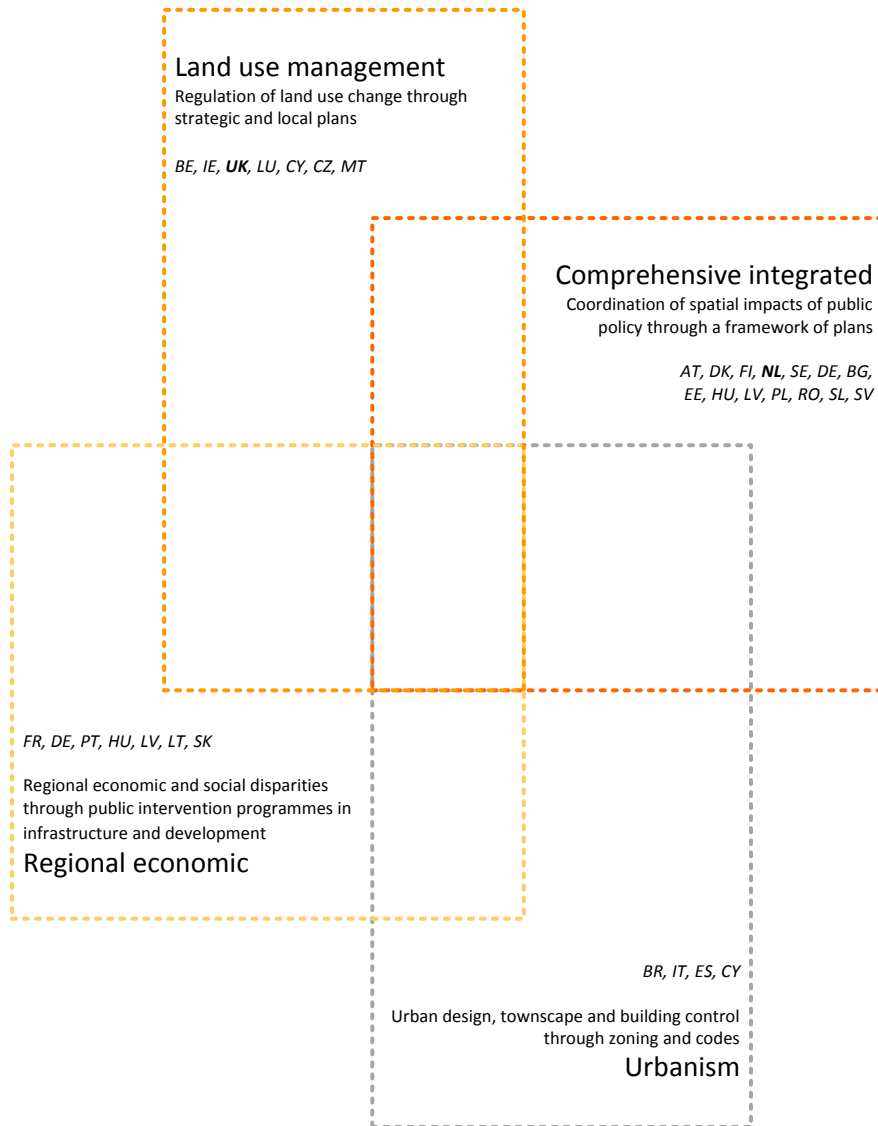


Figure 2.9
European spatial planning models (based on CEC, 1997; Nadin, 2008; Dühr et al., 2010)

Dühr et al. (2010: 182) argue that “the *comprehensive integrated model* is about coordination. It has wide scope and its main task is to provide horizontal (across sectors), vertical (between levels) and geographical (across borders) integration of spatial impacts of sectorial policies. It does this by using a multi-level arrangement of plans that are intended to coordinate spatial development. It has a strong public sector component. It is characterized by mature planning institutions and mechanisms in a context of political commitment to and public trust in planning.” According to Dühr et al. (2010: 182) “the *land use management model* is about the regulation of changes of use of land and property. The operation of planning is geared to managing physical development, mostly at a local level, though some regulation may be done at higher levels. This is a narrow scope in terms of the role of planning, but development is managed in order to meet general planning principles and wider societal goals such as housing provision and protecting environmental heritage. It makes use of policy statements and decision rules and there are extensive mechanisms for citizen involvement. This style model of planning is particularly associated with private sector-led development and land value capture.”

Here, we state that parts of the Dutch comprehensive integrated model of spatial planning in the past decades has seen some elements for the UK land use management model being adopted. One of them is the transfer of planning authority from central to local governments; the other is the introduction of more ‘private sector-led development’ (as used by Dühr et al., 2010). However, the Netherlands retains to use different kinds of plans to shape and regulate urban development, while in UK development regulation is mainly based on policy regulations to manage land and property markets. Nonetheless, since the 1990s we have seen a stronger private sector in the Netherlands through the increase in land ownership positions, taken by property developers with the aim of increasing land values.

Importantly, according to ESPON (2007: 41), “the planning systems in the [EU] countries are not static, but borrow and mix elements from the other styles of spatial planning and thus are dynamic.” Based on research findings from 1995 (CEC, 1997) and 2005 (ESPON, 2007), ESPON shows the movement of within the EU between ‘styles of spatial planning’. Interesting enough, these studies conclude that the spatial planning style in the Netherlands seems not to have changed in these 10 years, as it retains its comprehensive integrated approach. However, we will discuss that urban development practice in the Netherlands nonetheless has come under influence of more market-oriented planning principles in Chapter 4. For instance, the UK does show signs of influence from the comprehensive integrated approach and regional economic approach. In Chapter 6 in particular we discuss attempts by UK governments to introduce more comprehensive integrated approaches in spatial planning.

The comparisons and positioning of Dutch and UK welfare systems, legal-administrative systems, planning systems, spatial planning models above serves to illustrate some basic institutional structure differences of the countries also are subject to change as they influence one another. Here, we argue that institutional changes in urban development practices, especially through changed State-Market relations in terms of urban governance, affect the way planning policies are constructed. For our research this involves studying how markets and neoliberalism in particular influences public planning policy making.

Market-oriented planning policies

We continue to explore how neoliberalism, urban governance and its changed State-Market relations affect urban planning in terms of policy making and spatial results. Changes in the State-Market power relations affect the way public and private actors plan cities and execute these plans through the realization of urban development projects. This is best explained by introducing the work of Adams & Tiesdell (2010). Here, we agree with these authors by stating that the shift from government to governance has changed the perspective of planners; *'planners have become market actors'*. Importantly, they challenge the dichotomous *distinction between planning and markets*, mostly promoted by mainstream economists. Drawing on recent developments in institutional and behavioural economics they argue that "what is required is not for planners to become market actors, but rather to realize they are already 'market actors' involved in framing and re-framing land and property markets" (Adams & Tiesdell, 2010: 186). By acknowledging that planners are operating as significant constitutive elements of such markets the authors encourage planners "to break free from discredited market-led thinking of past decades and discover instead how plan-shaped markets can best be created" (Adams & Tiesdell (2010: 186). They call for State-Market relations in *land and property* to be accorded a central place within the new spatial planning. We take this recommendation at heart; however, we will merely focus on public-private relations within the perspective of urban development projects, rather than spatial planning as a whole. According to UCL & Deloitte (2007) spatial planning is essentially about "shaping and delivering tomorrow's places." Allmendinger & Haughton (2007) argue that this requires a strong emphasis on the spatial co-ordination and integration of investment plans across the public sector, amounting as much to a search for *'spatial governance'* as spatial planning. Such integration, according to Adams & Tiesdell (2010), helps distinguish the concept of spatial planning from such earlier expressions as *land use planning* and *town and country planning*. Then, the search for place-making or delivering 'good quality places' (see Healey, 2006) becomes foremost a quest for connectivity between vision and delivery. Or as Albrechts (2006: 1161) points out, in the end "strategic spatial planning relates to action, to implementation." It concentrates on State-Market relations in land and property as an important context for spatial planning (or urban development).

Adams & Tiesdell (2010: 187) state that "in most western countries, much of the built environment is constructed and financed by the private sector, making the ability of spatial planners to understand and influence property markets and development processes a crucial test of their *effectiveness*." Healey (2006) argues for a more interactive relationship with the private sector, which in her view is particularly important in areas of significant urban change. Others like Adams (1994), Brindley et al. (1996), Faludi (2000), Needham (2000), and Lichfield (2003) support this view of the importance of effective relationships between planners and property actors in various jargon. Concepts like *'communicative planning'* and *'collaborative planning'* introduced by Healey (1997, 2006) for example already indicate that planning theory seeks to find an understanding of the ever evolving planning practice by incorporating Market and Civic Society interests. Nonetheless, even when engaged with market realities, planners tend to adopt a 'detached view of the market'.

In contrast to the view of most planners, here we argue that planners already even adopt market values within planning policies. A concept such as (urban) *economic competitiveness* represents the rise of neoliberal or market values within public policy objectives. Cities, under the pressure of the globalization process, found themselves within a constant search for private investment. However, according to Lovering (2009) the concept obscured the reality that under state authority and public policy special (private) interests were being favored over public interests. As a result of this in the 1990s and 2000s we saw a global wave of speculative investment in real estate and land development and the rise of property developers as the key actor in urban development.

But already in the 1980s, the American term '*boosterism*' was introduced by planners to explain the predominantly economic-driven place-making strategies for cities. Bengs (2005) argues that the deregulation of property markets across Europe during the last quarter of the century is an instructive example of the effects of globalisation. Furthermore, the deregulation of property and land markets has been accompanied by decentralization and decision-making and the "overhaul of national planning systems" (Bengs (2005). In his view, the changing role of public authorities implies a switch from control to the promotion of development. Lovering (2009) argues that "for years, the numerous cities of the neoliberal model of economic policy-making have pointed to its inequities, its harmful social and cultural effects, its disastrous impact on the environment, and its economic unsustainability." However, this cannot be attributed solely to market forces or the private sector, as planning policies, or planners, thus long ago created space for the market to enter a formerly predominantly public domain and influence spatial policy-making. In relation to the above, Fuller & Geddes (2008: 256) argue that Larner (2003, 2005) is concerned to "move beyond neoliberalism as a monolithic hegemonic entity" and to recognize that institutional structures and practices also can be characterized by a complex set of diverse "contradictory spatialities, socialities, and subjectivities" (Larner, 2005: 17). The question remains how market-oriented neoliberal planning has affected cities. Some effects can be distilled based on a rich body of knowledge (e.g. Brenner & Theodore, 2002; Feagin & Parker, 2002; Hackworth, 2007; Purcell, 2008).

In summary, since the 1980s, *neoliberalization* has had these *physical effects* on cities:

- Unequal development;
- Social segregation;
- Urban sprawl;
- Economic development;
- Less public housing;
- Property-led regeneration;
- Large-scale urban developments;
- Semi-privatized environments;
- Enterprise zones;
- Waterfront developments;
- Flagship projects.

Hence, in relation to the above, we argue that market-oriented neoliberal planning is not the sole driver for urban change, as it is shaped by public-private interactions and government intervention as well. Thus, it is a fallacy to contribute these spatial effects solely to the interests of the private sector. For instance, in Singapore, a country recognized for its strong visionary

public sector, similar development effects as presented above took place during the last decades. Moreover, in line with Lerner (2005) it remains to be seen whether such effects can solely be attributed to neoliberalism, as other societal processes take place over time. Nonetheless, Purcell (2008: 2) argues that the result of neoliberalization for cities has been the “intensification of the competition among urban areas for capital investment. *Economic growth* has become the dominant imperative for urban policy and planning. As a result, urban land is seen primarily as property, and maximizing its exchange value is the dominant concern.” Moreover Purcell argues that property rights of owners are legally judged as more important than other claims. In conclusion, Purcell (2008: 2) states that “cities are becoming ever more unequal, segregated, unhealthy, and oppressive (e.g. International Network for Urban Research and Action, 2003).” However, although this being a product of neoliberalism, we move beyond the point of judging if it is ‘*market failure*’ or ‘*government failure*’ that caused these effects; it remains a highly subjective and value-laden affair. Moreover, as we stated urban and economic reality is too complex to draw linear cause and effect relations between neoliberalization and unequal, segregated, unhealthy and oppressive places. Therefore, in line with Adams et al. (2005) it is more useful for planners to mitigate such unwanted outcomes by studying concrete directions of market investment.

Looking at the logics of the market, Hackworth (2007: 81) argues the spatial effects of neoliberalization are not as complex to detect (e.g. Castells, 1996) and periphery-oriented (Lang, 2003) as often is debated. For instance, Hackworth (2007: 13) argues that the inner-city has been the area of extreme transition: “It has served as the focus of high-profile real estate investment, neoliberal policy experiments, and governance changes; Marcuse & Van Kempen (2000) have deemed the inner-city a ‘soft spot’ for the implementation of neoliberal ideals.” Especially, since the 1990s such areas have become the main focus for real estate development, besides the development of suburb neighborhoods. On the contrary, inner suburbs, defined by Hackworth (2007) as often former industrial land between the inner-city and suburbs, has seen less capital investment with indeed several unwanted outcomes as a result. These findings are based on an extensive study about the development of rent prices, house values, and income data of five American cities.

In summary, Hackworth (2007) concludes that there are *three distinguishable spatial characteristics of the neoliberal city*:

- Revalorization of the inner core;
- Devalorization of the inner suburb;
- Suburban expansion.

It remains to be seen if such findings are also representative for other neoliberal cities in different parts of the world. Nonetheless, the investment pattern is helpful in the sense that it provides opportunities to prioritize urban investment for certain areas through planning policy. Within such a market context Adams et al. (2005) and Adams & Tiesdell (2010) distinguish different policy instruments which enable planners to steer market actions, as discussed below. Nonetheless, these ‘planning tools’ can be used in a broader context than in a pure market variant. Therefore it remains important to investigate the particular circumstances in which they are used with prejudice.

Market-oriented planning tools

Thus, here we argue that views of the role of the State and the Market, and thus the concept of urban governance, actually have an effect on the interest priorities in spatial policy-making and, furthermore, the implementation of these policies through the realization of urban development projects. Nowadays, Adams et al. (2005) argue that land and property development can be seen as the main production process that creates the built environment which is constrained by institutional structures and spatial policy instruments. Then, the impact of spatial planning on urban development projects operates through *four types of policy tools* intended to *influence markets* (Tiesdell & Allmendinger, 2005); *shaping* regulating, stimulating and capacity building tools.

These four categories are conceptual, and will rarely, if ever, be found explicitly in planning documents (see Adams & Tiesdell, 2010: 195). However, *market shaping tools*, such as development, regulatory and indicative plans, set important conditions for market actions and transactions, especially by offering a 'political position statement' (Healey, 1992). *Market regulation tools*, such as 'development control', 'planning gain', and 'restrictive covenants' attached to land transfers, restrict the parameters of market actions and transactions. And, *market stimulation tools*, such as 'development subsidies' and 'compulsory purchase', "lubricate market actions and transactions" (Adams & Tiesdell, 2010). Moreover, Adams et al. (2005) claims that *capacity building tools* can be used to identify and develop desirable strategies for market action by engaging in actor-network relationships such as partnerships. Hence, a conscious usage of such planning policy tools at the disposal of planning authorities possibly strengthens the position of planners within such markets. Therefore – in relation to Hackworth's notion of the disinvestment in inner suburbs – planners could persuade the private sector to invest in and develop such areas by using shaping, stimulating and capacity building tools.

Table 2.7 shows the market-conscious planning tool types and subsequent examples constructed by Adams et al. (2005: 64). In our view, these three types of public policy tools facilitate market interests but combine them with a wide array of possibilities to influence market investment directly as well. Hence, such a more *integrative planning approach* could help deliver social, economic and environmental planning objectives. Nevertheless, these tools remain rather abstract and take no account of *human competencies* needed to deliver those objectives. For instance, private sector-led urban development projects and its contractual public-private relationship, involves negotiating the very outcomes of such projects. In private sector-led urban development projects we assume that, as the major driver for developers in most cases is to secure a substantial profit, economic objectives will prevail over social and environmental ones in joint public-private decision-making. However, we are aware of the fact that it is hard to define whether objectives are purely economic, social or environmental as these objectives are seldom made explicit, and moreover, often are interrelated. An analysis of empirical cases may confirm or falsify this assumption. Therefore, the choice was made to include these planning tools as management tools (see Section 2.5) in studying empirical projects, in order to see if public actors consciously use such tools to see if public actors consciously use such tools to shape, regulate, stimulate and activate markets.

Planning Tools	Typical Sub-types	Typical Examples
Shaping (e.g. shaping decision environment or context)	Development plans (e.g. public infrastructure investment plans)	Transport infrastructure investment plans
	Regulatory plans (e.g. statutory plans, policies, strategies)	National planning policy & development plans
	Indicative plans (e.g. non-statutory plans, policies, strategies & advice)	Establishing a spatial vision for the area
Regulating (e.g. defining parameters for decision environment)	State (or third party) regulation	Planning/development controls
	Contractual (or bilateral) regulation	Restrictive covenants attached to land transfers
Stimulating (e.g. restructuring contours of decision environment)	Indirect/fiscal measures	Subsidies (tax breaks) encouraging desired activities (e.g. derelict land reclamation grants) and/or taxes to discourage certain activities (e.g. tax on greenfield development)
	Direct state action	Compulsory purchase of land Joint ventures
Capacity building (e.g. developing actor's ability to identify and/or develop more effective, desirable strategies)	Actor-network relationships	Arenas for interaction/networking
	Social capital	Partnerships/partnering arrangements
	Cultural perspectives	Thinking 'outside the box'

Table 2.7
Planning tool types & intended market effect (source: Adams et al., 2005: 64)

This section provided some direction to unravel the complex relationship between planning cultures, systems, models, and tools. We positioned planning within a market context, and moved away from the planning versus market dichotomy. Moreover, these literature findings assist in understanding the institutional State-Market relations.

Conclusions

In conclusion, in this section we conceptualized the institutional context for private sector-led urban development projects based on our conceptual model. We described that public-private interaction in urban development projects depend on several institutional public-private relationship factors such as political-economic ideologies, urban governance concepts and spatial planning systems and policies. Foremost, these literature findings also assist in understanding institutional characteristics of both the Netherlands and UK, as contextual differences might limit the ability to draw lessons from the UK for the Netherlands.

In summary, therefore, in this research, we will analyze the institutional context of private sector-led urban development projects in the Netherlands and the UK on **three main contextual aspects**:

- **Economy & politics**: as a way to understand the economic and political institutional structures influencing public-private cooperation and management in private sector-led urban development projects;
- **Urban governance**: as a way to understand the institutional urban governance practices influencing public-private cooperation and management in private sector-led urban development projects;
- **Planning system & policies**: as a way to understand the institutional spatial planning systems and policies influencing public-private cooperation and management of private sector-led urban development projects.

In the following section we explore the main organizational characteristics of public-private collaboration in private sector-led urban development projects. Moreover, based on the literature review we define the organizational aspects analyzed in our cases.

§ 2.4 Organization of Private Sector-led Urban Development Projects

In the previous section we explored the institutional context of private sector-led urban development projects by creating an understanding of economic-political, urban governance and spatial planning concepts and how this influences the roles of the public and private actors. Here, we describe how the concept of urban governance influences the way public and private actors organize urban development projects on the basis of organization theory on Public-Private Partnerships. We emphasize that the theoretical notions of these more formalized ways of organizing urban development projects, are also useful for studying private sector-led urban development projects, regardless the formality or informality of the institutional arrangements. Therefore, these theories help us to indicate the main organizational aspects and roles for analyzing private sector-led urban development projects within this research.

§ 2.4.1 Public-Private Relationships

Public-private power shifts & balance

The growing importance of the private sector in urban development and as a consequence the intensified cooperation between the public and private sector on its turn resulted in inter-organizational changes for the realization of urban development projects. This is most profoundly visible in the rise of Public-Private Partnerships (PPPs) used in urban development. The creation of this organizational and contractual cooperation can be seen in the light of more private sector influences on the one hand, and the deregulation of tasks and responsibilities from central governments towards local governments on the other. Moreover, development-led spatial planning policies have created local decision-making networks; urban areas have become the dominant level on which public and private actors act to realize spatial objectives. In this regard, McQuaid (2000) argues that the *natures of partnerships* are both a result of and can possibly alter, because of changing global economic patterns, government funding, and economic structures, in particular the transformation of central-local government and changing state-market relationships. However, McQuaid also under scribes our view that Public-Private Partnerships mostly are “the cause of such changing relationships” (McQuaid, 2000: 11). Therefore, we explore the relationship between public and private sectors through the lens of a *public-private spectrum* in an international perspective.

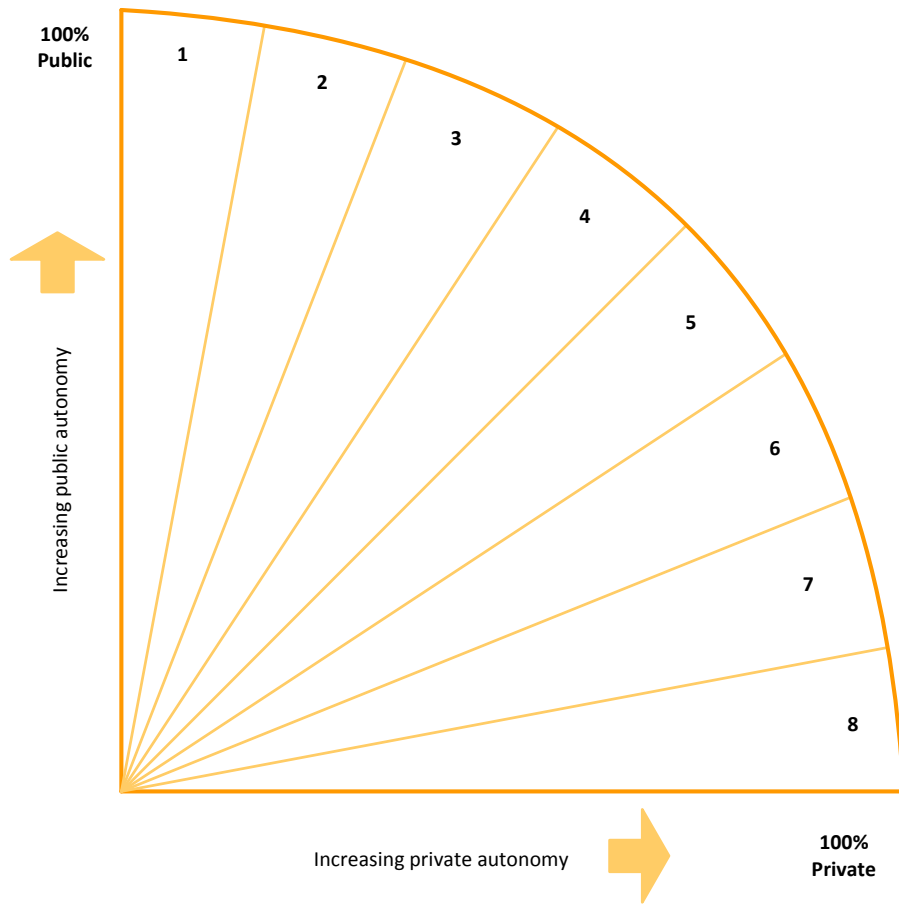
Harvey (1989) indicates that PPPs indeed have been a “celebrated form of entrepreneurialism” as a form of urban governance. Furthermore, Bult-Spiering & Dewulf (2006) under describe that PPPs are a special feature of (urban) governance. Pierre & Peters (2000) list eight factors that focused increasing attention on governance issues in the last decade of the twentieth century. Also, Pierre & Pieters (2000) identify several factors that resulted in the increase of PPPs as an inter-organizational model. In this regard, Bult-Spiering & Dewulf (2006) argue that:

“Many governments throughout the world have been involved in Public-Private Partnerships. Governments increasingly depend on the private sector for the implementation of projects. This changes the relationship between government and marketplace. Boundaries between public and private organizations are blurring and public management is changing. Public management more and more focuses on governance, which indicates a focus on process matters rather than institutions. This creates self-organizing, complex and dynamic inter-organizational networks, which are characteristic for today’s social political world” (Bult-Spiering & Dewulf, 2006: 1).

In this sense, PPPs can be considered as a global phenomenon (see Section 2.3.1) with common causes. Bult-Spiering & Dewulf (2006: 10) list *common causes* for the movement towards partnerships found in both the North America and Europe, which are as follows (see Keating, 1997; Grimshaw et al., 2002; Flinders, 2005):

- Fiscal crisis in the public sector, and therefore a search for other sources of funding;
- Increased mobility of capital, causing a power shift in the relationship between government and capital towards the private sector;
- Increased complexity of government tasks requiring an overlap between the public and private sector;
- Dominance of neoliberal ideas and reliance on market mechanisms and incentives.

In line with the above, it seems that we notice an increased private autonomy as is shown in a *public-private autonomy spectrum* (Figure 2.10) developed by Börzel & Risse (2002). In short, these authors define several forms of organization within the public-private spectrum. They argue that a Public-Private Partnership can be characterized as an organizational structure that is situated within the middle of public and private *regimes*. Both parties in that case are operating on the basis of a shared autonomy. To stay in the terms of Börzel & Risse (2002) this situation can be identified as the “co-regulation of public and private parties”. Hence, other forms of cooperation are not regarded as pure PPPs. This is a somewhat narrow view on PPPs, as autonomy only is one aspect of sharing principles between actors which take part in PPPs. Therefore, in our view PPPs involve any type of public-private interaction.



- | | |
|--|--|
| 1 <i>Public regulation</i> : No private involvement | 5 <i>Delegation</i> to private parties |
| 2 <i>Lobbying</i> of public parties by private parties | 6 <i>Private self-regulation</i> in shadow of hierarchy |
| 3 <i>Consultation</i> and co-option by private parties | 7 <i>Public adoption</i> of private regulation |
| 4 <i>Co-regulation</i> of public and private parties | 8 <i>Private self-regulation</i> : No public involvement |

Figure 2.10
Public-private autonomy spectrum (based on Börzel & Risse, 2002)

At first sight, public-private autonomy in private sector-led urban development can be positioned within category 5 or 6 (as shown in Figure 2.10). In this category, local authorities delegate tasks to, and hold (hierarchical) decision power over, private actors' self-management of projects. Our case studies must reveal if this is true.

International comparative perspectives

There are international differences with regard to PPPs. According to Bult-Spiering & Dewulf (2006: 10) in general terms the difference between the USA and Europe is “the traditional autonomy of the private sector in the former (property rights) versus the traditional autonomy of the public sector in the latter. The USA and continental Europe represent the two extremes, with the UK as an intermediate case” (see DiGaetano & Strom, 2003). Table 2.8 shows the different *national contexts of Public-Private Partnerships* which reflect state-market relations. The table is of relevance to this research as we study private sector-led urban development projects in the Netherlands and the UK. As such, the table suggests that the UK and Europe (the Netherlands) have more in common than the USA and the Netherlands as there are fundamental contextual differences.

PPP Characteristic	USA	UK	Europe
Autonomy	Private		Public
Public-private relations	Stable		Weak
Public-public relations	Independent		Dependent
Leadership	Strongly organized local business elites		No local business leadership
Public sector influence	Weak		Strong
Voluntary traditions	Strong		Weak

Table 2.8

National context of Public-Private Partnerships (based on Bult-Spiering & Dewulf, 2006)

In general, countries with strong public traditions seem to generate PPPs that are dominated by public parties. In countries with a weaker public sector tradition, the private sector will dominate the partnership. Hence, “the balance of a partnership is therefore typically public sector dominated in Sweden and France, private sector dominated in the USA, and publicly managed in the UK” (Bult-Spiering & Dewulf, 2006: 11). Interestingly, Savitch (1997) positioned such notions on a *public-private dominance continuum* (see Figure 2.11).

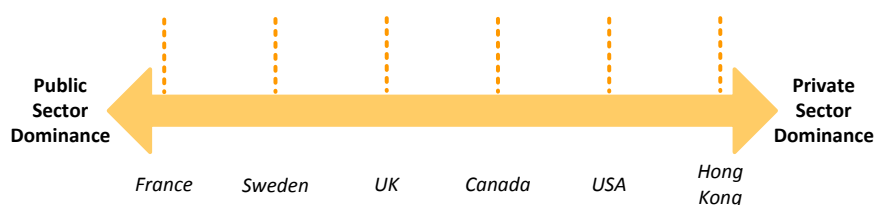


Figure 2.11

Public-private dominance continuum (based on Savitch, 1997 in Pierre (Ed.), 1997)

Despite the fact that it is quite arbitrary to position countries or PPP practices on such a continuum, Figure 2.11 is of particular interest for this research seen in the light of the increasing private sector dominance in urban development practice in the Netherlands. The ‘dominance’ of either the public or private sector in our opinion indicates some power over others. However, terms like dominance or power do not indicate what it consists of, or, how actors can execute these powers. Therefore, this structure of public-private dominance for countries also functioned as a structuring device for the development of the comparative urban institutional model for management measures in private sector-led urban development (see Section 2.2.3). In addition, we use *managerial terms* to indicate the execution of such dominance relationships between public and private actors in urban development projects.

With the understanding of urban governance as the underlying principle for explaining the public-private autonomy and dominance spectra, it is interesting to explore the different relationships within partnerships that reflect such spectra. For instance, Bennett et al. (2000) consider PPP to reflect a spectrum of possible relationships between public and private parties for the co-operative provision of infrastructure services (Figure 2.12). This PPP spectrum is more usable as a way to describe *public-private power relationships*. Moreover, unlike Börzel & Risse (2002) they use a broader definition of PPPs, in between which several partnership forms can be distinguished.

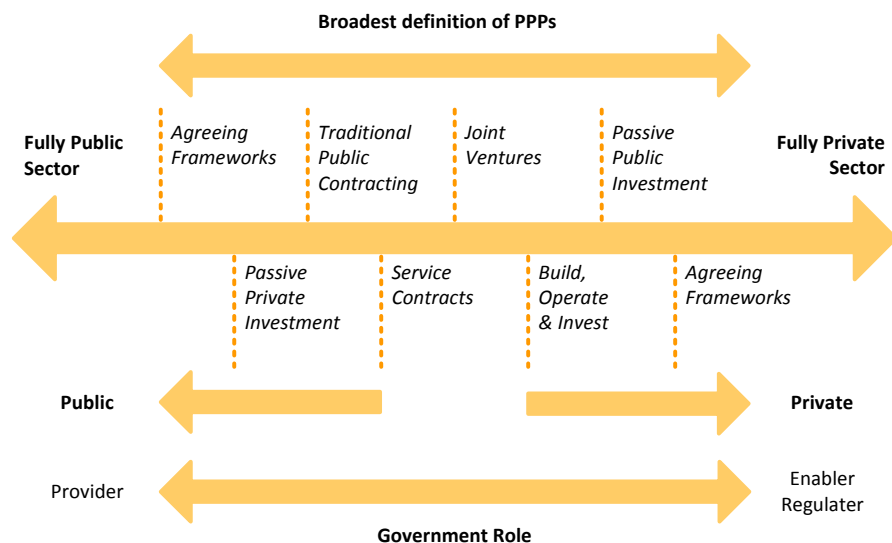


Figure 2.12
Public-Private Partnership spectrum (based on Bennett et al., 2000)

Figure 2.12 highlights the role of government as a *provider* of services at the one far end, and the *enabler* of services on the other far end. Moreover, several PPP forms have been distinguished and placed on the public private spectrum. Although these PPP forms relate to infrastructure projects, also there are similarities with PPPs in urban development projects. Joint ventures for instance are common partnership arrangements in urban development

projects in the Netherlands. Moreover, build operate and invest partnerships relate to concessions from governments provided under certain conditions to developers, as studied in this research. Hence, its position in the figure indicates a shift towards an increased power by the private sector.

Notice that the central issue in the explanations above is the role of government. It is often assumed that governance and partnerships in general, and concessions or private sector-led urban development in particular, decreases the autonomy, dominance and power of public actors. Pierre & Peters (2000) argue that this is not necessarily the case as they explain that:

“We believe that the role of the State is not decreasing as we head into the third millennium but rather that its role is transforming, from a role based in constitutional powers towards a role based in coordination and fusion of public and private resources” (Pierre & Peters, 2000).

In relation to this, Bult-Spiering & Dewulf (2006) argue that “the central question on governance from the perspective of PPPs is how to organize the *interaction* between public and private sector.” Within such public-private interactions there is room for public actors to influence projects. Moreover, such interaction is effectuated through a wide variety in the use of ‘*collaboration models*’, which are based on institutional rules that determine the amount of influence, decision power and autonomy of actors.

§ 2.4.2 Public-Private Partnerships

Recently, we saw the rise of the ‘*concession model*’ as a form of Public-Private Partnership (PPP) or collaboration model for urban development in the Netherlands (see Section 1.2 & 2.2.4). As such models are not an internationally recognized term, because PPPs tend to have very country-specific characteristics and terminologies, we have introduced the more neutral term private sector-led urban development as a form of partnership. In this section, an explanation of relevant theoretical concepts of PPPs for private sector-led urban development is given.

Several scholars (e.g. Bailey, 1994; Osborne, 2000b; Jacobs, 2000; McCarthy, 2007) have provided theoretical understandings of partnerships in the domain of urban regeneration and development. Hence, in Osborne (2000b) many different theoretical angles for studying PPPs have been presented. In general, Osborne (2000a: 2) distinguishes *five main theoretical PPP literature schools* on focused on ‘organizational collaboration’ (e.g. Huxham & Vangen, 1996), ‘public management’ (e.g. Osborne, 1997), ‘public governance’ (e.g. Kickert, 1997a), ‘community development’ (e.g. Oakley, 1991), and ‘empirical’ literatures (e.g. Taylor, 1997). Furthermore, Osborne (2000b: 2) argues that although these literatures are significant in their own right their weaknesses are that they: are developed in isolation of one another; have a narrow national focus; and fail to consider the management and impact of PPPs. In addition to Osborne (2000b), this research aims at filling such academic gap by simultaneously looking at the collaboration, management and effects of private sector-led urban development projects as form of partnership.

Therefore, there is no straightforward definition of Public-Private Partnerships in urban development as many *definitions* exist (see McQuaid, 2000) and none of them fully covers the diverse and complex characteristics of partnerships. McQuaid (2000: 11) states that a number of *assumptions* underlie definitions of partnerships which include: the potential synergy of some form; the development and delivery of a strategy or project; and the notion that the public sector not pursuing purely commercial goals. Moreover, in general, PPPs in urban development involve 'working together' (Holland, 1984), reaching 'mutual agreements' (Harding, 1990), achieving 'mutual benefits', the mobilizing of a 'coalition of interests' (Bailey, 1994), and some sort of 'institutionalized arrangement'.

With such general characteristics in place, for this research we choose to follow a quite neutral **definition of PPP** expressed by Nijkamp et al. (2002):

"A PPP is an institutionalized form of cooperation between public and private actors who, on the basis of their own indigenous objectives, work together towards a joint target, in which both parties accept investment risks on the basis of a predefined distribution of revenues and costs" (Nijkamp et al., 2002).

Here, *four main characteristics* in this definition in our opinion are crucial for this research; cooperation, actors, objectives, and distribution. Here an explanation is given about their importance to this research.

First, *cooperation* implies that both actors operate jointly within a project; cooperation between actors is needed because actors are (inter)dependent on each other to realize urban development projects. However, it does not indicate on which aspects actors cooperate, so we will later elaborate on the aspects taken into account in this research.

Second, *actors* take a central position in this research, as people have to carry out the work; it is not an organization itself that does this. Furthermore, organizations do not take part within institutionalized organizational arrangements; these are representatives from different organizations which act on behalf of an institutionalized entity. Nevertheless, formal arrangements can also be contracts. In this case, no institutionalized entity is formed as actors work together on the basis of agreements operating on the basis of their own autonomy.

Third, thinking in *objectives* lies at the heart of this research; it implicates that public and private actors work together as they have an interest in the project; they try to achieve actor-specific and common objectives with a project. In this sense, a project is viewed as a means rather than a goal. Finally, *distribution* implies that public and private actors need to think about what actually is done by whom. This involves identifying several project-specific inter-organizational arrangements such as responsibilities, risks and revenues, which can be either *shared among* or *divided between* the actors involved.

In order to position our research, we have made some other choices based on a literature review. For instance, the *structure of partnerships* that shapes the relationship between actors can differ considerably. McQuaid (2000) distinguishes *formal and informal partnerships*. Formal partnerships structures for instance involve legally binding contracts, unenforceable public agreements or general agreements, while informal partnerships normally consist of informal networks interlinking individuals and organizations with shared intentions. Our research focuses on formal partnerships between public and private actors, but takes into account informal relations as well.

Furthermore, an important distinction can be drawn between *policy-based partnerships*, which lay down a set of general rules for private investment and operation through co-operative ventures, and project-based partnerships, that focus on specific site or circumstances (Stephenson, 1991; Dunn, 1999). The former does not have a definable end-point, while the latter has a clear end. For this research, we will focus on project-based partnerships as they are considered to be more formal and institutionalized as inter-organizational or contractual arrangements are applicable to a project.

Moreover, there is another characteristic that is of crucial importance to this research; an *inter-organizational relationship*. If a cooperative relation is formed to establish a specific (urban development) project, the organizing can be characterized as an inter-organizational relationship (Hellgren & Sternberg, 1995; Achrol, 1997). Therefore, a project-specific partnership can be regarded as a temporary inter-organizational relationship as it has a definable end-point (Gils, 1978). In our research we interpret this public-private relationship as the interaction between actors on a project level.

Also, another important aspect of partnerships is the *process of mobilization* of actors (Bailey, 1994). This involves creating partnerships through a *top-down process* with some sort of higher level of authority, or a *bottom-up process* with some sort of self-organization. In our research, we focus on top-down processes of mobilization, which involves some sort of public or private authority that initiates development projects and establishes formal relationships with other authorities into partnership agreements.

Finally, an important choice relates to the *distinction between contracting-out and partnerships*. Klijn & Teisman (2000: 84-85) argue that partnerships often are a combination of market parties and governments, and that contracting-out in essence can be seen as “privatization defined as a shift from public to private sector-production”. However, several contracting-out arrangements are labelled as partnerships, which in their view are essentially different, as contracting-out implies that the public principal specifies the output or service that has to be delivered by the private sector. Notice that we categorize our private sector-led urban development projects essentially as partnerships, as it involves a form of public-private cooperation. Nonetheless, we recognize that for instance a public tender involves specifying services to be delivered, and thus involves a contracting-out public-private relationship.

§ 2.4.3 Institutional Aspects & Inter-organizational Arrangements

In order to make a *typology* of the organization of private sector-led urban development projects we need to consider which aspects are worth analyzing. According to Bult-Spiering & Dewulf (2006: 18) a “typology of PPP contains prescriptions about the structure of the cooperation and the process of cooperation.” The structure is the legal, financial, or organizational institution, whereas the process is the actual interaction. For the organization of private sector-led urban development projects we are mainly interested in the structure of these partnerships. Nonetheless, interaction between public and private actors is a crucial part in this research, but is rather viewed as management as any form of influencing (see Section 2.2). The *institutional aspects* that are researched are expressed in relation to each other in Figure 2.13.

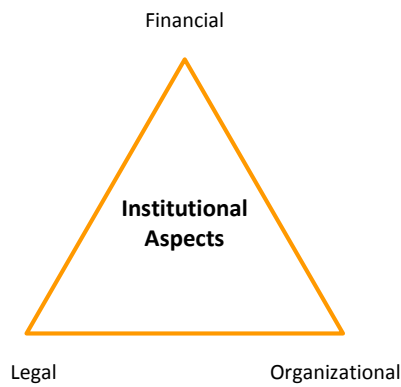


Figure 2.13
Institutional aspects of partnerships under study

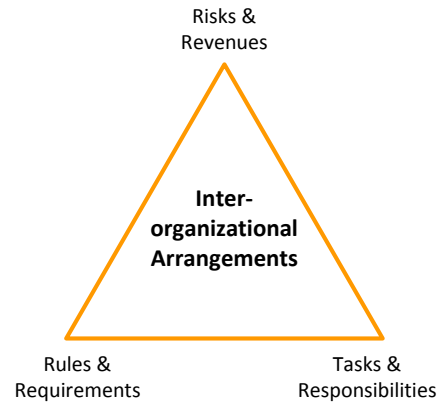


Figure 2.14
Inter-organizational arrangements of partnerships

Each of these aspects must be taken care of by actors, in order to achieve the project-related objectives of the public and private actors involved. Here, different *inter-organizational arrangements* have to be determined and attributed to and between the actors. Often these arrangements are related to the main *necessities* (see Burie, 1978) for developing urban development projects. These public and/or private arrangements are related to the structured aspects above. Public and private actors organize their cooperation distributing in the following inter-organizational arrangements: *tasks & responsibilities*, *risks & revenues*; *rules & requirements* (Figure 2.14). Each of these inter-organizational arrangements can be attributed or mandated to certain actors.

Furthermore, the *nature* and *attribution* of these arrangements can differ and change over time, as urban development projects often are characterized by several successive development stages closed off by certain decision moments. In urban development processes, one can distinguish four major stages related to the built object; the initiative, design & feasibility, realization, and operation stage. Within each stage of an urban development project, actors can make agreements about the nature and distribution of tasks and responsibilities, risks and revenues, and rules and requirements. Especially, in this research we explore the nature of these inter-organizational arrangements and how local authorities and project developers have distributed these arrangements in private sector-led urban development projects. We claim that the attribution of certain arrangements to certain actors also condition the way public and private actors can manage urban development projects. Thus, we will study the relationship between organization and management.

Conclusions

Taking into account our conceptual model, we here tried to conceptualize the organization of private sector-led urban development projects. We explained the relationship between urban governance and the rise of Public-Private Partnerships. Furthermore, we placed the public-private relationship in an international perspective through the use of various conceptual schemes. This enables us to categorize urban development practices and explain differences between public-private relationships. Moreover, we clarified the main aspects and arrangements of partnerships which are analyzed in this research. Also, we indicated that the determination of institutionalized aspects eventually affect the way inter-organizational arrangements are distributed among the actors within different development stages. This in turn influences the way actors can manage private sector-led urban development projects.

In short, in this research, we will analyze private sector-led urban development projects on **three main organizational aspects**:

- **Partnerships characteristics**: as a way to understand public-private cooperation relationships;
- **Institutional aspects**: as a way to understand public-private cooperation structures and processes;
- **Inter-organizational arrangements**: as a way to understand the attribution of different project necessities to public and private actors within projects.

The following section moves towards how public and private management of private sector-led urban development projects is defined in this research.

§ 2.5 Management of Private Sector-led Urban Development Projects

In the previous section, different organizational aspects and arrangements of Public-Private Partnerships were discussed as they can condition the management of urban development projects. Besides the attention for the organizational form, in Public-Private Partnership literature the importance of managing such partnerships is emphasized (e.g. Osborne, 2000b; Klijn & Teisman, 2003; Koppenjan & Klijn, 2004; Meier & O'Toole, 2007). Despite the relevance of understanding how urban development projects are organized, it is often the management of projects undertaken by actors that influences the outcome of projects (see Van Aken, 2004; Klijn, 2008). Also, Kort (2011) indicates the importance of management over organization in urban development projects, but also concludes that without some sort of organizational arrangement, management can be less effective in achieving project results. Hence, we also acknowledge the importance of management of development projects (see Section 2.2.2), but at the same time we argue that both organization and management are interrelated and co-existent. Especially in urban development projects both organization and management are present and sometimes indistinguishable. Therefore it is useful to understand them in an interrelated integrative manner. In this section, we discuss research-related *urban management concepts* (Section 2.5.1), followed by crucial choices for our *management measures and functions* (Section 2.5.2 - 2.5.5), finally resulting in a public-private *urban management model* (Section 2.5.6).

§ 2.5.1 Competing Urban Management Concepts

Notice that our research is characterized as an *inductive practice-based qualitative research* (see Section 2.2.2), and that we use a *conceptual integrative urban management model* (see Section 2.2.3) to study urban development projects. As such, we choose an integrative management approach that embraces different management concepts and aims to construct a more holistic view on management based on empirical reflections. Here, first we explore two commonly used management theories: *New Public Management* and *Governance*. Also, we provide arguments for not choosing either one of these concepts for conducting our empirical case studies. Second, we explore the competing urban management concepts of *project management* and *process management*, and discuss the implications for our research.

New Public Management versus Governance

In business administration the *New Public Management* (NPM) and *Governance* management theories – or rather management concepts (see Kort, 2011: 31) – came into existence as alternatives for classical management theories, and aim to find solutions for complex tasks government nowadays face. Sometimes they can be seen as competing theoretical views, as their principles differ fundamentally. In general, NPM emphasizes the importance of organization, while Governance emphasizes the importance of management. Table 2.9 indicates the main features of and differences between both concepts based on Kort (2011: 51) and Klijn (2012). Hereinafter, we explore some of their characteristics with regard to public-private relations and roles.

Concept Aspects	New Public Management	Governance
Focus	Organization of the public sector	Management between organizations: no central actor exists
Central notion	Improving effectiveness & efficiency of realization	Dependency of actor demands coordination & collaboration
Vision on management	Performance management: introduction of management techniques from private sector to public sector	Network management: Activate, enrich, coordinate, process agreements & commitment
Role of politics	Hierarchical: client for executing organizations	Coordinative: one of the parties, but with a special position
Approach to complex societal problems	Control: clearly defined tasks, roles & responsibilities	Utilize: create opportunities by connecting & collaborating

Table 2.9

New Public Management versus Governance (source: Kort, 2011: 51; based on Klijn, 2012)

Osborne & Gaebler (1992) argue that in NPM governments are supposed to focus on formulating policy and clear objectives, whereas the implementation should be carried out by private and non-profit sectors. Thereby, the public sector mainly has to supervise implementation based on performance criteria (Hood, 1991). NPM also propagates autonomous organizations with a certain distance to politics (Pollit et al., 2004). As such NPM focuses on improving efficiency, professionalizing management, bringing service closer to civilians, and downsizing the influence of politics. The separation between policy and implementation allows politicians to concentrate on their core tasks (Van Thiel, 2001). Osborne & Gaebler (1992) argue that in NPM the public sector is supposed to facilitate other parties, and describes this shift as ‘steering’ rather than ‘rowing’. Based on research conducted by several authors (e.g. Hood, 1991; Kickert, 1997b; Lane, 2000; Pollit et al., 2004), Kort (2011: 31) identifies *seven central elements of New Public Management*, including:

- Hands-on professional management
- Explicit performance standards and indicators
- Emphasis on controlling output;
- Independent organizational units at distance;
- Tendency towards more competition and tenders;
- Private management styles focusing on flexibility;
- Downsizing the use of means.

As argued before (Section 2.2.2 & 2.3.2), Governance generally can be seen as “the capacity to organize collective action toward specific goals” (Hillier, 2002). Kort (2011) argues that business administration literature on Governance emphasizes ‘network management’ (e.g. Klijn & Teisman, 2003; Hodge & Greve, 2005) or strategic management of alliances (e.g. Yoshino & Rangan, 1995; Doz & Hamel, 1998). In essence, Governance literature agrees that complex collaboration processes cannot lead to good results without the comprehensive effort of managing networks (e.g. Gage & Mandell, 1990; Agranoff & McGuire, 2001; 2003; Mandell, 2001; Meier & Toole, 2007). In this regard, networks must be understood as an assembly of public and private actors (Kort, 2011), characterized by non-hierarchical horizontal relationships between actors. Moreover, for the realization of objectives parties are mutual dependent (Hanf & Scharpf, 1978) and are all able to influence and steer, and be influenced and steered upon. Moreover, knowledge and means are divided amongst different parties, who are therefore in search for intensive and sustainable relations (Alter & Hage, 1993). Different interdependencies (see Bruijn & Ten Heuvelhof, 1999) to a degree ensure the coming into existence of interactions and partnerships. Moreover, Kort (2011: 43) argues that Governance perspectives allow room for other actors than public parties to play an important role handling complex societal issues.

In essence, urban development projects can be viewed from both management perspectives. In summary, the NPM view focuses on *hierarchical client-contractor relations* and Governance focus on *horizontal actor relations*. In his comparative research on urban regeneration companies in the Netherlands and the UK, Kort (2011: 51) argues that ideas behind both approaches are present in Public-Private Partnerships (PPP). Nonetheless, in organization theory about PPPs we notice that a distinction is made between contracts (e.g. concessions) on the one hand and partnerships on the other hand (Osborne, 2000b; Klijn & Teisman, 2003; see Section 2.4.2). We do not follow this clear distinction and argue that Public-Private Partnerships also involve partnerships based on contracts, such as is the case in our private sector-led urban development projects (Dutch: concessies).

For instance, in our definition of private sector-led urban development projects we emphasize both the role of management and organization (see Section 2.2.4). Despite that such projects in theory are based on a formal public-private organizational role division, literature also suggests a leading role of private actors and facilitating public role in managing the development of an urban area. Notice that the former characteristic is in line with the NPM view, while the latter acknowledges the principles of the Governance view. Therefore, we do not choose either one of these views as they neither are able to create a comprehensive understanding of the management of complex urban development projects. Organization and management do not exist in isolation, which necessitates a more holistic integrated view of urban management. Nonetheless, it is interesting to reflect upon these somewhat competing views by analyzing the possible existence of empirical tensions between both approaches. Thus, our integrated urban management view does not exclude both NPM and Governance, nor does it advocate to test theoretical assumptions underlining both management theories. In the following sections we explore various urban management concepts and explain our choices for specific management measures and functions.

Project management versus process management

Another academic discussion in urban development involves the possible competing principles of project management on the one hand and process management on the other. For instance, Lousberg (2012: 40) argues that in recent years an ever more explicit difference has been made between project and process management. This difference is based on the definition of project management as giving direction to temporary, result-oriented cooperation between actors with scarce resources (Wijnen et al., 2004: 8), and process management as the management of complexity within networks of people (Teisman, 1992; 2001). Table 2.10 shows the main differences between both types of management.

Project Management	Process Management
Single activities	Plural activities
One goal under shared regime	Multiple goals and shared regime
Short term orientation	Long term orientation with changing perspectives
Heterogeneous in culture & action patterns	Heterogeneous, ambiguous & dynamic in culture & action patterns
Significant uncertainty about performance, costs & time table	Uncertainty about performance, costs & time perspective
Production takes place in temporary organizations	Production takes place in inter-organizational arenas
Disturbs procedures & line organization position	Generates dynamics & requires flexibility

Table 2.10

Project management versus process management (sources: Teisman, 2001; Bruil et al., 2005)

Despite these differences in literature, in practice it is hard to distinguish project from process management; we argue that they are *complementary*. For instance, Lousberg (2012: 40) argues that despite these differences both types of management are “complementary management strategies” between which actors can switch according to the needs of the actors involved (see Groote et al., 2002: 28; Weening, 2006: 249). Franzen et al. (2011) argue that project management focused on controlling and optimizing the project duration costs and quality, rather must be positioned within the broader scope of process management. Franzen et al. (2011: 30) argue that “traditional project management no longer guarantees the successful completion of urban area development”, as urban development has become a complex process of interrelated and changing circumstances influencing the course of projects. Nonetheless, they claim that project management still has a place in realizing and finalizing actual works. For instance, Klijn et al. (2008) argue that managers face several management dilemmas in Public-Private Partnership projects which place them for managerial choices to either use the project management approach or process management approach. Their empirical research concluded that some dilemmas between the two management approaches are present, but also found that managers see them as necessary management alternatives to be applied to their projects. Again, this affirms that they are complementary, as they are essentially both needed to realize projects.

§ 2.5.2 Project Management Activities

With regard to the above, we propose to define *project management* as an activity rather than being solely goal-directed at managing time, costs and quality. Thus, *project management activities* in this research are viewed within the object of study being urban development projects. These projects are developed over time and thus can be considered as a process of interlinked stages that need to be managed as well. An urban development process is often phased into an initiative, design, realization, and maintenance stage. Public and private actors within these stages perform a certain activity. In successive order, they initiate, design, plan, and operate developments. By doing so, they have an influence on the outcome of urban development projects. Therefore, in this research, we consider *initiating, designing, planning, and operating* as project management activities. Here, we follow the motto of project management as 'management through phasing' (Bruil, 2011).

§ 2.5.3 Process Management Activities

Bult-Spiering (2003) and Bult-Spiering & Dewulf (2006) highlight the importance of the *process of interaction* in public-private cooperation. They put forward the need to address sociological aspects next to institutional aspects in partnership working and network environments. In this research, we choose to regard these sociological aspects as being part of *process management activities*. In urban development projects, public and private objectives are traded-off in negotiation processes between these actors. On the basis of these negotiations decisions are made, mainly on financial, legal and organizational aspects of a project. Furthermore, the negotiated decisions on these aspects relate to the physical aspects of a development; they determine what is being built. Thus, actors can influence the outcome of a private sector-led urban development project by performing the management activities *negotiating* and *decision-making*. On top of that *communicating* can be viewed as an important management activity, for instance with local communities. Hence, process management activities thus must be viewed as influencing others by interaction.

§ 2.5.4 Management Tools

Another way to influence the outcome of urban development projects is by using different management instruments. In Section 2.3.3 we introduced different planning tools based on Adams et al. (2005) and Adams & Tiesdell (2010) that either, shape, regulate, stimulate or build capacity for market activity. However, these policy instruments in practice are designed to be used, they are intended to secure or realize spatial policy objectives and interests. Therefore, the actual use of these planning tools by public actors can be considered as management measures. They influence the way projects can be developed by indicating spatial visions and directions for development, by stating financial, programmatic or lay-out

rules for development, or by securing funding and investment for development. Moreover, we take the position that some of these tools, such as capacity building not primarily should be used by public actors only; private actors can also activate networks for development purposes. Therefore, we consider *shaping, regulating, stimulating* and *capacity building* to be *management tools* to be used for urban development projects.

§ 2.5.5 Management Resources

Burie (1978) declares that urban development projects need some essential resources in order to be carried out. Resources often can be attributed to either public or private actors, which put them in a favorable position to develop projects as it increases the power an actor has over other interdependent actors. Thus, in our view resources can be seen as management measures as well; they can be used by actors to influence the outcome of projects. In urban development projects we can distinguish three major *management resources*; *land, capital* and *knowledge*. According to Daamen (2010) these resources represent (traditional) material and knowledge power relations between actors (see Scharpf, 1997; 2000). When one of the actors in a project owns most of land, brings in the capital, and has the required knowledge to be brought into the urban development project, they obtain a powerful position. In other words, with this power, they can influence decisions about the project, and thus realize their own objectives. In practice such resources are seen as the most powerful way of steering development projects. However, in line with Daamen (2010) in his broad definition of strategies for urban development projects, we argue that management resources are only part of a broader set of management measures. Thus, we consider the management resources land, capital, and knowledge as a type of management measures in this research.

§ 2.5.6 Conceptual Public-Private Urban Management Model

The different *management measures* and *management functions* described above have been structured and categorized in Table 2.11. This table is consequently used in our case study analyses to categorize the managerial roles of public and private actors.

Management Measures	Management Functions			
Project Management	Initiating	Designing	Planning	Operating
Process Management	Negotiating	Decision-making	Communicating	
Management Tools	Shaping	Regulating	Stimulating	Capacity building
Management Resources	Land	Capital	Knowledge	

Table 2.11
Management measures & management functions

In a more comprehensive manner, Figure 2.15 shows the same management measures and functions in a *conceptual public-private urban management model*, representing the different management possibilities for both public and private actors to influence (private sector-led) urban development projects. Furthermore, we argue that the way these management measures are used and by whom, determines the outcomes of private sector-led urban development projects. Therefore, in the cases we not only aim to identify the actors that carry out certain management activities and use management instruments. We also explain how this is done, and if there are indications that the usage of these management measures by actors also delivers the intended effects, described in the following section.

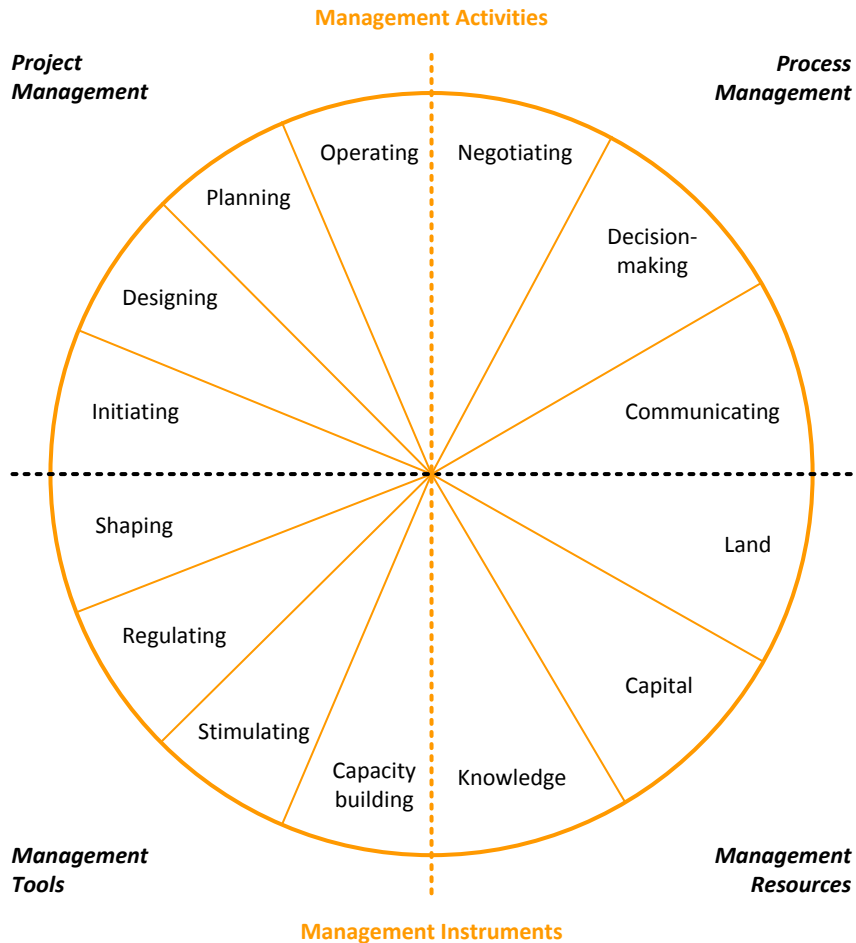


Figure 2.15
Conceptual public-private urban management model

Conclusions

Taking into account our conceptual model, we here tried to conceptualize the management of private sector-led urban development projects. We explained that we will analyze different management measures performed by public and private actors.

In short, in this research, we will analyze private sector-led urban development projects on **four management aspects**:

- **Project management activities**: as a way to understand how actors influence projects by carrying out project activities;
- **Process management activities**: as a way to understand how actors influence projects by carrying out process activities;
- **Management tools**: as a way to understand how actors use tools to influence projects;
- **Management resources**: as a way to understand how actors use resources to influence projects.

§ 2.6 Effects of Private Sector-led Urban Development Projects

The management measures described above are used by actors to take an effect in the project. Such *effects* can be divided into *process* and *product* results, conform the distinction made in business administration literature between ‘content’ and ‘process’ results (Kickert et al., 1997; Edelenbos, 2000; Koppenjan & Klijn, 2004; Klijn et al., 2006). Also, notice that we purposely choose ‘effects’ instead of ‘outcomes’. In our view, outcomes of urban development projects relate to a wider geographical area and constitute a wide variety of social, economic, and environmental goals. In this research, foremost, the aim is to evaluate the effects of the projects themselves, in order to see if private sector-led approaches contribute to more efficient, effective development strategies (e.g. Van Rooy, 2009; Daamen, 2010). Also, often in the domains of urbanism and urban area development, spatial quality is considered as an effect variable of importance, as it relates the wider public interest and financial considerations. Moreover, it is considered crucial to measure the effects of the management undertaken by public and private actors in projects in order to define management measures that are viable for private sector-led urban development practice in the Netherlands. Here, we discuss *three major effects* analyzed within this research; *effectiveness*, *efficiency* and *spatial quality*. These effects are perceived as possible judgment criteria for indicating the ‘success’ of urban development projects.

§ 2.6.1 Effectiveness

In management literature, such as Black & Porter (2000) and De Leeuw (2002), *effective management* is viewed in two ways. First, it is considered with realizing *objectives*. A management measure is considered effective once objectives are realized. Secondly, effective management also relates to *efficacy* (Dutch: voortvarendheid), which relates to way obstacles have been overcome effectively. Thus, here we state that judging the effectiveness of the cooperation depends on an actor’s perspective. Public actors may view the management of private sector-led urban development projects as ineffective in contrast to private actors. Furthermore, the public-private cooperation can be judged as effective which can be seen as the efficacy of cooperation. Also, the way problems can be resolved determines the effectiveness of project cooperation. Thus, we have to distinguish the actor’s viewpoint on the effectiveness of the public-private cooperation and the management measures the actors undertake. As actors have subjective views on whether or not the organization and management are effective, we try to support these views by applying an objective measurement method by comparing the intended objectives and motives for collaboration formulated at the beginning of project in cooperation agreements with the realized objectives at the end of project. However, judging the effectiveness of urban development projects is more complex as objectives may change over time. Therefore, we have to take into consideration the reasons for these changing objectives. Thus, the actual objectives are project dependent and thus need to be addressed by the actors operating within the project, before we can categorize them.

Effectiveness in this research therefore is defined as:

The degree to which the cooperation process is considered to be effective in terms of the achievement of intended public and private actor's objectives and resolved problems in private sector-led urban development projects.

§ 2.6.2 Efficiency

Efficiency of public-private cooperation relates to the variables *time* and *costs*. In management literature, efficiency is a performance indicator for *productivity*. Black & Porter (2000) argue that (new) organizations are designed to function as a means to fulfil tasks within a short project time span and within a project budget, or to increase the productivity. This builds upon the assumption that new ways of managing processes and projects in essence should bring about the effects of being more efficient than its predecessor, i.e. to generate more productivity. Thus, management measures can be considered efficient if tasks are performed within the estimated time and costs. Here again, this depends on the actor's perspective. Actors are asked whether or not they view cooperation and therefore the management measures as efficient. This can be objectivised by reviewing the intended project time span and estimated costs. Furthermore, by asking actors what aspects have contributed to or frustrated the efficiency of the process we gain insight into the efficient management measures in private sector-led urban development projects.

Efficiency in this research thus is defined as:

The degree to which the cooperation process is considered to be efficient in terms of delivering the project within time and budget.

§ 2.6.3 Spatial Quality

Because this research is carried out at a Faculty of Architecture we are interested in the spatial quality of a project. Moreover, at the basis of discussions about private sector-led urban development project lays the question whether private actors are able to achieve high quality environments, or that the need for profit maximization undermines such quality to emerge. However, Rapoport (1970) as early as the 1970s indicated that defining and measuring spatial quality is rather *arbitrary*: "The concept of spatial quality however is extremely complicated and their study depends on an appreciation of values, cultures, and life-styles. She further argues that as a consequence a sample ranging both through time and across cultures is necessary for a thorough understanding of this concept. Rapoport believes that the use of 'indirect' data offers the best possibility, indeed the only possibility, for generating hypotheses of sufficient generality about spatial quality which could then be tested either through design or through other investigative techniques."

More recently, several Dutch authors (Hooijmeijer et al., 2001, Janssen-Jansen et al. 2009; Franzen & Wigmans, 2011) tried to specify spatial quality as a concept. Janssen-Jansen et al. (2009: 4) argue that the term ‘spatial quality’ hardly exists in English academic (planning) literature. Therefore, it could also be considered as a typical Dutch concept. Nonetheless, also in other countries attention is paid to achieve quality in urban places and areas, as is the case in Smart Growth and New Urbanism approaches. Furthermore, spatial quality approaches focus on different and specific aspects and make use of different techniques to define, judge and measure it. Hence, for this research a choice had to be made for such *judging techniques*. Franzen & Wigmans (2011: 144) argue that the process of judging spatial quality is perspective-, culture-, context-, and time-related. Moreover, they distinguish *four idealized approaches* to create spatial quality, including (Franzen & Wigmans, 2011: 145): following a seductive vision by a designer; using an integrated plan; using an objective checklist; applying good process management.

Furthermore, spatial quality may refer to different *spatial scales*; one can analyze spatial quality on a building, street and area level, and one can analyze spatial quality on aesthetics or at functionality, etc. These different measurement variables carry value judgments within them. However, Hooijmeijer et al. (2001) introduce three different values to define and measure spatial quality; *user*, *experience* and *future value*. This is a widely-accepted way to view spatial quality because these basic conceptions date back to the Vitruvius’ concepts formulated in 60 B.C. as *utilitas* (usefulness), *venustas* (aesthetics), and *firmitas* (solidity). These values categories can be measured by further operationalizing them into quality *criteria* as presented in Table 2.12. Thus, we use an *objective checklist* as a technique to judge the spatial quality within private sector-led urban development projects. This entails asking public, private and civic actors about their judgment of quality criteria.

User Value	Experience Value	Future Value
Reachableness	Surveyability	Adaptability
Accessibility	Visibility	Fittableness
Nearness	Distinguishability	Sustainability
Safety	Visual quality	
	Diversity	
	Density	

Table 2.12
Spatial quality: values & criteria

Spatial quality in this research therefore is defined as:

The degree to which an urban development project contributes to user, experience and future values of involved actors.

Conclusions

Taking into account our conceptual model, we here tried to conceptualize the effects of private sector-led urban development projects. We identified effectiveness, efficiency and spatial quality as the main effects to be measured within projects. This is of crucial importance to this research as we are able to understand which management measures performed by either public or private actors result in what kind of process and product effects of private sector-led urban development projects.

In short, in this research, we will analyze private sector-led urban development projects on **three effect aspects**:

- **Effectiveness**: as a way to understand if project objectives are met or dealt with accurately;
- **Efficiency**: as a way to understand if the project was delivered in time and budget;
- **Spatial quality**: as a way to understand if the project is considered to contain user, experience and future values.

§ 2.7 Conclusions

This chapter contained a theoretical framework of private sector-led urban development projects. We defined and positioned the research primarily as a project-oriented management research on the basis of which we constructed a conceptual integrative urban management model. Moreover, we positioned private sector-led urban development in comparative perspective, as this research consists of both an international component and is rooted in institutional urban development structures and practices. We extensively deliberated on the context, organization, management and effects of private sector-led urban development projects. With this we aimed to position the research and provide arguments for the aspects taking into account in the analysis and lesson-drawing part of the research. In general, these deliberations allow to view our research subject in all its complexity.

The following methodology chapter builds upon the findings and choices in this chapter in the sense that it follows our conceptual model and related aspects for analysis. Moreover, some crucial methodological issues in case studies, comparative research and lesson-drawing are explained extensively in order to make this research methodologically sound. We introduce a methodological framework in order to structure and relate the methodological philosophy, concept, methods and techniques and subsequent key questions of this research. This enables us to carry out the literature and empirical research on Dutch and UK private sector-led urban development.

3 Methodology

§ 3.1 Introduction

In the previous chapter, we introduced the theoretical concepts that positioned our research subject of private sector-led urban development projects. This methodology chapter looks more into detail how these types of projects can be studied. In order to learn lessons from private sector-led urban development projects we introduce a *methodological framework* and an *analytical model*. On the basis of this, multiple case studies are carried out to collect, describe and analyze the empirical projects. We do so by using qualitative methods such as interviews, documents reviews, and site observations. Furthermore, this study has an international component to it as case studies are carried out in both The Netherlands as well as in the UK. Unlike many international comparative studies the aim of this research is not to compare projects between countries, but to compare them within each country, for which we apply cross-case analyses. By doing so we come to understand how public and private actors interact and manage these types of projects on the basis of which we can draw empirical lessons for Dutch urban development projects.

This chapter takes a closer look at the methodological framework of the research. First, we start by introducing a complete methodological structure for the research, in which the main components described above become interconnected and questions are being formulated (Section 3.2). Second, we discuss how the systems approach and a conceptual analytical model helps us to understand complex and dynamic urban development projects (Section 3.3). Third, we introduce the major components of this conceptual analytical model used to analyze the cases under research (Section 3.4). Fourth, we take a closer look at the different interrelated methods applied in this research; case studies, comparative analysis and lesson-drawing (Section 3.5). Fifth, we introduce the various techniques used to present the research data in an understandable way (Section 3.6), followed by some conclusions (Section 3.7).

§ 3.2 Methodological Framework

A methodological framework is needed to clarify the key *methodological dimensions*. Dimensions include the overarching philosophy and conceptual model that connect the more concrete methods, techniques and subsequent aims and questions of each dimension. In Table 3.1 the methodological framework for this research is presented from which it becomes clear that this research is a methodological challenge in itself. Here, we emphasize that this framework has been the result of an iterative process. By conducting case studies we came to understand the importance of various pros and cons of case study methodology. We have dealt with these issues in the following manner. First, we have established a suitable methodological approach to understand the cooperative and managerial mechanisms of actors on a project level. Second, a comprehensive analytical model was developed that holds the ‘conceptual’ capacity to unravel the mechanisms within cases and at the same time gives room for iterative thinking. Finally, the cases need to be analyzed and compared to each other within a country, and lessons from them have to be drawn as well.

<i>Philosophy</i>	Open systems approach			
<i>Aim</i>	Comprehensive project-oriented understanding of public-private actor interactions			
<i>Question</i>	1. Which philosophy is suitable to study complex urban development projects?			
<i>Concept</i>	Analytical model based on systems approach			
<i>Aim</i>	Analysis/understanding of project context, organization, management & effects			
<i>Question</i>	2. Which model can be used to understand collaborative & managerial mechanisms?			
<i>Methods</i>	Case studies (NL & UK)		Lesson-drawing (UK > NL)	
<i>Aim</i>	Data collection, analysis & comparison		Empirical lessons & inspiration	
<i>Question</i>	3. How do public & private actors organize & manage private sector-led urban development projects, and what are the project effects and actor experiences?		4. What empirical & inspirational lessons can be drawn from the UK for the collaboration & management of Dutch private sector-led urban development projects?	
<i>Techniques</i>	Literature & document review	Interviews & survey	Site observation	Displaying tables & figures
<i>Aim</i>	Documented information	Practical experiences	Physical understanding	Comprehensive overviews
<i>Question</i>	5. What literature sources provide information & insight into the project?	6. What are the experiences of public & private actors involved with the project?	7. How does the project look like in physical sense?	8. How do we present retrieved data from the case studies to draw conclusions?

Table 3.1
Methodological framework & dimensions

Table 3.1 shows that the different dimensions have a certain hierarchy. This hierarchy starts with an overarching *methodological philosophy* which the purposes of our research. That is to understand how the complex mechanisms of public and private cooperation and management in private sector-led urban development projects. The underlying dimension involves ‘operationalizing’ the research philosophy into a *conceptual analytical model* to study projects or cases comprehensively. Then, several main interrelated *research methods* are applied

to collect, analyze, compare, and draw lessons from our studied cases. On their turn these methods are supported by different *research techniques*, such as document reviews, interviews with stakeholders, and site observations. The content of and issues related to these dimensions are described in more detail in the following sections.

In the end, this comprehensive methodological framework enables us to structure, interpret and process the retrieved empirical material. Hence, the basic idea of this study is that it focuses on what we can learn from urban development practices. Therefore, empirical case studies (e.g. urban development projects) are central to our research, they are used to analyze empirical projects with theoretical and methodological concepts. Thus, this case approach also is taken as the starting point for formulating the research question.

The **central research question** this study tries to answer is:

What can we learn from private sector-led urban development projects in the Netherlands and UK in terms of the collaborative and managerial roles of public and private actors, and the effects of their (inter)actions?

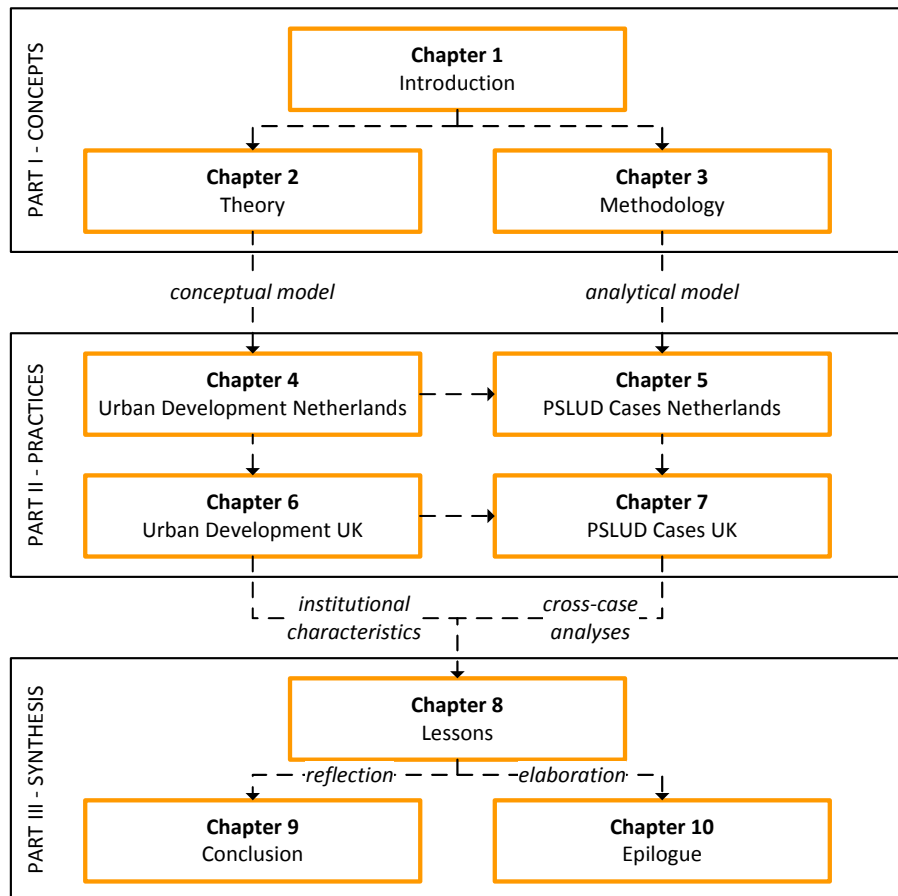


Figure 3.1
Research design

This question is answered by using a *research design* or structure (see Figure 3.1). This research design builds upon different research Parts further divided into stage related Chapters. Each of these stages involves particular research questions and research products. The research parts or stages are divided into *Concepts*, *Practices* and *Synthesis*. The Concepts stage I involves framing the research, using relevant theories to understand the crucial issues at hand, and using appropriate methodologies to carry out the research. The Practices stage II involves describing the relevant urban development practice characteristics of both countries, in order to understand the contextual institutional background against which the analysis of empirical private sector-led urban development projects takes place. The Synthesis stage III involves interpreting the literature findings (institutional characteristics) and case study findings (cross-case analyses) from the Dutch and UK context. The aim here is to draw lessons from these practices and projects for the roles of actors in Dutch private sector-led urban development projects. Hereinafter, the different research parts and their subsequent questions, objectives and used methodology are described in more detail.

Part I – Concepts: Theory & Methodology

The first stage of this research focuses on developing a coherent conceptual framework. In this research we explore the concept of private sector-led urban development projects as the main subject of study. On the basis of an exploration of relevant professional and academic literature, we develop a conceptual (theoretical) model. Furthermore, we develop an analytical (methodological) model to study private sector-led urban development cases within different contexts. The main question, objective and methodology of this stage are as follows.

Question:

How can we conceptualize the relationships between and roles of public and private actors in urban development practice, and what methodological framework enables us to understand private sector-led urban development projects?

Objective:

The objective of this stage is to define the research problem, objective and question and to construct theoretical concepts and a methodological framework to be used for studying urban development practices and projects.

Methodology:

The methods used in this stage consist of academic and professional (national and international) literature reviews to define the research problem and to construct a conceptual framework for this study.

Part II – Practices: Dutch and UK Practices & Projects

The second stage of the research focuses on describing the characteristics of the urban development practice in the Netherlands and UK with regard to our subject. Moreover, it contains empirical case study analyses of private sector-led urban development projects in the Netherlands and UK. These chapters enable us to draw lessons for the public and private roles in Dutch private sector-led urban development practice. The main question, objective and methodology of this stage are as follows.

Question:

How do public and private actors organize and manage Dutch/UK private sector-led urban development projects, what are the project effects and actor experiences?

Objective:

The objective of this stage is to create a better understanding of the public and private roles, project effects and actor experiences in empirical Dutch/UK private sector-led urban development projects.

Methodology:

This stage consists of multiple empirical case studies, in which interviews are held with practitioners and case documents are analyzed. Furthermore, we use a cross-case analysis and literature reviews to validate our case study findings within each context.

Part III – Synthesis: Lessons & Implications

The final stage of the research focuses on drawing lessons from the Dutch and UK cases for the roles of public and private actors in Dutch private sector-led urban development projects. Furthermore, the comparison of different institutional contexts enables us to determine differences and similarities between the practices. Once the lessons from the empirical case studies and the insights from the institutional practices are in place, we can make recommendations for the roles of public and private actors. The main question, objective and methodologies of this stage are as follows.

Question:

What lessons can be drawn from Dutch and UK private sector-led urban development projects for the roles for public and private actors in a Dutch private sector-led urban development projects?

Objective:

The objective of this stage is to draw lessons from Dutch and UK private sector-led urban development projects to give recommendations for the roles of public and private actors in the Dutch urban development practice.

Methodology:

The methods used in this stage are a combination of a national institutional comparative analysis and case-based lesson-drawing.

§ 3.3 Philosophy: Systems Thinking & Approach

As explained in Section 2.2, in this research, we are mainly interested in understanding how public and private actors manage private sector-led urban development projects. However, the management of these projects happens within an institutional environment which can be seen as conditions for public and private actors managing projects. Therefore, it is of importance to study these projects in a more integrated manner by taking relevant project-specific contextual and inter-organizational factors into account. This can be done by using the systems approach as a methodological philosophy which enables us to understand the mechanisms within projects. Furthermore, based on this approach, we develop an analytical model that functions as a guideline to demarcate what to study and what not to study. Then, this model can be used to structure, analyze and interpret collected qualitative research data from the cases. Here, we turn to explaining what we mean by systems thinking and the systems approach as suitable ways of achieving the research objectives.

Systems thinking is the process of understanding how things influence one another within a whole. It is both aimed at understanding nature, as well as organizations, as being part of a holistic system. In organizations, systems consist of people, structures, and processes that work together to make an organization achieve its objectives. Systems thinking can be defined as an approach to problem solving, by viewing problems as parts of an overall system. Furthermore, systems thinking is a *set of habits* or practices within a framework that is based on the belief that the component parts of a system can be best understood in the context of relationships with each other and with other systems, rather than in isolation. It focuses on thinking in cyclical rather than linear cause and effect. Thus, applying systems thinking to academic research enables the researcher to view *relationships, interactions* and *mechanisms* within complex organizational settings in a comprehensive manner.

Within systems thinking the *concept of a system* is crucial. According to Arbnor & Bjerke (1997) the systems approach is characterized as way of viewing (part of) reality as being a system. This concept considers that systems are *dynamic* and *complex whole*, interacting as a structured functional unit. It acknowledges that a change in one area of the systems can affect another area of the system. Parts of the system thus influence each other, information flowing from one place to another. Furthermore, some other main characteristics of systems thinking are *interdependencies, goal seeking, input-output relations, closed/open systems, and transformation*. Systems can be grouped in three categories: *hard, soft* and *evolutionary systems*. Therefore, Ackoff (2010) argues that systems thinking can be applied to *qualitative* as well as *quantitative research*. The systems thinking philosophy has been applied in various academic domains since the 1960s, both in the natural sciences as well as the social sciences. The general critic by social sciences focuses on the inability to involve human social factors being part of the 'system'. Here, social constructs are approached as a hard, closed system based on quantitative research methodology, and thus does carry no explicit theoretical and philosophical commitments. Indeed, this way of viewing social interaction is a limited one, as it does not acknowledge the role of people's values and the influence of the complex environment which they are part of. However, such an approach will not be followed in our research.

In particular for this research we will apply the *conceptual system approach in a methodological way* to view private sector-led urban development projects. This approach is abstract in nature and can be seen as a box of bricks to build theories. We aim at building conceptual knowledge by combining case study findings with theoretical concepts. In particular, we use this approach to understand the *interdependencies* and *mechanisms* underlying the collaboration between and management of public and private actors. Furthermore, we view them as being part of an *open complex system*. This enables us to understand the different contextual components that could have an effect on the functioning of inter-organizational and inter-human project collaboration. Hence, we emphasize the role that *institutional structures and rules* could have on *public-private interactions* within an empirical project. Also, we acknowledge that the actor's goal-seeking within projects takes part within a dynamic development process, which can be subject to changed perspectives and needs over time. In essence, these fundamental choices help us to study private sector-led urban development projects as a research object and actor (inter)actions as a research subject.

§ 3.4 Concept: Analytical Case Study Model

For this research we use the *conceptual integrative management model* as explained in Section 2.2.3 to analyze our case studies. In conceptual methodological sense, the *analytical case study model* as presented in Figure 3.2 follows the main ingredients of our theoretical model. It is applied to the various case studies as a structuring device to understand different relationships between several aspects of private sector-led urban development projects. The various case study variables under research are subdivided into four main categories. First, in terms of context, three different contextual aspects are analyzed: economy & politics; urban governance, planning system & policies. Second, in terms of organization, three different inter-organizational aspects are analyzed: organizational; financial; and legal. Third, in terms of management, four main types of management measures are taken into account, categorized within two main groups of management activities and management instruments. Finally, in terms of effects, three different project aspects are analyzed: effectiveness; efficiency; and spatial quality. For a more detail explanation of these aspects see Section 2.2.3. Here, we claim that by analyzing case studies with this set of interrelated variables we are very well able to understand the collaborative and managerial mechanisms of private sector-led urban development projects. From a project point of view, it enables the researcher to identify what types of actor (inter)actions are performed and how they can be positioned within and between the different elements and aspects in the model.

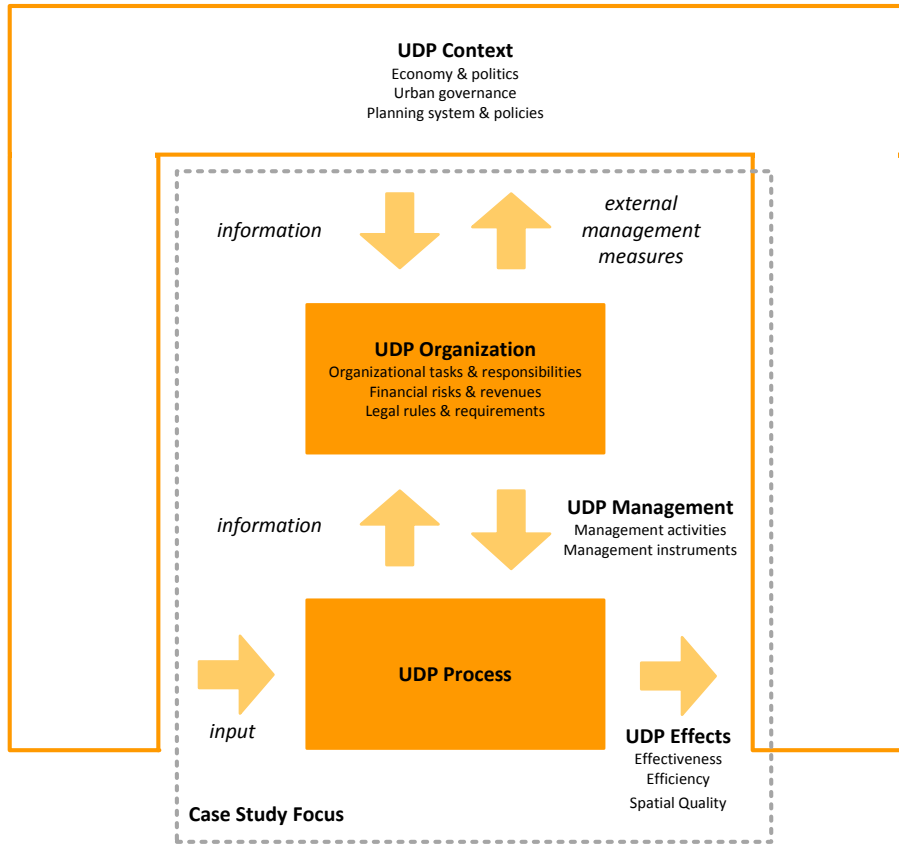


Figure 3.2
Analytical case study model

§ 3.5 Methods: Case Studies & Lesson-Drawing

With the analytical case study model in place, we now turn to the case study research methodology. As explained before, this research builds upon the understanding of urban development projects in particular. The nature of this aim brings us to choose a case study approach as methodology. We mainly use case study methodology to collect, analyze, compare, and draw lessons from research data. Case study methodology is a form of *qualitative research*; it enables us to create an understanding of complex issues such as proposed in this study. Case studies emphasize a “detailed contextual analysis of a limited number of conditions and their relationships” Yin (2003). Especially in the applied academic fields like urban planning and management, case studies are used as a method to collect qualitative data. Researchers in these fields have made wide use of this qualitative research method to examine contemporary real-life situations and provide the basis for the application of ideas. The following definition is given for *case study research* by Yin (2003):

“A case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 2003: 13).

But why using qualitative data methodology, like case studies, in particular for this research? First of all, qualitative research is interested in the comprehension of the ‘*meaning of action*’ (Miles & Hubermann, 1994). In this research we want to comprehend the way public and private actors cooperate in urban development projects. Second, qualitative data refers to ‘*essences of people, objects or situations*’ (Miles & Hubermann, 1994). In this research it is clear that the objects of study are urban development projects, delivered on the basis of different role relationships and agreements (situation) by public and private actors (people). Let us describe some critical issues and crucial methodological choices for our case-based research.

§ 3.5.1 Critical Issues in Case Study Research

Some ‘problems’ in case study research need to be dealt with, which according to Flyvbjerg (2006), can in fact be seen as misunderstandings and can be refuted quite thoroughly. Nevertheless, we here briefly address some of these problems in case study research, and how they are dealt with in this research.

First, according to critics, case studies contain a *bias toward verification*, that is, a tendency to confirm the researcher’s preconceived notions. However, Flyvbjerg (2006) argued that case studies contain no greater bias toward verification of the researcher’s preconceived notions than other methods of inquiry. “On the contrary, experience indicates that the case study contains a greater *bias toward falsification* of preconceived notions than toward verification” (Flyvbjerg, 2006). This is because the researcher is able to adjust his hypotheses and subjective preconceived notions by studying and reflecting on the empirical object of study. Case studies

and other qualitative methods “ostensibly allow more room for the researcher’s subjective and arbitrary judgment than other methods: they are often seen as less rigorous than are quantitative, hypothetic-deductive methods” (Flyvbjerg, 2006).

According to Campbell (1975), Ragin (1992), Geertz (1995), Wieviorka (1992), Flyvbjerg (1998, 2001), and others, researchers who have conducted intensive case studies typically report that their preconceived views, assumptions, concepts, and hypotheses were wrong and that the case material has compelled them to revise their hypotheses on essential points. In this research, bias toward verification is dealt with by using multiple case studies to allow more room for changing the researcher’s subjective view on the subject.

Second, critics argue that the *validity* of research results can be a problem of case study research. They state that general, theoretical (context-independent) knowledge is more valuable than concrete, practical (context-dependent) knowledge. Critics of the case study method believe that the study of a small number of cases can offer no grounds for establishing reliability or *generality* of findings. Therefore, one of the main aspects of case study research is the *triangulation* of data. “Triangulation is the use of more than one method or source of data in the study of a social phenomenon so that findings may be cross-checked” (Bryman, 2012). By applying triangulation through using different sources of data and research techniques the validity of research results increases (see Jick, 1979).

Therefore, different methods or techniques of data collection are applied within this case study research: document and literature reviews, stakeholder interviews, a spatial quality survey, and site observations. Section 3.6 contains a detailed description of these techniques, and Appendix I provides an overview of all used case references. Furthermore, because case study research generates a large amount of data from multiple sources, systematic organization of the data is important to prevent the researcher from becoming overwhelmed by the amount of data and to prevent the researcher from losing sight of the original research purpose and questions. Therefore, triangulation in this research is dealt with by using a clear structured process of collecting, analyzing and conclusion drawing.

§ 3.5.2 Crucial Methodological Choices for this Research

Hereinafter, we explain *three crucial methodological choices* made for our research: scope versus depth, comparative analysis, and lesson-drawing.

Scope versus depth

First, there is issue of *scope versus depth*. Kantor & Savitch (2003) argue that there is a trade-off between these two dimensions when selecting cases for comparison. Durkheim (1982) suggested that researchers should allow for a ‘sizeable number’ of cases; comparison should contain substantial variation which allows the researcher an ‘adequate range’ of subjects of comparison. By comparing multiple cases, one is able to draw more valid conclusions for a broader population, as one does not focus on isolated phenomena. In social sciences,

the discussion about what would be an appropriate *N-sample* to draw conclusions upon is described by Gerring (2004) in relation to case study research. He argues that N relates to unit of analysis and that the choice for N depends of the research purpose. Note, our qualitative research is case-oriented aimed at drawing specific lessons on a variety of variables rather than variable-oriented quantitative research aimed at drawing general conclusions on a variety of cases. Hence, for our research purpose a relative small N-sample or units of analysis is more appropriate to draw non-general conclusions.

Therefore, in this research we also follow these recommendations on scope versus depth in the selection cases for comparison purposes. As showed in the research design, ten case studies in the Netherlands and two case studies in the UK have been conducted in our research. On the one hand, the choice for analyzing ten private sector-led urban development cases in the Netherlands is related to the objective of creating a better understanding of the *wide variety* of this type of urban development projects. Here, we choose *scope over depth* in selecting case studies. This is because, at the time of research, little knowledge on the characteristics of private sector-led urban development in the Netherlands existed. Therefore, we choose to pick a broad sample of specific cases in both brownfield and greenfield sites, in order to create various understandings of the organization, management and effects of this type of projects. A cross-case analysis made it possible to check whether there are different conditions for applying the concession model in Dutch urban development, and, furthermore, what specific problems arise within these case studies.

On the other hand, the choice for two case studies in the UK relates to the objective to gain more *in-depth knowledge* on private sector-led urban development projects. Here, we choose *depth over scope*. This enables us to create a better understanding on what the characteristics of these projects are. Also, we choose to analyze two large-scale mixed-use brownfield developments. The reason for this is that these types of projects could hold valuable lessons for the future Dutch development practice with a focus on inner-city spatial policies. Furthermore, by choosing two cases, we were able to cross analyze both cases and to check whether findings were context-dependent or -independent, as we are mainly interested in context-independent lessons which are more valuable and likely to be of use for the managerial roles for public and private actors in the Netherlands. However, this research does not pretend that context-dependent lessons are not valuable as general knowledge.

Comparative analysis

Second, there are interrelated issues concerning *comparative analysis* like *conceptual equivalence* and *context- and time-dependency*. The “contemporary phenomenon within its real life context” described by Yin (2003) as a characteristic of case study research creates a challenge for this research. Central to this research is the data collection and data analysis of different cases. According to Spaans et al. (2010), “the comparison of planning schemes is difficult because they are all embedded in legal, institutional and economic realities.” True, specific cases within different cities, even within the same country, always have a particular project context. One could state that comparing case study findings between different cities is similar to comparing apples with oranges.

However, according to Pickvance (2001: 17) “comparative analysis requires the things being compared to be *commensurable* but not necessarily *identical*.” They need to be *conceptually*

equivalent, which means that one can study them with the same conceptual (theoretical) constructs or models. He further emphasizes that “it is not an objection of comparative analysis to say that the values of two cases (or their nature) are not identical. Indeed, it is precisely the aim of comparative analysis to make sense of such examples, provided they can be placed on a single theoretically significant dimension.” Therefore, we aim at comparing the cases within a national setting, aimed at creating an understanding of the mechanisms that occur, studied through the same conceptual lens. Thus, we follow the argument that context-dependency is a fact, and that differences remain. It is exactly the challenge to make sense of these ‘apples and oranges’, by respecting the contextual circumstances against which the cases take place. In this regard, therefore, we deliberately choose not to find ‘similar’ case studies in the Netherlands and the UK. Rather, first we established the concept of private sector-led urban development projects as the object of study. And we created a comparative analytical framework to study the subjects. Then, we aimed at providing insight into typical examples of these types of projects in the Netherlands and the UK. As in the Netherlands this is rather a new phenomenon, we sampled these projects that in general were characterized by (large-scale) housing developments. Then, as future Dutch planning policies focuses on creating mixed-use inner-city developments, we searched for typical examples of this kind in the UK as well. This enables us to see the differences that persist in case study research, and try to make sense of them. Moreover, the case studies have been studied in successive research stages, they are *time-dependent*. In spring and summer 2009 ten Dutch cases were studied, followed by two UK case studies in autumn 2009 and spring 2010. Since this research period, in both countries, the economic and financial circumstances for applying a private sector-led urban development approach have changed to some extent. They can be regarded as ‘pre-crisis’ cases. If we want to make recommendation for public and private roles for ‘post-crisis’ urban development in the Netherlands on the basis of case study findings from time-dependent contexts, we must interpret them for the ‘new’ situation. This is done by reflecting on each of these lessons with the latest ‘post-crisis knowledge’ in Chapter 8. Nevertheless, we hold the argument that these case study findings are valid for the period in which data was collected. This is already a fundamental contribution to empirical knowledge.

Lesson-drawing

Third, there is the issue of *lesson-drawing* and the related *level of policy transfer* we are aiming at. Institutional comparison, policy transfer and lesson-drawing in spatial planning are quite commonly used terms in essence addressing the same question: “under what circumstances and to what extent can a programme that is effective in one place transfer to another” Rose (1991). In general, it refers to the fact that planners in different countries generally face the same problems, and one can *learn* from practices abroad. The question then is “whether planners can learn from each other and whether there are policies which stimulate cross-national lesson-drawing in the field of planning” (Spaans & Louw, 2009). Hence, Rose (2005) argues that “the primary concern of [comparative] studies is to explain why countries [e.g. planning practices or projects] differ in their policies, implying that differences persist.” Various authors conducted cross-national comparative urban studies focused on either *policy transfer* (e.g. Abram & Cowell, 2004; De Jong & Edelenbos, 2007; Dolowitz & Marsh, 1996; Masser & Williams, 1986), *policy instruments* (e.g. Bulkeley, 2006; Janssen-Jansen et al., 2008;

Muñoz-Gielen, 2010; Van der Veen, 2009), *institutional transplantation* (e.g. De Jong, 1999; 2004; De Jong et al., 2002), *urban governance* (e.g. De Jong & Edelenbos, 2007; Di Gaetano & Klemanski, 1999; DiGaetano & Strom, 2003; Salet et al., 2003; Sanyal, 2005) or *social/planning systems* (e.g. Dühr et al., 2010; Nadin, 2007; Nadin & Stead, 2008). We acknowledge the importance of such comparative urban studies, as it provides insight into *differences* and *similarities*. These differences and similarities can be constructed rather than observed (Pickvance, 2001: 17).

In line with this research, the Dutch Planbureau voor de Leefomgeving [PBL] (2012: 17) indicates that the *value of comparison* with other countries is that it can bring about a '*better self-image*', that can provide support for discussions about new directions in the recipient country. Also, Nadin (2011) argues that such comparisons help to position and understand one's own practice. Moreover, PBL (2012) sets out *comparison limitations* of cross-country lesson-drawing by arguing that country-specific institutions produce specific conditions for development processes, including land development policies, and fiscal and financial arrangements. Such conditions cannot be transferred or copied from one country to another rigorously. They belong to a comprehensive system, in which issues like market situation, cultural factors and 'path dependence' play a crucial role (PBL, 2012). In our research we acknowledge both the potential value and existing limitations of comparisons and lesson-drawing. In line with, and in addition to, these authors, we compare Dutch and UK national institutional structures on a more abstract level, resulting in what we call *context-dependent institutional conditions* for using private sector-led urban development approaches (see Chapter 8, Section 8.3). However, here we emphasize that we are mainly interested in *practical lesson-drawing* from our cases; we aim at observing empirical projects. This at the opposite involves searching for *context-independent project-oriented roles and mechanisms*. Thus, we acknowledge the existence of both context-dependent conditions as well as context-independent mechanisms. This is in line with research conducted by Hobma et al. (2008) focusing on lesson-drawing from empirical cases.

Also, we also need to be more specific about the level of lesson-drawing we are aiming at. Spaans & Louw (2009) argue that several authors have distinguished various *degrees, ways, and levels of transfer*. Dolowitz & Marsh (2000) for instance distinguish four different degrees of transfer: copying, emulation, combinations, and inspiration. Rose (2005) established seven alternative ways of lesson-drawing including photocopying, copying, adaptation, hybrid, synthesis, disciplined inspiration, and selective imitation. As these classifications do not entirely fit the purposes of our research, we will follow the three levels of lesson-drawing provided by Janssen-Jansen et al. (2008): *inspiration, learning, and transplanting*. Table 3.2 gives an overview of these levels of lesson-drawing, its definitions and the likelihood of successful transfer. As the table indicates *our level of transfer focuses on inspiration and learning*. We will not focus on transplantation of any 'formal' kind such as planning policies, instruments, institutions, cultures or systems, as the institutional national context of the Netherlands is quite different from the UK. Therefore, it is more likely that in the first place, we can get inspired by the UK practice. In the second place, we aim at learning from its practice, by looking at underlying ideas (mechanisms) and by recognizing transfer obstacles and differences in the form of context-dependent institutional conditions. As a result, we aim at drawing organizational and managerial lessons derived from the cases, in the form of inspiration and learning for Dutch urban development projects.

Levels of lesson-drawing	Definitions	Likelihood of Transfer		
		Transfer within one country	Transfer between countries with similar system	Transfer between countries with different system
Inspiration	Collecting & evaluating data & information on innovative experiences & practices	LESS LIKELY	LIKELY	VERY LIKELY
Learning	Adopting the information collected & evaluated in the inspiration phase, including retrieving underlying ideas & recognizing obstacles & differences	LIKELY	VERY LIKELY	LIKELY
Transplanting	Looking at specific conditions under which the transfer of policy, instruments or other elements to another context is possible	VERY LIKELY	LIKELY	LESS LIKELY

Table 3.2
Lesson-drawing levels & likelihood of transfer (based on Janssen-Jansen et al., 2008; Spaans & Louw, 2010)

The above discussion shows that several issues in case study research are dealt with in a coherent way by using the methodological framework. This framework enables us to combine related methodological aspects in a systematic methodological and scientific sound manner. Now we turn to used data collection and analysis techniques.

§ 3.6 Techniques

The techniques used in the case study research consist of *document reviews*, *interviews*, and *site observations* as shown in Table 3.1. Data collection activities in qualitative research often include documents (*examining*), interviews (*asking*), and observation (*watching*), according to Miles & Huberman (1994). These qualitative techniques are also used within this research; data is collected through studying project documents, professional and academic literature (*examining*), conducting semi-structured interviews and spatial quality surveys with involved (academic,) public and private actors (*asking*), and by site visits of the (partially) completed projects (*watching*). Appendix I provides an overview of all sources used in the case study research in both countries. By using a combination of multiple sources – applying methodological *triangulation* – the *validity* of the case study findings increases.

Data collection

Document reviews include examining project contracts and agreements and other relevant project information such as planning briefs. Furthermore, they include searching popular, professional and academic literature, with the purpose of building up a body of knowledge on the projects. Digital databases as well as hardcopies from university libraries have been explored. This not only involved searching for papers and articles, also (part of) professional and public books were used to collect data. The data has been filed in case study maps, both digitally and in hard copy, and analyzed and processed within the case descriptions. The *interviews* are semi-structured on the basis of components and variables under research provided by the analytical case study model. The purpose of the interviews was to learn more about the practical experiences from the involved public and private actors with the project. Furthermore, interviewees were asked to provide their opinion (and arguments behind) about the effects of the project. In general, the questions were not provided in advance to the public and private actors involved, as they were used by the researcher as a structuring device for the desk-research. Each of the interviews lasted for about one hour, and was digitally recorded with a voice recorder for which permission was asked to the interviewees prior to interviewing. This enabled the researcher to concentrate on the conversation with the interviewee, rather than having to listen and write at the same time. This also allowed for asking ‘the question behind the question’, and to go into more detail on subjects that appeared to be relevant to understand the project. At the desk, these recorded interviews were written down in a complete interview transcription, filed, and returned to the interviewees for a member check. These were often returned with remarks, minor adjustments and clarifications of the written text. *Site visits* were used to get a physical understanding of the project’s position within the city. This was done before, during, or after the interviews took place. At occasions, meetings were held at the project itself. It also enabled the researcher to relate to subjects touched in the interviews. Sometimes, the site visits included conversations with home-owners, office-workers in which they were asked for their opinion on the project. In general, the site visits aimed at judging the spatial quality level of the project from the researcher’s point of view, in which it is hard to separate personal and academic judgment. Nevertheless, these visits provided a more balanced understanding of the physical, social, and economic characteristics of the project.

Data analysis

Data collection techniques are just one part of qualitative research as it also involves data analysis. In order to decide what all these data means (*analyzing*), we must therefore also reduce and organize research data. This is done by using the *three 'flows of activity' of qualitative research analysis* used by Miles & Hubermann (1994):

- Data reduction: process of selecting, focussing, simplifying, abstracting, transforming data;
- Data display: organized compressed assembly of information;
- Conclusion-drawing: decide what things mean.

In this research, the data reduction process on the private sector-led urban development cases is related to the objective of the research. First, we are interested in the roles of public and private actors and therefore, we focused on abstracting data from the contextual, organizational and managerial aspects. Second, by displaying structurally comparable tables and figures of these aspects, we provided a compressed assembly of information. Thus, by analyzing and displaying data on the basis of the components of the analytical case study framework we are able to draw lessons from cases within their specific context. The aim of the displaying data is to show the differences and similarities of the case study findings in more visually-oriented comparative manner. This can be supportive for conclusion-drawing.

§ 3.7 Conclusions

This chapter provided insight into the methodological framework and its main components. We explained our research philosophy which is based on the systems approach as a comprehensive project-oriented way of looking at urban development practice. We applied this approach to the conceptual analytical case study model, which enables us to create an understanding of the cooperative and managerial mechanism within projects. Furthermore, we discussed the crucial methodological challenges and choices for this research by getting into detail about case studies, comparative analysis and lesson-drawing. Finally, we provided an overview of the various data collection and analysis techniques.

In general, this chapter provided arguments for the choice of collecting and analyzing qualitative data from private sector-led urban development projects. One of the most important reasons for this was that this level of analysis provides opportunities to learn lessons for public and private professionals cooperating and managing these projects. Furthermore, it fills the knowledge gap left by comparative studies in science, as these are mostly focused on comparing and transplanting politics, systems, institutions, and instruments between countries, rather than its specific project mechanisms occurring between actors. Also, the analytical case study model could be seen as a tool for studying the complex urban development projects. By linking contextual, organizational, and managerial aspects into a coherent whole, one is able to analyze and make sense of development processes (see Heurkens, 2011). In conclusion, the methodological choices in this research hold valuable lessons in particular for academics. Studies in spatial planning, urban development, real estate and management face similar problems when choosing case studies as research method.

The division of the methodological issues also structure the following chapters. In the following Practices part each chapter follows a clear structure. We start by describing the institutional context of the Dutch urban development practice (Chapter 4). This is followed by case descriptions and a cross-case analysis of Dutch private sector-led urban development projects (Chapter 5). These steps are repeated for UK's urban development practice in Chapter 6 and UK's private sector-led urban development projects in Chapter 7. These findings result in an institutional comparison and empirical lesson-drawing in Chapter 8, which is part of the Synthesis of this research.

PART 2 Practices





4 Urban Development in the Netherlands

This chapter provides insight into the contextual and institutional background of private sector-led urban development projects in the Netherlands which are described in the following chapter. Here in successive order, we discuss the main socio-economic and urban planning changes and characteristics in the Netherlands since the 1980s influencing urban development practice (Section 4.1). Then, an overview of the organizational roles of public and private actors and partnership models in urban development projects is presented (Section 4.2), followed by the main conclusions on contemporary Dutch private sector-led urban development (Section 4.3). The overall objective of this chapter is that readers are able to understand how Dutch urban planning and development evolved over time into a more private sector-led urban development context. We do so by providing insight into broader political debates and their practical impact on planning and development processes.

§ 4.1 Context of Dutch Urban Development

This section discusses the context of Dutch urban development in relation to our research. It explains socio-economic changes (Section 4.1.1), the Dutch urban planning system (Section 4.1.2), and 'urban area development' (Section 4.1.3).

§ 4.1.1 The Anglo-Saxon Western Wind

Changes in Dutch society

As explained earlier in Chapter 2, Albert (1993) introduced the 'Rhineland model' as a broad concept of west continental European thinking related to, but different from, the frequently in literature mentioned 'Anglo-Saxon model'. However, as we saw these models are stereotypical, they change over time, and several nuances exist between them. Moreover, various political, economic and social studies (such as Brenner & Theodore, 2002; Bakker et al., 2005; Nadin & Stead, 2008) indicated that some European countries, most prominently amongst them the Netherlands, slowly adopted more Anglo-Saxon and neoliberal ideologies over the last decades (see also Heurkens, 2008). Nevertheless, we concluded that the Netherlands is still rooted in the institutional principles of the Rhineland model. But, also several 'country classifications' indicated that neoliberal influences have repositioned the Dutch socio-political economic model into the direction of more neoliberal variants. Hereinafter, we explore whether we can see such neoliberal shifts in Dutch history since the 1980s, by elaborating on some 'reshaping' indicators.

If political and economic ideologies have changed in the Netherlands, certain moments must exist in historic changes of Dutch welfare state conceptions as well. From a historical perspective Van der Cammen & De Klerk (2003) to some extent confirm the 'destructive and creative moments' of neoliberalism, mentioned by Brenner & Theodore (2002), in the changing Dutch State-Market relationship. They argue that in the 1980s Dutch society struggled with three major problems: structural unemployment, government deficits, and very low business revenues. The recession caused an acceleration of economic reforms. In the words of prime-minister Ruud Lubbers this asked for a 'no nonsense policy'. Two basic principles directed governmental policies: repelling government deficits and an ideological turning point towards more market mechanisms. Enlargement of market mechanisms by deregulation was viewed as a means to increase administrative efficiency and policy effectiveness. This related to both the private sector as well as to individual citizens. Well educated and emancipated citizens no longer could trust on 'Father State' who arranged people's lives and made decisions on their behalf. A rearrangement of responsibilities between the State, the Market and Civic Society had to take place, as incentive towards more private and civic initiatives and less public regulations. Characteristic for three cabinets-Lubbers (1982-1994) was the economic and societal reorganization on six different fields; reduction in the financial burdens, reduction of the government's deficits, reorganization of the collective sector (less subsidy expenditures), a mobilized work market, privatization of government businesses, deregulation and decentralization. The privatization of (national) public services for instance involved the water, energy, railway, telecommunications and post sector over a number of years. Moreover, the housing market was reformed, which included the establishment of housing associations. Also, public subsidies for universities have been cut; they have become independent institutions to a large extent relying on private investment to fund research projects. These 'pragmatic' reforms in the Netherlands during the 1980s and 1990s clearly have some sort of similarity with the moments of destruction of former socio-economic ideologies, and the moments of creation of neoliberal economic ideologies introduced by Brenner & Theodore (2002). Despite the Dutch nationalization of a private bank (ABN Amro) and the national government providing loans to other financial institutions (ING, SNS) at the outset of the financial crisis in 2008/2009, recent developments show a continuation of neoliberal policies. The cabinet-Rutte (2010-2012), partly under pressure of increasing national government deficits, aims at further reorganization, deregulations, decentralization of government powers, laws and services. Further privatization, however, at the moment is not being expected. But, in general these developments indicate an on-going socio-economic trend towards more Anglo-Saxon or neoliberal principles in the Netherlands. This on its turn has strengthened the role of the private (and civic) sector in the Netherlands in several domains and sectors. Now we move towards changes occurring on an organizational level.

Changes in Dutch organizations

Bakker et al. (2005) contribute to the fact of a changing Dutch society by stating in particular that organizations are being imbued with what they refer to as the Anglo-American shareholder value thinking. They argue that Anglo-American thinking has become more dominant in the Netherlands: "We see this in government policies, in the way firms and their managers think and act, and even in the content of current management courses." They also analyze that

privatizations (Dutch Railways and energy suppliers) and governmental retrenchments from the 1980s are the result of adopting Anglo-Saxon values, as a result of the new political reality at that time in the Netherlands. Godijk (2008) referred to this change as the Anglo-Saxon Western Wind that came blowing across the Atlantic Ocean, via the United Kingdom and the North Sea into the Netherlands: "The wind has landed in organizations almost unnoticed; it dropped into the share capital of stock market quoted companies, within management boards (with a high number of Americans and Englishmen and the adoption of an one-tier system), in corporate cultures (with a more vertical hierarchical and instrumental approach), in human resource instruments (more focused on performance indicators, judgment and mutual competition), company mergers (more focused on competitive advantages), and even in the more aggressive form of hedge funds and private equity funds."

Brouwer & Moerman (2005) also indicate that in recent years American and Anglo-Saxon principles "have become more dominant on several terrains of society, and more than in the past have become mainstream thinking. It seems that this is an unstoppable process for which up till now good arguments for rejection are absent on the European side." Van Aken et al. (2007) confirm the tendency towards Anglo-American thinking in the field of management. They argue that it is not a coincidence that more and more attention is paid to the discussion on European Rhineland thinking versus Anglo-American thinking; the consequences of the economization of Dutch society in recent years have become obvious. Privatizations, company take-overs, large retrenchments, and top salaries for managers are some effects of financial economic thinking similar to Anglo-American principles. In the Netherlands, firms and institutions are organized and managed in a diverse way. Hence, the Rhineland roots of Dutch organizations still exist in most of the current corporate cultures. However, Anglo-Saxon management thinking in for example most financial businesses has become the norm. And according to the authors above, this trend is likely to continue towards other private sectors as well.

The aim of this section was to identify major contextual changes which form the background of the increased private sector influences in urban development. We conclude that Anglo-Saxon thinking in recent decades has become more dominant by identifying if principles of the Anglo-Saxon model actually occur in Dutch society and organizations. We now examine whether or not these contextual changes also influenced Dutch urban planning.

§ 4.1.2 Urban Planning System

This section elaborates on the changes and characteristics of Dutch urban planning in relation to the roles of public and private actors. We do so by discussing the period from 1980-2000 in which neoliberal planning policies gradually were introduced, the period 2000-2008 in which urban development can be considered as becoming mature but fragmented.

Dutch urban planning: 1980-2000

Urban planning in the Netherlands under government leadership has a long tradition. In historical respect, Faludi & Van der Valk (1994) argue that the Dutch planning doctrine is all about 'rule and order'. Alexander & Faludi (1990) argue that the government became the planning subject with jurisdiction over given territories in the Netherlands. As a result of its geographical position in the Delta of Western Europe and the relatively scarcity of land, spatial planning in the Netherlands became characterized as a pragmatic approach with the necessity to balance spatial needs and secure basic living conditions. In this regard, Needham (1997) argues that Dutch planning practice is characterized by a '*pragmatic planning culture*'; "a culture that is characterized by a growing tension between high ambitions and scarce resources, and a strong bias towards consensus." In order to spatially organize these needs, spatial planning in the Netherlands became a practice predominantly led by government bodies since the end of the Second World War in 1945. On national, regional and local levels planning institutions were given various powers to reshape the country and rebuild the cities in urgent need of housing. Thus, in the post-War period Dutch urban planning matured into a professional *government-led planning system* with the production of various spatial plans. In this planning principle, plans for decades have functioned as an organizational device to structure urban and rural development on different spatial scales. The Dutch planning approach became known as '*spatial planning*', which became mostly renowned by its '*comprehensive integrated approach*'.

According to an extensive study on European planning systems, known as the EU Compendium of Spatial Planning Systems and Policies (CEC, 1997), this comprehensive integrated planning approach requires 'responsive and sophisticated planning institutions' in particular to coordinate relevant activities within and between governmental bodies (CEC, 1997:12). Dühr et al. (2010: 182) argue that this '*comprehensive integrated model of planning*' is all about coordination: "It has a wide scope and its main task is to provide horizontal (across sectors), vertical (between levels) and geographical (across borders) integration of spatial impacts of sectorial policies. It does this by using a multi-level arrangement of plans that are intended to coordinate spatial development. It has a strong public sector component. It is characterized by mature planning institutions and mechanisms in a context of political commitment to and public trust in planning."

As a result of the integrative manner of institutionalizing and implementing plans undertaken by several planning agencies on all levels government and across different spatial scales, Hajer & Zonneveld (2000) argue that the Dutch spatial planning system can rejoice in an almost mythical reputation in the international academic literature (see Faludi, 1991; Alexander, 1988; Alterman, 1997; Priemus, 1996). Nevertheless, several Dutch authors like Boelens (1990), Kreukels (1995), Mastop (1995) and Boelens et al. (2006) have also criticized the way the Dutch spatial planning system works. Here, the main argument is that the institutional design, which foreign planners often relate to as positive, not necessarily is best suited to deal with spatial issues in modern times. Van der Cammen & De Klerk (2003) and Boelens et al. (2006) emphasize the pre-World War II period of planning was not characterized by strong government role in planning; much development was undertaken by the private sector and individuals, under the supervision of facilitating local authorities. Therefore in historical perspective, the post-World War II period with a strong public sector in planning could as easily be described as an exception, a '*hiccup*' in the history of Dutch urban planning (Boelens et al., 2006).

The decrease of power and trust in Dutch government in charge of spatial planning most notably took shape in the 1970s at the point when Dutch society became more emancipated and civilians became more critical about the control of government and aversive to power and hierarchy. Furthermore, during the 1980s and 1990s the private sector entered the realms of spatial planning in the Netherlands (Daamen, 2010), like many other countries in Western Europe. In the Netherlands this shift towards the 'allowance' of more market mechanisms throughout society most profoundly became visible under the *Lubbers-cabinets* (1982-1994), resulting in the introduction of more *market mechanisms in urban planning*; the liberation of the housing market, the privatization of public transport, the formation of Public-Private Partnerships, covenants in environmental management, the decreased protection of agriculture, recent discussions on subsidies, and the selectivity of public interventions. Notice that, all countries witness a diminishing role of national governments and rearrangement of formal planning powers across a diversity of (semi-) public bodies (Salet et al., 2003). Healey (1997) already argued that in the last few decades, collaborative experiences between public and private spheres have started to change spatial planning systems throughout Europe. This indicates a shift from a rather hierarchically operating government towards the more shared cooperative approach of governance, expressed by Harvey (1989) as the shift from managerialism to entrepreneurialism, also took shape in the Netherlands. This change of political direction towards more market economy had a severe impact on urban policy formation and its focus.

Most notably, '*planning as enterprise*' (Van der Cammen & De Klerk, 2003) was introduced in Dutch spatial planning in 1980s; the principle of strengthening the economic competitiveness and growth of Dutch cities became a dominating policy focus. In order to establish this competitiveness, the emphasis on directive public plans for different spatial development levels shifted towards an emphasis on implementing policies based on strategic urban projects. One of the main reasons for this shift to policy implementation through projects was that top-down produced spatial plans no longer reflected and incorporated spatial needs and interests of businesses and civic society; plan formation was seen as ineffective and inefficient. Due to the increased scale and the ambitions of urban development projects - with the Dutch urban projects Amsterdam Zuidas and Rotterdam Kop van Zuid as internationally most renowned examples - public bodies no longer were able to solely invest; they needed private investment and participation in these projects in order to foremost realize their public ambitions. Hence, areas as finite centerpieces of urban development were more suitable for the private sector as they direct private investment to one location, thus creating competitive advantages over other locations by clustering economic activity. National and local government stimulated the settlement of private investments in these locations by giving development subsidies and building general trust by kick starting developments with the introduction of public functions in these areas. This supports the argument by Adams & Tiesdell (2010) that planners in the Netherlands for a substantial period already are operating as market actors in their aim at securing and directing private investments into their cities through planning interventions. In 1993, the 4th Spatial Planning Report (*Vierde Nota Extra (Vinx)*, VROM, 1993) came into being. In this Report, flexibility, decentralization and legal procedure acceleration were the key words (Van der Cammen & De Klerk, 2003). For urban planning practice the Vinx-Report meant that large greenfield locations in the proximity of existing urban settlements were carefully appointed for housing development to accommodate the large shortage of housing supply at the end of the century. Local authorities were given more flexibility to

determine the programme, spatial configuration, and quality levels of Vinex-locations. The implementation of the Vinex-policy nearly reaches its completion at present time. With the signing of Implementation Agreements (Dutch: *Uitvoeringsconvenanten*) the period of biggest centralization in the history of Dutch spatial planning came to an end in the mid-1990s (Van der Cammen & De Klerk, 2003). Spatial decision-making shifted towards regional and local governments and the market sector. This resulted in land acquisition by property developers and increased private sector landownership in Vinex-locations, as government policies shaped the conditions for these urban development projects on specifically appointed locations.

Dutch urban planning: 2000-2010

Thus, Dutch spatial policy formation in the 1980s and 1990s represented a reaction to changes occurring in society. At the outset of the new millennium, the Netherlands Scientific Council for Government Policy (*Wetenschappelijke Raad voor het Regeringsbeleid* (WRR, 1998)) argued that “changes both in the societal context and in the institutional context of planning have reduced the power of the Dutch system of spatial planning.” Their influential research report on Spatial Planning Policy (*Ruimtelijke ontwikkelingspolitiek*) recommended a change of the central administrative position of governments towards a situation in which the position of other parties was being recognized and strengthened. The need for change was later adopted in the Spatial Planning Report 2006 by the Dutch Ministry of Housing, Spatial Planning and the Environment (VROM, 2006), which stated that “collaboration between public actors, societal organizations, citizens and companies is needed to effectively handle problems and to cease opportunities.” Despite the WRR and VROM policy recommendations, Hajer & Zonneveld (2000) and Boelens et al. (2006) indicate that local governments still have difficulties in recognizing and adopting recommendations in daily practice. The shift from government towards governance and the shift towards a stronger focus on planning implementation are still not yet fully accepted.

According to Vink & Van der Burg (2006) the Spatial Planning Report 2006 seeks to tie in with social trends, rather than combating them, brought together in the approach of ‘development planning’ (Dutch: *ontwikkelingsplanologie*). This is a planning concept which focuses on stimulating urban development by involving private and civic actors, rather than the former concept of regulating and restricting urban development by public actors. According to Hobma (2005) the rise of development planning can be attributed to dissatisfaction with the visible shortcomings of the ‘classical’ restrictive planning. In practice, development planning opts for an intensive collaboration between local authorities and private actors at an early stage on the substance of any plan being drawn up for the area. “Public and private parties work together on policy matters, the route to be followed by the process, and the budget. In other words, development planning practice combines spatial plan formation with agreements about spatial investments” (Van Loon et al., 2008).

If we take a closer look at the changed relationship between the public and private sector we have to distil these changes within the 5th Spatial Planning Report (*Nota Ruimte*, VROM, 2006), which indicates a departure from the restrictive planning discourse (Spaans, 2006). It makes a radical break with the centralist tradition in which government determines what will be build and where. As a result, deregulation, decentralization, development planning, and implementation-oriented planning became the main themes of the *Nota Ruimte*. The

objective of the 5th Spatial Planning Report (VROM, 2006) is “to create space for different spatial needs in a sustainable and efficient manner, to sustain and improve the liveability in the Netherlands and to improve the spatial quality of urban and rural land, with special attention to create the right conditions for the implementation of development planning”. Here, the policy emphasis lies on strengthening the international competitive position, promoting strong cities, and securing important national spatial values. In terms of public roles, the Report continues to focus on decentralization of responsibilities for spatial implementation to municipalities with the slogan ‘*decentralization where possible, centralization when needed*’.

Although, public and private actors seem to be aware of their interdependency and need to jointly work on development projects, Van Rooy et al. (2006) argue that despite twenty years of public sector policy based upon the motto ‘*less government, more market*’, urban area development still seems to be more of a promise than reality. Its practice, it seems, is still in the making (Van Rooy, 2009). In fact, many others (De Zeeuw, 2007; Van de Klundert, 2008; and Daamen, 2010) even argue that urban development practice in the Netherlands is characterized by a growing sense of ineffectiveness and inefficiency. In relation to this, Hajer & Zonneveld (2000) and Teisman (2005) argue that Dutch spatial planning institutions need changing if urban development practice is to discover the capacity to realize its ambitions effectively.

Therefore, Janssen-Jansen & Woltjer (2010) argue that Dutch planners have been specifically interested in a more British approach, that is, a more discretionary and development-led type of approach to spatial planning. This approach seems to tie in with the desired development-oriented approach introduced by the WRR (Korthals Altes, 2006), and moreover, to the current issues in Dutch development practice. Janssen-Jansen & Woltjer (2010) argue that “Dutch planning still reflects a strong awareness of the need for a more balanced and sustainable spatial development with open space for future development.” “But, it increasingly assumes that it is the market and not the state that should resolve planning problems, either with or without minor public financial intervention” (Van der Valk, 2002). Therefore, we will take a closer look at the changing public and private roles in Section 4.2.

§ 4.1.3 Urban Area Development

Thus, Dutch planning shifted from an emphasis on physical planning and regulation towards an emerging awareness of political decision-making and implementation as has planning in many other European countries (see Albrechts, 2001). Planning is now being perceived increasingly as *action-oriented* (Shaw & Sykes, 2007). Plans are now strategic documents which serve as guides to project decisions, and they are carried out by local and regional players in strategic alliances, with less national government control (Janssen-Jansen & Woltjer, 2010). Furthermore, the shift towards ‘development planning’ also implies a shift in emphasis from planning to the *implementation* of planning. Alexander (1988) recognizes that in many planning models there is a missing link between planning and implementation, whereas in reality there is an interaction. In the Netherlands, the missing link between planning and implementation became known as ‘*urban area development*’ (Dutch: *gebiedsontwikkeling*), which can be considered as the practice of the development planning concept. Daamen (2010)

states that “gebiedsontwikkeling became known as the practical ‘translation’ or ‘instrument’ of development planning, reflecting a joint public-private effort to link spatial policies more closely to project implementation.” No commonly accepted definition of urban area development exists as it stands for a complex set of characteristics.

Bruil et al. (2004) argue that urban area development can be seen as a *societal task*, a *development task* and a *management task*. The societal task lies in the fact that changing societal demands and interests make adjustments to the built environment and spatial structures necessary. These adjustments basically involve the transformation, restructuring and new developments of areas. As a result, the development task is to ascertain the realization of different real estate functions, in which a balanced match between the demand and supply for a certain area or city is established. Here, plans and functional programmes function as ways to express the development task. But most critically, urban area development asks for the synchronization of and management on different (spatial) levels, different development stages (initiative, plan development, financial feasibility, realization, and maintenance), and different sectors and professions (public, private, civic actors).

Van 't Verlaat (2003) adds that the most important means to realize urban development projects are land, capital, knowledge and skills that need to be brought into play. De Zeeuw (2007) argues that “urban development can be seen as ‘*the art of connecting*’ different functions, disciplines, actors, interests, and investments aimed at the development of an urban area.” As matter of fact, often the term ‘*integrated urban area development*’ is used to describe the complex nature of the domain. It implicates that urban area development can be seen as an instrument in which the complex set of interests, aspects, scales and processes are aligned. Therefore, it is often seen and described as a process of aligning differences in an integrated manner.

Also, urban area development involves the alignment of *planning and development processes*. Here the connection between planning and implementation comes into being. This is typically relevant as both processes can be considered to evolve from respectively public and private practices, coming together in area development. The ‘joint effort’ Daamen (2010) refers to, can actually be seen as the task to align public and private interests. In planning joint efforts often result in the establishment of all kinds of formal and informal (public-private) partnerships, which we see as inter-organizational instruments to effectuate planning implementation through urban development projects. These are some of the characteristics of Dutch urban area development with regard to this research. For a complete and comprehensive overview see Franzen et al. (2011).

§ 4.1.4 Changes in Dutch Urban Area Development since 2010

As a result of the economic crisis which started in 2008, public and private actors in contemporary urban development projects in the Netherlands face substantial financial viability difficulties due to the decreased demand for urban development (see Section 1.2.4). It is commonly acknowledged that previous ways of developing cities and areas no longer is suitable for current and future demands. At the moment, the notion of public, private and civic actors seems to move to an emphasis on developing inner cities which have to be transformed in a sustainable manner. Therefore, professional and academic debates focus on rethinking the future characteristics of urban development practice in several ways.

A wide variety of Dutch professionals and academics in the domain of spatial planning and urban development like De Graaf (2009), Van Joolingen et al. (2009), Bodewes (2010), Boelens (2010), Bregman (2010), Bosch (2010), Deloitte (2010a, 2010b), De Jonge (2010), De Zeeuw (2010), Heurkens (2010), Laverman (2010), Putman (2010), Van Randeraat (2010), and VROM-raad (2010) share the notion that a fundamental new perspective on the future of the profession is needed to deliver sustainable and viable urban development projects within Dutch cities. To bring about viable and sustainable urban development projects within cities, the above mentioned authors and practitioners have put forward *several solutions based on practical pragmatic grounds* rather than supported by any scientific research, which include:

- Demand-driven and end user-oriented approaches;
- Introduction of different types of alliances and partnerships;
- Other ways of financial engineering;
- De-risked phasing and down-scaling of developments;
- Flexible legally-sound planning procedures and land use plans;
- Transparent processes and long-term project commitment.

Thus, the economic crisis has put slight different requirements on the roles of public and private actors in projects. However, it also shows us that private sector-led urban development is a likely way forward. Private developers are likely to continue their involvement in urban development as they are the most capable capital investors with a risk-bearing principle in mind. A position which local authorities no longer can fulfil due to their decreased land ownership, land development revenues and financial retrenchments. Moreover, the move towards a more facilitating role is strengthened by the latest research facts and professional and academic insights from several authors and institutions (see Joolingen et al., 2009; Buitelaar, 2010a, 2010b; Deloitte, 2010a, 2011a; Van der Krabben, 2011a, 2011b; Van Dijken et al., 2011; and Van Til, 2011).

In general, they argue that the established *active land policy* of Dutch municipalities has come under serious pressure as a development strategy for the future, and alternatives have to be sought. It is expected that, once market demand picks up, the private sector again start investing in and managing urban development projects (see Heurkens, 2010). However, seen in the light of the major needs and trends above, unmistakably, property developers will act in a less speculative way and more focused on actual demand. Probably development will be organized in a more cooperative and financially less risk-avoiding manner, in which long-term business models play an increasingly important role (see Putman, 2010).

Moreover, 'retreating' local authorities will have to rethink their future role in order to influence urban developments to improve cities, becoming development '*facilitating*' public institutions (see for instance Urhahn Urban Design, 2010; Dekker, 2011; Wicherson, 2011; Van Rooy, 2011b; Bosboom, 2012; Groot Jebbink, 2012). Here, the common notion is that governing urban development, previously based on permitted planning and development planning concepts, is shifting towards the concept of 'coalition planning' or 'invitation planning' (Dutch: *uitnodigingsplanologie*). Here, civic and private actors initiate and invest in urban development projects in a bottom-up fashion based on local demand. This requires a facilitating role of governments to make such initiatives possible. Here, the focus of government steering shifts from determining development products towards guiding development processes by establishing flexible development frameworks which 'invite' private and civic actors. Time must tell whether this shift will gain solid ground in Western urban practices.

In summary, the governance roles of, and power relationships between, public, private and civic actors in the Dutch urban planning and development practice have shifted over the last fifty or so years. Figure 4.1 shows these conceptual *urban governance shifts* in the Netherlands in *three successive periods* as described in this Section 4.1. Here, *power positions* and *shifts*, and *development demand* and *supply* approaches, are highlighted to explain each period. Notice that, these shifts are conceptual and exemplary for a relatively long period, and that in practice several nuances and deviations occur. Moreover, urban governance in essence always requires the interaction between all three actor groups, and subsequent single actor-actions. Importantly, some power shifts from 2010 onwards are not definite yet. Nonetheless, Figure 4.1 indicates the emerging direction towards more demand-driven development approaches, where business and people needs become more important in Dutch urban development. These needs most likely, are facilitated by public actors, with an increasing leading role for private actors to determine development demand in cooperation with civic actors, in order to produce a specific supply for urban areas.

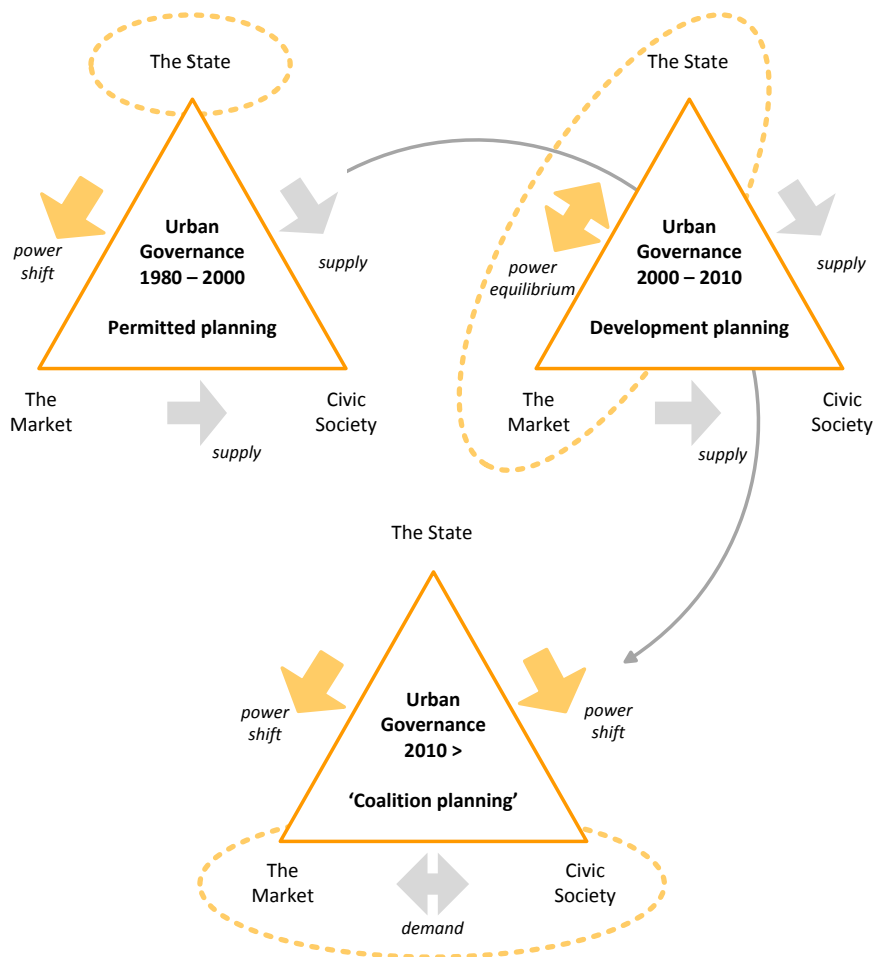


Figure 4.1
Dutch urban governance shifts over time

§ 4.2 Organization of Dutch Urban Development

The roles of public and private actors and public-private cooperation on urban development projects possibly also reflect changes in Dutch society and urban planning. Therefore, in this section we move to the operational level of urban development project. First, we describe the role characteristics and changes of public and private actors in urban development (Section 4.2.1 and 4.2.2), followed by a description of the main features of Public-Private Partnership models used to realize urban projects (Section 4.2.3). And finally, we closely examine the Dutch form of private sector-led urban development, the concession model (Section 4.2.4).

§ 4.2.1 Role of the Public Sector

The role of the public sector in urban planning can be regarded as highly institutionalized. The Dutch planning system allows for different roles of national, regional and local public institutions, but the emphasis of decision-making and mandate of different public bodies has changed over time. Here, first, we will briefly discuss the roles of national and regional governments, before going into detail on the role of local authorities as these are the actors operating in urban development projects.

In the Netherlands there are three levels of government, the central government, 12 provinces at the regional level, and about 430 municipalities at the local level. Louw et al. (2003) argue that there is a long Dutch tradition of extensive governmental involvement in the preparation, establishment and implementation of spatial planning. As described earlier, the Dutch central government still retains its involvement in spatial policy-making on a national level. Since the 1990s, national planning policy statements (see Section 4.1.2) are mainly indicative of nature, meant to simulate local spatial policy implementation and to allocate national spatial investments to regional and local projects. They are accompanied by strategic spatial plans which serve as comprehensive devices to spatially organize the built environment in economic, social and ecological aspects. Here, we will focus on the different planning laws and instruments at the disposal of different public authorities.

Planning law & instruments

Historically, the Dutch planning system grew from mere local planning of land use by municipalities towards a system in which governing agencies at higher levels gradually became involved (Wolsink, 2003). However, despite the directive roles of national and regional governments, this involvement in implementation now has become highly decentralized. According to Louw et al. (2003) current characteristics of the system are the lack of instruments of power for national and regional governments. The increased power for local planning authorities has been established in the New Spatial Planning Act 2008 (Dutch: *nieuwe Wet Ruimtelijke Ordening* (nWRO)), which gives a stronger role to lower government in

terms of 'development control'. According to Nadin & Stead (2008) the nWRO "strengthens the role of provinces (regional public bodies) and municipalities and reduces the number of rules and regulations imposed by central governments on others, while creating more scope for local and regional governments, social organizations, private actors and citizens in the planning process."

Nevertheless, still a hierarchy of planning instruments is included in the nWRO. On central, regional and local level a '*structural vision*' (Dutch: *structuurvisie*) needs to be produced. Although they do not have any legally binding status in administrative sense, top down planning policy continues to influence planning policies on lower levels. Furthermore, these spatial documents are indicative for the use of planning law and instruments. The central government uses 'orders in council' (Dutch: *Algemene Maatregelen van Bestuur*, (AMvB) and Provinces use 'bye-laws' (Dutch: *verordeningen*) to ensure that general spatial issues are incorporated in law and that general rules can be formulated for local land use plans, management regulations. These rules are legally binding for the lower public bodies. However, the only legally binding planning instrument is the land use plan (Dutch: *bestemmingsplan*) which is produced by local governments. Van Zundert (1990) declares that "although the only binding power for land use is laid down in the land use plan, the intention of the system is a planning hierarchy." Hence, we already stated that planning instruments like the land use plans can be seen as management instruments in the process of private sector-led urban development projects. With this legally binding instrument they are able to (in)directly influence – and thus manage – the outcome of urban projects.

Local authorities & land use

The use of land is laid down in *statutory land use plans* drawn up by municipalities. In land use plans specific functional arrangements are made for housing, industrial, ecological or mixed land uses for different parts of the city. These functional land use arrangements are thus legally binding for urban development. They can be considered as strong management instruments for local authorities in terms of development control. Nevertheless, land use plans are mostly altered and updated by local authorities when market situations change over time. Although land use plans are not considered as flexible for market demand, procedural land use plan revisions in the nWRO have been reduced from one year to twenty six weeks. To implement land use plans municipalities can be involved in the land development process as actors in the land market (Louw et al., 2003). Therefore, especially the bigger Dutch municipalities have *Land Development Companies* (Dutch: *Gemeentelijke Grondbedrijven*) in charge of land use policy and thereby involved with planning policy implementation.

Municipalities have the freedom to choose a so-called *active or passive land use policy*. The active land policy means that local authorities buy land in order to service it, divide it into building lots and release it to builders or occupiers (Louw et al., 2003). Furthermore, a land use plan provides municipalities with the legally base to apply, when necessary, *pre-emption* (Dutch: *onteigening*) or *compulsory purchase rights* (Dutch: *voorkeursrecht gemeenten*) to acquire land. The opposite of the active land policy is passive or facilitating land policy. Here, the instruments of land acquisition are not pro-actively used. In this situation the private sector has the initiative for urban development and government restricts their own land acquisitions to land for public services and functions. Important to notice is that active land

policies give more opportunities to exert influence on urban development processes than passive land policies. But most of all, the sale of land obtained by executing the active land policy generates the necessary revenues to contribute to the local authority's general budget. This money is partly determined for and invested in public functions for the city like public spaces, infrastructure and real estate.

Furthermore, a situation of active public involvement and legal right to operate in the land market gives local authorities the freedom to take on an entrepreneurial role in planning. They mainly operate as market actors by investing in infrastructure and servicing, taking risks and obtaining revenues from urban development projects. This situation will be most clearly demonstrated in the section on Public-Private Partnerships. Furthermore, this role of local authorities is in line with Adams & Tiesdell (2005) statement that planners already have 'become' market actors. For two decades land development companies were being regarded as the 'cash cows' of municipalities. Nevertheless, as a result of larger amounts of private land ownership, accompanied by the recent economic downturn and declining demand for development, land purchase and land development revenues for local authorities have drastically declined (see for instance Deloitte, 2010a).

Thus, within such an *active Dutch land development model*, local authorities traditionally have been able to secure public interests and objectives. But, at the same time they have become subject to *high financial development risks*, as the current situation shows. As a result, the public delivery of and investment in infrastructure and servicing, an integral and risk-bearing aspect of active land policies, might prove difficult to realize in the coming years. Also, especially inner-city brownfield redevelopment projects, crucial areas for regenerating cities, nowadays are hard to realize. Financial margins for development are low and development costs are high. This also has to do with the traditional role of Dutch local authorities in land supply. Korthals Altes (2009) argues that this role is one of ensuring all possible demands are met and that no shortage exists, in contrast to urban containment policies in the UK aimed at "limiting sprawl by restricting out-of town development" (Mayhew, 1997). As a result, there is more 'policy pressure' and thereby market demand for UK brownfield redevelopment. Hence, due to Dutch land use policies, greenfield and brownfield land values differ relatively less when compared to the UK. This means that less profit can be reaped from the process of land conversion in Dutch inner cities. Therefore, it becomes a more risky (and often not feasible) development activity, whether undertaken by public or private actors.

Multiple public roles

Wolting (2006) describes that within development processes Dutch local authorities have *multiple roles* depending on the development stage of urban projects. He describes that the role of the local authority as public institution in essence is to implement self-formulated societal policy objectives. However, such 'self-formulation' does not do right to the increased role of private and civic actors with a stake in the built environment. Furthermore, it does not comply with the role of municipalities in practice where we see that local authorities increasingly are operating as market actors, taking into account economic market-oriented objectives in their policies. Wolting (2006) distinguishes the following *four roles of Dutch local authorities*:

- Initiator: as project initiator, problem owner or policy maker;
- Director: as commissioner or development partner;
- Participant: as shareholder, financier or contractor;
- Facilitator: as stimulator, examiner, advisor or permission giver.

This classification indicates that local authorities have several options to manage urban development projects at different times within development processes. Furthermore, this quite wide scope of public roles shows that a clear definition of the role of public actors in Dutch urban development practice cannot be given. Several authors (see Section 1.2.2) have argued that the simultaneous *legislative public role* and *executive private role* of local authorities can be regarded as a 'fundamental problem' for Dutch urban development. Once public actors are operating simultaneously as (public) commissioner and (private) development partner, objectives become blurred. The question is whether public actors in this hybrid role are able to make a distinction between decisions based on their role as commissioner or development partner. Furthermore, for private actors it is unclear whether public actors are operating as their commissioner or as a development partner, or in other words as '*regulator and shareholder*' (Bult-Spiering & Dewulf, 2006: 56). Moreover, the current development dead-lock situation and financial difficulties of Dutch municipalities, have resulted in searching for *alternative public land policy strategies* (Luijten, 2011a). It possibly results in a *less active* public role in land use policy and development in the Netherlands, and thus potential *less influence* to manage urban development projects. This situation is one of the motives for redefining the role of local authorities (see Section 1.2.2).

§ 4.2.2 Role of the Private Sector

The private sector in Dutch urban development can be divided in different actors, each of them with its specific professional specialism. Van 't Verlaat (2008) qualifies them as risk taking parties who create and realize projects for the market. Furthermore, within the spectrum of private actors a division can be made between the period of involvement of the actors with urban areas or real estate portfolios. This involvement relates to the time of commitment with a project, which is defined by the different development stages. The following *three Dutch private actors* can be distinguished..

Project developers

In this research, we mainly focus on project developers when we talk about private actors. According to Deloitte (2010b) developers are the link between the demand and supply of real estate and the connection between end user and contractor. This private actor core business is the preparation and realization of real estate project for one's own account and risk. Furthermore, Van der Flier & Gruis (2004) argue that the main objective of developers is to realize a *maximum yield against a manageable risk level*. The yield of real estate development is obtained after the realization and sale of real estate. This indicates a rather short-term involvement of Dutch developers, as it is not common for them to own and maintain real estate objects or public spaces after project realization. According to Nozeman (2008), Helleman (2005) and Kazemi et al. (2009), the *main characteristics and competencies of Dutch developers* are:

- Risk-bearing investors in land positions;
- Risk-bearing investors in plan development and preparation;
- Real estate development;
- Concept development;
- Product development;
- Project management;
- End user market knowledge;
- General market knowledge;
- Contracting & organizing expertise;
- Communicating & marketing expertise;
- Network relations.

Putman (2010) concludes that the main similarities and core competencies of Dutch project developers relate to the risk-bearing investment in land, plan and real estate development. Furthermore, Putman (2010) argues that developers can also be recognized by weaker points:

- Lack of transparency;
- Reputation crisis real estate sector;
- Strong internal focus;
- Business model based on production repetition;
- Lack of end user market knowledge.

However, as these are fundamental characteristics of Dutch project developers, roles can differ within urban development processes which relate to the type of developer. Therefore, we based on Nozeman (2008), Vlek (2009), Wolting (2010) and Putman (2010), we briefly indicate the *five different types of Dutch project developers*:

- *Independent developers*: this is, in absolute numbers, the biggest group of often small-sized developers. These developers often focus on specific or niche markets like housing, offices, retail, or even areas. Once they operate successful, bigger developers related to construction firms sometimes take over independent companies;
- *Developers related to construction firms*: this is the group with the largest share of development quantities with a strong relation to the construction and development process. One of the main objectives is the constant generation of cash flow to secure the continuation of the company and therefore the continuous development and production is

of importance. Under influence of the increase of scale in the construction sector and the decrease of market demand profit margins in recent years have lowered;

- *Developers related to investors*: this group particularly purchases or develops for their real estate portfolio of the institutional investment company. The main objective of this type of developer is to secure and increase yields with real estate portfolio for a long-term operation period. Important characteristics of these developers are the constant generation of cash flow and the involvement of end users as final occupiers of the real estate;
- *Developers related to banks*: this big-sized development companies are related to banks which act as financiers of developments. These firms have a strong focus on continuity and turnover. As a result of the sufficient availability of and access to capital, these developers in recent decades acquired large amounts of land for development;
- *Other developers*: this type of developers originates from companies with another type of core business from other sectors. They are, for instance related to railway or retail companies, who often obtained positions on the basis of their conduct of business.

In terms of involvement in urban development processes, at least until 2008, we have seen that especially project developers increased their influence in urban development. The reason for this was the increased private land ownership due to large amounts of land acquisitions in the 1990s under the Vinex-policy. As a result, De Zeeuw (2007) describes that market actors (and project developers in specific) gained more influence in the initiative stages of the development process, that he labelled as 'the forward integration of market actors'. However, as a result of the latest recession, project developers reconsider their financial position and execute a strategy to sell land to local authorities with the aim of relieving their accumulating land interest rates and obtaining liquidity. At the moment, like all other actors in Dutch urban development, project developers are reconsidering their future role, as the social, economic, spatial and organizational context for urban development has changed dramatically.

Housing associations

Housing Associations in the Netherlands can be considered as a special group in the private sector. According to Nieboer & Gruis (2006) Dutch housing associations can be categorized as mainly market-oriented (see Overmeeren & Zijlstra, 2009; Zijlstra, 2011), and often are labelled as private institutions. However, due to the long history of government control over and delivery task of social public housing, which was transferred to housing associations in the 1980s, housing associations often also are regarded as semi-public institutions. "As a consequence, Dutch housing associations are often typified as 'hybrid' organizations, which carry out public tasks, but are independent, private organizations, having market-driven objectives as well" (Priemus, 2001: 247-249). Van Dijk et al. (2002) illustrate that the difficulty of positioning these actors as public or private lies in the discrepancy between mission and business model; "A housing association has a societal mission, while at the same time they are active on the market, operating on the basis of a business model."

Gruis (2007) has indicated *four types of Dutch housing associations* according to their business model: social housing manager, social housing investor, social innovator, and social real estate entrepreneur. He argues that housing associations do think 'market-oriented' on the basis of market demand, but not completely in conformity with the market as they do not solely steer

on financial interests. Conijn (2005) determines housing associations as a “private entity which operates on the basis of long-term social objectives to realize public goals”. In urban development, housing associations are often involved in inner-city projects where they usually have a stake because of their housing stock. Furthermore, we also have seen the growth of commercial housing associations focusing on the development of owner occupied dwellings in greenfield locations. Nevertheless, since the crisis, an intense both practical and academic debate on the future role of Dutch housing associations takes place. Here, we notice a risk-avoiding attitude which mostly points into the future direction of housing associations focusing on their core task being social housing managers or investors.

Investors

Investors are often involved in urban development projects as a result of their ownership position. The investor has a long-term business model by constantly investing in their real estate portfolio in order to maximize returns (KEI, 2010). They also participate by extending their portfolio by purchasing new real estate object in strategic urban development locations, with the aim of improving yields for pension funds institutions. Investing in real estate is based on generating yields, through returns from the rental (direct yields) or the growth of real estate value (indirect yields). In contrast to project developers, investors do not have to cope with presale housing percentages, as they do not focus on the sale market but the rent market. Dependent on the position as a partner in a partnership model for urban development, investors can also be risk-bearing actors in real estate development (Putman, 2010). Nevertheless, the participating role of investors in urban development projects mainly can be considered as passive, although they are crucial for the purchase of real estate objects and thus the viability if urban development schemes and projects.

Consultancy firms

Consultancy firms are specialists who offer their expertise in the real estate development process of urban development against a financial compensation (Putman, 2010). Their contribution to urban development projects is content-related or process-oriented, and they operate in different stages of development processes. Examples of advisors are urban designers, architects, financial engineers, and process managers. They often take on specific task from the commissioner of urban development projects, being public or private organizations, or on the behalf of Public-Private Partnerships. An important characteristic of consultancy firms is that they do not take on any direct risks. Due to the decrease of expertise and the labor capacity of public actors in implementing urban development projects, advisors have become increased in numbers and specialization. At the moment, due to the financial difficulties in schemes and process stagnation of development projects, consultancy firms have become more involved in urban development.

§ 4.2.3 Public-Private Relationship & Partnerships

With the main Dutch development actors in place, we now focus on the way these actors inter-organize urban development projects. In the Netherlands, it is common to speak of partnership or 'cooperation' models. This is a rather institutionalized organizational project-oriented approach to 'join up' actors' interests, means and objectives. A wide variety of 'ideal' theoretical types of Public-Private Partnership models exist in Dutch development practice. Here, we focus on the major characteristics of these models, followed by a more detailed description of the concession model as the Dutch form of private sector-led urban development.

In Section 2.4 a brief overview of the theoretical characteristics of Public-Private Partnerships (PPP) has been given. Here, it is sufficient to recall the **definition of PPP** as stated by Nijkamp et al. (2002) which is used for this research:

"A PPP is an institutionalized form of cooperation between public and private actors who, on the basis of their own indigenous objectives, work together towards a joint target, in which both parties accept investment risks on the basis of a predefined distribution of revenues and costs" Nijkamp et al. (2002).

Public-Private Partnerships were first introduced in the 1980s as an institutional instrument incorporating organizational, legal and financial aspects for the cooperation on urban projects. As a result of the need for private sector investment, PPP models in urban development came into being. The government's Knowledge Center PPP (Kenniscentrum PPS, 2004) indicates that five 'ideal' types of cooperation models are commonly used in Dutch urban development: Public Realization, PPP Building Rights, PPP Joint Ventures, PPP Concessions, and Private Realization. Table 4.1 shows the different roles of public and private actors in Dutch PPP models for different development process stages and the underlying land use policies of public actors (see Kenniscentrum PPS, 2006). All models are currently used for a variety of development projects. However, in the last decade, the repertoire of cooperation models has been extended with private sector-led models like the concession. In line of reasoning with our conceptual typology of urban development projects (see Section 2.2.4). Dutch cooperation models can be seen as public sector-dominated (public realization), public sector-led (building rights) public-private sector-led (joint ventures), private sector-led (concessions) or private sector-dominated (private realization).

The choice for one of these models depends on a lot of factors. First, there are conditional urban development characteristics like the desired functional programme (mixed or mono-functional use), the existing urban situation (complexity and political importance), and the estimated project duration (long or short term). Second, the availability of means from public and private actors for the development are of crucial importance for the choice of the PPP model, which are the availability of land (ownership and land policy), financial capacity (investment), and organizational capacity (knowledge and personnel). And third, the allowance of sharing or separating and avoiding or accepting risks, revenues, responsibilities and tasks can be crucial factors for the PPP choice. Hence, these choices also determine the role of public and private organizations and the amount of management measures they have throughout urban development projects. Another interesting aspect of the different cooperation models is

the relationship between *financial aspects* (risks) and *organizational aspects* (responsibilities) on the other hand. These aspects are of importance for public and private roles. Theoretically, Figure 4.2 shows that the more projects become private sector-led, the less risks and responsibilities public actors have. But, this also means that the private sector's growing importance results in higher risks and responsibilities.

Development Stage	Sub-stage	Public Realization	Building Rights	Joint Venture	Concession	Private Realization
Initiative	–	Public	Public or Private	Public or Private	Public	Public or Private
Plan & feasibility	Vision and program	Public	Public & Private	Public & Private	Public & Private	Private
	Design plan	Public	Public & Private	Public & Private	Private	Private
Realization	Land development	Public	Public	Public & Private	Private	Private
	Real estate development	Public or Private	Private	Together or Private	Private	Private
	Construction	Private	Private	Private	Private	Private
Operation	Maintenance public space	Public	Public or Private	Public or Private	Public or Private	Public or Private
Land use policy		Active < >			Passive	

Table 4.1
Public & private roles within Dutch PPP models (based on Kenniscentrum PPS, 2006)

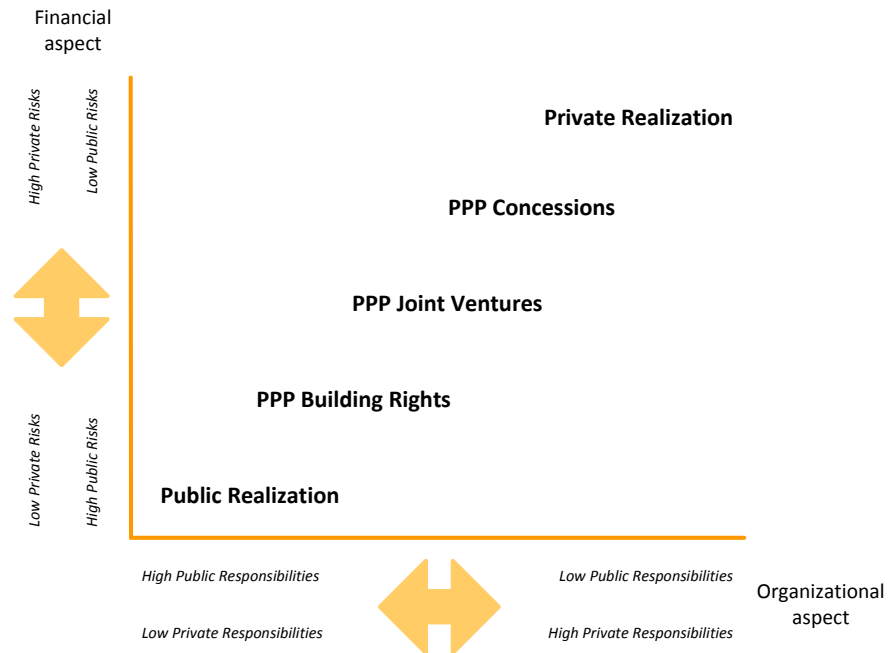


Figure 4.2
Responsibilities & risk relationship in Dutch PPP models (based on Kenniscentrum PPS, 2006)

To provide foreign readers with a better understanding about the Dutch cooperation models, we will describe the basic characteristics of these 'ideal type' models. An exception is made for the concession model which is described in more detail in the next section as it is our research subject. Several authors have theoretically defined the inter-organizational public and private roles on different institutional aspects of such models. For instance, Wolting (2006) focuses on financial and organizational aspects, and Bregman & De Win (2005) describe legal aspects of cooperation models.

Public realization

Public Realization in essence is not a Public-Private Partnership model as the 'joining up' of risks and responsibilities between public and private actors does not take place. "In Public Realization public actors acquire land within the development area, prepare the land for building and housing, and sells building plots to interested parties who on their turn can develop the land for functional purposes in line with the public land use plan. Through the land price governments are able to influence the land development result, but also bear the risks involved" (Wolting, 2006). In this regard, Public Realization can be seen as a public sector-dominated model. Bregman & De Win (2005) argue that it involves an active public land policy in which governments can also use compulsory purchase powers to acquire land from land owners. Furthermore, they add that Public Realization can be seen as one of the 'classical' development models (the other is Private Realization) with a 'traditional' public-private role division.

Building rights

The Building Rights model in general is considered to be a Public-Private Partnership model in urban development in the Netherlands. The building rights model is often used in situations of spread landownership in greenfield locations, with the aim of bringing landownership into one hand (often municipalities). The principle of the model is that private actors often own land which they then sell it to public actors against the legal right to develop (parts of) this land after the municipalities prepared this land for development and construction. The transaction of land from private to public actors often happens against a lower than market conform price as private actors aim to counterbalance these losses with the revenues from the real estate development in the realization stage. As land is owned by the public actor, this model is often described as being public sector-led. The risks and revenues for land development stay with the public actors, while the real estate development risk and revenues are taken by the private actors. In theory, public tasks and private tasks are being separated according to Wolting (2006). However, Van der Hee (2011), in a study on the building rights model, argues that actors in practice work together on plan development, as private actors aim to secure the preferred function for their plot in plan negotiations.

Bregman & De Win (2005) state that using the Building Rights model for urban development also requires an active public land policy. Van der Cammen (2007) argues that this model was the common way of developing in the Netherlands for years. In the last decade, however, a withdrawing movement of local governments from the land market can be noticed

(Priem, 2008). At the moment this model is still used in places where local authorities are financially and technically able to buy and prepare land for development. Figure 4.3 shows the relationship between public and private roles in land and real estate development in the Building Rights model.

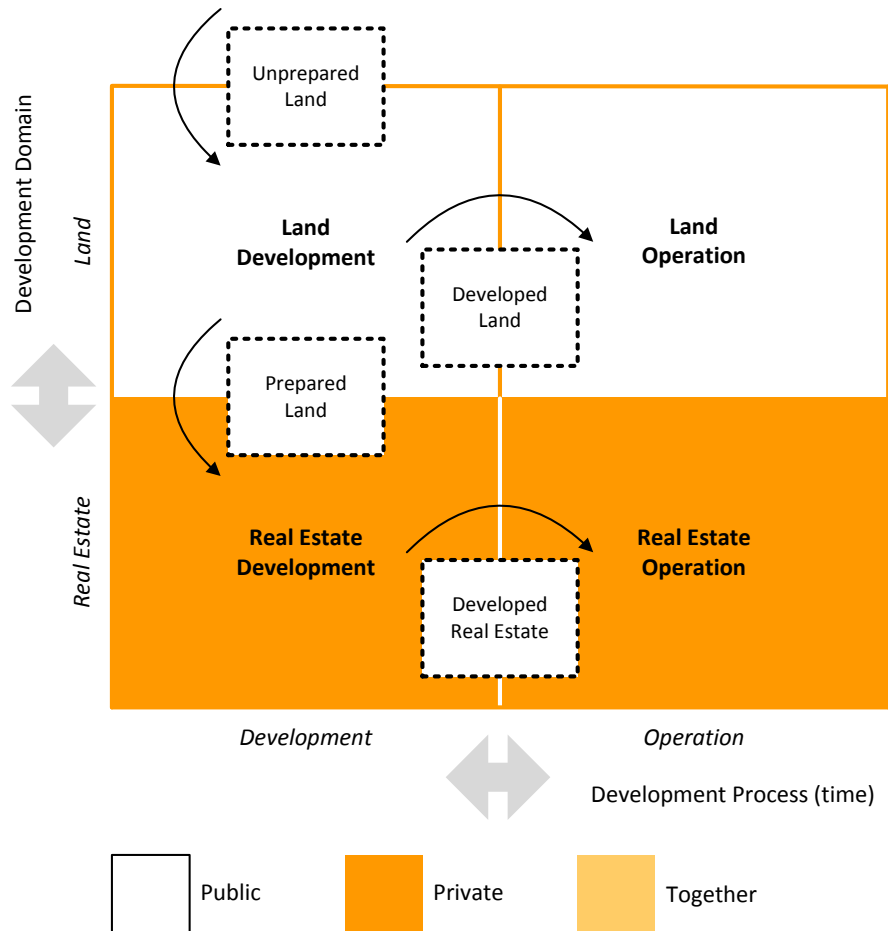


Figure 4.3
Public & private roles in building rights model (based on Van Ophem, 2007 & NLBW, 2010)

Joint ventures

The Joint Venture model can be considered as a 'pure' Public-Private Partnership model as 'joining up' takes place on organizational, legal and financial aspects. It is an often used co-operation model in the Netherlands for large scale and complex urban development projects, for which insufficient public capital is available to realize development ambitions, so private capital becomes needed. In joint ventures public and private actors found a joint Land Development Company (Dutch: GEM). However, there are also purely contractual joint ventures without an independent legal entity. In a GEM, public and private actors hand over all land in the development area to the GEM which prepares the land for construction and releases land parcels for development. In principle, the GEM has the character of a '*Privatized Land Development Company* on location level' (Bregman & De Win, 2005), in which concrete agreements on land prices, revenue and loss sharing, risk sharing and responsibilities are made. Here, public actors operate within a private entity and under private agreements, thus very much like market parties to recall Adams & Tiesdell (2010).

The risk for land development is being shared between the public and private organization in proportion of their share of participation in the GEM. Often this is based on a fifty-fifty public-private share in the GEM. The risk for the real estate development often lies with the private actor within the GEM, but another variant called the joint Land & Real Estate Development Company (GVM) can set up to include public actors to participate in the development of real estate. Besides the land and real estate development task, GEMs also propose a 'joint up' plan development for the location at hand. Figure 4.4 shows the relationship between public and private roles in the land and real estate development in the Joint Venture model.

According to Wolting (2006) public and private actors in joint ventures have to preserve themselves from the so-called 'double hat' problem: "For public actors this is the case when they financially take advantage of the development under private law, while at the same time they could act as a 'caretaker' of public interests possibly negatively influencing the financial result of the development. For private actors this is the case when a private actor is represented in the GEM and at the same time acts as real estate developer. In this situation the private actors on the one hand serve the GEM aimed at optimizing the result of the land development, while at the other hand they aim at optimizing the result of the real estate development for which the private actor tries to purchase land for a minimum amount."

These 'hybrid' public and private roles and 'typical' Dutch cooperation practice also have caught the eye of the European Commission, which supports a more Anglo-Saxon based clear separation of public and private roles (see Section 1.2.3). As a matter of fact, the European Commission (2004) has frequently diagnosed that the tasks appointed to public and private parties within the single corporate body are defined inaccurately and in some case are totally absent in the contracts and agreements. This leads to problems with the transparency and equality principles and the detriment of the pursuit objectives of common interest by public bodies. Furthermore, the double hat problem creates frictions with European Union principles, because it threatens public legitimacy, and brings along unnecessary public financial risks. Even so, current Dutch PPP joint ventures can be contradictory to the statement of the European Court of Justice (C-220/05) that close financial involvement of municipalities in urban development projects which are meant to be brought on the market, may well be in conflict with public procurement rules. According to Bregman (2010) the recent Müller-

judgment by the European Court of Justice (C-451/08) implicates that future PPPs will be based on a clear role division by law, in which public bodies operate within the public domain and developers within the private domain.

From a European perspective, this 'odd' Dutch joint venture situation seems to be caused by the unclear role of public actors as public commissioners and private developers. Even more, this situation is a result of the established practical habit of public and private actors to institutionalize public-private cooperation in rather complex inter-organizational partnerships in urban development, instead of searching for other methods of cooperating which might achieve similar results. These arguments support our search for new managerial instead of institutional solutions to public-private cooperation, in which public and private roles are clearly defined without blocking the process of 'joining up' both interests.

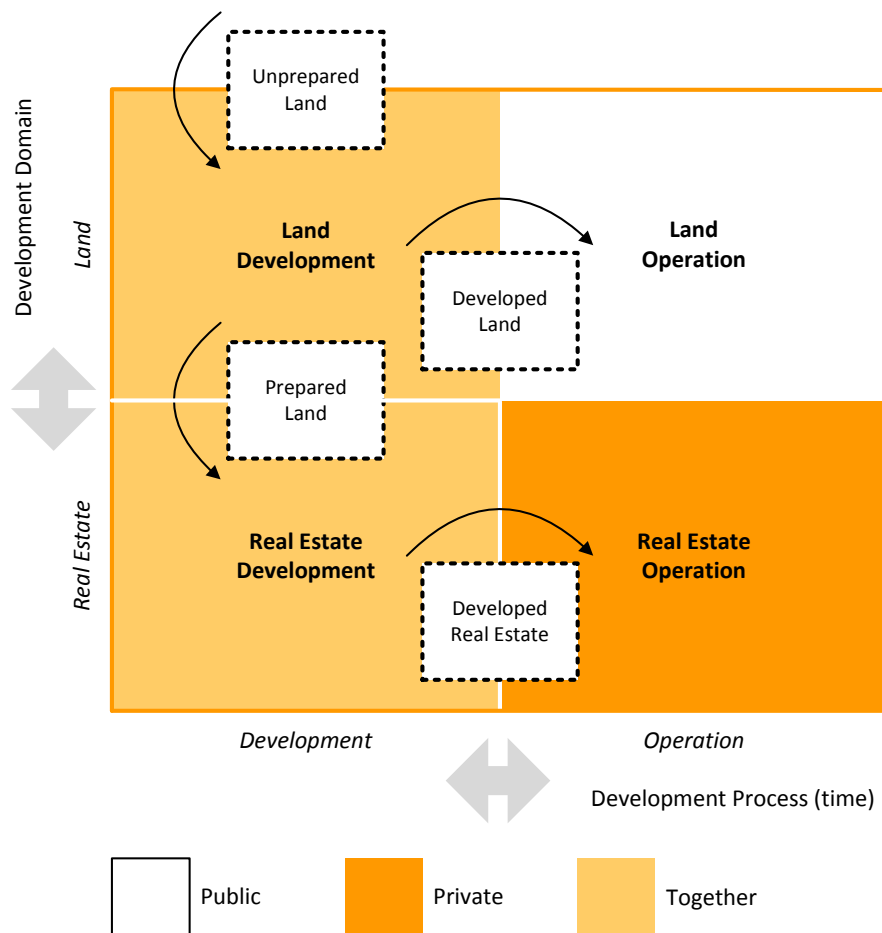


Figure 4.4
Public & private roles in joint venture model (based on Van Ophem, 2007 & NLBW, 2010)

Private realization

Private Realization cannot be considered as a Public-Private Partnership model but as an operation agreement between public and private actors. This agreement is constructed when private landowners wish to develop their own land. In some cases there is a need for a change in the land use plan and in others there is not. In both cases the municipality is able to ask for a financial compensation for public services, which are agreed upon in the operation agreement or attached to the building permit. Public actors can also withhold support for land use plan adjustments and disapprove development permits. Thus, although private actors seem to 'dominate' the process of development, Dutch local authorities still are able to influence the outcome of Private Realization by using their planning instruments to regulate development.

§ 4.2.4 Concessions: Dutch Private Sector-led Urban Development Form

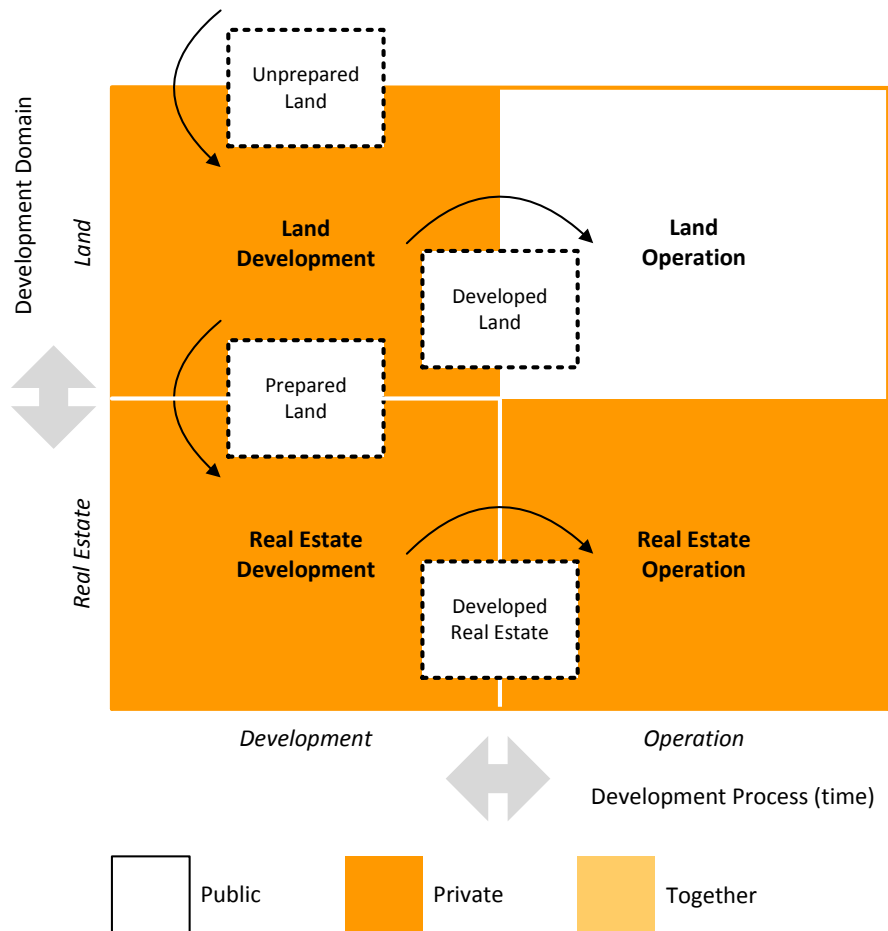


Figure 4.5
Public & private roles in concession model (based on Van Ophem, 2007 & NLBW, 2010)

In the previous sections we have outlined the changes in Dutch urban planning and development and the different existing ideal type public-private cooperation models used in practice. Now, we turn more specifically to a relatively 'new' Public-Private Partnership model which can be seen as the Dutch form of Private sector-led urban development, the *concession model*. This model has been subject to professional and academic planning debates and literature for some years now. In practice, the concession model has been used more and more as a form of public-private cooperation, although the latest recession has impacted the initial enthusiasm about, and direct use of it. Though, it is expected for the future, based on the trends described in Section 4.1, that some sort of private sector-led urban development will be of great significance for urban development in the Netherlands. The concession model in recent years is presented as a 'new' type of public-private cooperation instrument for urban development. Nevertheless, concessions are well internationally well known for their application in single object developments like infrastructure projects. According to Bult-Spiering & Dewulf (2006) "concession contracting is known variously as private finance initiative (PFI), design-build-finance-maintain (DBFM), design-build-finance-operate (DBF), build-operate-transfer (BOT) and by many other names (see Miller, 2000; Winch, 2002; Zhang, 2004)." Furthermore, even in the Netherlands, concessions used in planning can be traced back to the twelfth century in the development of the Dutch polders, dikes, dams, railways and waterways, according to Van de Klundert (2008). Nevertheless, for current urban development practice concessions can be considered as a quite new addition to the repertoire of public-private cooperation models as it has been absent in Dutch urban planning for centuries under government leadership.

We now take a closer look at the characteristics of the concession provided in literature. Until recently no clear definition for the concession model was provided in literature. The definition used by Gijzen (2009) based on empirical research is, in our opinion the most appropriate for this research as it contains a good overview of *concession characteristics*:

"A concession in urban area development is a contract form with clear preconditioned (financial) agreements between public and private parties, in which a conscious choice from public parties has been made to transfer risks, revenues, and responsibilities for plan development, land preparation, land and real estate development and possible operation for the entire development plan towards private parties, within a previously defined public brief in which the objective is to create an effective and efficient task division and a clear separation of public and private responsibilities" (Gijzen, 2009).

Bregman & De Win (2005) argue that at the outset of concession developments private actors predominantly own land, or in some cases acquire land from local authorities. Other key concession principles are; fixed financial agreements; limited public risks; predefined public conditions for development which function as a framework for developers to design plans; and a combined private land and real estate development. Wolting (2006) emphasizes that local authorities in concessions deliberately choose to limit their influence by solely predefining conditions for development. As a result of the land and real estate development undertaken by private actors the risks and revenues are also attributed to developers. Nevertheless in theory, after the project delivery project developers transfer the land to public actors on the basis of agreed conditions, so public actors own and maintain the public space. Figure 4.5 shows the relationship between public and private roles in the land and real estate development in the concession model based on Van Ophem (2007) and NLBW (2010).

Thus, in theory the basic characteristics of the Dutch concession model are known. The promising aspect of the characteristics of the concession model, put forward by the *Commission Fundamental Examination Building Sector* (Commissie Fundamentele Verkenning Bouw, 2008), is that “public and private parties both are doing what they are good at: determining and legitimising frameworks respectively innovating and enterprising.” These somewhat ideological claims are based upon the dissatisfaction and shortcomings of the joint venture as a public-private cooperation model, and several issues in the current urban development practice as well.

Advantages & disadvantages

Van Rooy (2007) declares that current urban planning practice is confronted with several problems which are in need of a solution. He opts for simplifications in order to solve these problems. Some of these solutions in essence can be found in a *simplification of public and private roles*. Van Rooy (2007) argues that the hybrid character of the Rhineland and Anglo-Saxon management model in Dutch decision-making processes creates (unnecessary) hybrid roles of public and private actors. A solution can be found in the clarification of these roles. Especially in urban area development a way to cope with this is the introduction of the concession model. In this model, in essence, roles are clearly separated, which creates a clear management task appointed to public and private actors.

Also, Van de Klundert (2008) argues that the concession model could be a solution for several specific issues in urban planning, if used correctly. He states that the possible advantages of the concession model are:

- Competition and transparency throughout different stages of urban development;
- Creativity and innovation through private actor's contribution to visions, designs and programs;
- Less vulnerable to political discontinuity through fixed public private agreements;
- Multiversity and equality can be secured through parallel processes;
- Complex procedures can be managed more professionally by private actors;
- Delays in procedures can be managed more accurately by private actors;
- Complex decision-making is reduced through the transfer of responsibilities from a political to a business context;
- Complex role of public actors in land policies and cooperation models is avoided.

De Zeeuw (in Heurkens et al., 2008) claims that the development of areas based upon the concession model has several advantages compared to other partnership models:

- Optimal task and risk division between public and private actors;
- An effective use of the private land ownerships;
- Better suitable within the European tendering procedures.

De Graaf (2009) formulates several other advantages or expectations of concessions:

- A possible end to extensive negotiations common in PPP joint ventures
- Better suitable in a situation in which the government operates 'lean and mean'
- A possible end to the dual role of governments in PPPs

All these promising concession aspects can be narrowed down to *four advantages*:

- More *effective*: objectives are achieved easily;
- More *efficiency*: reduces project delays and budget overruns;
- More *spatial quality*: supports innovation and creativity;
- More *transparency*: clarifies public and private roles.

However, some disadvantages of the model exist as well. For instance, OGA (2008) (Ontwikkelingsbedrijf Gemeente Amsterdam) argues that there is a lack of management and control possibilities for governmental institutions after the concession agreement has been signed. Another disadvantage can also be viewed as a condition for the application of the concession model. This concession model is thought not to be suitable for complex urban area projects. With complex projects the contract formation and risk management is too difficult according to OGA's experiences with concessions in Amsterdam. Furthermore, De Zeeuw (2010) argues that the concession model asks for risk-bearing attitudes from market parties which are difficult to establish under severe market circumstances. As housing sales fall due to a decrease in market demand, the agreed conditions on housing delivery within concession agreements function as a financial burden for project developers. Hence, this can be seen as the inflexibility of legal agreements, which makes plan and programme during the development process difficult. Furthermore, Van der Weerd (2007) argues that concessions often resolve in a project management approach rather than process management approach which possibly cause stern public-private relationships.

Thus, in summary, the *disadvantages* of the concession model found in literature are:

- Lack of management and control possibilities for public actors.
- Not applicable for complex urban area projects;
- Difficult contract formation and risk management difficult;
- Dependence on private investment in all market circumstances;
- Inflexibility to change plans and programme during development process;
- Stern public-private relationship due to rigid project management approach.

Conditions

In addition to this, the main *conditions for a successful application* of the concession model in urban area development are mentioned in Heurkens et al. (2008):

- *Manageable project scale*: urban developments with a clear functional program;
- *Minimal political and social project complexity*: urban developments with low (potential) political & social risk profiles;
- *Manageable project duration*: urban developments with a long duration are considered to be less appropriate;
- *Maximum freedom for private action*: within the public actor's defined boundaries.

Motives

The possible motives or reasons for the public actors to choose the concession model as a private sector-led urban development project have been discussed in Heurkens et al (2008). These motives might be more or less applicable to specific concession model cases but they also give a good indication of the decreasing influence of public actors since the 2000s. The *public actor motives to choose concessions* are:

- Labor capacity of public actor (lack of competencies and skills);
- Requisite capacity of public actor (lack of financial means);
- Risk transfer to private actor (avoiding financial burdens);
- Initiative by private actor (plan proposal for the development);
- Land ownership situation (private sector or fragmented land ownership).

In addition to the above, Heurkens et al. (2008) argue that the basic theoretical assumption for the use of the concession model is that public and private roles are clearly separated or appointed to one another, instead of being shared among the actors. Table 4.2 shows the *theoretical tasks separately performed* by public and private actors as stated by Heurkens et al. (2008).

Public Actor	Private Actor
Rough indication functional program	Detailed functional program
Spatial conditions	Design spatial plan
Quality conditions public space	Visual quality plan (incl. public space)
Conditions visual quality plan	Communication plan
Land use plan adoption	Land use plan preparation
Land sale (transfer to private actor)	Land acquisition
	Land & real estate development
	Realization public space

Table 4.2
Theoretical tasks of public & private actors in concessions (Heurkens et al., 2008)

Thus, the literature review provides information about theoretical characteristics of the concession model. However, these statements can be considered to be based on somewhat *'fragmented practical experiences'* rather than based on systematic empirical research. In other words, the concession model is presented as a possible new public-private cooperation model for several different problems at the time being. The urge to explore the possibilities of the application of the concession model as the *'panacea' for urban development*, materialized in different professional publications from Van de Kundert (2008), Twynstra Gudde (2008) and Deloitte (2008) and was subject to several professional debates and meetings. Nevertheless, Deloitte (2008) took a more distinctive view towards the concession model by recommending to experiment with public-private cooperation models that contain features of both concession and joint venture models. Nonetheless, after this first wave of promising effects of concessions, different scholars like Priem (2008), Wezenberg (2009), Gijzen (2009), and Peek (2010) – the latter two in close cooperation with this research – conducted

systematic empirical research on concession cases in the Netherlands. The publications by Heurkens et al. (2009), Heurkens (2010) and Heurkens & Peek (2010) can be seen as the first contribution to providing empirically-founded knowledge about concessions.

§ 4.3 Conclusions

This chapter aimed to sketch the characteristics and changes in the context and organization of private sector-led urban development in the Netherlands. We reconstructed the socio-economic changes towards neoliberal values and emphasized the changing role of and relationship between the State, the Market and Civic society in the Netherlands in different periods. Furthermore, we introduced the Anglo-Saxon Western Wind as a metaphor for describing the slow adoption of Anglo-Saxon values in Dutch organizations and their management. Even so, we showed that the Dutch planning system from the 1980s on slowly evolved from being hierarchical to being decentralized, from policy formation to policy implementation, and from government control towards increased private sector involvement. Then, we took a closer look at the characteristics and change in the roles of public and private actors, followed by a description of the institutional aspects of public-private cooperation in urban development in the Netherlands. And we finished this chapter with a detailed theoretical description of the Dutch form of private sector-led urban development, the concession model as the latest addition to the repertoire of Public-Private Partnerships.

However, despite the fact that we have provided some theoretical insights about the institutional context and organization of private sector-led urban development in the Netherlands, we still notice a knowledge gap between this theoretical knowledge and the empirical knowledge. Hence, this research aims at contributing to the theoretical knowledge on the concession model by confirming, rejecting, sharpening or opposing claims on the basis of empirical research data. Therefore, Chapter 5 aims at the filling this gap by analyzing the private sector-led urban development practice in the Netherlands by conducting several empirical case studies on the concession model. Furthermore, 'concession model supporters' have ignored other possible 'cooperation methods' rather than cooperation models between public and private actors that might be more suitable in the changing context of urban development. Therefore, besides identifying the institutional characteristics of concessions, we will also focus on the actual management and effects of these private sector-led urban development projects. This is in line with Klijn (2008) who argues that organizational arrangements are of less significance to the development of projects than the management by actors itself.



5 Cases in the Netherlands

This chapter provides an insight into the private sector-led urban development practice in the Netherlands by showing the results of an extensive case study research on the concession model. Before describing the results of the case study research on ten different private sector-led urban development cases (Section 5.2-5.11), the case study framework (Section 5.1) is introduced in order to clarify the objectives and choices for the case studies. In Section 5.12 the results of the cross-case analysis are presented, followed by the some general conclusions we can draw from the cases in Section 5.13.

§ 5.1 Case Study Framework

The increased use of the concession model as the Dutch form of private sector-led urban development can be viewed as an organizational response to changing relationship between public and private actors described in Chapter 4. In the last decade numerous projects have been undertaken on the basis of this cooperation model. However, a systematic empirical analysis of the concession model to confirm or reject the statements provided in literature has been absent so far. Conducting empirical case studies seems to be a suitable method to fill the knowledge gap. In this section we briefly discuss the main issues involved with the Dutch case study research.

Question, objective & methodology

The main case study question, objective and methodology (see Section 3.2) are:

- **Question:** How do public and private actors organize and manage Dutch private sector-led urban development projects, what are the project effects and actor experiences?;
- **Objective:** The objective of this stage is to create a better understanding of the public and private roles, project effects and actor experiences in empirical Dutch private sector-led urban development projects;
- **Methodology:** This stage consists of multiple empirical case studies, in which interviews are held with practitioners and case documents are analyzed. Furthermore, we use a cross-case analysis and literature reviews to validate our case study findings within each context.

In line with the presented *analytical model* in Chapter 3 we will focus our case description on the organization, management and effects of the concession projects. First, the description of the main *organizational role characteristics* of the public and private actors involved takes into account organizational tasks and responsibilities, financial risks and revenues, and legal rules and requirements of both organizations. Second, the description of the used *management measures* by public and private actors takes into account project management, process management, management instruments and management resources performed by either

one of both public and private actors. Third, the description of the *effects* takes into account the effectiveness of the cooperation, the efficiency of the process, and spatial quality of the product. Furthermore, we add a description of the *experiences* of public and private actors by taking into account the motives and problems with the use of the concession model to contribute to the debate and literature findings on the application of the concession model. The final objective is to structure the Dutch case study findings at the end of this chapter by cross-analyzing the cases with the assistance of tables used in Chapter 2.

Formulating *research questions* allows us to achieve this objective. To provide a basis for a systematic cross-case comparison and overview of the private sector-led urban development practice in the Netherlands (presented in Section 5.12), the Dutch case study research tries to answer the following questions:

- *What are the inter-organizational roles of public and private actors?*
 - What organizational tasks and responsibilities are appointed to the actors?
 - What financial risks and revenues are appointed to the actors?
 - What legal requirements and rules are applied by the actors?
- *How are the management measures used by public and private actors?*
 - How are project management activities carried out by the actors?
 - How are process management activities carried out by the actors?
 - How are management instruments used by the actors?
 - How are management resources used by the actors?
- *What are the effects of the cooperation based on the concession model?*
 - Is the cooperation being considered effective in reaching actors' objectives?
 - Is the process being considered efficient by limiting time and costs?
 - Is the product being considered to have a satisfying spatial quality level?
- *What are the experiences of public and private parties with the cooperation?*
 - What are the motives to choose the concession model?
 - What are the problems encountered in the cooperation?
 - What are the conditions to use the concession model?

Case study selection

Before a selection of case studies comes about, two issues are addressed here to avoid data collection and data analysis problems. First, and foremost, there is the issue of *selection criteria*. Without selection criteria, reasons for choosing particular cases are absent. In other words, we might than research something we don't want to research. The main reason to formulate selection criteria is the contribution to case study objectives. To get a good view of the amount of actual Dutch concession model, a literature review was conducted In April 2009, leading to a long list of twenty-two concession cases in the Netherlands. At that time it was the most accurate list, which formed the basis to defined selection criteria.

Second, there is the issue is *scope versus depth*. As it is not practical to analyze all twenty-two cases within a time span of six months, and the objective is to retrieve data that gives insight into the current status and issues of private sector-led urban development projects, a selection of these cases must be made. Here, we must decide what a '*sizeable number of cases*' is as explained by Kantor & Savitch (2005) (see Section 3.5). In this research we think that the

analysis of *ten* cases is a sizeable number. This number of cases allows the researcher to find an optimum between a fair number of cases and the in-depth information, eventually providing a valid basis for cross-analyzing and conclusion-drawing.

On the basis of this first quick-scan and the determination of a sizeable number of cases, the following *case study selection criteria* are used to select our final cases:

- *Definition by Gijzen*: The project should meet the definition of the concession model made by Gijzen (2009) (see Section 4.2.4). Several other 'ought to be' concession cases in this way are sorted out;
- *Balanced mix of inner-city and urban fringe locations*: As urban development takes place at different locations, the issues involved tend to be different as well. In order to give an adequate insight into Dutch concession model cases, it is logical to use a balanced mix of both types of developments;
- *Mixed-use functional program*: As urban development is built upon the thought of being multi-functional, we choose mixed-use developments as a case. However, some concession cases tend to be characterized by a relative high percentage of the housing function. But, the development of public space is often included which can be seen as a (rather small) addition of another function next to housing;
- *Presence of both public and private actors*: As we are interested in the way public and private actors cooperate in concession case, it is necessary that both actors are present. On the public sector side this will most often be the local authority, at the private sector side it could be a project developer, a private consortium and even housing associations;
- *Project completion until plan development stage*: The project status must at least be progressed into the plan development phase. Otherwise learning from the project in later development stages becomes problematic. However, projects that are well on their way in the realization stage are preferred. Then, it is possible to determine the effects of the development as well;
- *Pragmatics*: It is important to obtain enough data for drawing conclusions. So, the availability of data in the form case documents (agreements and literature), and the availability of contacts within the researcher's professional network, is a criterion.

City	Project	Location	Scale (ha/acres)	Program
Amsterdam	Park de Meer	Inner-city	14 / 34.6	700 dwellings, facilities
Den Haag	Deelplan 20	Greenfield	5 / 12.4	470 dwellings
Enschede	De Laares	Inner-city	30 / 74.1	450 dwellings, 2,500 m ² retail, 5,000 m ² office
Maassluis	Het Balkon	Greenfield	22 / 54.4	1,000 dwellings, facilities
Middelburg	Mortiere	Greenfield	100 / 247.1	1,500 dwellings, 3,000 m ² office, golf course
Naaldwijk	Woerdblok	Greenfield	30 / 74.1	900 dwellings
Rotterdam	Nieuw Crooswijk	Inner-city	30 / 74.1	500 dwellings
Tilburg	Wagnerplein	Inner-city	10 / 24.7	600 dwellings, 9,000 m ² retail, 60,000 m ² office
Utrecht	De Woerd	Greenfield	17 / 42	550 dwellings
Velsen	Oud IJmuiden	Inner-city	12 / 29.7	350-650 dwellings

Table 5.1
Case study overview the Netherlands (data from 2009)

With the cases study issues and the case study selection criteria in place we selected ten cases as part of our research presented in Table 5.1. What is visible in Table 5.1 is the variety in case characteristics. For instance, the *50/50 inner-city/urban fringe ratio* is in place, the scale of the cases differs tremendously, and the functional program shows a lot of differentiation. Furthermore, these projects are situated throughout *different geographical regions* in the Netherlands. This situation allows us to come up with a wide variety of research findings and to elaborate under which conditions the concession model is applicable in order to confirm or reject the statements provided in literature. The *scale of the cases*, varying from 5 to 100 hectares, has not been a particular case selection criterion. It can be regarded as a specific characteristic of Dutch urban development; these projects tend to be of *considerable size*. In terms of scale, Table 5.1 indicates that private sector-led urban development projects are no exception to this general Dutch 'rule'.

Here, it is important to note that the deliberate choice was made to exclude footnotes and references in the Dutch case study descriptions to present a more compact overview of the ten cases increasing their readability. Also, APA-reference style prescribes to exclude footnotes in general, a style rule we will follow in general for this research. Moreover, we limit the case study description to the research variables as identified above, other more specific single variables are excluded. Nonetheless, importantly, the findings of each Dutch case are supported by a variety of case study sources, which can be found in Appendix I. These include various literature and case document reviews, stakeholder interviews and surveys, and site observations. Successively, the following Sections 5.2-5.11 present the findings from ten Dutch private sector-led urban development projects in a similar structure.

§ 5.2 Amsterdam, Park de Meer

Project context

Park de Meer is an inner-city development located in the Southeast of Amsterdam in Watergraafsmeer. As a result of the re-allocation of football club Ajax to the ArenA stadium in 1996, the former Ajax-terrain was destined to become a housing neighborhood. The regeneration of the site contains 700 new houses, with a mix of affordable, middle and high segment houses on 14 hectares. The Amsterdam local authority is divided into several different urban district councils (Stadsdeelgemeente) who have a mandate for taking decisions on their territorial area. The project life cycle of Park de Meer was 7 years, the initiative started in 1995 and the realization was completed in 2002. In 1996 the Stadsdeelgemeente Oost-Watergraafsmeer wrote out a plural study assignment (and not a tender or design competition) for the private sector. The participants had to comply with a concept Schedule of Spatial Requirements (Dutch: Stedenbouwkundig Programma van Eisen) and were judged on various criteria. The most important criterion of the urban district council for selecting a private consortium was the presence of both a property developer and housing association. The private consortium consisting of the housing associations De Dageraad (later De Alliantie), Woningbedrijf Amsterdam (later Ymere) and property developer BAM was

selected as the preferred concessionaire for the development of Park de Meer. These parties organized themselves in the Park de Meer CV. The public-private cooperation based on the concession model was finalized with the signing of the Development Agreement (January 1997) and Cooperation Agreement (May 1998) between the Stadsdeelgemeente Oost-Watergraafsmeer and Park de Meer CV. Interesting to note is that the Amsterdam municipality has a very active land policy. Throughout the city the local authorities holds long leases on buildings and sites. Seen in this light, it is remarkable that this private sector-led concession case has been used in the city.

Organization

The tasks performed by the public and private actors for Park de Meer are shown in Table 5.2. These tasks performed by actors on paper are completely in line with the (principle) tasks within the concession model described by Heurkens et al. (2008) in Table 4.2. The responsibilities of the different actors are described in the Cooperation Agreement of 1998. The local authority has the following responsibilities; sale and availability of land, public law procedures, on time judgment of plans, control delivery status, adoption of land (public space). Park de Meer CV has the following responsibilities; purchase land from government, design the spatial plan, on time request building permit housing, delivery houses and public space, and land transfer.

Public Actor	Private Actor
Rough indication functional program	Detailed functional program
Spatial conditions	Design spatial plan
Quality conditions public space	Visual quality plan (incl. public space)
Conditions visual quality plan	Communication plan
Land use plan adoption	Land use preparation
Land sale (transfer to private actor)	Land acquisition
	Land & real estate development
	Realization public space

Table 5.2
Tasks of public & private actors in Amsterdam Park de Meer

The risks involved for the private actor are linked with the development of the site; they buy the land from the local authority, prepare the site, and develop the real estate. The public actor did not have any major risks, but they have to pay their own administrative procedural costs. As a consequence of the clear separation of risks, the private sector also takes the revenues. The public actor obtains a certain amount for selling their land and the public space is handed over to them after project completion.

The requirements for the private actor are defined by the public schedule of spatial requirements and conditions for the visual quality of the plan. Furthermore, the district council regulates development by approving the land use plan. The contract contains the rule that when unforeseen circumstances occur actors deal with it by deliberation.

Management

In terms of project management, the Stadsdeelgemeente Oost-Watergraafsmeer initiated and operated the project. They set out a plural study assignment (and not a tender or design competition) for the private sector, by which they were able to manage the spatial requirements. Furthermore, they became owner of the public space after project completion, resulting in direct influence on the design of the public space.

In terms of process management, the private consortium designed and planned the project. They were responsible for the spatial plan, the investment and planning of the project through which they were able to realize their functional and financial objectives by composing an optimal spatial plan within a short time span.

Public and private actors were both able to influence the process on the management functions of negotiating and decision-making. The largest part of the negotiations between the public and private actors took place in the design stage of the development process. Furthermore, due to the future public space ownership situation the local authority's maintenance department kept controlling and negotiating cost and technical beneficial spatial interventions on sometimes very specific details. The most important decision-making moments took place at the transition towards a new development stage. Communication was clearly a management activity performed by the private actor which incorporated public participation in the design of plans.

In terms of management tools, the public actor shaped the development for the private sector by introducing a study assignment. Public regulation mainly included global restrictions and requirements for the private actor incorporated in the public schedule of spatial requirements which included a description of the global program and spatial and qualitative conditions. Stimulation in the form of financial incentives has not taken place. Neither was there any capacity building with other involved stakeholders. Rather it was a quite straightforward single public-private cooperation.

Land was used as a management resource to influence the project. The municipality owned the land and sold it to the private consortium under the agreed upon permits negotiated in the initiative and design stage. The private actor performed the land development and therefore could use it at their disposal to minimize development costs. The eventual land transfer also enabled the public actor to influence the features of the public space at the outset of the development. Capital as a resource solely came from the private consortium's stakeholders. Furthermore, as housing associations held extensive meetings with residents they used their 'market' knowledge at their advantage, supported by the public knowledge on the surrounding areas.

Effects

In terms of effects both actors indicate that the use of the concession model in Park de Meer meets all the intended effects. It is considered effective, because the social, economic and ecological objectives are achieved. Also the process has been very efficient because the project was delivered in a 'record-breaking time span for Amsterdam', according to a representative from the private consortium. Nevertheless, the local authority argued that the time they had to spend in the realization phase was more than expected. The roles of both parties in this cooperation in general were very clear. However, the private actor indicated that the active interference of the public actor in the realization stage sometimes made the role separation

unclear. In terms of spatial quality, both actor argue that the realized spatial quality level in general is high. The public actor declares that some parts of the development have excellent quality but that other parts turned out to have a less quality in terms of user and experience value. Figure 5.1 shows an impression of the housing development.



Figure 5.1
Amsterdam Park de Meer, impression (© Erwin Heurkens)

Experiences

The local authority made the deliberate choice to choose the concession model as a means to realize the project. The most important motives to do so were the lack of labor capacity and transferring risks to the private actor. Other motives like the lack of financial means, unsolicited proposals by private actors, and private sector land ownership often involved with the choice for the concession model are not applicable to this case. In addition to this, the choice for the concession model was also made because the local authority wanted to experiment with a new public-private cooperation model, and they wanted to become a more effective and efficient organization, spending less time and reducing public overhead costs.

The general experience from both public and private representatives is that this was a good cooperation, the most important reason being the trust that existed between the parties. However, the local authority argues that if they are going to use the concession model next time they will further detail their schedule of spatial requirements. The private actor declares that this has a lot to do with the transfer of the public space to the local authority after completion, together with the long-term maintenance of it by the public actor. Because public sector maintenance often is based on standards, the local authority's maintenance departments often interfered in the realization phase trying to solve future maintenance problems before

the official judgment moments occurred. This however has not caused too many delays for the development process. The representative from Park de Meer CV mentions that the process was very manageable.

Two main problems and related recommendations have been mentioned by the interviewees based on their experience of the Park de Meer development:

- Public-private communication needs to be structured. There are steering groups, but often decisions need to be made on a short notice. Often these were not communicated with the public actor, creating tension. Furthermore, different departments of the local authority often operated in their own domain and were not aware of the objectives of other departments, resulting in less efficient processes;
- The private actor argues that the culture of public control and 'departmental thinking' results in less efficiency. This is not something that is solved very easily. The pragmatic recommendation for both problems in the actors' view is the appointment of a public project leader that can facilitate communication between public and private actors and between different municipal departments.

§ 5.3 Den Haag, Ypenburg Deelplan 20

Project context

Ypenburg Deelplan 20 is an urban fringe project located in The Hague (Den Haag). The total area surface is 5 hectares, with a functional program that contains the development of 470 dwellings, with both affordable and owner-occupied dwellings. In this concession the public actor involved is the local authority Den Haag, the private actor involved is ING Real Estate. The objective for the local authority to choose a concession was to speed up the housing production of the Vindex-area Ypenburg. For the Deelplan 20 development the local authority set out a public tender competition among six preselected developers in 2006, with predefined qualitative public conditions. Furthermore, they formulated that the development should take place on the basis of the concession model. Out of the competition three parties were selected and ING was selected as winner on the basis of their bid, planning and enthusiasm.

Organization

Before we describe the roles, management, effects and experiences of the actors involved, we note that the Deelplan 20 development did not yet commence at the time of the case study research as there were several unsolved issues at that time. Nevertheless, the intended tasks from both actors for Ypenburg Deelplan 20 are shown in Table 5.3. These tasks performed by actors on paper are completely in line with the (principle) tasks divided within the concession model described by Heurkens et al. (2008). The responsibilities of both actors are well described within the Realization Agreement. Matters like the sale and purchase of land are explained formally. Furthermore, agreements on process related issues like the on-time

judgment of plans and control of the delivered product are described, alongside procedural matters. For ING the responsibilities are related to the on time, and within the agreed conditions, delivery of Deelplan 20.

Public Actor	Private Actor
Rough indication functional program	Detailed functional program
Spatial conditions	Design spatial plan
Quality conditions public space	Visual quality plan (incl. public space)
Conditions visual quality plan	Communication plan
Land use plan adoption	Land use plan preparation
Land sale (transfer to private actor)	Land acquisition
	Land & real estate development
	Realization public space

Table 5.3
Tasks of public & private actors in Den Haag Ypenburg Deelplan 20

The risks involved for the private actor can be linked with the feasibility and realization phase of the development process. Each time the local authority makes adjustments to plan proposals of ING Real Estate the costs involved for the approval of plans totally lies with the private actor. The development risks also are taken by ING relating to the feasibility of the plan. The municipality only bares the risks of the procedural costs in relation to their obligation to determine a land use plan for Deelplan 20. The revenues (or losses) of the land and real estate development are linked with ING. The local authority has the benefit of a free land purchase of the public space, which they will operate for the period after project delivery.

The rules and requirements applied in this project basically involve the spatial conditions and program for the development and financial matters. For instance, there is a penalty of a certain amount of money for each housing unit that is not delivered on time by the project developer. Besides this, the public responsibility is to secure that public law procedures are running smoothly to prevent that delays occur.

Management

As we explained earlier, the realization of project has never commenced. Therefore, we stick to the initiative, design and feasibility stage of the development process to describe the used management measures.

In terms of project management, the local authority initiated the project with the public tender. Here, they were well able to describe area boundaries, qualitative conditions and intended housing program. Spatial conditions were also bounded by the intention to develop a public swimming pool within the area, which was done by the local authority. The private actor therefore needed to incorporate this object into the spatial plan. The swimming pool could not be seen as a design obstacle but more as a given fact to cope with. Nevertheless, in practice we notice that the public actor had a lot of influence in the design decision-making process. Designs made by ING are not only judged on the agreed spatial conditions; several wishes of

the public actor not defined in advance were incorporated during the private design process. The legal basis for this is a passage within the contract which explains that it is the right of the local authority to disapprove designs by the private actor for 'reasons not incorporated within the agreement'. The intensive involvement of the public actor with the design process on the basis of this agreement by the private actor is seen as one of the major problems for the process efficiency. Furthermore, it was the duty of ING to secure finance for the development. However, as the development took place at the outset of the economic crisis, private financing as a way to manage the development process was not in place. This resulted in an even less manageable project for the private actor as they were faced with virtually no practical management measures for the initiative, design and feasibility stages.

In terms of process management, negotiations between both actors on the content of the plan and financial issues took place after the tendering was completed. Both actors were able to put their objectives into place at the time. ING concluded that they should not have complied with the contractual rules enforced by the municipality; these rules implied that private decision-making on the plan and program content would be dependent on the constant municipal judgment, leaving them no room to optimize the design within the predefined public spatial requirements. The private project manager indicated that ING, in the economic favorable 2007, was unable to clearly judge the disadvantages of cooperating on the basis of the concession model on the basis of rather publicly favorable conditions. This process resulted in a rather difficult communication process between the actors, and a constant struggle for role positions.

In terms of management tools, the local authority shaped the development by indicating the number of housing units and spatial boundaries. Despite the spatial design responsibility of the private actor on paper, in practice this hardly ever was a sole private managerial task. Furthermore, the regulating management measures indicated in the contract resulted in a rather strict development control by the public actor. Hence, in terms of stimulating development the public actor did almost nothing; no public funds or financial incentives were provided for the private actor to work with. The public interpretation of using the model seems to be based on holding control over the development by putting strict rules in place. This does not comply with the basic principles of the concession model which indicates that private actors take on risks and revenues, and therefore in return obtain a certain degree of freedom to act. Despite the fact that ING obtained the land for development after the tendering stage, influencing based on private management resources hardly took place. This is mainly caused by the insufficient provision of private capital. The ING Real Estate board, despite the fact that this developer is backed by an investment bank, never mandated sufficient investment in the project, leaving the project team in despair on the project continuation. Furthermore, it seems that the knowledge on executing urban development projects, rather than real estate development projects, was not a field of expertise for ING Real Estate, let alone their practical experience with a rather 'new' type of public-private cooperation, which the concession model was at the time for all involved practitioners. We argue that if private capital and knowledge for the project would have been in place, matters could probably have taken a different route.

Effects

It does not come as a surprise that both actors argue that the concession model applied here, in this form, does not meet its intended effects. They both indicate that it is not an effective tool to realize objectives, it is not beneficial for the efficiency of the process, roles are not performed in a transparent manner (although they exist on paper), and spatial quality is not obtained. This is caused by a lack of cooperation on design issues which does not evolve into a commonly supported urban plan. Figure 5.2 shows an indicative aerial view of the project designed on behalf of ING Real Estate.



Figure 5.2
Den Haag Ypenburg Deelplan 20, aerial view (© ING Real Estate)

Experiences

The local authority made the deliberate choice to choose the concession model as a means to realize the project. The most important motives to do so were the lack of labor capacity and transferring risks to the private actor. Other motives like the lack of financial means, unsolicited proposals by private actors, and private sector land ownership, often involved with the concession model choice, are not applicable here.

When we look at the interviewees' general experiences with this cooperation based upon the concession model we notice the following. The local authority declares that the communication with ING Real Estate has not been optimal because of the 'disconnective character' of the concession model; the performing of tasks and the decisions made by each partner are not

made in cooperation. For instance, during the process several unforeseen circumstances (examples of which were unfavorable market conditions) caused adjustments to designs and the housing program made by ING Real Estate. Because this type of decisions are solely made by ING Real Estate and no explanations are provided alongside new plan proposals delivered to the local authority, misconceptions in the cooperation arise. This is further affirmed by the project leader of ING Real Estate who explains that there is a situation of distrust among both parties caused by the clear task division which is characteristic for the concession model. There is no cooperative sphere between the actors, but a sphere of 'we against them'. Furthermore, ING mentions that there is no common ground for cooperation because the financial sense of urgency is not felt by the public actor, a result of which was the rather slow handling of land use plan procedures.

Furthermore, a number of problems and related recommendations have been mentioned by the interviewees based on their project experience:

- Unforeseen circumstances cannot be defined in advance. The private actor recommends that it is crucial to define what is considered unforeseen, and what process agreements are considered suitable to alter unforeseen circumstances when they occur;
- Private actor management of local authority departments is unrealistic and an unwanted task. In the plan development phase ING Real Estate had to hand in their plans to the local authority for consultation. The problem that occurred was that different departments separately judged the plans; there was no coordinated comprehensive judgment by the local authority. Because the public project leader did not manage these departments, ING as a private actor started to manage these departments, trying to reach agreements on plan details amongst the departments. This caused a lot of frustration and progress inefficiency. ING recommends the need for a strong responsible public project leader who is both a manager of the public apparatus and a communicating partner for the private actor;
- The private actor indicates that it is important to emphasize that the public actor should use a pure plan judgment instrument instead of a plan control instrument as there is a thin line between the two in practice. A recommendation is that in contractual agreements the instrument of public control of plans has to be defined and agreed upon beforehand;
- There is a 'we against them relationship' which results in an uncooperative sphere. Due to the division of public and private tasks, responsibilities and risks, common grounds and urgencies for the project disappear creating a lack of cooperative sphere. The recommendation is to find an incentive for public actors to stay involved with the project.

§ 5.4 Enschede, De Laares

Project context

De Laares is an inner-city development in Enschede, a city in the East of the Netherlands. As a result of the economic decline of the textile industry in Enschede, De Laares physically, socially and economically declined as a result. The area before the current urban regeneration was characterized as a neighborhood with a relatively high unemployment rate, unilateral social structures, criminality, no significant economic functions, and 70% affordable housing. The local authority established a Spatial Development Vision for Enschede with the reversal of the unbalanced city population composition as a major policy objective. As a result of this De Laares was chosen as a site to increase the representation of higher income groups; the local authority aimed to alter the percentage of affordable housing into privately owned housing to a 70% share. The development of the site contains 450 new houses from which 30% is affordable housing, together with small offices and shops developed on 30 hectares. The project life cycle of De Laares is estimated at eleven years, the initiative started in 2001 and realization is estimated to be completed in 2011.

In this concession the public actor involved is local authority Enschede, and the private actor is a private consortium called WijkOntwikkelingsMaatschappij De Laares CV (WOM). The WOM consists of three local housing associations (Woningstichting Ons Huis, Licht en Lucht, and Domijn), one local developer (Nijhuis/Hegeman) and one national developer (AM Wonen). Because of the long history of De Laares and the fact that the local housing associations owned a large part of housing stock the process of reaching an agreement on the redevelopment of De Laares is not characterized by a public tender. In 2001, the Local Authority and local Housing Associations signed several Performance Agreements per area. Because of the fact that the housing associations had little experience in redeveloping an urban area of this scale, Nijhuis/Hegeman and AM Wonen were invited to participate as project developers, resulting in the establishment of the WOM. At that point it became clear that the local authority would withdraw itself from the active development of De Laares. The local authority and WOM negotiated the terms for a development agreement during 2003, which resulted in a Cooperation Agreement on 1 December 2003. In the same period a more detailed design was made by WOM that was put into the Public Plan Procedure for approval in 2003. Development started with the land delivery from the local authority to the WOM in 2004.

Organization

The tasks performed by the public and private actors in De Laares are presented in Table 5.4. It indicates that several tasks are 'shared' by public and private actors instead of the theoretical task division common in concessions. Especially in the plan development phase a lot of public-private negotiations and communication on the design of plan took place. This can be explained by the fact that there was not a Concession Agreement in place before the designs for De Laares were made. Furthermore, both parties very pragmatically decided that communication matters could be best solved by the best equipped actor for a certain situation and moment, so they share the task of external communication. Most importantly,

the local authority performed the land acquisition instead of the private actor. The actors' responsibilities are described in the Cooperation Agreement. The responsibilities of the local authority are; land acquisition, sale and availability, public law procedures, on time judgment of plans, control of delivery status, adoption of land, securing subsidies for development, promote individual housing improvements, demolition of some buildings, and operate public space after delivery. The responsibilities of the private actor are; purchase land from government, design spatial plan, delivery houses and public space, maintain public space before real estate delivery, and land transfer to the local authority.

Public Actor	Private Actor
Rough indication functional program	Detailed functional program
Spatial conditions	Design spatial plan (+ public actor)
Quality conditions public space	Visual quality plan (+ public actor)
Conditions visual quality plan (+ private actor)	Communication plan (+ public actor)
Land use plan adoption	Land use plan preparation (+ public actor)
Land sale (transfer to private actor)	Land & real estate development
Land acquisition (not private actor)	Realization public space

Table 5.4
Tasks of public & private actors in Enschede De Laares

The risks involved for the public actor are related to the land acquisition from different landowners in the area, and the costs for underground infrastructure. The risks involved for the private actor are the development risks. One of the major risks was social opposition to the plans, because a large group of inhabitants had to be relocated into new homes in the city. The housing associations played a crucial role in this process, which is valued by the local authority as an excellent job. The revenues of the development for the private actor are mainly based on profits from the real estate development, not from the land development which is kept neutral. The revenues for the public actor are related to the sale of land.

The rules and requirements put in place in the Cooperation Agreement in the De Laares project on unforeseen circumstances include that when they occur both actors have the responsibility to inform the other in order to find solutions. As there is no public tender in place most of the spatial and visual conditions for the development are agreed under close negotiation between the actors.

Management

In terms of project management, the public actor mainly initiated the development. Furthermore, as they also prepare land, public conditions for development have been put into place in the design process in relation to the operation of the public space at the end of the project. The private actor basically was able to influence the development by designing and planning the development. One of the most remarkable ways to influence the development was the decision to plan high segment villas at the start of the realization stage. Through market research, it became clear that this type of housing was lacking in the inner-city and therefore

could rely on high demand, minimizing the risk of high upfront financing due to almost certain sales. This also happened and it arguably settled the quality standard for De Laares probably having a positive effect on the speed of housing sales in the area.

De Laares seems to be a case in which both actors were able to manage the process in a collaborative way as negotiating, decision-making and communicating took place in close public-private cooperation. One of the main reasons for this has been the relative difficult socio-demographical situation at the start of the project. Therefore both the WOM and the municipality Enschede decided to 'join-up' effort to create and maintain public support for the plans. Both actors in this sense were able to influence the process of the development.

The management tools used by the public actor mostly relate to stimulating the development. This was done by acquiring land for development by the municipality through which they relieved some upfront investment for the private actor, and securing central government development subsidies. Nevertheless, regulating on the basis of the land use plan also took place on behalf of the local authority. Shaping tools in the form of plans were not used by the public actor, as the WOM mainly designed different spatial plans during several stages of the project in order to secure private interests.

In terms of management resources, the public actor acquired and owned most of the land before development and thus adopted an active land policy. In preparing the land for development they also solved difficult underground works that needed to be replaced in close cooperation with energy suppliers. As this often needs specific knowledge project developers often lack in inner-city urban development projects, this seemed to be a favorable task for the speed of the project. Furthermore, by selling the different land parcels to the WOM they covered land preparation costs upfront. The capital and knowledge as a means to influence the development were in private hands. By combining the local housing knowledge of the local housing associations and knowledge about the Enschede market from the large developer, WOM was able to carefully direct the development in the right direction.

Effects

In terms of effects, both public and private actors are very positive. The cooperation is considered very effective, as all the objectives are met. The local authority Enschede argues that the process is very efficient; the use of the concession model has saved a lot of time and costs for the local authority. Nevertheless, the private actor mentions that a competent public project leader is crucial for the efficiency, as government tends to operate in a different modus due to the absence of financial risks in the project. Striking in De Laares case is the pragmatic way both actors handle the role division in daily practice. Although the tasks, responsibilities and financial agreements are described very explicitly in the agreement, day to day cooperation shows a large amount of sharing tasks and responsibilities when societal or financial problems arise. In Enschede, it seems to be evident to solve occurring problems in close harmony between the actors involved. Both actors further declare that they are very satisfied with the spatial quality of De Laares so far. Figure 5.3 shows an impression of the connection between the old and new buildings in De Laares.



Figure 5.3
Enschede De Laares, impression (© Erwin Heurkens)

Experiences

As a result of other priorities in the city (Roombeek redevelopment), the local authority made the deliberate choice to loosen control on De Laares. However, the term ‘concession model’ was unknown by both actors. The most important public motives to choose the cooperation were the lack of labor capacity and transferring risks to private actors. Another motive was the shared initiative for regeneration by both housing associations and the municipality, which made it easier to choose a concession for the public actor. Other motives like the lack of financial means and private sector land ownership are not applicable as motives in this case. The land was not owned by developers, but by the local authority and different private landowners.

When we look at the general experiences with the cooperation in De Laares the municipality Enschede in general is very positive. There has been a good cooperation, first with the housing associations and later with the WOM. One of the main reasons for this is the fact that this is considered a ‘harmony’ model by the local authority rather than a ‘we against them’ model mentioned in Den Haag Ypenburg Deelplan 20. The private actor mentions that in general the decision-making is faster. However, some difficulties also are applicable to the concession model in this case. WOM and the local authority argue that at the start of the project several conditions were not optimal for the cooperation. For instance, the first public project leader focused too much on political support of the project which resulted in the unclear management of the different municipal departments and a lack of awareness within the different department on the new type of working. Furthermore, in the design stage several plots in the master plan were undefined, in the realization phase this caused a lot of discussions between the parties and financial risks for the private actor. The private actor also stated that the land transfer from government to them was absolutely unsatisfactory. The local authority delivered

a site with land containing a lot of grit which was not yet suited for constructing buildings; the conditions of land transfer were not described sufficiently in the agreement. For the future, the municipality declares that it is necessary to transfer the land acquisition to the private actor to reduce public financial risks. Furthermore, WOM declared that the phasing of the project was also crucial for its success. They build the high segment housing first against a very reasonable price with the idea of benchmarking the new development because De Laares still had the image of a somewhat deprived area, but the sale went surprisingly fast. The discussions between both actors on design matters before reaching agreements are considered to save time and problems in later stages of the process.

A number of problems and related recommendations have been mentioned by the interviewees based on their experience of the De Laares development:

- Communication and trust between parties is considered crucial in concessions. As actors are not working in a joint organizational body, both parties could lose contact with each other, possibly leading to public actors not being 'lined-up'. This can be avoided by regular joint meetings with development progress updates;
- The 'public house should be in order'. Without a strong and competent public project leader, private actor's management becomes difficult, increasing the development risks. A project leader has to manage the joint working of municipal departments and make individual civic servants aware of their project tasks are based on concession principles;
- Flexibility in the design and open discussions between the public and private actor before agreements are made are considered to be crucial for the success of the development. Flexibility enables the private actor to react on changed market circumstances, while cooperative discussions on designs in the pre-agreement stage are crucial for a common support of the development in the long run and for building up a strong public-private relationship. Setting spatial constraints to tight possibly could do more harm to a project than flexible constraints;
- Especially in inner-city projects it is necessary to include local residents in the decision-making. It is considered crucial for the project's success to communicate plans with the local community in both the plan development and realization phase. Private parties should be aware of their social responsibilities to the existing community. Housing associations seem to be well equipped in performing that role, while local authorities should guide this process and handle public opinion.

§ 5.5 Maassluis, Het Balkon

Project context

Het Balkon is an urban fringe development Maassluis, along the Nieuwe Waterweg (New Waterway), West of the city of Rotterdam. Het Balkon has a long history; in the mid-1990s the local authority took the initiative to develop two areas in the city, Het Balkon and De Haven. The authority decided to financially connect both developments; by transferring revenues from the profitable Het Balkon development the necessary financial means for the unviable inner-city De Haven project could be generated. This resulted in an Intention Agreement in 1997 for the development of both projects between the local authority Maassluis and three private organizations; Rabo Vastgoed (later Bouwfonds Ontwikkeling), Maasstede Woning Ontwikkeling I and Woning Stichting Maassluis (later Stichting Maasdelta Groep). Research on the financial feasibility of the plans resulted in the signing of a Cooperation Agreement in 1999 and a Realization Agreement in 2001. The private actors in the meantime organized themselves in the private consortium Ontwikkelingscombinatie Balkon en Haven CV. In a Development Protocol for Het Balkon (unknown date) it became clear that De Haven no longer was part of the public-private cooperation between the parties. The development for Het Balkon thus became the basis for the Purchase Agreement (2005) based on the concession model principles between the local authority and the Ontwikkelingscombinatie Balkon Maassluis CV (OCBM), in which Maasstede Woning Ontwikkeling withdrew itself as participant. The development consists of 1006 houses, consisting of land-bounded dwellings and apartments on a total surface of twenty-two hectares. The project life cycle of Het Balkon is estimated at seventeen years as the first initiative for Het Balkon started in 1997 and is estimated to be completed in 2014.

Organization

Table 5.5 shows the tasks performed by the public or private actor for Het Balkon. The table indicates that several tasks are shared by the public and private actors. Especially in the plan development stage both public and private actors work in close cooperation. The spatial conditions for instance are determined by both parties, at the same time the local authority has the right to secure a number of important elements (housing development program, accessibility, parking ratio, global spatial vision). The design of the spatial plan and land use plan was commissioned by both actors to an external architectural firm. The responsibilities of the actors are described in the Purchase Agreement. The responsibilities of the local authority are; sale and availability land, public law procedures, judgment and control spatial plans, on time judgment of plans, scheduled control of delivery status, adoption of land, and maintain public space after delivery. The responsibilities of the private actor are; purchase land from government, design spatial plan, delivery houses and public space, maintain public space before real estate delivery, and transfer land (public space).

Public Actor	Private Actor
Rough indication functional program (+ private actor)	Detailed functional program
Spatial conditions (+ private actor)	Design spatial plan (+ public actor)
Quality conditions public space (+ private actor)	Visual quality plan (+ public actor)
Conditions visual quality plan	Communication plan (+ public actor)
Land use plan adoption	Land use plan preparation (+ public actor)
Land sale (transfer to private actor)	Land acquisition
	Land & real estate development
	Realization public space

Table 5.5
Tasks of public & private actors in Maassluis, Het Balkon

OCBM bears all the risks and cost for the development. OCBM also has risks relating to market circumstances (real estate take-up, housing purchase price, and functional program) and plan development changes (planning framework, higher quality level). However, there is a complex financial arrangement between the local authority and OCBM. In terms of revenues, OCBM is the primary organization for taking profits on the real estate development. At the same time the local authority will benefit from the amount of sold houses through a certain fixed and variable percentage of the housing price. This is something quite extraordinary as in the concession model in theory only private actors profit from real estate development. However, both parties consider this as crucial for the commitment of the local authority. Furthermore, the local authority develops the essential infrastructural elements connecting the area with the surroundings and thus makes some costs here as well.

The rules and requirements in place are described in the Intention Agreement (1997) Cooperation Agreement (1999), Realization Agreement (2001) and Purchase Agreement (2005). As there was no public tender for this project due to the long history of the project, rules and regulations are found in these contracts. In specific, both parties agreed that when unforeseen circumstances occur and this results in an 'unreasonable obligation for one of the actors', they can restart negotiations, thus providing flexibility to react on circumstances.

Management

The project management activities of the local authority are initiating and finally operating the project of Het Balkon. Already in 1990s the public actor initiated the development, in combination with the De Haven project in the inner-city of Maassluis. They also took the decision to disconnect the business cases and to solely start with the Het Balkon project as these had priority in delivering housing. As an operator of the public space the local authority's maintenance department proactively interfered during the realization stage of the project, securing maintenance favorable wishes. The private actor managed the project by designing and planning the development. This enabled them to decide when to plan the different functional deliveries. For instance, the OCBM scheduled the apartment blocks at the end of the project, as a result of the lack of demand in 2009. Furthermore, at this site they also took the effort to temporary provide a public space for children to increase community satisfaction and sale of urban villas.

The process management performed by the public actors involves negotiating, decision-making and communicating. In terms of negotiating and decision-making they carefully judged the plans produced by the OCBM in the plan development stage and in the realization stage. Furthermore, they kept informing inhabitants from Maassluis about the progress of the project. The private consortium was also able to manage the process on all activities. The major difference between the local authority and OCBM was the communication with the local residents of Het Balkon itself, instead of the whole municipal community. This was done in the form of public participation with informing leaflets during the realization stage, in which OCBM also asked residents for specific wishes for the public space for instance.

In terms of management tools, the local authority most profoundly used their regulating tools. The land use plan procedures and building permits were used quite forcefully to regulate the development. In shaping the development, the public actor performed designs for a railway tunnel to indicate the importance of access to the site. However, they did not stimulate the project whatsoever in terms of financial subsidies.

The management resources for this development were with the private consortium. After the land acquisition, securing of investment capital, and market analysis, they were able to optimize the land and real estate development revenues. Although the local authority did not invest capital into the development itself, despite the provision of the infrastructure, they negotiated to receive a revenue margin from real estate sales. This seems a quite odd situation, as they do not take on any development risks and responsibilities. With these revenues they secured part of the infrastructure provision.

Effects



Figure 5.4
Maassluis Het Balkon, impression (© Erwin Heurkens)

The effects of the use of the concession model on the cooperation, process and product are as follows. The effectiveness of the model to achieve objectives is judged as good; both actors state that the development will achieve all its objectives. The development process is considered to be inefficient, as both actors mention that the intended financial result will probably not be reached due to several reasons. The public actor for instance states that a traditional government-led model is more efficient, while the private actor mentions that the time spend on their own preparations and public plan judgments is higher than expected. The managerial roles were very much intertwined; the local authority states that it is difficult to separate public from private roles, while the representative of OCBM clearly states that the risks and responsibilities are appointed to the private actor but the management is (partly) carried out by the public actor. Nevertheless, the spatial quality of the project is expected to meet the intended guidelines, although the project is still underway and the difficult market conditions might result in lower profit margins and eventually a decrease in quality. Figure 5.4 gives an impression of the different types of housing, public space, and access tunnel to Het Balkon.

Experiences

Both public and private actors did not make a deliberate choice to use the concession model for the project. Actually the long history of the project shows several changes to the preference for a certain public-private cooperation model. In the 1990s the local authority preferred the traditional model, in the beginning of 2000 both parties preferred the joint venture model. In the end, the decision to transfer the risks for the development to OCBM resulted in the choice for the concession model with several agreements that have the character of a joint venture model, for instance the partly shared revenues for the local authority on real estate sales. The motives to choose the concession model were lack of public labor capacity and risk transfer to the private actor. Other motives like the lack of public financial capacity, private initiatives or private landownership are not applicable here.

The general experiences with the cooperation in this development are quite contrasting. The public actor states that the cooperation is good, while the private actor is not satisfied at all. This has to do with the manageability of the project. The OCBM bares the risks for the development but experiences a lot of interference of the local authority during the realization stage. As OCBM wants to manage the financial risks of the project they also would like to be 'in control of decision-making'. Although both parties agreed that the management and development is in hands of the private actor, the public actor (especially the Maintenance Department) seems to have quite some difficulties to stick to their task of judging plans, instead resulting in the day to day control of construction work on site. The public control, instead of judgment of plan elements, probably or partially is caused by the fact that the local authority has a contractual financial stake in the development. Furthermore, the private actor argues that the commitment of an external consultant operating for the local authority in Het Balkon was insufficient. Efficient arrangements with the local authority on design issues were difficult to make. The public actor emphasizes the positive transparent public-private cooperation on the spatial guidelines and the general consensus this achieved before agreements were signed. However, this process took some time and therefore it also created uncertainty for the OCBM in terms of securing the project to commence. Striking enough, just

opposite the general experiences of both parties, the public actor declares that they would never use the concession model again. The private actor certainly considers this under the condition that role are described clearer. The local authority explains that public responsibility in developments always remains and therefore it is reasonable to be in control of projects. They also argue that when both parties in this case did not have a common financial objective, incentives for the local authority to cooperate would have been less.

Two problems and related recommendations have been mentioned by the interviewees based on their experience of Het Balkon development:

- The local authority took a quite direct control over the realization stage of the project, thus resulting in an unclear role division between both actors. One of the important reasons for the continuing interference of the public actor in day to day practice might have been the contractual financial stake it has in selling the amount of houses as quick as possible. Nevertheless, the private actor argues that they found it hard to deal with a repetitive interference and detailed control by the local authority. This was regarded by the private actor as resulting in an inefficient process in terms of disturbing the progress;
- There is a principle difference between judging and criticizing private plans. In the concession model public actors are expected to judge plans on pre-defined spatial criteria or guidelines. However, this case shows that there is a thin line between judging and criticizing urban plans. Different municipal departments added new objectives and elements into the plan proposals from the private actor. This causes an inefficient process and increasing costs for the developer. The recommendation could be that the private actor needs to stick with the conditions of the initial agreement; however private actors prefer to give in on the public actor's wishes to sustain their relationship. This seems to be a difficult issue to solve.

§ 5.6 Middelburg, Mortiere

Project context

Mortiere is an urban fringe development in Middelburg, a city in the Southwest of the Netherlands. The history of Mortiere started with the governmental document 'Kwaliteitsatlas 2030' by Riek Bakker who formulated high ambitions to (re)develop large parts of the city Middelburg in 1997. Mortiere was appointed as a large scale greenfield development, the land was owned by the local authority and several private landlords. Because the local authority wanted to develop several other developments within the city center they had insufficient financial means and labor capacity to develop Mortiere. Therefore, the local authority invited three private organizations, Heijmans Vastgoed Realisatie BV, Amstelland Ontwikkeling BV (later AM Wonen) and IBC Vastgoed BV (later part of Heijmans) to design a Masterplan (1998) and a Visual Quality Plan (1999) for Mortiere in close collaboration with the local authority. The market parties organized themselves into the Consortium Mortiere and signed an Intention Agreement and Cooperation Agreement with the local authority Middelburg in 2000 based on a concession model. In 2001 the Spatial Plan, and in 2002 the land use plan paved the way

for the private consortium to develop the 100 hectares site with 1500 houses (mainly higher segment), a public park, a golf course, and a business park. The project life cycle of Mortiere is estimated at 14 years, the first initiative started in 1998 and realization is estimated to be completed in 2012. However, current economic conditions probably will resolve in postponing the project's delivery date.

Organization

Table 5.6 shows the tasks performed by the public and private actors in Mortiere. The table indicates that there has been some cooperation in the early stages on the detailed functional program and quality conditions for the development. Furthermore, the local authority takes on some private tasks in the concession model; the land use plan, communication plan and land acquisition. The responsibilities of the municipality are land acquisition, sale and availability of land, public law procedures, judgment of spatial plans, adoption land after real estate delivery. The Consortium's responsibilities are the purchase land from government, design spatial plan, delivery houses, public space and infrastructure, transfer land public space, and the maintenance of public space during two years after delivery.

Public Actor	Private Actor
Rough indication functional program	Detailed functional program
Spatial conditions (+ private actor)	Design spatial plan
Quality conditions public space (+ private actor)	Visual quality plan
Conditions visual quality plan	Land & real estate development
Land use plan adoption	Realization public space
Land sale (transfer to private actor)	
Communication plan (not private actor)	
Land use plan preparation (not private actor)	
Land acquisition (not private actor)	

Table 5.6
Tasks of public & private actors in Middelburg Mortiere

As a result the public risks involved are the land acquisition and soil decontamination. The Consortium Mortiere has the land development risk and takes all the financial risks for the real estate development. Revenues for the local authority involve land sale, while the Consortium can make a profit from the real estate development.

In terms of rules and requirements, the public schedule of spatial requirements has been made by the local authority, although it has been formulated very rough. It mainly indicates the infrastructural needs surrounding the site. When unforeseen circumstances occur parties will deliberate on a proper solution. Furthermore, building volumes per development section are being determined for each stage of development by the local authority in the land use plan.

Management

In terms of project management, the public actor initiated and finally will operate the public space of the project. Nevertheless, the local authority also influenced the development by preparing the land use plan on the basis of the private actor's spatial designs. The Consortium Mortiere is able to manage the project through designing and planning the development. Especially in the realization stage of the development, it has become clear that the private actor is solely determining the slower delivery of houses as market demand has dropped dramatically, despite the efforts of the local authority's pressure to pursue with housing delivery as intended.

The process management by the local authority has been quite firm as they actively take part in negotiating, decision-making and communicating activities. In an earlier stage the local authority forced the decision to withhold the Consortium of developing an Event Park, as they believed it was not a task the developers could perform well. Furthermore, communicating with local residents became a responsibility of the municipality as the private actor was not used to do this. Thus, in a sense the private actor engaged in accepting rather few process management possibilities to influence the project, than theoretically applicable for private actors in concessions.

The public actor most profoundly used the regulation management tool to influence the project. Hardly any stimulating or shaping tools were used, although the local authority tried to ease the financial burdens for the Consortium by attempting to take over the infrastructural provision of roads and bridges. Nevertheless, this stimulation tool was accompanied by a fierce and constant sharpening of development control principles. In this regard, the Consortium was not able to manage the project.

The private actor basically managed the project with their management resources land, capital and knowledge, while lacking behind in the other management measures, as described above. This narrow view of developing the project under private leadership, and the quite active action and reaction of the local authority eventually results in a quite tense relationship between both the public and private actors.

Effects

The Mortiere development in the eyes of the alderman of Middelburg is not effective and not efficient. His strong opinion is that the local authority is better equipped to deliver the development in time and that objectives are achieved more accurately. The public actor also mentions that the role division is not that clear; they declare that the Consortium could not deliver the ZEP (Zeeuws Evenementen Podium), which eventually was done by the local authority. Furthermore, the public actor states that the Consortium is in need for additional public investment for infrastructural works in the near future. The local authority also mentions the communication to local residents which has been taken up by them rather than the Consortium, which in their opinion could have done this a lot better. An outstanding example to the unclear role division was the reaction of a local resident gardening during my observation of the area. The resident said, "Beautiful here isn't it? The only thing is that now there is only one access bridge to the neighbourhood. The local authority certainly seems to be out of money". The man did not realize it is the Consortium's responsibility to finance and realize the

infrastructure including the access bridges. So, on paper the roles are clear, in practice it is very unclear who does what. In terms of spatial quality, the local authority is quite satisfied with the temporary results, especially the differentiation in housing types and styles is appreciated, it meets the quality guidelines. The private actor declares that the concession model in Mortiere will be effective, objectives will be achieved. However, the process efficiency can be questioned. This is mainly caused by the fact that the public actor does not have a financial stake in the cooperation. Therefore, the private actor argues that the local authority does not feel a financial incentive to reduce time and costs of the project. Daily practice also shows that the local authority is not able to maintain some distance to the project. They interfere on a lot of different issues, so it is rather a 'polder concession' than a clear role division. Figure 5.5 shows an impression of some of the realized housing in Mortiere.



Figure 5.5
Middelburg Mortiere, impression (© Erwin Heurkens)

Experiences

The local authority made a deliberate choice for the application of the concession model for Mortiere, because at the time there were more urban development projects in need for public investment. Furthermore, the regional authority (Provincie Zeeland) has a mandate to view and approve government budgets of local authorities. In the case of Middelburg the financial risk was considered too high in relation to the other investments in the city, so this forced the local authority to give way for the market sector to take up the risks in this large scale development. When we look at the motives for choosing the concession model it becomes clear that the lack of labor capacity, the lack of financial capacity, and risk transfer to the private sector have been involved in Mortiere. There have not been unsolicited proposals or other initiatives of private organizations for the area, nor did they own the land in Mortiere. In fact, there were more than

twenty different private landlords in the area concerned, which resulted in the decision of the local authority to acquire the land from those landlords and sell it to the Consortium, resulting in some revenue that could be used as an investment to other inner-city projects. Another reason to choose the concession model mentioned by the local authority has been the input of market knowledge and skills.

The general experiences of the public actor in Mortiere can be summed up by a clear statement by a local alderman in Middelburg; “We never do this again. Not everything can be foreseen and public management takes a lot of energy” (Heurkens et al., 2008). The local authority prefers to follow their active land policy in the future, securing public control and revenues in urban developments, leaving market parties taking their share in real estate development. The local authority mentions the fact that the trust level in the cooperation has been going up and down over the years, however, the cooperation remains professional. The major problem causing this uneasy cooperation is the fact that market sales have dropped dramatically due to the economic crisis. Without real estate income, the Consortium is not able to invest in infrastructure upfront, and is not able to deliver houses and public space on schedule, eventually frustrating local residents and therefore the local authority. At the same time the local authority praises the Consortium for the professional delivery of a business park which is part of the first phase of the development. However, the Consortium Mortiere is not as pessimistic about the concession model as the public actor. In their experience, for instance, the urban plans have been made in a cooperative sphere. Furthermore, the integration of the land development and real estate development in the concession model gives them the opportunity to determine the speed of the development, although the market conditions at the time of the interview are viewed as rather problematic; houses are developed in smaller blocks, postponing the delivery deadline and ultimately reducing profit margins. However, the local authority frustrates the developer by pushing them to speed up the development. Nevertheless, they must understand that they do not have any means to do so when based on agreed concession contracts. Most importantly, the Consortium argues that the scale of the development and therefore the project duration could be considered as too large in the case of Mortiere. Market demand, common insights, and political direction change quite often over a ten year period. Therefore, the fixed nature of the functional program in the concession agreement in the Mortiere case does not give enough flexibility to react on changed circumstances.

A number of problems and related recommendations have been mentioned by the interviewees based on their experience of Mortiere development:

- The concession agreement was not flexible enough to react to changed circumstances. Especially the slow delivery of houses and postponement of infrastructure delivery is a result of weak market conditions. As people’s housing wishes also change, market demand in the near future might not pick up as previously expected, because agreements and land use plan were made in 2002 and are fixed to a large extent. This causes a financial burden for the Consortium and a project delay eventually also affecting the municipality with an unfinished site;
- Second, the scale of the development is considered to be too large for the concession model. The amount of houses (1500) and the project duration (about fourteen years) make the development hard to manage by one private organization. This type of development seems to benefit from a local authority that could secure the continuation of the development. The recommendation is to phase a large scale development into different

areas, with *different 'concessionaires' for each sub-area*. This might reduce the enormous risks involved for the private sector and it provides local authorities with a possibility to manage development speeds and changing development objectives over a longer period, initially also securing plan outreaching infrastructural works;

- A clear communication with local residents seems to be crucial for political and project support. The fact that local residents have come to the local authority to complain on the delayed delivery of infrastructure and public space indicates the private Consortium is not aware of the indirect consequences of its lack of communication. The local authority's duty is to listen to citizens and take appropriate action if needed. Political support for a development will decrease if market parties are not informing local residents about the project progress, the arguments and reasons behind new choices, and taking resident's wishes seriously. Then, the local authority starts to interfere in the development process, often resulting in cooperative tensions and sometimes further process stagnation;
- Public management of the project turns out to be very limited. The local authority mentions that it has not enough possibilities to manage the development. This however is a consequence of choosing concessions. The recommendation is that local authorities should be very aware of the consequences when choosing the concession model. Their management in theory then is limited to the pre-development stage; in the realization stage only periodical control is possible.

§ 5.7 Naaldwijk, Woerdblok

Project context

Woerdblok is an urban fringe (transformation) project on a former glass agriculture site on the edge of the urban area of Naaldwijk, a city in the West of the Netherlands. The local authority in the 1990s searched for an expansion location for housing development, the Northwest side of Naaldwijk, an area characterized by several agriculture firms seemed to be best suited for a number of different reasons. The local authority first developed a Concept Masterplan for Woerdblok in 1999. As a result of the allocated housing location three local construction companies Grondvest Woerdblok BV, Hoekhuis BV, and Bouhuisen Projectontwikkeling BV started to acquire land in the area. The financial funding was provided by Rabobank Vastgoed BV. The three construction companies entered into a private consortium called CV Woerdblok Naaldwijk, Rabobank was not part of this consortium. The consortium and Rabobank on their turn together produced a Masterplan for Woerdblok in 2001. A Cooperation Agreement (2002) and a Development Agreement (2003) were signed between the Consortium, Rabobank and the local authority Naaldwijk, effectively starting the public-private cooperation with the concession model. In 2004, some organizational changes occurred; the local authority Naaldwijk merged into a new local authority called Westland together with some other local authorities in the region and in 2007 Rabobank merged into Bouwfonds Ontwikkeling BV. The development consists of 913 houses (20% affordable) on a total surface of thirty hectares. The project life cycle is estimated on sixteen years, starting in 1999 and estimated to be completed in 2015.

Organization

Public Actor	Private Actor
Rough indication functional program	Detailed functional program
Spatial conditions	Design spatial plan
Quality conditions public space (+ private actor)	Visual quality plan (+ public actor)
Conditions visual quality plan (+ private actor)	Land use plan preparation
Land use plan adoption	Land acquisition
Land sale (transfer to private actor)	Land & real estate development
Communication plan (not private actor)	Realization public space

Table 5.7
Tasks of public & private actors in Naaldwijk Woerblok

Table 5.7 shows the tasks performed by the public and private actors in Woerdblok. The table shows that public space and visual quality conditions have been determined in close cooperation between the local authority and the consortium. Furthermore, the Masterplan was made in close cooperation, but it was commissioned by the consortium. The consortium performs all tasks described by Heurkens et al. (2008), except for the communication plan which is done by the local authority. The responsibilities of both actors are mentioned in the Cooperation Agreement and Development Agreement. The public actor has the following responsibilities; public law procedures, judgment and control of spatial plans and progress, and the adoption of public space after delivery. The responsibilities of the private actors are; design of a spatial plan, design of a land use plan, delivery of housing and infrastructure, the remaining land acquisition, and land transfer of public space.

####The local authority in Woerdblok does not have any risks, because they do not have to acquire land from private landowners, this is done by the different private actors. Therefore, the Consortium bears all risks for the plan development, land acquisition and land development, real estate development, and the financial risks. In this particular case the land acquisition has been a quite costly one as private land owners and their agriculture firms had to be bought out by the Consortium. In terms of revenues the local authority does not have the land purchase and sale advantages but obtains a free transfer of public space transfer after delivery. The private actors obtain revenues from the real estate development. In terms of rules and requirements, a public schedule of requirements has not been made in Woerdblok. The local authority, at the time of signing the concession agreement, solely gave an indication for a minimum amount of housing. Unforeseen circumstances are part of the agreement and involve a deliberation when they economic or technical circumstances occur that could possibly lead to necessary adjustments of plans. Changed political circumstances were not identified as unforeseen circumstances. At the time the local authority merged into a larger administrative municipality which is characterized by a more pro-active role and financial capabilities the local authority could not claim to add new public development objectives under the changed political and administrative environment.

Management

The public actor's project management involves initiating, designing and operating activities. As the local authority first came up with a master plan for the area, they were able to set programmatic parameters for the development. However, they did not use a public tender in which a public schedule of spatial requirements was used. After the delivery, the municipality will maintain the public space and therefore has a stake in the development. Nevertheless, they do not have the management possibilities to influence decisions made by the consortium as they are not responsible for the delivery of underground and public works. The private actor's project management involves designing and planning, effectively being able to influence the project to their liking.

The process management by local authority focused negotiating, decision-making and communicating activities. Negotiating, for instance involved the incorporation of new municipal parking ratios. Changed ratios had to be taken into account by the private Consortium in designing plans for the project's sub stages. Effectively, this was caused by subdivision of the total area into smaller sub areas, for which land use plans needed to be approved during the project. This gave the local authority the opportunity to negotiate new parking ratios into the project. The private actor decided to leave the formal responsibility for resident communication to the local authority.

The local authority used the management tool of the master plan to shape the conditions for the development through which developers became interested in developing the site. Initially, the local authority took quite some distance in regulating the market actor by implying conditions for development, although this attitude changed at the time of the merge of the municipalities was a fact. Stimulating development and capacity building as a management tool was not used by either the public actor.

By acquiring land and capital for the development the private Consortium obtained the basic management resources for the development, thereby being able to manage the project. Furthermore, they obtained knowledge of the local housing market which showed that there was enough demand for different housing segments as Naaldwijk turned out to be a potential growth municipality for residents living in nearby cities. The local authority did not have any of the management resources and therefore was not able to influence the development as such.

Effects

In terms of effectiveness, the local authority and the private are sharing the thought that the development will meet all the intended objectives, once finished. The efficiency of the process by both actors in general is not considered to be greater than with other cooperation models. The amount of time spend in public-private meetings, the different private interests and some resistance of the municipal departments are considered not to contribute to an efficient process. In terms of role division both actors declare that it is very clear which actor does what. The spatial quality of the development paints a different picture. The local authority states that they are quite satisfied with the result. However, in the site preparation carried out by the consortium, the underground dam-walls put in place have a shorter life span than other dam-walls available. Because the private actor can save some money here (the conditions for a certain choice for dam-walls were not agreed upon), and the fact they will not own the

public space once delivered, in the future this potentially could result in a costly maintenance business for the public actor. The public actor explains that if they had prepared the land they would have chosen for a long-term option instead of the low-cost option. Remarkably, the private actor describes that they would have liked to obtain a higher spatial quality. The main reasons for adjustments to spatial quality are the high land acquisition costs which causes the need for a higher density, and the numerous temporary adjustments made to the plan and architecture based on new municipal car parking ratios for instance. Figure 5.6 shows a street impression of the housing in Woerdblok.



Figure 5.6
Naaldwijk Woerdblok, impression (© Erwin Heurkens)

Experiences

The local authority made a deliberate choice for the concession model; they were confronted with a private landownership situation. Furthermore, all other motives like the lack of labor capacity, the lack of financial capacity, the transfer of risks to the private sector, and the initiative by private parties apply to Woerdblok. In the interview it was mentioned that the local authority Naaldwijk at that time was a rather small local authority with a limited apparatus, while the current local authority Westland is equipped better to take a more proactive role in urban development projects.

The general experiences of both actors with concession model as a public-private cooperation can be summed up by a good relationship with laborious moments now and then. The local authority sometimes senses a 'we against them' relationship rather than a cooperative one; they prefer Public-Private Partnerships for the near future in Westland. The private actor

argues that the unclear agreements made between the local authority Naaldwijk and the developers, and the fact that four different private organizations are involved, causes some troubles during the process. The management of these private-private relationships takes a lot of time due to the sometimes opposing development objectives. But in general the concession model is viewed as a positive cooperation model because the private actor can manage the urban development to a larger extent, finding a financial optimum by combining the land and real estate development. However, the additional acquisition of small individual plots and the inexperience of the municipal departments to work with a concession meant putting in much financial and communicative effort to proceed with the development. The private actor further mentions that the importance of a professional public project manager should not be underestimated, as they experienced several different individuals with fewer capabilities resulting in less efficient processes. The private actor also mentions that the use of the concession model probably is better suited to less complicated urban projects, as the existence and land acquisition from the local agriculture businesses were underestimated.

Two main problems and related recommendations have been mentioned by the interviewees based on their experience of the Woerdblok project:

- The final public judgment of spatial plans could best be preceded by a private consultation meeting or platform to avoid long list of specific adjustments by the local authority. Local authorities judge plans on the basis of criteria made in advance, however, changed circumstances often result in different specific solutions made by the private actor. Despite the fact that the reasons to deviate from the agreed conditions often can be very reasonable (given the circumstances), public civic servants are not aware of them. Therefore, the private actor recommends that they should be able to explain and defend their choices in an organized private consultation meeting in which the public officers are invited prior to the judgment of spatial plans on paper. This creates a greater commitment from municipal departments to the project, possibly resulting in a faster decision-making process and smarter physical solutions and higher spatial quality in the end;
- Too many private actors as part of a consortium often create management difficulties as private objectives can vary. The private actor argues that managing different interests from private actors is tiresome and financially risky. Especially when short-term construction companies and long-term property developers cooperate based on a concession model. The private actor recommended that the competencies and knowledge of private actors in a consortium should be leading for the choice of a limited number of private actors working in a concession model.

§ 5.8 Rotterdam, Nieuw Crooswijk

Project context

Nieuw Crooswijk is an inner-city development in the East of Rotterdam. The name refers to a new development for the municipal neighborhood Oud (Old) Crooswijk, a neighborhood considered to be slightly deprived in the eyes of the Rotterdam municipality. The project started with an initiative of the housing association Stichting Woningbedrijf Rotterdam (WBR) (later Woonstad Rotterdam) for the upgrading of their outdated housing stock to alter social deprivation in Nieuw Crooswijk. Because the housing association did not have the financial means and knowledge to redevelop the whole area they invited two property developers ERA Bouw bv and Proper Stok bv to cooperate on the development. These two private parties organized themselves in the Ontwikkelingscombinatie Nieuw Crooswijk cv (ONC) in 2001. ONC, WBR and the local authority Rotterdam signed a concept Intention Agreement (2002), later followed by an Intention Agreement (2004). After that agreement the ONC submitted a Masterplan for Nieuw Crooswijk in 2005. In 2005 the ONC conducted a Financial Risk Analysis before the Masterplan was approved by the local authority. Eventually the ONC, WBR and the local authority signed a Cooperation Agreement (2005) based on concession model principles. The development will consist of 1753 new houses (25% affordable housing) on approximately thirty hectares of land. The project life cycle has been influenced severely by market conditions; it is estimated to take fourteen years finishing in 2016.

Organization

The tasks performed by the public and private actors in Nieuw Crooswijk are shown in Table 5.8. Because of the early initiatives of the private parties the local authority has not provided a global functional program, spatial conditions, conditions visual quality plan. However, the ONC and WBR intensively cooperated on design matters with the local authority. Only for the public space, transferred to the local authority after the delivery, did the local authority made quality conditions, mainly for maintenance reasons. The ONC carried out all the tasks except for preparing the land use plan, which was done by the public actor. As the development also involves a lot of demolition works of the existing housing stock the land acquisition of private landlords has been an important task of the ONC as well. The land made available by the local authority only involves the public space. The responsibilities for the different actors are mentioned in the Cooperation Agreement. The local authority Rotterdam has the following responsibilities; an effort obligation for public law procedures, on time judgment of plans, control delivery status, adoption of public space after delivery, secure external governmental funding, and prepare the land use plan. The ONC had the responsibility to; design the spatial plan, demolish the housing, prepare the land surface, deliver houses, infrastructure and public space, and the transfer public space.

The local authority does not take on any substantial financial risks; all the risks are transferred to the ONC and WBR. These risks involve land acquisition, demolition, land preparation, land development, real estate development and investment. Furthermore, the outplacement of

existing residents could be considered a risk as they could not cooperate. However, the WBR made some good arrangements with the local residents for housing substitution, guiding the process of relocating households. The revenues as a result of the risk division are also for the ONC and WBR.

In terms of rules and requirements, there has not been a public schedule of requirements for Nieuw Crooswijk. Nevertheless, for the public space several quite strict regulations have been put into place by the local authority. For some years now the Rotterdam municipality uses the document *Rotterdamse Stijl* to prescribe three standardized levels of public space materials with the aim of creating recognizable uniform public space differences and to minimize maintenance costs throughout the city. These standardized forms of public space, however, were still under negotiation with ONC in summer 2009. Unforeseen circumstances are part of the agreement and involve a close deliberation between the parties, possibly leading to adjustments.

Public Actor	Private Actor
Quality conditions public space	Detailed functional program
Land use plan adoption	Design spatial plan
Land sale (transfer to private actor)	Visual quality plan
Land use plan preparation (not private actor)	Communication plan
	Land acquisition
	Land & real estate development
	Realization public space

Table 5.8
Tasks of public & private actors in Rotterdam Nieuw Crooswijk

Management

The project management undertaken by the public actor in Nieuw Crooswijk on paper consists of operating the public space after delivery. As the initiative for the development of the area came from the housing associations, management by the public is limited to the guidelines of the public space. The private actors performed initiating, designing, and planning activities, hereby influencing the project's progress.

The process management for public and private actors consists of negotiating, decision-making and communicating. During the project, the local authority became more closely involved in the process by financing upfront investment to kick-start development. As a result of the economic crisis, in June 2009 the Rotterdam local authority and ONC negotiated a €23 million deal to kick-start the development which was in an impasse. The local authority secured €11.5 million from 'ISV-gelden' (a National Subsidy for Urban Revitalization) backed by the ONC who devoted another €11.5 million to the project (see Koenen, 2009). However, it remains unclear what arrangements for incorporating public wishes have been made in that negotiation process. Decision-making on the lay-out of the spatial plan and the housing program mainly was a matter of the ONC, although the local authority prepared the land use plan and therefore ONC had to comply with the wishes of the public actor. Communication mainly was a private management activity, especially to the local residents and households. Here, the housing association WBR did much of the earlier communication in relation to relocate households,

while the ONC held information meetings on the project. Despite these caretaking actions, the neighborhood rose against the radical demolition plans of the ONC and WBR and appealed against the changes in the land use plan prepared by the Rotterdam local authority. This created tensions the local authority solved by putting some compromises in place.

In terms of management tools the public actor regulated and stimulated the development. The main regulatory tools used were the land use plan and the request for the public space on the basis of the standardized Rotterdamse Stijl policy. But, more importantly, the local authority stimulated the development by securing the ISV-subsidy from central government thereby effectively kick-starting the development. The private actor was mainly shaped the development by producing different plans like the Master Plan, Visual Quality Plan and a Scale model of Nieuw Crooswijk. But, most notably, the OCN and WBR tried to build capacity for the development by informing local residents in the early stages of the project.

The management resources for development in essence are with the private organizations OCN and WBR. OCN became owner of the land and WBR owned most of the housing blocks, thereby effectively being able to influence the development at their stake. Capital was brought together by both private parties, but was also backed by the Rotterdam local authority in the feasibility stage to kick-start development, although this capital became part of the OCN development budget. In terms of knowledge, the housing association WBR played an important role in determining the social housing market needs, while the ONC focused on the commercial housing market of Rotterdam East. The local authority encouraged the development of commercial houses as the Rotterdam spatial policy emphasis is to deliver more were of high segment houses in inner-city as these are in 'undersupply'.

Effects



Figure 5.7
Rotterdam Nieuw Crooswijk, impression (© Erwin Heurkens)

The private actor states that the use of the concession model in Nieuw Crooswijk will reach all the intended effects. Nevertheless, at the time of case study research real estate development was not yet underway, so only the pre-development stages can be actually be judged. The process is considered efficient as ONC foresees that the process eventually will pick up speed in the realization phase. Furthermore, both actors declare that essentially the roles of both actors are clear. And the private actor is convinced that some characteristics of the concession model, being the integration of the land and real estate development and the possibility to optimize financial and qualitative objectives, will generate a higher quality level than other public-private cooperation models can facilitate. The interview with the local authority took place in an early stage of the research without asking questions regarding the efficiency, effectiveness and spatial quality, so no data is available on those effects. Figure 5.7 shows an impression of the new housing development in Nieuw Crooswijk.

Experiences

The local authority did not make a deliberate choice for the concession model in Nieuw Crooswijk, because it was faced with a private initiative it almost could not reject. ONC indicates that the term concession model as the cooperation model for this project was not recognized as such; public and private parties just made agreements fitted to the situation at hand. However, the cooperation contains all features of the concession model. The motives to choose this type of cooperation for the local authority were; the risk transfer to private parties, the initiative of the private actor, and a private landownership situation. Furthermore, the public actor wanted to give room for private initiatives. ONC adds that the private motive to choose for this cooperation approach was the fact that land and real estate development were in private hands, creating options for program flexibility and financial optimization.

The general experience in Nieuw Crooswijk with this private sector-led approach differentiates. The local authority declares it would never use this type of cooperation again, it prefers more management possibilities on developments. The ONC, despite the market sale difficulties, holds the opinion that this model definitely creates a synergy for achieving public and private objectives. However, the main problem in this development is the task normally carried out by public actors, the design of public space materialization and underground infrastructure works. The local authority mentions that the private parties are not well equipped for carrying out underground works; it takes a lot of cooperation with public utility organizations who work with specific standards. Furthermore, ONC mentions that the involvement from the local authority on the public space materialization sometimes became a frustrating process. As part of local authority's public space standardization, ONC's high qualitative proposals for the materialization and decoration of public space were constantly debated. Higher quality environments for ONC means higher market values for their new houses triggering them to invest in public space, while the maintenance work activities of the municipal maintenance departments are aimed at standardization and characterized by inflexibility. Furthermore, ONC claims that the municipal departments are not working in cooperation on the judgment of plans with contra dictionary comments to their submitted plans which results in laborious public-private communication, leading to a less efficient process than they expected. Also, there has been some opposition to the presented plans; in the first place in residents opposed

to the outplacement and in the second place there have been quite some appeals to the land use plan during the public consultation stage. Finally, the local authority declares that the housing associations WBR share the same public interests as them and therefore are believed to be a good cooperative partner wit, giving the local authority the confidence that WBR will perform an essential role in the development.

A number of problems and related recommendations have been mentioned by the interviewees based on their experience in the Nieuw Crooswijk project:

- The fact that the Rotterdam municipality works with public space standardization procedure does not favor the qualitative prospects of concessions. Because the public actor has to maintain the public space after project delivery, they tend to tighten the constraints for the design of the public space. The private actor argues that the full possibilities of the concession model for creating a high qualitative environment are not met. The fact that private actors need to cooperate with the local authority as they depend on the approval of the land use plan means that they eventually are forced to give in on quality and ambition. It is recommended by the ONC that public space quality standardization should not be applied when the concession model is used in order to create a higher valued environment.
- Housing associations seem to be well equipped to manage problematic issues with local residents. The fact that the Crooswijk area in the opinion of the existing local residents was a well-functioning neighborhood created a lot of opposition against the new plans. Housing associations can effectively guide the household replacement process and provide residents with housing alternatives mainly because of their social interests. It is recommended by the local authority and ONC that in inner-city developments, in which housing demolition takes place, concessionaires should decide to incorporate local housing associations in order to resolve possible social objections occurring during the project.
- Private inexperience with underground infrastructural works can result in delays. The difficulties with the progress of underground works in Nieuw Crooswijk show the importance of well experienced and skilled actors with experience in working in close relationship with utility organizations. As the De Laares case showed us, local authorities are well experienced to perform this task within time and budget. The recommendation made by the local authority is that when underground infrastructural works are part of the private tasks, the private actor should commission an experienced utility company or even the municipal utility department to carry out the work as it seems to increase the development speed.

§ 5.9 Tilburg, Wagnerplein

Project context

The city of Tilburg lies in the South of the Netherlands. Remarkable enough, within Tilburg three concession model projects were carried out at the same time: Koolhoven (urban fringe), Stappegoor (transformation) and Wagnerplein (inner-city redevelopment). We have chosen Wagnerplein as it is an inner-city project surrounded by some interesting political debates at the time of inquiry. Wagnerplein is located in an existing local neighborhood in Tilburg North. The project consists of 612 new dwellings (mainly apartments), the redevelopment of a shopping center, a parking garage, a park and square, 9.000 m² new retail space and 60.000 m² non-commercial space. Bouwfonds advised the local authority on the redevelopment of the shopping center. In order to give the area enough future perspective it was decided to carry out a larger mixed-use regeneration project. The local authority designed a Development Plan for Tilburg North in 1998, followed in 2000 by a Development Vision, and a Masterplan Wagnerplein in 2003. A Concept Design Spatial Plan (2005) formed the basis for a Concession Agreement (2006). During the 2007-2008 plan development stage, the local authority performed a feasibility study on a large shopping mall close to Wagnerplein which has influenced the start of Wagnerplein. In 2009, the shopping mall was disapproved through public referendum, paving the way for the Wagnerplein redevelopment. The project was estimated to take eleven years, and finished in 2013, but the several factors have caused substantial project delays.

Organization

Table 5.9 shows that two tasks in Wagnerplein have been conducted in close cooperation; the final spatial plan and the communication plan. The responsibilities of the public actor involve; public law procedures, and judgment and control of spatial plans. The responsibilities for the private actor in Wagnerplein include; financial compensation of public overhead costs, design spatial plan, and program delivery.

Public Actor	Private Actor
Rough indication functional program	Detailed functional program
Spatial conditions	Design spatial plan (+ public actor)
Quality conditions public space	Visual quality plan (incl. public space)
Conditions visual quality plan	Communication plan (+ public actor)
Land use plan adoption	Land use plan preparation
Land sale (transfer to private actor)	Land acquisition
	Land & real estate development
	Realization public space

Table 5.9
Tasks of public & private actors in Tilburg Wagnerplein

In Wagnerplein, all risks are with the private actor. Nevertheless, this project shows a high dependency on political decisions. Therefore, eventually this project became a political risk for the local authority. The revenues related to the risks also lie with the private actors. The local authority further mentions that they did not own much land in the developments and therefore could not obtain revenue. Furthermore, the local authority in all the cases has been compensated for their public overhead costs.

In terms of rules and requirements, unforeseen circumstances are part of all concession agreement and involve opening up negotiations when these circumstances occur which possibly leads to adjustments. Notice that in Wagnerplein unforeseen circumstances occurred. These included the possible allocation of a mega-mall nearby Wagnerplein, which for some time affected the decisions on the amount of retail, and therefore the feasibility of the business case. Eventually the City Council refused planning permission for the mega-mall, creating some relief for the Wagnerplein actors.

Management

Project management activities from the Tilburg local authority and Bouwfonds are quite mixed. In Wagnerplein, the public actor performed initiating, designing and operating activities, as this project had been on the agenda for development for a long time, indicated by the several development studies and plans that were made prior to the eventual public-private concession cooperation choice. Thereby, despite the fact that the developers performed the activities of designing and planning the development, they were not fully able to manage the project on their own.

The case shows a close cooperation between Bouwfonds and the Tilburg municipality in negotiating, decision-making and communicating process management activities. In Wagnerplein, the project developer was not able to manage the process as decisions were dependent on the local authority's final decision of the megamall location, which eventually was refused by the City Council in 2010. From that moment on, the developer was able to make their own decisions in the development process.

In terms of management tools, the local authority mainly applied shaping and regulating activities. In Wagnerplein, they shaped the development by presenting different studies and designs, prioritizing the project prior to the involvement of Bouwfonds as private developer. Stimulating and capacity building tools were not used by the municipality.

When we look at the management resources, we notice that Bouwfonds in principle used land, capital and knowledge at their disposal to manage the project. The local authority did contribute capital to the developments, and did make knowledge on the areas available to the private actor in the form of market studies. Bouwfonds had to acquire land from private landowners in Wagnerplein, which after hard negotiations eventually was established, but at the expense of not being able to start with development as intended. Here, the absence of land as a management resource thus resulted in a decreased manageability for Bouwfonds.

Effects

The effects of the concession model in the opinion of the public and private actors differ. In Wagnerplein the process is considered not very efficient. The local authority claims that the in all Tilburg cases fixed functional programs were determined in the concession agreement, which can be considered as inflexible to react on changed market circumstances. An example of this was the discussion about the Megamall, which created uncertainty about the market demand for retail in Wagnerplein, thus Bouwfonds waited for the outcome of the discussion before commencing with the real estate development. The private actor adds that the consultation with local businesses and residents and land acquisition from local land owners have been very time-consuming. In terms of effectiveness and spatial quality, the local authority declares that at the point of the interview nothing has been realized and it is hard to estimate whether or not objectives will be achieved in the near future. Finally, a clear role division exists on paper but in practice this becomes blurry due to the complex nature of the inner-city development for which the public actor became needed. Figure 5.8 shows an aerial view of Wagnerplein indicating a mass study for the project in 2009.



Figure 5.8
Tilburg Wagnerplein, aerial view (© Bouwfonds)

Experiences

The Tilburg local authority made a deliberate choice to realize the case on the basis of the concession model. In terms of motives, the interviewees state that public labor capacity and risk transfer to the private actor were the two most important motives to choose the concession model. The other motives vary from case to case.

When we look at the general experiences of the local authority it must be notified that the Alderman for City Planning of Tilburg has a strong opinion about the role of municipalities in public-private cooperation. He states that the role performed by a public actor in for instance the joint venture model is not the role local authorities should play in urban development projects (see Heurkens et al., 2008). He prefers a low public risk profile and therefore is also willing to experiment with the concession model in Tilburg. This fundamental conviction from a local public official might be the main reason for the existence of three private sector-led urban development projects in Tilburg; the political support paved the road for market interests in the city.

However, an interview with the local authority's urban development director resulted in another opinion due to her daily involvement with the different Tilburg cases. Her general experience is that the concession model is well suited for relatively simple projects (like Tilburg Koolhoven for instance), but that it is not suited for complex regeneration or transformation developments such as Wagnerplein. Here, the high number of stakeholders and their wishes and interests influence the political arena, make it difficult for private actors to manage such a process. The public actor further experiences that the general relationship between the local authority and developers is good, although the Wagnerplein case has not commenced fully due to changed market conditions. As the public actor is not able to manage the development process, frustrations crop up because the development is crucial for Tilburg North and a lot of time and money has already been spend on the development.

Furthermore, in another concession project in Tilburg (Stappegoor), problems arose when a new plan and agreement had to be made due to a shift in political objectives and market circumstances. This was considered to be very painful for both actors in financial terms, especially for the private actor who invested a huge amount of money in the development of a sport accommodation before the development of the lucrative housing area had begun. The private actor also experienced a lot of difficulties in the communication with and coming to agreement with local businesses and sport unions. This part of the private responsibilities has been underestimated which often result in public actor interference to solve matters. Both actors share the thought that they will not use concessions again in cases like Wagnerplein or Stappegoor which prove to be too complex to handle by private actors.

Two main problems and related recommendations have been mentioned by the interviewees based on their experience in Tilburg Wagnerplein:

- The project taught them that when a development is influenced by political issues, due to public cooperative resistance for instance, it is no longer possible for the private actor to efficiently and effectively manage the process. The Dutch 'dual political system', which enables the council to commission Aldermen to change direction when necessary, according to the private actor increases development risks as it effectively means that public-private agreements on paper can be changed at the slightest political preference change. Both parties recommend that when a project is expected to be complex in a

social, cultural and political way it is better not to choose for a private sector-led urban development approach. Complex urban developments often ask for a closer public-private cooperation than the concession model can facilitate;

- The need for flexible arrangements for private actors to optimize spatial plans functionally and financially does not comply with the inflexible character of performance targets and financial agreements made within a concession agreement. The recommendation by Bouwfonds was to take into account different market scenarios as a basis for developing different performance indicators for functional programs accompanied by financial consequences. Scenarios with different bandwidths in program and budgets possibly lead to more flexibility to react on changing markets and at the same time meet performance criteria.

§ 5.10 Utrecht, De Woerd

Project context

De Woerd is an urban fringe greenfield development part of the larger Leidsche Rijn Vinex-development in Utrecht West, a city in the center of the Netherlands. De Woerd is a project of 500 dwellings (450 high segment and 50 middle segment) on a location of seventeen hectares. The first initiative for De Woerd was made by Bouwfonds Ontwikkeling BV, who was the landowner of the site. Bouwfonds signed a Cooperation Agreement with the local authority Vleuten-De Meern in the early 2000s on the basis of a spatial design made by Bouwfonds. Later, the local authority Vleuten-De Meern became part of the local authority Utrecht and new conditions for the De Woerd development had to be applied. In 2002, Bouwfonds, in close cooperation with the public actor, made a Public Schedule of Spatial Requirements which was approved by the local authority in 2003. This document forms the basis for the Development Agreement and Financial Agreement which were signed by the private actors Bouwfonds, Vastgoedontwikkeling Leidsche Rijn vof, Interkoop Properties BV, and the local authority in 2003. The project has been completed in 2009, having had a life cycle of eight years, taking the first initiative into account.

Organization

The tasks performed by the public and private actors in De Woerd are shown in Table 5.10. The table indicates that, because of several existing plan studies made by the private actor, the public actor did not have the opportunity to determine various conditions in advance. These conditions are made on behalf of Bouwfonds in close cooperation with the local authority, incorporating their specific wishes for infrastructure for instance. Because the land was owned by the developer the public actor did not perform the tasks of land availability. The private actor in essence performed all tasks on their own, except the determination of the visual quality plan, which was performed in close cooperation. The public actor has the following responsibilities; judgment spatial plan, effort obligation land use plan procedures, effort obligation building permits, effort to obtain public funding (if needed), and a 'maintenance test'. The private actor

has the following responsibilities; design spatial plan, design land use plan, land clearance and development, delivery real estate, infrastructure and public space, a maintenance period of 6 months after project delivery, and a time limit of 6 months for the realization of public space once a part of the development is delivered.

The public actor does not have any risks. All the risks including plan development, real estate development, and land development are with the private actor. This also applies to revenues. The public actor obtained some financial compensation for the public project overhead costs. In terms of rules and requirements, unforeseen circumstances are part of the agreement, and like in other cases, are dealt with by deliberation between the parties. Few other rules exist except for the spatial quality guidelines for the public space.

Public Actor	Private Actor
Spatial conditions (+ private actor)	Detailed functional program
Quality conditions public space (+ private actor)	Design spatial plan
Conditions visual quality plan (+ private actor)	Visual quality plan (+ public actor)
Land use plan adoption	Communication plan
	Land use plan preparation
	Land acquisition
	Land & real estate development
	Realization public space

Table 5.10
Tasks of public & private actors in Utrecht De Woerd

Management

In De Woerd the private actor almost entirely managed the project on their own as they performed initiating, designing, and planning activities. The local authority was able to manage part of the project as they took a stake in operating the public space. This case can be seen as a pure private sector-led urban development project as Bouwfonds took the lead in the project by initiating the development and did not let go of the other project management tasks until the completion of the project.

In comparison to other cases presented in this chapter substantial less common negotiating, decision-making and communicating process management activities took place during the project. This mainly has to do with the scale and simplicity of the project, the role consistency and professional attitude of the actors, the upfront private landownership, and the management priority of the local authority for other developments in the city. Nevertheless, negotiations took place on the design of the public space as this eventually became public ownership.

In terms of management tools the local authority only shaped and regulated the development by formulating some conditions for the quality of the public space. Stimulating development was not needed as Bouwfonds had a viable business case from the start due to the relative low land price they paid for the land several years for development started. Capacity building also was not needed as this development did not need any other actors in order to proceed.

All management resources were in the hands of the private actor and were used effectively to develop the area. Land and capital were available at an early stage of the project, secured by the

Rabobank as this bank provided capital to Bouwfonds. Furthermore, market research had shown that there was market demand for high segment urban villas in de Vinex-development Leidsche Rijn which mainly consists of middle segment housing, resulting indeed in rapid housing sales.

Effects



Figure 5.9
Utrecht De Woerd, impression (© Bouwfonds)

De Woerd, can be considered as very successful in terms of effects. Both actors are unanimous about the achieved results. The use of the concession model has been very effective, all objectives are achieved. One of the major reasons for this, mentioned by the project director of the Bouwfonds, is the concession model's possibility to optimize finance, planning and quality by combining the land and real estate development. The process can be considered as very efficient; the product was delivered on time and within budget. The developer states that in specific the realization phase has been very efficient. Furthermore, the local authority mentioned that De Woerd project has resulted in very low public overhead costs. The public and private role division from day one were clear; everybody was aware of their tasks and responsibilities. However, the local authority mentions that local residents still communicated with them when they had complaints. The spatial quality is regarded as excellent by both parties; it is even considered to be better than expected and, in comparison to other developments in Leidsche Rijn, as one of the best. The variations of traditional Dutch facade designs, finishing material, and public spaces all are considered of high user, experience and future value. Figure 5.9 shows an impression of De Woerd.

Experiences

The local authority and the project developer made a deliberate choice for the concession model in De Woerd. The fact that the land was owned by Bouwfonds and the fact that they already produced several plan documents made the choice very obvious. The following motives further apply; lack of labor capacity public actor, risk transfer to the private sector, the private initiative for development, and the private land ownership situation. Because of the large scale greenfield development of Leidsche Rijn the local authority was working at its maximum labor capacity.

Both actors declare that the experiences with the concession model have been very positive; there was a strong willingness to cooperate, mutual trust, and a professional attitude of both public and private organizations. The plan development stage was used to intensively cooperate on the optimization of the design and spatial quality guidelines. As the local authority for a large extent could play a more facilitating role and the fact that the private actor performed according to the agreements the development was delivered on time and within budget. Other contributions to the success have been the favorable economic situation which secured the market sales. Furthermore, the skilled public project leader can be seen as a condition for success, as he managed the different municipal departments and provided substantiated arguments for design improvements. Both actors declare that they would definitely consider choosing the concession model for a similar kind of urban fringe development on a greenfield site.

Two main problems and related recommendations have been mentioned by the interviewees based on their experience in De Woerd:

- Rather a statement than a problem, is that a successful project depends on human qualities, trust, equivalence and interaction. The 'soft sociological issues' often are overlooked as a condition for successful public-private cooperation. Human qualities are needed in particular to understand each other's objectives and interests. The openness in communication expressed by both actors in De Woerd created trust and led to parties which viewed themselves as equal partners. Other cases show that actors experience a 'we against them' relationship the recommendation from De Woerd is for both actors to make clear process and communication agreements that can create a shared commitment and high trust among the public and private partners;
- Financial liquidity of the private actor is a condition for market sales. The current economic crisis has an impact on the investment possibilities for project developers. De Woerd had the 'luck' of a favorable market circumstances and has not been affected by the crisis. However, a strong liquidity position of Bouwfonds resulted in possibilities to invest upfront in infrastructure and public space. The fact that these plan elements were in place before the dwellings were completed resulted in fast market sales as the buyers were able to see how their environment looked like. The recommendation from a private sector point of view is to attempt to secure investment for public space upfront in order to increase market sales. However, it remains to be seen if this recommendation is taken as a priority in the current time of difficult project funding by banks. The concession model at least gives the opportunity to maximize private profits through upfront investment, without decreasing the project's spatial quality. On the contrary, this case shows that finance and quality can get along.

§ 5.11 Velsen, Oud-IJmuiden

Project context

Oud-IJmuiden is an inner-city project located in the old city center of IJmuiden which is part of the municipality Velsen, a city located at the North Sea Canal connecting the North Sea with Amsterdam. The IJmuiden city center for several decades has not seen any strategic investment. As a result the area is still characterized by its former industrial history. In the 2003 an Initiative Group of local landowners and a housing association formulated the wish for a regeneration of their area, supported by a major objective of the local authority Velsen to add 2000 new homes to the city before 2015 and to combine housing with small businesses. At that time Bouwfonds Ontwikkeling BV became involved, a project developer able to add the necessary financial means to ideas of the initiative group, who made a Feasibility Study for the development. In 2004, the public actor developed a Public Schedule of Spatial Requirements for Oud-IJmuiden which contained conditions for a global functional program and spatial objectives. On the basis of the Feasibility Study and a Concept Spatial Plan and Intention Agreement between the local authority Velsen and Bouwfonds was signed in 2004. Bouwfonds started to acquire land from the individual landowners before a Concession Agreement was signed. The final cooperation agreement for Oud-IJmuiden had to wait for the 'Waterland Akkoord', an agreement on the possibilities of combining housing development with the presence of the environmental restrictions of the steel factory Corus nearby the city, to be signed by regional and local authorities, and local steel business. The Velsen Council decided to go ahead with the Waterland Akkoord in 2006, which made housing development possible in Oud-IJmuiden. Then, Bouwfonds designed a Visual Quality Plan and a Spatial Plan in 2006 resulting in a Concept Cooperation Agreement between Bouwfonds and the local authority Velsen. Both parties agreed to be responsible to make the project financially viable; the local authority in specific is responsible for obtaining and securing public funds. Furthermore, plans were discussed and more detailed designs went hand in hand with feasibility studies. In 2008 a final Cooperation Agreement on the basis of the concession model was signed between the public and private actor followed by a land use plan carried out by the local authority. The area has a surface of approximately ten hectares, containing a functional addition of 500 houses and small business units. The life cycle is estimated at twelve years and the project is estimated to be finished around 2015.

Organization

Table 5.11 shows the tasks performed by the public or private actors in Oud-IJmuiden. What can be concluded is that the local authority and private actor have cooperated quite often on design matters. The most important difference to the 'ideal tasks' by mentioned Heurkens et al. (2008) is the preparation of the land use plan which was a task of the public actor instead of Bouwfonds. Furthermore, both actors decided that the local authority could best realize the public space and infrastructure as they had the expertise of carrying out land preparation work. Here, the local authority acted as a contractor commissioned by Bouwfonds. So, two tasks normally performed by private actors are transferred to the public sector, putting the clarity of

model under pressure. A communication plan called 'Wijkplatform' was set up by Bouwfonds to inform and discuss the development progress and content with the local residents and businesses. The public actor has the following responsibilities; public law procedures, effort obligation public funds, judgment of spatial plans, design land use plan, and delivery of public space and infrastructure. The private actor has the following responsibilities; design spatial plan, design visual quality plan, land and real estate acquisition, demolition existing buildings, delivery houses, communication.

Public Actor	Private Actor
Rough indication functional program	Detailed functional program (+ public actor)
Spatial conditions	Design spatial plan (+ public actor)
Quality conditions public space (+ private actor)	Visual quality plan (incl. public space)
Conditions visual quality plan (+ private actor)	Communication plan
Land use plan adoption	Land acquisition
Land sale (transfer to private actor)	Land & real estate development
Land use plan preparation (not private actor)	
Realization public space (not private actor)	

Table 5.11
Tasks of public & private actors in Velsen Oud-IJmuiden

In Oud-IJmuiden the private actor takes the risks; the land acquisition, land preparation, land development, real estate development and financial development. However, the land preparation on paper was attributed as a responsibility for the private actor, but during 2009 it became clear that the local authority preferred to prepare the land themselves. So, Bouwfonds commissioned the local authority to carry out the work for them, minimizing the risks on this responsibility by transferring the land preparation risks to the local authority at the expense of Bouwfonds. As Bouwfonds takes most of the risks they also generate the revenues. Thus, the local authority in case of the land preparation work could obtain revenues but runs the risk as well.

The rules and requirements in place have been the Public Schedule of Spatial Requirements determined by the local authority in the so-called Nota van Uitgangspunten. Furthermore, both parties agreed that in case unforeseen circumstances arise, both actors will deliberate on finding a solution. Other requirements like quality conditions also are in place, both actors comply with these guidelines, and products are being judged according to those requirements at certain moments in different development stages.

Management

The project management activities used by the public actor to influence the development are designing and operating. The local authority prepared the land use plan, was closely involved in the spatial design with the project developer, obtained development subsidies from central government, and eventually was going to own the public space thereby putting several spatial requirements into place during the project. The private actor Bouwfonds built

upon the initiative of the local landowners and housing associations to manage the project. Furthermore, by securing finance for development they were able to acquire land from local landowners prior to the start of the development. Thereby they were able to manage the project, although purchasing private properties happened at high costs. At the time of the interview realization was not underway, but it can be stated that the local authority also influenced the project in this sense, as they had to secure the possibility for houses to be built in the area, thus postponing the realization stage.

In terms of process management activities, Oud-IJmuiden can be characterized by a close cooperation and therefore both parties were able to use the negotiating, decision-making and communicating activities to influence development. Especially the decision-making on the Waterland Akkoord was not in favor of the development, as agreements between the actors were already in place, and Bouwfonds was already acquiring land upfront without the approval of the 'ISV-gelden' (a National Subsidy for Urban Revitalization). Furthermore, communication with local residents was a management activity of Bouwfonds.

The local authority used all management tools at their disposal; they shaped the development by indicating the need for housing in the area, regulated the development by preparing a land use plan, stimulated development by securing national subsidies, and build capacity by encouraging a deal in the Waterland Akkoord, a partnership they were part of. The private actor shaped the development in the form of different designs and they were involved in capacity building by seeking collaboration from local residents and housing associations, and thereby increasing public project support.

Land, capital and knowledge were not forceful management resources for the developer. As land first had to be acquired from local landowners, and the fact that the local authority insisted on developing the public space itself, the result was a fragmented private landownership situation during the development. And, although capital from the private bank was in place, the development also was dependent on public subsidies provided by the local authority. And finally, Bouwfonds also did not have sufficient knowledge of the local market, which resulted in the laborious cooperation with local property owners.

Effects

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As the development is not finished yet it is difficult to determine the effects of the use of the concession model in Oud-IJmuiden. However, both actors have given some insight into the effects. The local authority quite sharply mentions that the cooperation so far has been effective, and they estimate that objectives in the end will be achieved. However, the private actor states that this remains to be seen; this is due to the close involvement of the local authority in development of the land which undermines the principles of a clear role division of the concession model, potentially leading to several discussions. The process is considered not to be very efficient, however, it also not being seen as inefficient by both actors. Due to the complexity of the location the plan development stage and land acquisition took a lot of effort and time and it remains to be seen if the realization stage will be efficient. On paper the role division between both parties was very clear. However, the adjustment of tasks performed by the local authority (land preparation, land use plan, development public space) has put the clearness of responsibilities and tasks between the actors at stake. In terms of spatial quality, the local authority believes the intended quality level will be achieved, but the private actor



states that the quality level has been lowered due to the financial infeasibility of the project. Figure 5.10 shows an impression of the development of Oud-IJmuiden, which also indicates the close proximity of harbor-related functions.



Figure 5.10
Velsen Oud-IJmuiden, impression (© Bouwfonds)

Experiences

The local authority made a deliberate choice for the concession model as the public-private cooperation model to be used in Oud-IJmuiden. All the other motives also apply to this case. So, the local authority had a lack of labor capacity (there were other projects), lack of financial capacity, wanted to transfer risks to the market, was faced with an initiative from the Initiative Group, and did not have major land positions in the area, as most land was owned by the housing associations and private landowners.

The general experiences from the public and private actors differ on several issues. The local authority Velsen is quite satisfied with the cooperation while Bouwfonds is quite negative about it. Both parties nevertheless mention that the working relationship is excellent; the local authority for instance mentions that Bouwfonds involved the local community in the plan development stage quite well, which is crucial for the public support for the plans. One of the main problems for the private actor is the amount of detail incorporated in the public land use plan which gives Bouwfonds no freedom and flexibility to change plans when market conditions change; the functional program and spatial constraints are fixed. According to Bouwfonds this situation is caused by the fact that the local authority has a major stake in the redevelopment of the old inner-city and therefore judges private designs very strictly and

critically. Nevertheless, if the private actor had performed the task of preparing the land use plan themselves instead of the local authority, they would have been able to create more flexibility in terms of spatial plan variants, program variants and building designs. Another problem stated by Bouwfonds is the dependency on the local authority's ability to obtain financial subsidies for the plan. As they don't feel any direct financial pain they, in the opinion of the private actor, are less eager to obtain as much funds for the project as they can. The public actor mentions that they are quite satisfied with Bouwfonds as the developer for Oud-IJmuiden, although one major change has put the essence of the concession model under pressure. The local authority in deliberation with Bouwfonds decided they could best carry out the land preparation for the site. They said they would be able to do this cheaper and better than the proposed site preparation document presented by Bouwfonds. Of course, by doing so, they can also obtain some revenue from the land development. However, Bouwfonds mentions that this does not make that much difference, as normally they would have commissioned this task to another firm anyhow. The fact that the municipality performs its 'traditional tasks' leaves the developer with no incentive to find an optimum between the land and real estate development, as the local authority carries out the land development and delivers the public space and infrastructure. This undermines the principles of the concession model resulting in a confusing role division.

Three main problems and related recommendations have been mentioned by the interviewees based on their experience in Oud-IJmuiden:

- An 'ideal' role division of the concession model has been left aside in this case. The adjustment of tasks performed by the local authority (land preparation, land use plan, development public space) has put the clearness of tasks and responsibilities between the actors at stake. Bouwfonds has lost its capability to manage the project and remains accountable for the risks. Possibly, this also puts the financial feasibility of the development at stake as the developer is not able to control costs. The recommendation is to maintain a clear public-private role division structure. In case the local authority is willing to perform a task that is the responsibility of the private sector, like site preparation or delivering the public space, make sure the private actor commissions this work to the public body as if it was a (private) company that performs tasks under responsibility of the concessionaire;
- Transparency and flexibility turn out to be crucial conditions in times of difficult market conditions which were not present in this case, as the local authority produced a land use plan with detailed legally-binding plan elements. Therefore, the private actor argues that the main conditions for a successful cooperation based on the concession model are the flexibility in plans and the openness in private company's financial situation. The recommendation by the private actor is to make plans flexible for adjustment in changed circumstances, and to provide insight into the financial budgets of the actors in order to create a common understanding of the problem and creating trust between parties;
- In the opinion of both actors the involvement and consultation of local community is necessary in order to obtain support for the plans. The local authority mentions that Bouwfonds played a crucial role in communicating their development intentions and plans with local residents and businesses. Thus, both actors recommend involving the local community through public hearings, meetings and workshops in order to create commitment and trust between the private actor and local community resulting in less confrontations and problems later on in the realization phase.

§ 5.12 Cross Case Analysis

This section contains a cross-case analysis of the ten Dutch private sector-led urban development projects that have been described in the previous sections. In successive order the cross-case findings on the organization, management, effects and experiences of the use of the Dutch private sector-led concession model are presented. By conducting a structured cross-case analysis we are able to determine to which actors certain organizational or managerial roles can be attributed, and what kind of effects, motives, and conditions are applicable to practice according to the actors involved. Some remarks must be made about the data presentation in the form of tables. In presenting our data we make use of two different quantitative indications. The numbers presented in the tables indicate the interviewees' response to closed questions. By conducting this structural cross-case analysis we are able to draw some general conclusions about Dutch private sector-led urban development in Section 5.13.

§ 5.12.1 Organization

The actor's organizational roles in private sector-led urban development projects to a large extent define the management of these actors. Based on the empirical case study findings we describe the cross-case study findings of the role characteristics of both actors which are described in **three main categories**; organizational tasks and responsibilities, financial risks and revenues, and legal rules and requirements.

Tasks & responsibilities

In Section 5.1, the ideal public and private actor tasks based on Heurkens et al. (2008) were described. In order to determine whether both actors in the Dutch cases in practice actually carry out these tasks on their own, or that a separation of tasks and responsibilities between public and private actors in practice is unclear (and tasks are performed in cooperation), we constructed Table 5.12 on the basis of findings. Furthermore, often mentioned responsibilities in agreements are indicated.

The table indicates that empirical tasks of both actors in general match with the **tasks** appointed to them. However, some public tasks like the general functional program, spatial conditions, qualitative conditions public space, and conditions visual quality plan, are performed in close cooperation with or by private actors. Furthermore, some private tasks like design spatial plan, prepare land use plan, visual quality plan, and communication plan, are performed in close cooperation with or by public actors.

Thus, some tasks appointed to public or private actors in practice are being shared by both local authorities and project developers or housing associations. If we take a closer look at the table we can distinguish the fact that especially plan development related tasks are carried out in close cooperation. The cooperation between both parties often is based on an Intention Agreement in an early stage of the project, in which often quality conditions and detailed

functional programs and spatial conditions exist. At this point private actors on paper are held responsible for the design of spatial and quality plan documents. However, in practice public actors are very much involved in the making of official plan documents. Often, these requirements become detailed, leaving private actors with few possibilities for creativity in the realization phase. Local authorities indicate that close cooperation with the private actor on plan development documents increases their chance of realizing and securing public objectives, mainly because they become the land owners of the public space. Furthermore, in general communication is carried out as a shared task, or even public task, as some private actors have difficulties with informing and involving the local community.

Theoretical Tasks	Empirical Tasks				Conclusion
	Public	Private	Both	N/a	
Public Actor					
Rough indication functional program	7	0	1	2	Public
Spatial conditions	7	0	2	1	Public
Conditions visual quality plan	4	0	5	1	Both / public
Quality conditions public space	6	0	4	0	Public / both
Land use plan adoption	10	0	0	0	Public
Land sale (to private actor)	9	0	0	1	Public
Private Actor					
Detailed functional program	0	8	2	0	Private
Design spatial plan	0	6	4	0	Private / both
Visual quality plan	0	6	4	0	Private / both
Communication plan	2	5	3	0	Private / both
Land use preparation	3	5	2	0	Private / public
Land acquisition	2	8	0	0	Private
Land & real estate development	0	10	0	0	Private
Realization public space	1	9	0	0	Private

Table 5.12
Empirical tasks in Dutch cases

The responsibilities are mostly mentioned in the Cooperation Agreements and in general are very clear and related to the tasks of the actors, as Table 5.13 shows. However, the public responsibility of securing public subsidies or funds for development projects has just been mentioned three times. This to some extent is caused by the fact that central government subsidies are only applicable to inner-city developments from which we analyzed five cases.

The main conclusion on the **task and responsibility characteristics** of the Dutch private sector-led urban development cases therefore is:

Public and private actors often cooperate in practice on the plan development in the early stages of the development process although this is a responsibility for private actors. Public tasks mainly remain their responsibility if they are related to public procedures. Private tasks mainly remain their responsibility if they are related to risks involved with land and real estate acquisition and development.

Theoretical Responsibilities	Empirical Responsibilities				
Public Actor	Public	Private	Both	N/a	Conclusion
Sale & availability land	7	0	0	3	Public
Public law procedures	10	0	0	0	Public
Securing public subsidies/funds	3	0	0	7	N/a
On time judgment/control plans	9	0	0	1	Public
Control delivery status	7	0	0	3	Public
Adoption land (public space)	10	0	0	0	Public
Private Actor	Public	Private	Both	N/a	Conclusion
Purchase land	0	8	0	2	Private
Design spatial plan	0	10	0	0	Private
Request construction permit	0	10	0	0	Private
Deliver real estate/infrastructure	0	10	0	0	Private
Pre-delivery maintenance public space	0	7	0	3	Private
Transfer land to public actor	0	9	0	1	Private

Table 5.13
Empirical responsibilities in Dutch cases

Risks & revenues

Literature often mentions that all major **risks and revenues** in the concession model are related to the private actor. The case findings to a large extent confirm this characteristic; plan development risks, land acquisition risks, land development risks, real estate development risks, and financial risks, often are appointed and taken by the private actor, as well as possible profits. The tables below indicate the empirical findings on the division of risks (Table 5.14) and revenues (Table 5.15) of both actors.

These tables show that private actors in general take on most of the 'hard' financial (development) risks and the highest amount of direct revenues. However, most cases also show that public actors are not totally free of risks and revenues. Especially in 2008 and 2009 market circumstances were less favorable for project developers, who often had difficulties with delivering real estate and infrastructure on the agreed time because they were not able to sell houses. Therefore, local authorities are sometimes faced with unfinished infrastructure that affects the accessibility of the site and city, and unsatisfactory real estate development progress causing tensions with local residents who look at the local authority to come up with a solution to their problems. Although it is difficult to define these risks as financial, these 'soft' risks often are adopted by public actors resulting in more overhead costs than estimated. In some cases the private actors, in addition to a fixed price for the purchase of public land, compensate public actors for the overhead costs related to public procedure activities, but not for the accidental interference of local authorities in case of difficult and sensible situations in which the interests of the local community are at stake. Note that all our conclusions on public risks refer to the period after which public land has been sold to the private developer for development. Of course, public actors in general do have considerable financial risks in periods before land sales have taken place, but this was not applicable to our cases except for Den Haag Ypenburg Deelplan 20.

Risks	Empirical Risks				Conclusion
	Public	Private	Both	N/a	
Public Actor					
Soft risks (public opinion/politics)	6	0	1	3	Public
Financial risks (add. overhead costs: infra/process)	9	0	0	1	Public
Private Actor					
Plan development risks (guidance)	0	10	0	0	Private
Land acquisition risks (land owners)	3	6	0	1	Private
Land development risks (decontamination costs)	0	10	0	0	Private
Real estate development risks (market circumstances)	0	10	0	0	Private
Financial risks (interest rates)	0	9	1	0	Private

Table 5.14
Empirical risks in Dutch cases

Revenues	Empirical Revenues				Conclusion
	Public	Private	Both	N/a	
Public Actor					
Fixed price for purchasing land (if owned)	8	0	0	2	Public
Free land transfer after completion (public space)	10	0	0	0	Public
Fixed price overhead costs (public procedures)	10	0	0	0	Public
Increased property tax (OZB) (indirect: WOZ value housing)	10	0	0	0	Public
Private Actor					
Real estate development	0	9	1	0	Private

Table 5.15
Empirical revenues in Dutch cases

Furthermore, public actors often participate in and sometimes perform the underground infrastructure development as this activity seems to be difficult to undertake solely by private actors due to a lack of private knowledge on these types of works and the long term stake of public actors in underground infrastructure. This sometimes leads to additional costs as well. Nevertheless, both actors also mention the fact that local authorities often indirectly benefit from the development as the increased WOZ value of the new developed housing eventually leads to an increase in the OZB (property tax) for the city. Even so, there is one case in which the public actor obtains a part of the revenues from the sale of real estate by entering into a complicated financial agreement with the private actor. This looks like a construction which resembles joint venture arrangements; it potentially weakens the clear role division of public and private actors in the concession model. Hence, private actors solely rely on the financial return of sold real estate, but this also potentially holds high profit margins.

The main conclusion on the **risk and revenue characteristics** of the Dutch private sector-led urban development cases therefore is:

Private actors take on most of the 'hard' financial (development) risks and the largest amount of revenues in the concession model in practice. However, public actors do not remain risk free

as unfavorable market conditions often resolve in closer (financial) involvement and additional costs for local authorities when long term public interests are at stake, resulting in what we call the adoption of 'soft' public risks. Nevertheless, public actors in general are financially compensated for overhead costs and often benefit from long term financial effects such as free land adoption and increased housing taxes.

Rules & requirements

In the cases we have taken a closer look at what rules public and private actors apply for dealing with unforeseen circumstances as this might indicate how flexible legal contracts and agreements are. Unforeseen circumstances consist of changing market or economic conditions and changes in the political landscape that can affect the progress and process of the urban development. In all cooperation agreements an article on unforeseen circumstances is included. Although the unforeseen circumstances often are not clearly defined the general agreement is that both actors are obliged to deliberate on the consequences of the circumstances and make an effort to find a solution to problems as long as these problems cannot be attributed to the fault of, or caused by, one of the actors.

Despite the economic recession of 2008 which caused severe difficulties for private actors to finance developments with reluctant bank investments and real estate sales to the market, unforeseen circumstances have not been used deliberately by the actors within the cases. Nevertheless, a lot of financial difficulties in the selected cases were visible. Project developers minimized risks and costs which often resolved in the postponement of infrastructure delivery and the phased delivery of small housing blocks. Local authorities in this case have no instrument to speed up the process of realization as this remains a responsibility of the private actor. However, some public actors take on the development of infrastructure, sometimes on request of the developer, and sometimes without clear agreements surpassing the agreed terms. Changed politics in our cases has not played a major role. However, some projects are characterized by a long duration, covering several municipal elections and political party shifts. Often however, private actors mention the need for a clear separation of public project leaders from elected aldermen as a development success factor.

The main conclusion on dealing with **unforeseen circumstances** in the Dutch private sector-led urban development cases therefore is:

Public and private actors often deliberate on the consequences of unforeseen circumstances based on an article enclosed in the cooperation agreement, trying to find a common solution for the problem by re-negotiating the program and finance. But, some cases also show that public actors in case of changed market conditions take the opportunity to get a firmer grip on the development through the adoption of the infrastructure development task of the private actor. This is often welcomed by the private actor as it relieves some financial pain, but on the long term undermining the clear role division characteristic of concessions.

In literature often the importance of the public schedule of spatial requirements is mentioned; it gives public actors an instrument to clearly select private actors for the urban development project, it provides the necessary spatial constraints for the private actors to design plans, and it could function as a controlling device for the judgment of plans. In the cases different

variants and terminologies for this public schedule of spatial requirements can be found as well. Governments seem to understand the necessity of clearly defined public objectives for the development. They often involve social, environmental and economic objectives, in which spatial requirements most of the time integrate these objectives. For instance, the amount of affordable housing often is included in the schedule of requirements. However, inner-city cases also showed that tendering and selecting private actors sometimes is based on the involvement of local developers and housing associations which share the same objectives as local authorities. In quite some urban fringe projects developers who own the land also develop the land. In this case public schedules of spatial requirements are made in order to eventually control and judge private plans.

The main conclusion on the *public schedule of spatial requirements* in the Dutch private sector-led urban development cases therefore is:

Public actors often use (variants of) a public schedule of spatial requirements in order to achieve public objectives. It seems to be an effective public tool to integrate and secure physical, social, environmental and economic objectives in the tendering, plan development and realization stages.

§ 5.12.2 Management

Management Functions	Empirical Management Functions				
Project Management	Public	Private	Both	N/a	Conclusion
Initiating	7	3	0	0	Public
Designing	0	6	4	0	Private / both
Planning	0	9	0	1	Private
Operating	9	0	0	1	Public
Process Management	Public	Private	Both	N/a	Conclusion
Negotiating	0	0	10	0	Both
Decision-making	0	0	10	0	Both
Communicating	2	1	6	0	Both
Management Tools	Public	Private	Both	N/a	Conclusion
Shaping	6	0	0	4	Public / n/a
Regulating	10	0	0	0	Public
Stimulating	3	0	0	7	N/a
Capacity building	2	1	0	8	N/a
Management Resources	Public	Private	Both	N/a	Conclusion
Land	0	7	3	0	Private
Capital	0	9	0	0	Private
Knowledge	0	8	1	1	Private

Table 5.16
Empirical management measures in Dutch cases

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In Chapter 2 we discussed that the management of public and private actors in private sector-led urban development projects has been underestimated as a way of influencing the outcome of projects. Therefore, at the base of this research lies the search to define effective and efficient management measures for public and private actors cooperating in private sector-led urban development projects. Based on the our empirical case studies, we here describe the cross-case study findings of the empirical management measures which are described in **four main categories**; project management, process management, management tools, and management resources. Table 5.16 shows which **empirical management measures** have been used by public and private actors to influence Dutch private sector-led urban development projects.

Project management activities

In terms of initiating development projects, the cases have shown that private actors often take the lead when they have land positions or real estate portfolios in the area. Then, public actors and sometimes other private actors are approached to commit to intended projects. Public actors in some cases also take the lead to initiate the project when they have specific spatial policy objectives with the area but lack of sufficient means to develop the area on their own account. Then, public actors tender developments, inviting private actors to develop plan proposals. **Nevertheless, we conclude that initiating development in practice strongly depends on the local situation and that both actors play a role in this.**

In terms of designing development projects, the cases have shown that private actors normally take the lead once intention agreements between them and public actors are signed. Although, we also notice that public tenders often already result in private plan proposals without the development guarantees for the private actors, and we notice that some of the private actors come with unsolicited proposals to public actors. Public actors rarely make designs for the areas under development, although they often closely cooperate with private actors in making spatial designs, in specific when this is related to the public space. **Nevertheless, we conclude that designing plans in practice is a private management activity.**

In terms of planning development projects, the cases have shown that private actors in all cases take the lead once designs, land and finance are in place. The planning of the real estate development is a project management activity decided by private actors. But, public actors also influence the planning of projects by putting delivery control moments into place. Furthermore, in quite some cases we notice that the public actors influence by actively interfering in the realization stages without a legal basis to do so besides the control moments. This often is the case when projects become delayed which often causes strong public commitment to the project. However, despite this public commitment and urging private actors to proceed with development no real influence is carried out on the project as public actors simply lack the management tools to do so. **Thus, we conclude that planning development in practice is a management activity strongly lead by private actors.**

In terms of operating development projects, the cases have shown that public actors in all cases after project delivery own public space. Although, some projects were not completed yet we argue that, by eventually owning this space, public actors are able to influence projects in the early stages by incorporating spatial and material wishes for public space. Hence, private actors also influence public space characteristics in all development stages with the objective of creating high quality environments which are financially beneficial to real estate values. **Nevertheless, we conclude that operating development in practice is a management activity strongly led by public actors.**

Process management activities

In terms of negotiating in the development process, the cases have shown that public actors are able to influence the process at the start of the development by negotiating plan proposals, which enables them to implement public objectives in infrastructure and public spaces developed by private actors. Furthermore, negotiating takes place when unforeseen circumstances occur and both actors deliberate on financial and programmatic project adjustments. For private actors the opportunities to negotiate with public actors to incorporate private objectives into the plan occur at similar moments. Negotiating and bargaining activities in the cases can be beneficial for both the actors. **Thus, both actors have opportunities to negotiate the incorporation of public and private objectives into the project in the initiative, design and realization stages.**

In terms of decision-making in the development process, the cases have shown that private and public actors are jointly making decisions during the process. However, once the realization stage has started the planning of the project becomes a decision-making activity mainly led by private actors. They are able to make decisions on the priorities of certain development functions in time, although this is sometimes bounded by specific requirements from public actors. Therefore, for public actors, the emphasis of decision-making lies in the pre-development stage of the project, by selecting private actors, determining their organizational role, their management contribution, and deciding about process and content-related issues. **Thus, both actors influence developments based on internal or inter-organizational decision-making.**

In terms of communicating in development processes, the cases have shown that communication between public and private actors sometimes is structured by different meetings and legal approvals of plans during the process. Nevertheless, we also notice that communicating influences the development speed negatively. This happens when public actors are not aware of their role in private sector-led projects, or when public project managers are not able to align the various interests of different municipal departments. Furthermore, private actors potentially negatively influence processes through a lack of external communication with and involvement of the local community, causing local resident and business opposition to plans. **Thus, both actors can improve internal and external communication as a management activity.**

Management tools

In terms of shaping development projects, the cases have shown that public actors can use indicative general spatial plans and public briefs as management tools to shape developments. These shaping tools secure that public objectives eventually can be realized and they condition the freedom of private actors to proceed with development without taking other objectives into account. Furthermore, these tools function as risk-decreasing incentives for private actors as these documents secure the commitment of public actors to the project. On the basis of these documents, private actors shape in most cases take responsibility for the designs and plans which often functions as a communication tool to public and civic actors. **Thus, shaping as a tool to manage development projects is used by public actors to create development certainty.**

In terms of regulating development projects, the cases have shown that public actors use land use plans, quality and visual conditions, and other contractual agreements to regulate development. Often, these public regulative conditions are very detailed and inflexible which

causes difficulties for private actors to be creative in designs and to react on changing market demands. It seems that the nature of this type of public regulation is not a characteristic of the concession model itself, but rooted in the established regulative way of working from public actors based on a belief that private actor's actions need to be regulated to prevent outcomes that might be unbeneficial for the public interest. Nevertheless, the cases have shown that strict regulation even enforces distrust between public and private actors and that when flexible conditions are in place the cooperation seems less problematic. **Thus, regulating as a tool to manage development is led by public actors, often resulting in too detailed and inflexible contractual conditions for private actors to work with.**

In terms of stimulating development projects, the cases have shown that public actors in most inner-city urban development use subsidies obtained from central government funds to financially contribute to and kick-start projects. But, in greenfield locations this is not the case. The private actors welcome these subsidies, which are often badly needed in otherwise financial unviable inner-city business cases. However, as public actors in most cases are not financially dependent of the project, some private actors state that public actors do not put in all the effort to get as much development subsidies as fast as possible. Some other public actors stimulate development by actively preparing and developing land, relieving private actors with financial burdens. However, this comes at the expense of less management influence and undermining the private actor's position in the concession model. Hence, other public incentives for private actors that lower development risks in the cases have not been found. **Thus, by stimulating development with subsidies and land preparation and development, public actors just partly positively influence projects.**

In terms of building capacity for development projects, the cases have shown that both actors try to get support for the project by consulting local residents in plans. However, this is often done after the major decisions have been made by both actors. Just a few cases showed that public or private actors cooperated with development partners like local housing associations to build development capacity. Nevertheless, structural partnership arrangements to be used for the benefit of the project were not in place in most cases. In cases where capacity building was used as a management tool to influence the development, often less opposition to plans arose and more advantages occurred. In our cases it most often was the private actor who tried to build capacity. **Thus, building capacity as a management tool to influence development mainly was led by private actors, however, structural partnerships and public involvement with local actors are absent in most cases.**

Management resources

In terms of using land as management resource for development projects, the cases have shown that private actors sometimes could use landownership to influence developments. This most often was the case in greenfield developments, where the private landownership often resulted in the joint public-private choice to develop the area based on the private sector-led concession model, giving private actors the opportunity to optimize land and real estate development. In inner-city cases, landownership was sometimes fragmented and the consequence of costly land acquisition by public or private actors often resulted in great financial deficits. **However, we see that land becomes a powerful management resource for private actors once they own it and have the right to develop it, which can be agreed upon when signing the development contracts.**

In terms of using capital as management resource for development projects, the cases have shown that mainly private actors secure finance for development. However, the cases also show that securing capital in the form of bank loans became problematic once the economic crisis occurred. Once finance is secured, private actors allocate investment to different development phases, securing sale returns to cover the expensive upfront land acquiring and development costs. Thus, we see a heavy reliance on bank loans as a form of capital to manage projects for private actors. Other forms of raising capital for development, let alone using it as a management resource, were not visible in the cases. Private actors, in some inner-city cases were dependent on subsidies of public actors to make business cases feasible. Public actors also influence development projects by financing them with subsidies obtained from central government funds for inner-city development areas. The obligation public actors often have made to private actors to contribute investment are the result of a negotiating process which allowed public actors to incorporate public objectives into the plan. **Thus, capital as a management resource was used by private actors to influence developments, but it is heavily dependent on the provision of loans by banks in most cases, and some sort of public subsidies in some cases.**

In terms of using knowledge as management resource for development projects, the cases have shown that both public and private actors use it for influencing developments. Public actors use knowledge on public procedures and the political environment, and private actors use knowledge of (local) market demand and project marketing, to influence development. **But, knowledge as a management resource mainly depends on the private actor's ability to understand the market.**

In conclusion, based on Table 5.16 and the cross-case analysis of the *management measures* above, we argue that:

Dutch private sector-led urban development practice is not as much 'led' by private actors as we might have expected. Although private actors are very much involved in most of the management activities and use various management instruments, we also notice that public actors still use several management measures to influence projects.

§ 5.12.3 Effects

Effects	Public Actor's Response				Private Actor's Response			
	Yes	No	Y/N	N/a	Yes	No	Y/N	N/a
Effectiveness cooperation (achieving objectives)	5	3	0	1	9	0	0	1
Efficiency process (reducing time & costs)	3	4	2	1	3	3	4	0
Spatial quality product (adding values)	5	0	2	3	6	1	2	1

Table 5.17
Empirical effects of Dutch cases

Notice that the attribution of all management measures to actors mentioned above comes with the nuance that it does not tell us a great deal about the effects of these measures. Therefore, this section provides more insight into the effects of the actions of public and private actors in Dutch private sector-led urban development projects. The effects of the use of the private sector-led concession model are determined qualitatively by asking the involved public and private actors about the effects of the public-private cooperation. The **three effect variables** are; the effectiveness of the cooperation, the efficiency of the process, and the spatial quality of the product. These variables refer to the possible positive claims of the concession model mentioned in literature (see Section 4.2.4). Table 5.17 shows the response of the public and private actors to the empirical effects of the use of the private sector-led concession model.

Effectiveness

Table 5.18 shows that the private sector-led model in general is very effective in achieving the intended objectives. The public and private actors however slightly differ on this matter. The reason for this on the one hand is that some developments have not been realized yet and local authorities are more reluctant to say if all objectives will be achieved in the end. On the other hand they argue that several minor adjustments to the plans have been made by private actors in order to fit market demand. There are also some examples in which the development has not entered the realization phase due to difficult market circumstances and political sensible issues, contributing to the concern of local authorities that the objectives will not be achieved.

The main conclusion on the **effectiveness** of the cooperation in concession cases is:

The concession model seems to be an effective instrument to achieve intended objectives in the opinion of involved public and private actors. But, changed circumstances potentially lead to not achieving intended goals.

Efficiency

Table 5.18 shows that both actors in general are not convinced about the efficiency of the process facilitated by the concession model. The amount of time and costs involved sometimes in practice turns out to be higher than estimated. Especially the intensive collaborations in the plan development phase are seen as inefficient. As this is one of the few opportunities for the local authority to incorporate their wishes into spatial design, intensive negotiations take place. Furthermore, if public authorities solely control plans at this stage still a lot of time is spent when public project leaders are not able to manage different wishes from municipal departments in a comprehensive manner. The realization stage in most cases does lead to more efficient processes as the private actors are able to manage the land and real estate development.

The main conclusion on the **efficiency** of the process in the concession cases is:

The concession model does not necessarily lead to an efficient process. The amount of time and costs involved in the plan development phase in general turns out to be higher than estimated. However, in the realization phase the process is considered to be efficient.

Spatial quality

Table 5.18 shows that a large majority of public and private actors respond that the concession model is able to deliver spatial quality. However, it is of importance to note that most interviewees also argue that other models could facilitate spatial quality as well, and that in achieving satisfying quality levels other factors also play a role. So, there is no reason to assume that there is a causal relationship between the use of the concession model and more spatial quality, which sometimes is claimed by supporters of concessions. However, the model itself does not undermine spatial quality as often is stated by its critics. Some interviewees mention that user and experience values can be measured but that future value of the development cannot be measured according to quality standards of our time. Other argue that higher quality levels are achieved than expected due to the ability of private actors to find an optimum between finance and quality considerations in urban developments.

Additionally, from November until December 2011 a **survey on spatial quality** was conducted (see Appendix II). The reason for this was that the first round of interviews in 2009 with public and private actors about their opinion of the project's spatial quality was considered to be too general to make actual conclusions. Therefore, we proposed at least to objectivize and operationalize spatial quality by using different criteria categorized into user, experience and future values (see Hooijmeijer et al. (2001). Moreover, to verify the retrieved data of involved public and private actors we proposed to include civic stakeholders as well. As they do not have a direct involvement with the project they might therefore not be biased.

In terms of research technique, actors were asked to complete the survey by email after which telephone conversation took place. In this conversation certain criteria were clarified and respondents could elaborate on their opinions about spatial quality. In total 17 actors responded; this included 6 public, 8 private, and 3 civic actors, out of total of 9 cases. Hence, the Den Haag Ypenburg case was not included as it did not commence; therefore the local authority argues its spatial quality cannot be measured. Table 5.18 indicates the public, private and civic actors' cumulative response to the different criteria. Deliberately, we asked respondents to identify whether they thought spatial quality criteria were achieved or not on an ordinal scale. We deliberately did not measure quality on an interval scale, which allows actors to give a grading from 1 to 10 to criteria for instance, for good academic reasons stated by Binnekamp (2011). Overall, Table 5.18 indicates that the actors' responses to the different spatial quality criteria in 'their' development are quite positive. In comparison to the Table 5.17 there are no real overall differences. This confirms our conclusion that the use of the concession model can facilitate the spatial quality of projects, and moreover, that there is no causal relationship between them. Nevertheless, the survey provided some more detailed understanding of achieved spatial quality appreciations. The only remarkable response involves the criteria visibility and adaptability. With regard to visibility the respondents indicate that this is mainly due to the isolated location of the site itself. With regard to adaptability the respondents indicate that this is mainly due to the intention of the actors to build a housing neighborhood for a longer period. To put it into other words; there is no intention to adapt functions to different purposes in the future. Thus, based on our data collection, the conclusion remains that spatial quality can be achieved with private sector-led urban development projects. There is no real 'negative' relationship, if any relationship at all, between private sector-led urban development and spatial quality.

Spatial Quality		Public, Private & Civic Actors' Response			
Value	Criteria	Yes	No	Y/N	N/a
User Value (gebruiks- waarde)	Reachableness (bereikbaarheid)	15	2	0	0
	Accessibility (toegankelijkheid)	15	2	0	0
	Nearness (nabijheid)	17	0	0	0
	Safety (veiligheid)	16	1	0	0
Experience Value (ervarings- waarde)	Suveyability (overzichtelijkheid)	16	0	0	1
	Visibility (zichtbaarheid)	13	4	0	0
	Distinguishability (herkenbaarheid)	17	0	0	0
	Visual quality (beeldkwaliteit)	15	0	0	2
	Diversity (diversiteit)	15	1	1	0
	Density (dichtheid)	15	1	0	1
Future Value (toekomst- waarde)	Adaptability (aanpasbaarheid)	6	9	1	1
	Fittableness (inpasbaarheid)	16	0	0	1
	Sustainability (duurzaamheid)	15	1	0	1

Table 5.18
Empirical spatial quality in cases based on survey

The main conclusion on the product's *spatial quality* in the concession cases is:
The concession model in general facilitates spatial quality as most public and private actors state to be satisfied with the achieved spatial quality level. However, there is no proof of a causal relationship between the use of the model and project's spatial quality, as this is influenced by many other factors.

§ 5.12.4 Experiences

Here, the experiences of public and private actors with the use of concession model are described. In successive order, we present the empirical motives, problems and recommendations, and conditions for private sector-led urban development projects.

Motives

The interviewees were asked about the empirical motives to choose the concession model in their specific case. Table 5.19 presents the response of public actors.

This table indicates some clear patterns. Almost all local authorities made the deliberate choice to use the model as a way of realizing the development, although some respond that they did not use the 'concession model' as such to describe the public-private cooperation. The lack of labor capacity has been a major motive. However, sometimes this is related to the amount of development projects within the city in which local authorities have staff involved. Quite remarkably, just four out of ten interviews mention the fact that a lack of financial capacity is

the reason for using the model. This is remarkable as it is assumed that private actors gain more influence partly because local authorities have less financial means to actively develop locations. However, small municipalities in these cases often do have insufficient financial means. The risk transfer to the private sector is mentioned by all ten public actors as motive, which could indicate that private actors beforehand expect that the development will not cause them any risks. As we have seen in practice this is not always the case. The initiative of private actors in the selected cases is limited to four out of ten. This shows that unsolicited proposal of developers in these cases at least are not common. Private landownership has been a reason in four out of ten cases as three out of five urban fringe projects had private landownership at the start of the project. The local authorities also mentioned other motives such as; experimenting with a new cooperation model, speeding up the delivery of housing targets, creating more efficient and effective public organizations, the presence of housing associations that can take care of the 'soft' risks, and the project's complexity which asks for a combination of land and real estate development carried out by private organizations.

Motives	Public Actor's Response			
	Yes	No	Y/N	N/a
Deliberate Choice	9	1	0	0
Labor capacity of public actor	6	2	2	0
Financial capacity of public actor	4	6	0	0
Risk transfer to private actor	10	0	0	0
Initiative by private actor	4	5	1	0
Land ownership of private actor	4	6	0	0

Table 5.19
Empirical motives from public actors to choose concessions

The main conclusion on **motives** to choose the concession model for the cases is:
Public actors made the deliberate choice to use the concession model for the projects. The main motives are the transfer of risks to the private sector and lack of labor capacity of the public sector. Other motives like the lack of financial capacity, private sector initiatives, and private landownership are less common.

Problems & Recommendations

Experiences	Public Actor				Private Actor			
	Yes	No	Y/N	N/a	Yes	No	Y/N	N/a
General satisfaction	8	2	0	0	8	2	0	0
Next time concession	5	5	0	0	8	2	0	0

Table 5.20
Empirical experiences from actors with the use concessions

It is hard to generalize about the experiences from both actors with the use of the concession model. Nevertheless, two main topics discussed with the interviewees could provide a general conclusion applicable to most of the cases; the experiences with the cooperation in general, and the question if they would use the model for an urban development project next time based on their current knowledge and experience.

Table 5.20 shows the experiences from both public and private actors with the use of the concession model. In general the experiences of the actors with the concession model are good, stated by eight out of ten public and private actors. Nevertheless, half of the local authorities mention that next time they will not use the concession model for urban developments. Public actors also mention that most private actors are performing their work on a professional basis, making it harder to judge and criticize the cooperation in an interview as unsatisfactory, as both parties need to proceed with the development project in the near future. Furthermore, it is interesting that despite the high risks involved private actors in general state that the concession model is a good way of public-private cooperation. However, when asked if both actors would use the concession model in the future, half of the local authorities responded negatively. The reason for this mentioned is the absence of public management possibilities. Nevertheless, on the basis of the Dutch cases we can conclude that there are no negative development effects when private actors take the lead in development; it however implicates a new type of role for public actors which they might not be used to.

In summary, *six problems* or *unsolved issues* have been frequently mentioned by the actors involved in the collaboration and management of the Dutch empirical private sector-led urban development projects, including:

- ***'We against them relationship' instead of a cooperative sphere;***
- ***Lack of public role consistency during realization stage;***
- ***Thin line between judgment and control of plan proposals;***
- ***Commitment and competencies of public project managers;***
- ***Communication with and involvement of the local community;***
- ***Lack of public management in development process.***

The 'we against them relationship' between public and private actors is mentioned by several interviewees. Both public and private actors mention that the strict separation of tasks, responsibilities, risks and revenues undermines the basis for cooperation. It results in less support for and commitment to the development project mainly from the public actor as they are only allowed to react on private plans and don't share the financial incentive to cooperate effectively. Here we notice an important paradox. The formal agreement between the actors is based on separating their roles, but practice shows that close cooperation on tasks in general is considered as positive in the pre-development stages. *The recommendation is to find an incentive for and an agreement about the involvement of public actors in the project.* Local authorities seem to have difficulties in remaining role consistent. They often interfere in the realization stages when public interests are at stake, while the realization stage of the development on paper is solely a responsibility of the private actor. A pattern can be distinguished in relation to positive effects where local authorities are able to maintain their role as 'facilitator' during the realization stages. However, due to changed circumstances public actors often do not have a choice but to interfere as they become politically accountable

for the progress of the project. *The recommendation is to contractually agree upon a process agreement which indicates the periodical moments for the local authority to examine if private delivery goes according to the agreed terms.*

The public judgment versus control of private plans also is mentioned quite often. At the moment private actors submit plan documents the local authority is able to control the delivered documents by checking if the documents comply with the formulated public requirements. However, quite often there is a thin line between actually controlling and fundamentally judging the delivered products. The judgment often includes the addition of several wishes of the public actor which have not been agreed upon beforehand. As private actors take the risks for the development they often give in to these additional wishes in order to secure a good relationship that is needed for the long term financial result of the project. *The recommendation is to define clear process agreements on the conditions for adding or changing (public) objectives to submitted plans in certain situations.*

In some cases the importance of the role of the public project leader is discussed by the private actors. A project leader from the local authority has an important position for the efficiency of the development process. Not only is he/she responsible for the judgment of private plans, he/she also needs to manage the different municipal departments. Some private actors argue that a lot of frustration and process inefficiency occurred when public project leaders only functioned as a service-hatch and were not able to manage the departments. *The recommendation is to appoint a public project leader with enough knowledge to equally cooperate with the private counterpart as well as one that is able to manage the sometimes conflicting interests of municipal departments.*

Another issue sometimes mentioned by the public actors is the communication and involvement of the local community. The private actors in principle take on the responsibility to involve local residents and business communities in the plan development and realization of the project. In practice however some public issues tend to be difficult to manage solely by private actors. When the local community is dissatisfied with the way the development is carried out they mostly turn to the local authority to express their dissatisfaction and ask for solutions. In those situations it is politically impossible for local authorities to redirect local residents to solve their problems with the responsible developer. Not all developers seem to be aware of the importance of communicating with the community and do not undertake sufficient effort to solve this issue. *The recommendation is to make a clear communication agreement for the organization that is best equipped for involving the local community.*

Public actors often interpret the decreased manageability of the project as problematic. Local authorities experiences that, because plan and land development tasks and responsibilities at least on paper are attributed to the private sector, the local authority is faced with fewer instruments to manage the plan development and land and real estate development. They argue that they can only influence the outcome of the development in the pre-development stage through the public schedule of spatial requirements and the adoption of the land use plan. Without the main means for development, capital and land, it comes down to these two moments to secure public interests. However, the conclusions on public and private management measures in this section show that the public actors do have other possibilities to manage the project; nevertheless public actors seem not to be aware of this. *The recommendation is to increase the awareness for public actors to use different types of management measures to influence development projects.*

In summary, the **six recommendations and improvements** mentioned by the actors to deal with current problems in the Dutch concession model are:

- *Cooperate in pre-development stage for public support & commitment;*
- *Strive for public role consistency in realization stage;*
- *Define clear process agreements about moments of control & discussion;*
- *Appoint public managers to connect the planning & development process;*
- *Make a clear communication plan to involve communities & businesses;*
- *Search for other public management measures to influence development.*

The main conclusion on the **experiences** with concession cases therefore is:

Both actors in general are satisfied with the cooperation itself, although public actors remain reluctant to use the concession model next time. The main experiences of the involved public and private actors involve issues like; the 'we against them relationship', the lack of public role consistency, the thin line between judgment and control of plan proposals, the commitment and competencies of project leaders, the decreased public management possibilities, and the communication with and involvement of the local community.

Conditions

The *theoretical conditions* for the use of the concession model formulated by Heurkens et al. (2008) before actual empirical research findings were available, are:

- Manageable scale of the project
- Minimal social and political complexity of the project
- Manageable duration of the project
- Maximum freedom to act as a private actor

The data analysis of the concession cases indicates that all conditions to a large extent still are applicable. However, when we take a closer look at these conditions a manageable project scale and duration, and the maximum freedom to act as a private actor seems to be more applicable as a condition than the minimal complexity of a project. A manageable scale and duration of a project seems to be determined by the possibility to manage unfavorable market conditions. The private actor in difficult times is unable to finance the development and sell an appropriate amount of houses to cover the risks solely taken by them. Private risk management seems to better suit conditions of small scale projects, short project durations, and the maximum freedom to act. The condition of minimal social and political complexity is not always necessary for applying the concession model, although Deloitte et al. (2011: 11) argue that this is a recommendation for the successful application of the concession model. It is difficult to give a balanced statement about this socio-political condition as it implicates a whole set of different circumstances. Some of the cases indicate that the actors were able to handle quite complex inner-city development projects (Nieuw Crooswijk, De Laares) and in another inner-city case (Tilburg Wagnerplein) political and social complexity led to problems. So, the statement that only 'easy' urban fringe projects are suitable for using the concession model does not always hold ground.

The main conclusion for the *empirical conditions* to use the concession model on the basis of our findings therefore is:

The manageable scale and duration of the project, and the maximum freedom to act as a private actor, are confirmed as critical conditions for a successful cooperation based upon the concession model. However, the cases also indicate that concession model projects do not necessarily have to be conditioned by minimal political and social complexity, as some cases show that complex inner-city development projects also could be successfully realized on the basis of this private sector-led approach.

§ 5.13 Conclusions

In this chapter we explored the Dutch private sector-led urban development practice by describing and analyzing ten concession cases in terms of organization, management, effects, and experiences. The reason for studying these cases lies in the fact that we wanted an answer to the following question:

How do public and private actors organize and manage Dutch private sector-led urban development projects, and what are the project effects and actor experiences?

In terms of *organization*, in practice, we can distinguish different variations in the organizational characteristics of the concession model. Hence, a 'pure' concession model in accordance with the theory in practice does hardly exist. We have seen that the cooperative roles of public and private actors in Dutch private sector-led urban development projects differ substantially. For example, the concession model implies that public actors do not take on risks and revenues from development projects. However, the cases show that local authorities do have soft risks closely related to political issues, and can have a financial stake in the revenue sharing with private actors. In relation to this, private actors often regard the role inconsistency of public actors in practice as unwanted in terms of process efficiency.

In terms of *management*, we conclude that not all cases can be considered as private sector-led urban development projects; in some cases public actors take on substantial activities to manage these projects or management is carried out in close cooperation. This is most evident the project management activity of designing plans, which often is the result of intensive public-private cooperation through negotiations and decision-making about the spatial plan and quality level. Interesting to notice as well is the fact the Dutch local authorities mainly use their regulating planning tools as a management instrument to influence development. Shaping, stimulating and capacity building tools are less commonly used by public actors. This indicates that they might not be aware of these instrumental possibilities to manage project. Furthermore, the tendency towards regulating private actors' actions by using detailed spatial and qualitative conditions shows that some public actors are not aware that a concession model principle is for private actors to obtain a certain degree of freedom to act. Nonetheless, private actors also tend to focus primarily on rather 'hard' management resources like land and capital to influence development projects.

In terms of *effects*, we conclude that public-private cooperation on the basis of the concession model results in relatively positive project effects. It is considered as effective and satisfying spatial quality levels can be achieved as well. However, only half of the public and private actors find this an efficient way of working which is a result of the fact that pre-development consensus takes more time than expected. Hence, based on the case studies, we can conclude that even the concession model is a suitable way for developing inner-city development projects and that it is not just applicable to greenfield sites. Here it seems that a reasonable project scale is a more important condition for applying the private sector-led approach as it proved to be difficult for private actors to manage the risks involved.

In terms of *experiences*, both actors in general are satisfied with the cooperation itself. Nevertheless, some problems which often occur in practice were stated by the public and private actors involved. Also, several recommendations and improvements for current practice have been mentioned to deal with these problems of the first generation of Dutch concessions (see Section 5.12.4). These recommendations may still be applicable to future private sector-led urban development context in the Netherlands. However, as the Dutch urban development practice context changes overtime we will critically review the need for implementing these improvements in future private sector-led urban development projects (see Chapter 8).

In summary, it seems that both actors still encounter ***difficulties to cooperate in accordance with private sector-led urban development principles***. Local authorities in some cases are not completely aware that this type of cooperating implies that they have to give away some management possibilities to private actors and that they should stay role consistent. Also private actors in some cases are not completely aware that their increased management possibilities also imply that they take on more risks and other responsibilities than they are used to. An example of which is taking care of community involvement and capacity building as a possible way to manage projects. These issues still need to be resolved in order to make this type of private sector-led development in the Netherlands more future proof.

Therefore, one of the main conclusions is that ***private sector-led urban developments in the Netherlands is not (yet) characterized as a mature way of public-private cooperation***, as several problems and misconceptions still exist in practice. We already recommended some directions for the improvement of the Dutch form of private sector-led urban development based on the empirical material presented in this chapter. However, we did not obtain sufficient knowledge in the Dutch cases to design 'preferable' future roles for public and private actors in this type of cooperation. Therefore, we need to create a better understanding of the phenomenon of private sector-led urban development by broadening our view towards foreign practices. To start with, in the following chapters, we take a closer look at how urban development in the UK can be characterized and how public and private actors cooperate in private sector-led urban development projects.

6 Urban Development in the UK

§ 6.1 Introduction

Given the fact that we indicated that Dutch development practice is increasingly influenced by more private sector initiatives and less public investment it is interesting to learn from the United Kingdom (UK). First, we note that it is hard to make a clear distinction between what is considered as UK and England in a lot of planning related issues. To minimize confusion, we focus on the broader context of the UK as general subject of study, and highlight England when specific circumstances dictate. Second, this chapter does not have the ambition to cover all UK's urban development issues. Rather, relevant information in relation to our research subject is explored. Finally, this chapter mainly refers to knowledge obtained until 2010 as both literature review and case study research were carried during this period. As such it does not cover most recent changes to UK planning policies and practice under the current Conservative-Liberal coalition government.

The overall purpose of studying UK's urban development practice in general, and its private sector-led urban development projects in specific (see Chapter 7), is to draw lessons and seek inspiration for the Netherlands that can assist to solve several problems and issues mentioned in the Dutch cases in the previous chapter. The reason to look at the UK lies in that it is considered to be an established planning system and practice that in general can be regarded as private sector-led. Nadin et al. (2008) argues that "the system of planning and development in England is strongly shaped by the understanding that most development is undertaken by private interests or by public bodies acting very much like private interests. The planning system generally seeks to shape private sector development proposals."

Furthermore, UK's urban development is considered to contain clearer divided roles between the public and private sector in terms of tasks, responsibilities and the risk and revenue attribution, based on Anglo-Saxon principle of dividing public-private domains. This is in line with the need to clarify the more 'hybrid' roles of both actors in Dutch urban development practice. As the context of urban development in the UK is different from the Netherlands, we here try to understand its general characteristics. These characteristics can be regarded as conditional for the way actors cooperate on and manage development projects. Therefore, this chapter provides insight into urban development in the UK in a similar order as Chapter 4. In successive order, relevant topics to our research are discussed including the context for urban development (Section 6.1), the organizational roles of public and private actors (Section 6.2), followed by some main conclusions (Section 6.3).

§ 6.2 Context of UK's Urban Development

This contextual section takes into account urban planning system characteristics (Section 6.1.1), an overview of urban regeneration in the UK (Section 6.1.2), followed by a closer look at two periods of urban regeneration, the Entrepreneurial Regeneration of the 1980s (Section 6.1.3) and 'New Labour' regeneration of the late 1990s (Section 6.1.4). helps us to understand the characteristics and issues in UK's urban development that form the background of our case study research in Chapter 7.

§ 6.2.1 Urban Planning System

Here, we highlight some characteristics of the UK planning system that are of particular interest to our research on Dutch private sector-led urban development projects, and urban planning in the Netherlands in general.

In essence, the urban planning system in the UK can be positioned as a *land use management model* (see Chapter 2). According to Dühr et al. (2010: 182) the nature of this model is that it is primarily concerned with the regulation of (changes in) the use of land and property; "the operation of planning is geared to managing physical development, mostly at a local level, though some regulation may be done at higher levels. This is a narrow scope in terms of the role of planning, but development is managed in order to meet general planning principles and wider societal goals such as housing provision and protecting environmental heritage [e.g. urban containment]. It makes use of policy statements and decision rules and there are extensive mechanisms for citizen involvement. This style model of planning is particularly associated with *private sector-led development* and land value capture." Notice that, although this UK system is based on historical traditions which are embedded in public law, several international planning system characteristics overlap each other and can influence one another. For example, recent literature mentions the emergence of a *spatial planning approach* in England (see Nadin, 2007, Shaw & Lord, 2009), which is more similar to some European planning systems.

In relation to the above, it seems quite obvious why our research interest lies in the characteristics of UK planning and development. Other Dutch authors preceded us in particular interest and have mentioned crucial characteristics of the UK system. For instance, Janssen-Jansen & Woltjer (2010) argue that in their search for international cross-references for Dutch planning, three basic characteristics of the UK planning system have attracted the most attention of Dutch planners (e.g. Spaans, 2005): "the establishment of comprehensive principles for project coordination, including private sector involvement and negotiation; options for the settlement of planning gain, packaging interests and regional redistribution; institution of development-oriented planning; and discretion for planning decisions." Nonetheless, by no means do they represent the complex UK planning system as a whole. Therefore, we describe some crucial inter-related characteristics in more detail hereinafter.

In summary, the *UK planning system characteristics* are as follows:

- *Discretion in planning decisions;*
- *Development-led planning tradition;*
- *Project-oriented planning approach;*
- *Negotiation-oriented flexible planning processes.*

First, the most notable characteristic of the UK planning system is the unusual extent to which it embraces discretion. Discretion, according to Cullingworth & Nadin (2006), “allows for flexibility in interpreting the public interest, which is in sharp contrast to other systems, like the European and US systems which explicitly aim at reducing such uncertainty, laying emphasis on protecting *property rights*.” Hence, it is important to notice that property rights in the UK are defined differently than in the Netherlands. In general individual *ownership* in the UK is less ‘socially-bounded’ than in Continental Europe. In the Netherlands for instance, local authorities in practice often purchase land or buildings from local owners if it is in the ‘common interest’ for society. Hence, according to Needham (2006: 34), “in the Anglo-Saxon tradition, it is not the resource [e.g. buildings, land] which is owned, but the rights in that resource; those rights are property.” This allows property owners to trade property rights with others who than are allowed to use these rights. This has resulted in an active land use (market) system (see also Shaw & Lord, 2009).

Furthermore, discretion in the planning system exist alongside the public law instrument ‘*development control*’. In this regard, Shaw & Lord (2009) argue that the UK planning system is “highly effective in stopping development and less effective in stimulating it.” Development control in the UK means that “no development is allowed without prior [public planning] permission” (Needham, 2006: 113). He argues that these two concepts work together; “If a local planning authority has [an] ambition, it tries to realize this during the development control process [with public-private negotiations] by using the discretion which the public law rules give” (Needham, 2006: 113-114). Hence, especially in the recent years there has been a debate about the detachment of development rights and land ownership in the Netherlands (e.g. VROM-raad, 2009). The expectation is that detachment of rights and ownership would make inner-city transformation projects with often scattered land ownership easier to realize. However, as our research has a project-oriented approach we mainly view this UK planning system characteristic as a contextual factor.

Second, the urban planning system in the UK can be classified as a *development-led system*. This characteristic is best explained by explaining its counterpart of the *plan-led system*. Munoz-Gielen (2010: 37) explains the difference between the two systems as follows. In the plan-led tradition, “legally binding land use plans are made before there is contact between public bodies, developers and landowners, and the development-led tradition ... “negotiations with developers and landowners precede the making of legally binding land use rules.” In development-led systems, *indicative plans* are used as the basis for negotiations resulting in binding rules and building permits. Whereas, in plan-led systems binding land use plans are used for negotiations resulting in possible modifications of binding plans and building permits. Note that principles of the plan-led system has been introduced in the UK, to secure a greater degree of certainty about public development intentions. Shaw & Lord (2009) argue that this system “has the intention to reach beyond narrow land use regulation to develop a more coordinated and consensus-based approach to planning practice.” As such the Planning and Compulsory Purchase Act (PCPA,

2004) has been introduced. This is a spatial law currently functioning alongside the existing Town and Country Planning Act (TCPA, 1990) (see Hobma, 2009), which puts more emphasis on producing a variety of indicative planning frameworks on the regional and local levels. Nonetheless, the Dutch interest in a development-led system is understandable as a more development-oriented approach already emerged in the Netherlands labelled as '*development planning*' (Dutch: *ontwikkelingsplanologie*) (see Section 4.2). Janssen-Jansen & Woltjer (2010) argue that "Dutch planning highlights the importance of protection and a fairly standardized way of considering projects. Generally, Dutch developers have to adhere to standardized government norms in the land use plan and therefore must make the project conform to local plans. These plans are prepared intensively by public servants and then followed carefully by politicians, leaving little room for unconstrained individual political judgment on projects". Planning then remains a legalistic, "administrative function aimed strongly at protection and legal security" (Janssen-Jansen & Woltjer, 2010). Moreover, we notice a desire from developers to look for more flexible development constraints. Therefore, we could also learn from this particular UK planning system characteristic.

Third, related to the development-led system, another characteristic of the UK planning system is the "establishment of principles of *project planning*, in particular the association of public and private actors in negotiating planning projects" (Bregman, 1999). Janssen-Jansen & Woltjer (2010) indicate that also current Dutch planning is "related to a less comprehensive, more *project-oriented approach*." Clearly, Dutch planners have had a strong interest in project-orientated decision-making (see Hobma et al., 2008). However, a fundamental problem of Dutch project coordination is the legal difficulty to allow for flexibility for projects as binding regional and local spatial plans are debated to play too restrictive role due to the land use plan's inflexible nature (e.g. Dijken et al., 2011; Van der Krabben, 2011b). For instance, the local land use plan has been described as a mechanism of rejection, and a 'jamming station' to successful initiatives (see Voogd, 2004). But, a project-oriented approach also has a disadvantage. In the UK, local authorities have difficulties to mitigate the effects of project-oriented development. The main criticism is its difficulty to 'join-up' developments and to produce a whole that is greater than the sums of the parts. Nonetheless, the flexible nature of project planning holds promising aspects for private sector-led urban development projects in the Netherlands.

Fourth, another related characteristic, both the discretion and the project-oriented planning approach, is that the UK system allows for *negotiation* and *flexibility* in development. "Local districts in the UK will always have the option to take into consideration some case-specific circumstances and make decisions on the political acceptability of a specific project" (Bregman, 1999). Hobma et al. (2008) argue that "the allowance for discretion in the English planning system is caused by the absence of legally binding planning documents. Plans are made under law, but are not part of the constitution." "This situation affects the outcome of plans in such a way that the decision-making on plans is characterized as a process of negotiation and mediation" (Janssen-Jansen & Woltjer, 2010). The discretion creates both flexibility in making plans in line with specific local needs, but also it creates market *uncertainty* about planning support of local authorities for (re)development areas. Often, this results in a *pro-active attitude* of both private and civic institutions in buying or protecting land for development thereby securing their interests. Hence, discretion thus allows more room for other actors to make decisions on development projects which might be a crucial condition for private sector-led projects to take effect.

Moreover, negotiation is of particular Dutch interest, as it includes “the potential to increase planning successes, to *package interests*, and to redistribute values. The use of profits from housing or commercial development for the benefit of local infrastructure including parks is included in this” (Priemus, 2002). “The idea is for private parties to take on ‘extra’ *development obligations* within their plan of project” (Janssen-Jansen & Woltjer, 2010). In a setting of diminishing governmental budgets this type of negotiated package deals can be a means to realize public objectives with private contributions. The beneficial result of development for the public interest than is defined as a ‘*planning gain*’. However, according to Janssen-Jansen & Woltjer (2010), “the potential to negotiate the scope and substance of projects is limited in the Netherlands, as separate planning agreements for a project does not exist. Planning project implementation does not formally take the form of a negotiable agreement package. There is a strong interest to make changes in that direction, however” (see Wolsink, 2003; Janssen-Jansen, 2008; Hobma et al., 2008; Bouwfonds, 2008).

Also notice that “the flexibility of the English planning system brings about constant *shifts of planning policies*” (Cullingworth & Nadin, 2006). The nature of policy statements to a degree depend on the central government party in charge. Notice that Conservative and New Labour policies have strongly influenced the direction of local urban regeneration (see Gough, 2002; Peck & Tickell, 2002, 2006; Fuller & Geddes, 2008). Thus, also local decision-making on development directions is significantly influenced by regularly changing politics, a feature less apparent in the Netherlands.

In summary, De Zeeuw & Hobma (2008) argue that it is especially the combination of the needs for *discretion*, *active development*, *project coordination* and *negotiation*, which makes the UK experience a useful source of inspiration for Dutch planners. In addition, we will focus on how such features actually take effect in the way both actors organize and manage private sector-led urban development projects. The following sections focus on UK’s urban regeneration practice by describing its main characteristics.

§ 6.2.2 Urban Regeneration

Urban regeneration can be seen as the equivalent of Dutch urban area development as it is a planning implementation activity ‘rooted in practice’ focused on areas. Urban regeneration comes with interrelating and interchangeable terms such as *urban revitalization*, *renewal* and *redevelopment*. These terms are commonly used by academics, government and media, essentially relating to the same planning and development process. Roberts (2000) defines urban regeneration as the development of urban areas on the basis of a “comprehensive and integrated vision and action which leads to the resolution of urban problems and which seeks to bring about a lasting improvement in the economic, physical, social and environmental conditions of an area that has been subject to change” (Roberts, 2000: 17).

Furthermore, according to Tallon (2009: 5-6), “there is a great deal of *pragmatism* and *experimentation* in implementing regeneration. Others like Hausner (1993: 526) emphasize the inherent weaknesses of urban regeneration approaches as they are “short-term, fragmented, ad-hoc and project-based without an overall strategic framework for city-

wide development”, due to its interventionist changeable nature (Roberts & Sykes, 2000: 22). Nonetheless, urban regeneration is of significant importance to UK cities, as Tallon (2009: 6) argues that there is the widespread problematic downturn of city centers, which eventually affects everybody. Therefore, Roberts (2000) argues that “effective regeneration is of fundamental importance to a wide range of actors.” As such, the main goal of urban regeneration is to alter the various problems related to UK cities. Table 6.1 summarizes the *approaches to urban regeneration* in the UK in terms of its dimensions and related concerns.

Dimension	Concern
Economic	Job creation, income, employment, skills, employability development
Social/cultural	Quality of life, health, education, crime, housing, quality of public services
Physical/environmental	Infrastructure, built & natural environment, transportation & communication
Governance	Nature of local decision-making, engagement of local community, involvement of other groups, style of leadership

Table 6.1
Approaches to urban regeneration (source: Tallon, 2009: 6)

Since the late 2000s, some crucial urban regeneration concepts are apparent, summarized as urban regeneration agendas by Turok (2005). In our opinion, these concepts are very interesting to take notice of for Dutch planning practitioners as they embrace important emerging trends in contemporary urban planning in both Western countries. The *three main UK urban regeneration agenda concepts* include:

- *Urban Renaissance*: “The urban renaissance agenda ... has been concerned with physical and environmental conditions, linked with the trend towards brownfield redevelopment ... and issues surrounding greenfield development” (Tallon, 2009: 7). This urban renaissance agenda promotes high quality urban design (Urban Task Force (UTF), 1999), mixed-use environments (Coupland, 1997) and sustainable cities (Hall, 2006);
- *Social Inclusion*: “The social inclusion agenda focuses on social conditions within deprived neighbourhoods. It encourages the development of social capital ... and community participation ... to bring about the regeneration of neighbourhoods and communities” (Tallon, 2009: 7);
- *Economic Competitiveness*: “The economic competitiveness agenda is concerned with improving economic performance and employment by increasing output, productivity and innovation” (Tallon, 2009: 7). In essence, economic competitiveness means that local authorities actively shape and stimulate favorable market circumstances for private sector investment and development possibilities within cities (see also Adams et al., 2005; Adams & Tiesdell, 2010).

These planning policies on UK city centers are mainly implemented on *brownfield sites*. A brownfield site can be defined as previously developed land, or any land that has previously been used for any purpose and is no longer in use for that purpose (see Dixon et al., 2007; CLG, 2007b). Brownfield development is considered to revive city centers on the one hand and to preserve rural areas and *greenfield development* on the other. By promoting city center living with attractive housing (see Tallon & Bromley, 2004), potentially high income households

move to cities cutting commuting as well (Bromley et al., 2005). These advantages have contributed to a rapid increase in brownfield development since the mid-1990s, within a favorable central government policy context (CLG, 2007b; Lees 2003a; Bromley et al., 2007).” However, despite the focus of urban regeneration policies on city center development and the advantages it potentially has, greenfield development in the UK is still attractive. Tallon (2009: 218) argues that “private sector developers have historically been more likely to avoid brownfield sites for a variety of reasons. These include the costs of assembling a site for development; difficulties of achieving economies of scale on relatively small sites (see Dixon et al., 2007). Furthermore, greenfield development corresponds with aspirations of the majority of the population which desires a house plus outdoor space and a better quality of life environment (DETR, 2000; Senior et al., 2004). Therefore, the *Barker Report* (Barker, 2004) argues that planning restrictions on green-belt land should be eased (see Evans, 2004). Also, high demand for housing in the UK cannot be met by developing on brownfield sites alone (SMF, 2007). Thus, this results in developing greenfield sites, despite UK’s urban containment and protectionist views.

With the main urban regeneration characteristics in place, we take a closer look at two different periods of urban regeneration in the UK in the following sections. We do this in order to clarify the time-dependent views and constructs against which urban regeneration projects took place. These are the Entrepreneurial regeneration in the 1980s and the ‘New Labour’ regeneration since the late 1990s. The first period is of relevance as this period marks the shift towards more private sector involvement in urban regeneration. It fundamentally changed views on role of public bodies in urban planning for the successive decades. The second period is of relevance as it gives insight into the period in which the urban regeneration cases conducted for this research took place (see Section 6.2 and 6.3).

§ 6.2.3 Entrepreneurial Regeneration in the 1980s

This period of urban regeneration is of critical importance to private sector-led urban development projects. It must be viewed in the political context of Thatcher’s Conservative governments (1979-1997). It was characterized by an *entrepreneurial ethos* consisting of neoliberal philosophies such as Public-Private Partnerships, privatization, deregulation, liberalization, and centralization (see Tallon, 2009: 43). This neoliberal philosophy of the Thatcher government or ‘New Right’ Conservative government broke with the main pillars on which post- World War II social-democratic policies were constructed; Fordism, Welfarism and Keynesianism (Gaffickin & Warf, 1993). The reorientation of urban policy was part of a wider agenda to restructure the UK economically, socially, spatially and ideologically around a new consensus of the *free market, individualism* and a clear rejection of the post-War welfare state (Pacione, 2005). Tallon (2009: 44-45) states that “The New Right philosophy argued that the market was the most efficient means of ensuring the production and distribution of goods (see Thornley, 1991). Hence, state policy shifted from welfare to enterprise; social collective attainments such organized labour were challenged. Moreover, state intervention in the economy was banned to a minimum.” This resulted in a “more natural, self-generative

power of competitive market forces in order to revive private capitalism, economic growth and accumulation" (Martin, 1988: 221). 'Thatcherism' became "a doctrine for modernizing the UK's economy" (Pacione, 2005: 178).

Logically, this new political philosophy also influenced *urban policies*. Macro-economic strategies like privatization, deregulation, liberalization, and centralization took effect in different urban concepts presented later. The period of 'urban entrepreneurialism' placed greater emphasis on the role of the private sector in urban policy, also termed 'privatism' (see Bailey et al., 1995). From the beginning of the 1980s, government's urban policies were based on the "belief that competitive and market economies could deliver equitable and efficient solutions to urban problems" (Nevin et al., 1997). Harvey (1989) argued that urban entrepreneurialism succeeded 'urban managerialism' during this period as the main form of *governance* of cities globally (see also Chapter 2). "Such an entrepreneurial stance contrasts with the managerial practices of earlier decades which primarily focussed on the local provision of services, facilities and benefits to urban populations" Harvey (1989). Business needs to a large extent surpassed social needs. DiGaetano & Klemanski (1999) argue that the successive Conservative Thatcher and Major governments "revamped the national urban policy agenda emphasizing on economic revitalization over community development."

This era was characterized by the creation of an entrepreneurial culture, business elites and *growth coalitions* (see Tallon, 2009). Growth coalitions were partnerships of mutually interested public and private actors aimed at promotion and implementation of economic development strategies in cities (see Pacione, 2005). In this regard, DiGaetano & Klemanski (1999) identify different urban *governing agendas*; pro-growth, growth management, social reform, and caretaker. The pro-growth typology can be seen as the dominant strategy for entrepreneurial regeneration in the UK during this period. It paved the path for more influences and investment from the private sector in planning. This was done by *deregulation* and *centralization*, which led to the power erosion of local government, which evolved towards more local governance with private actors taking a greater role in urban regeneration. "Consistent with the rolling back of the carpet of the state and the rise of market-led entrepreneurial approaches to urban regeneration, a top-down rather than bottom-up approach was pursued by central government. In this situation, the main role of the public sector was to attract and accommodate the requirements of private sector investors without unduly influencing their development decisions" (Tallon, 2009: 45).

Particular in this period, a number of UK cities underwent an *industrial decline* which had to be altered by some sort of economic restructuring. Healey (1991: 102) argues that the land and property markets of industrial UK cities in the early 1980s were characterized by a sluggish growth in local economy, large amounts of obsolescent property, small reforms of economic activity, a substantial public housing stock, substantial public land and property ownership, and a negative development industry image of local development opportunities. This situation provided the urgency for a new urban development strategy in the UK to reverse the decline of cities.

In terms of urban regeneration, the 1980s became characterized by an increased emphasis on property-led initiatives (see Hall & Hubbard, 1998). *Property-led urban regeneration* mainly focuses on economic objectives, such as the assembly of finance, land, building materials and labor to produce or improve property for investment purposes (see Ambrose, 1994). Healey (1991: 98) summarizes property-led urban regeneration strategies in the UK as economic

development, targeted to local/urban economies, via property development, through private enterprise, targeted to sites, expressed via projects/entrepreneurs. Some authors including Brownhill (1990) and Turok (1992) have criticized property-led developments as long-term social and environmental objectives (e.g. education and infrastructure) are mainly neglected. Moreover, according to Brownhill (1990), uncontrolled property-led regeneration carries the potential to “drive local property prices up, encourage land speculation and displace existing economic activities and communities.” Property-led strategies are speculative in the sense that it encourages property development in the hope that demand will come forward (see Healey, 1991; Loftman & Nevin, 1995). According to Healey et al. (1992), the value of property development mainly focused on a particular local situation, introducing ‘big bang’ projects. From a planning point of view, property-led regeneration thus failed to enhance sustainable growth in different parts of cities.

Important, with regard to our research on private sector-led urban development projects, is that this urban regeneration strategy, according to Healey (1991), demanded a “substantial involvement of the development industry.” A range of different urban policy initiatives were set up by central government to effectuate urban regeneration. *Organizational reforms* evolved along the construction of different formal partnerships in which local government had little influence. Public-Private Partnerships mainly were constructed under the umbrella of central government. Moreover, it changed the rules of the relationship between the public and private sector. It implicitly assumed that the development industry could be a ‘lead sector’ in urban regeneration once institutional factors such as the dominance of government and labourist/unionized politics and workforces, actors without the entrepreneurial attitude, would be withheld from much influence (see Healey, 1991). Hence, Pacione (2005: 178) identified *five processes of changing policies and institutions* which characterizes the change towards more private sector influence and central government power in urban planning:

- *Displacement*: involving the transfer of powers to non-elected agencies (such as Urban Development Corporations), thereby bypassing the perceived bureaucracy and ‘obstructiveness’ of local authorities;
- *Deregulation*: involving a reduction in local authorities’ planning controls and encourage property-led regeneration (such as Enterprise Zones);
- *Partnerships*: involving the encouragement of partnerships between central government and the private sector;
- *Privatization*: incorporating the ‘contracting out’ of selected local government services, housing tenure diversification, and provision for schools to ‘opt out’ of local education authority control;
- *Centralization of powers*: through a range of ‘quangos’ (quasi-autonomous non-governmental organizations) now termed NDPBs (non-departmental public bodies).

(Tallon, 2009: 45) argues that “each of these five changes had significant impacts on the formation and implementation of urban regeneration policies”, and some are still in place in current UK regeneration. Hence, the coming into being of *Public-Private Partnerships* in the UK was based on the experience with such partnerships in the USA which were introduced in the 1960s to effectively overcome the ‘growing blight’ and deindustrialization of downtown areas, and to attract private development investment. Joining forces with developers resulting in ‘quasi-public’ redevelopment corporations, city governments avoided municipal policy-making, and

“became entrepreneurial, providing extensive subsidies and incentives to attract developers” (Tallon, 2009: 46). Also, the Thatcher government embraced the principle of Public-Private Partnerships as an effective economy-oriented strategy to implement urban policy. The most important initiative for the displacement of power from local government to central government was the creation of non-elected government agencies called *Urban Development Corporations* (UDCs). UDCs also termed ‘*quangos*’ were government agencies run by appointed boards consisting largely of local business elites. “The primary objective of the UDC was to secure the regeneration of its designated area by bringing land and buildings into effective use, encouraging the development of existing and new industry and commerce, creating an attractive environment, and ensuring that housing and social facilities were available to encourage people to live and work in the area” (Imrie & Thomas, 1999). In order to achieve this objective, “UDCs were given the power to acquire, hold, manage, reclaim and dispose of land and other property, carry out building and other operations; enhance the environment; seek to ensure the provision of water, electricity, gas, sewerage and other services; provide a transport infrastructure; carry out any business or undertaking for the purposes of the objectives of urban regeneration; and provide financial incentives for the private sector” (Imrie & Thomas, 1999). UDCs have the power to purchase land came by agreement, by vesting it from public sector bodies, and/or to compulsory purchase it from private landowners. Thereby, UDC’s effectively took over local authority powers over specific areas. The UK witnessed the coming into being of thirteen UDCs in 1981, the most prominent example being the London Docklands UDC. In general, positive results of the 1980s/1990s UDC experience are the effectiveness of this single-purpose body concentrating on a defined area, and achieving quick development results. But, the criticism mainly focussed on the UDCs “concentrating purely on physical regeneration with little regard to human social provision and the development of human capital, including low-income housing, community facilities, and education and retaining programmes” (Tallon, 2009: 57). Furthermore, the fact that the UDCs were not appointed democratically elected bodies was quite controversial. Nonetheless, a new UDC generation took effect in 2003.

Apects	Characteristics
Government	‘New Right’ Conservatives: Thatcher/Major
Political philosophy	Neoliberalism: privatization, deregulation, liberalization, centralization, Public-Private Partnerships, individualism
Economic strategy	Free market mechanism: economic growth & accumulation, self-generative power of competitive market, cut back state intervention
Urban policy agenda	Economic revitalization over community development
Urban regeneration agenda	Property-led regeneration
Organization initiatives	Public-Private Partnerships. ‘quangos’, Urban Development Corporations, Enterprize Zones
Main criticism	Focus on economic/physical instead of social/environmental dimensions

Table 6.2
Characteristics of entrepreneurial regeneration in the 1980s (source: author)

If we relate the characteristics of entrepreneurial regeneration to overall urban regeneration approaches (see Section 6.1.2), the conclusion can be drawn that it mainly focused on the economic and physical/environmental dimensions, and less on the social/cultural dimensions and governance dimensions. The next section provides insight into the latest era of urban

regeneration. In conclusion, the most important characteristics of the 1980s *entrepreneurial regeneration* are presented in Table 6.2.

§ 6.2.4 New Labour Regeneration since the Late 1990s

In May 1997, the Conservatives were removed from power after 18 years by 'New Labour'. This resulted in a change of emphasis in urban policy by New Labour which was "the recognition of the interrelationship between the economic and social dimensions of urban policy within the context of the 'urban renaissance'" (Tallon, 2009: 78). In 1998, the *Urban Task Force*, was appointed to "identify the causes of decline in urban areas and to recommend practical solutions" (Tallon, 2009: 79) for sustainable urban regeneration. Its influential report *Towards an Urban Renaissance* was published (Urban Task Force, 1999), and contained over 100 recommendations and popularized the 'urban renaissance' concept encouraging *design excellence*, *brownfield development* and *higher densities*. This planning ethos can be considered as a reaction to some limitations of the entrepreneurial regeneration period. Furthermore, drawing upon these recommendations, the *Urban White Paper* was published (DETR, 2000), setting out the strategy to achieve urban renaissance, accompanied by £1 billion of tax measures to increase investment in urban areas (Colomb, 2007). Along with these studies, the government commissioned a number of reports that sought to assess the state of cities, among them the most influential being the *State of English Cities* (ODPM, 2006). The key findings of the Urban Task Force, DETR, and ODPM were that policy integration, partnership and local authority leadership were becoming more essential to effective regeneration (see Tallon, 2009: 80-81).

Tallon (2009: 82) argues that "at the heart of many of New Labour's early public policies was the attempt to bring together the State and the Market, representing what has been termed as a 'Third Way' (Giddens, 1998; 2000; Tiesdell & Allmendinger, 2001; Imrie & Raco, 2003b; Johnstone & Whitehead 2004)." According to Johnstone & Whitehead (2004: 9), this perhaps can be represented as an "uneasy and problematic marriage of the large-scale anti-poverty programmes of the post-war social-democratic state, with the economic imperatives of Thatcherite neoliberal urban policy." Hence, Clarence & Painter (1998) called New Labour's approach a *collaborative discourse* (see also Healey, 2006). Tallon (2009: 83) highlights that the emphasis of urban policy shifted towards 'joint-up thinking', 'cross-cutting issues', and 'citizen-centred' services.

One of the main urban policy objectives of New Labour was to alter social deprivation by introducing *Area-Based Initiatives* (ABIs). Here, the term *social exclusion* is often used to emphasize the nature of the problem. Earlier ABIs also addressed deprivation but these had several shortcomings, such as the lack of community involvement, an excessive emphasis on economic and property development, and insensitivity to local needs (Healey et al., 1992; Robson et al., 1994). Despite this, in the early years of New Labour's administration, area-based and 'neighborhood' explanations of deprivation gained a new momentum (Chatterton & Bradley, 2000). Another example of New Labour's urban policy are the *New Deal for Communities* (NDC) partnerships, characterized by "community involvement and ownership;

joint-up thinking and solutions; action-based evidence about what ‘works’; long-term commitment to deliver real change; and communities at the heart in partnerships” (Tallon, 2009: 84). Furthermore, *Local Strategic Partnerships* (LSPs) were established “to ensure strategic and joint-up working at the local level to contribute to neighbourhood regeneration” (Tallon, 2009: 84). LSPs became “the main policy vehicle for delivering regeneration in England” (Tallon, 2009: 84) functioning as cross-sectorial coordinating umbrella partnerships, often including members of local government, health, and education (Smith et al., 2007), that bring together various sectors. The central government’s aim to encourage effective local planning resulted in prominent roles for *English Partnerships* (EP), *Urban Regeneration Companies* (URC), *Urban Development Corporations* (UDC) and *Business Improvement Districts* (BIDs) (see Section 6.3.1). Other regeneration delivery programmes were put in place like the *Single Regeneration Budget* (SRB) targeting “government funding more directly to places most in need” (Tallon, 2009: 82), and *Housing Market Renewal* (HMR) focusing on tackling the problem of low housing demand in more deprived areas.

However, despite the New Labour’s policy focus on a wide variety of area-based programmes and vehicles, the urban renaissance programme suffers some implementation difficulties. This has to do with the difficulty of aligning social and economic objectives. The changing representation of cities from ‘spaces of despair’ to ‘spaces of hope’ (Harvey, 2000) has had implications for how urban policy has been conceived. According to Tallon (2009) this is most clearly expressed in “the apparent relegation of urban poverty debates and the elevation of urban place marketing and ‘boosterism’ of city centers.” Even in the Urban White Paper (DETR, 2000a) issues of social injustice are buried beneath discussions of design excellence (see Lees, 2003a; Hoskins & Tallon, 2004). This physical focus, according to Johnstone & Whitehead (2004) appears to be deflecting attention away from evolving patterns of poverty within cities. Furthermore, city center *retail-led urban regeneration projects*, mainly aimed at achieving economic and cultural objectives have endured some criticism from planning scholars (see Clement, 2007; Minton, 2009). In general, such ‘*flagship projects*’ are used by local authorities to increase private interest and investment. Foremost, they are meant to strengthen the economic competitiveness of the city relative to its neighbours on a regional, national or global level, and less focused on social targets.

In conclusion, we use a comprehensive evaluation of New Labour’s urban policies into *six main challenges and persisting problems* provided by Tallon (2009: 103):

- The *sheer scale and intensity of urban problems* such as social exclusion and inequality continue to present massive and multi-faceted challenge;
- Evidence continues to show *growing regional inequality*, especially between the north and south of the UK;
- Despite rhetoric, *confronting urban problems in a joint-up fashion* within and between levels of governance poses a considerable and continuing challenge;
- Encouraging *community participation and integration* continues to be a difficulty;
- Despite successive attempts by government to address the *monumental complexity of urban regeneration policy*, it remains as complicated, if not more so, than ever;
- The *managerial and performance indicator culture* of New Labour with strict controls, centralized targets, unresponsiveness to local geographical variations, league tables, evaluation and so on, all act against some of the recent policy aims.

If we relate the characteristics of New Labour’s regeneration to the overall approaches of urban regeneration introduced in Section 6.1.2, the conclusion can be drawn that urban policy formation and implementation focused on all planning dimensions, by applying different programmes and organizational vehicles into place for delivering regeneration. In conclusion, the *most important characteristics of the New Labour’s regeneration* since the late 1990s are presented in Table 6.3, based on our description.

Apects	Characteristics
Government	'New Labour': Blair/Brown
Political philosophy	'Third Way': belief In value of communities, commitment to equality of opportunity, emphasis on responsibility, belief in accountability
Economic strategy	Pragmatic balance between free market mechanism & state intervention
Urban policy agenda	Interrelationship between economic & social dimensions, collaborative discourse, sustainable communities
Urban regeneration agenda	Urban Renaissance, area-based regeneration, community involvement, social inclusion, economic competitiveness
Organization initiatives	English Partnerships, Local Strategic Partnerships, Urban Development Corporations, Urban Regeneration Companies, Regional Development Agencies, Business Improvement Districts
Main criticism	Focus on all planning dimensions, increased urban complexity, implementation results disappointing

Table 6.3
Characteristics of New Labour's regeneration since the late 1990s (source: author)

In conclusion, Tallon (2009: 265-266) indicates *six policy failures* that can be synthesized from evaluating different periods of UK's urban regeneration, which indicate that policy formation and implementation in UK's urban development practice remains a difficult task:

- Lack of clarity and purpose of urban policy;
- Excessive central government control of urban policy;
- Poor co-ordination and coherence of urban policy;
- Implementing one-dimensional urban policies;
- Dealing with neighborhood as an isolated unit;
- Failure in realizing community potential.

With regard to our research, these two successive urban regeneration periods in the UK clearly mark the entrepreneurial culture underneath UK's planning practice. It indicates that government and planning is mainly in place to mitigate market forces, to protect the urban and rural environment, and to safeguard civic interests as well. The development industry on its turn, through such entrepreneurial policy orientations, also could develop itself into a professionally mature sector at first sight. Therefore, in the following section we will deliberate on the roles of public and private actors in UK's development practice.

§ 6.3 Organization of UK's Urban Development

In this section we explore how urban development in the UK is institutionally arranged and organized. We do this by describing the roles of different public sector bodies (Section 6.2.1), the role of the private sector (Section 6.2.2) and the public-private relationship, and in particular, the role of different types of partnerships (6.2.3) in urban development in the UK.

§ 6.3.1 Role of the Public Sector

In this section we focus mainly on England, as many public sector characteristics can substantially differ across the UK. In order to get an overview of the roles of the public sector, it is necessary to provide some insight in both the established view on government, and the characteristics of government structure. They both influence the way in which public bodies can manage urban planning and development. We already indicated that the UK is rooted in the Anglo-Saxon model, with a societal view and legal system emphasizing a somewhat passive and powerless role of the public sector. Hence, these *values* are deeply rooted in the planning system and contemporary urban regeneration practice. Especially, since the neoliberal Thatcher period, it has been the 'deliberate intent' to reduce the role of local authorities in planning to a purely administrative one. In this period local government's budgets were reduced systematically, and responsibilities were mainly reduced to development regulation. Special purpose vehicles with a market-oriented board were set up under hierarchical coordination of central government to surpass local planning authorities in decision-making over urban development. This is a fundamental different view to the more active powerful role of local authorities in Rhineland countries such as the Netherlands.

The magnitude of this political operation has influenced the role of local authorities in urban planning until today. In Anglo-Saxon countries like the UK, implicitly, it is the *intention of the (planning) system for the private sector to take development initiatives*. Webster & Lai (2003) argue that changes in the urban planning system often resemble changing views on the roles of public, private and civic organizations; it is very much time-dependent. They argue that the fundamental dependence of government for rebuilding UK cities after World War II was perfectly legitimate in that period. The private sector was simply not able to take the lead in this respect, as economy was very weak. From the 1960s and 1970s this gradually changed as the results of government action, for instance in urban planning, were being questioned. Here, societal and political views began to change in favor of the market as the driving force for change in the UK.

Nevertheless, land and property markets need institutions; rules and sanctions (see Webster & Lai, 2003) to steer development. Therefore, numerous public bodies are acting on different spatial scales with different regulative powers, responsibilities and tasks. This government structure in the UK is complex (see Nadin et al., 2008). The government system for centuries has developed in an ad-hoc manner, as there is *no constitution* which defines the roles of each and every public authority. The result of this is that the roles of each level of government cannot

be defined with any precision and are highly changeable over time to suit particular needs for urban development. Specific responsibilities are often the result of new emphasis in central government (planning) policy agendas. Hence, there is a strong hierarchy of government actors, in which the national tier is the most powerful. In essence, the National Government is responsible for the wider planning policies in the UK. In England, the policy guidance set by the British Government frames the development of regional spatial strategies in nine English regions. At the local level, there is a complex government structure with high variation in responsibilities.

In relation to urban planning, the roles of the different levels of government are explained below. Here, we emphasize that the government structure and roles of the following description are based on the characteristics of the New Labour period until 2010. Changes in the government structure and roles as a result of the current UK's coalition government are not taken into account here. The reason for this is that New Labour's characteristics form the background of the two urban development cases studies conducted in this research (Chapter 7). Moreover, we consider it crucial for our Dutch audience to gain insight into the roles of these actors in England in order to understand their ability to steer and manage development.

National government

On the national level several public bodies are involved with planning which can be subdivided in three main organizational levels; *Departments of State*, *Department Executive Agencies*, and *Non Departmental Public Bodies*. The complexity of the (central) government structure lies in the variety of public bodies responsible for planning. The *Department for Communities and Local Government* (CLG) in principle responsible for urban planning in England under New Labour. Some other Departments of State working alongside CLG and influencing urban planning policies are Department for Environment, Food and Rural Affairs (DEFRA), Department for Culture, Media and Sport (DCMS), and Department for Business, Enterprise and Regulatory Reform (BERR), and the Department for Transport (DfT), responsible for a wide variety of planning-related policies (see Nadin et al., 2008). They formulate planning policies or influence practice by interventions in urban development projects. CLG sets out England's policy on local government, housing, urban regeneration, planning, renewal and community cohesion (CLG, 2007a).

CLG has the following *powers, responsibilities and tasks*:

- Producing policies through planning policy statements;
- Creating secondary legislation through orders and statutory instruments;
- Promoting best-practices;
- Recovering certain planning appeals;
- Coordinating the work of individual local authorities;
- Ensuring local authorities work according with national guidance;
- Determining certain planning applications through the power to 'call-in'.

The *power to call-in* is of importance for larger urban developments. It can be used by the Minister to effectively intervene in local decision-making on developments, which may conflict with regional or national interests in terms of: potential conflicts with national policies; potential rise to substantial controversy; significant effects beyond the immediate locality; significant architectural or urban design issues; and potential involvement of national security or foreign affairs.

Also, *Department Executive Agencies* (DEAs) support Departments of State in their work. The most significant agency supporting the work for the CLG is the *Planning Inspectorate* (PI). The PI is involved in local urban development issues, responsible for handling planning appeals against refusal of planning permissions, and testing the soundness of local development documents. Non Departmental Public Bodies (NDPBs) are public organizations; they support Departments of State in making policy decisions. "These bodies are not formally part of government and are able to work independently" (Nadin et al., 2008: 8). The most important NDPBs for CLG are English Partnerships (EP), Housing Corporations (HC) and Urban Development Corporations (UDC). Several DEAs and NDPBs from different Departments of State strongly influence the decision-making on urban developments at a local level. For instance, *English Partnerships* (EP) is "the government's national regeneration agency. It acts as government's advisor on the re-use of brownfield land and seeks to ensure that surplus public land is used to best-effect" (Nadin et al., 2008: 9). One can state that land used for 'best-effect' is highly debatable and arbitrary as it depends on the local context and the objectives of involved stakeholders. Nonetheless, it is committed to increasing quantity and quality of private sector investment. EP's focus is on physical development and regeneration, and it wields land assembly and *compulsory purchase powers*, which it uses to purchase derelict land and bring it back into active use (English Partnerships, 2010). "EP either develops sites itself, or awards 'gap funding' to developers to do so" (Tallon, 2009: 90). Therefore, it often acts as a partner, for instance through its participation in a variety of delivery agencies (URCs), including joint ventures with the public and private sector in development projects.

English Partnerships can become involved in projects through (Nadin et al., 2008):

- Joint ventures with private partners;
- Brokering arrangements between various partners;
- Master planning and enabling development;
- Site purchase using its powers to compulsory acquire land for public purpose;
- Gap funding;
- Advice on land use, the land market, best practice models.

Some other central government NDPBs play a role in UK's development practice. "The *Housing Corporation* is the government's national affordable homes agency. It funds new affordable housing, regulates private housing associations, and helps to develop and implement regional and national housing strategies" (Nadin et al., 2008: 10). "*English Heritage* is responsible for the stewardship of a large number of historical and archaeological sites. It works in partnership with a range of bodies to help conserve and enhance the historic environment, broaden public access to heritage, and increase the public's understanding of the past" (Nadin et al., 2008: 11). Moreover, the *Commission for Architecture and the Built Environment* (CABE) is "the government's advisor on architecture, urban design. The body seeks to raise the aspirations,

capacity and performance of everyone involved in creating and maintaining buildings and public space across England, by promoting best-practice, commissioning research, and providing expertise in the country's largest projects" (Nadin et al., 2008: 10).

Regional government

In England, there is "no elected regional government, although a number of regional institutions have been developed to help deliver greater synergy between central and local government" (Nadin et al., 2008: 12), in contrast to the elected Provinces in the Netherlands. However, since 2004, regional planning has gained more attention in urban planning in the UK. There have been three types of regional public organizations; *Government Offices*, *Regional Assemblies* and *Regional Development Agencies*, each of which have different powers and responsibilities (see Nadin et al., 2008). Despite New Labour's emphasis on Regional Planning by making use of Regional Spatial Strategies for approval of planning permissions, under the current Con-Lib coalition government the RDAs have been discharged in an attempt to cut government costs, putting focus on local project and local government instead. Therefore, here we only focus on describing the role of regional bodies that have been of significance for our case studies.

Regional Development Agencies (RDAs) operate across the nine English regions. They seek to; further economic development, regeneration and employment; promote business efficiency, investment and competitiveness; and contribute to sustainable development. RDAs can be actively involved in local urban projects. They can work in partnership with local authorities and the private sector to undertake area-based regeneration through their involvement in large scale mixed-use developments. They can also participate in 'gap funding' the preliminary project stages like master planning and land assembly. Furthermore, the RDAs are required to produce a Regional Economic Strategy which is supposed to be informed by the relevant Regional Spatial Strategy (see Nadin et al., 2008: 13) produced by the Regional Assemblies.

Local government

According to Hobma et al. (2008) lower governments in the UK do not have powers and responsibilities based on a constitution, as these are determined by central government. Furthermore, central government can appoint powers to lower governments for certain projects for which various specific responsibilities can be attributed to the public bodies in charge of the areas, such as UDCs. Nadin et al. (2008), however, argue that all types of authority are able to own or acquire land, and deliver public development themselves, but that there are some limitations on working with the private sector. In principle, *local authorities cannot act as market parties*, as they are limited to carry out a pro-active land policy to acquire land for private development (Hobma et al., 2008). Governments may only acquire land for developing public works and services. Here, we notice an essential difference with the Dutch public land development agencies, which are able to actively operate as market actors in private development projects. However in the UK, in some cases *special purpose vehicles* have obtained the powers from central government to acquire land for other purposes than public works and services. The most important Local Government bodies are described hereinafter.

Local Planning Authorities (LPAs) are structured in two contrasting ways; in some areas there are single-tier authorities, in other parts of the UK two-tier structures exist (Nadin et al., 2008: 14). A LPA is the authority or council that is empowered by law to exercise planning functions for a particular area. In essence, Local Planning Authorities are the most common local government body to be involved in urban development projects as they grant planning permissions for development.

In summary, *LPAs have following powers, responsibilities and tasks:*

- Prepare Local Development Frameworks
- Produce Development Plans
- Judge Planning Applications
- Grant/refuse Planning Permission & Building Approval (Council)
- Produce Planning Guidance documents

LPAs are responsible to set out planning policies through the *Local Development Framework* (LDF). This LDF is a collection of local development documents and other relevant policy documents. LDFs function as the most important document to be used in providing *planning permissions* for urban development projects, as LPAs are responsible for judging *planning applications* for development submitted by private developers. Often, before the official application LPAs and developers meet to discuss the application, on the basis of which a LPA brings out an advice to the Council who can grant or refuse planning permission for the area. Hobma et al. (2008) argue that extensive negotiations between the applicant and the LPA involve the conditions for granting planning permission. The agreed upon conditions for development are written down in *Section 106 agreements* (in England). These agreements contain provisions for the delivery of public facilities such as infrastructure, public space and affordable housing targets to be provided by developers. Currently, the *Community Infrastructure Levy* (CIL) is put in place as a similar planning gain tool for local authorities. For larger developments, the LPA and developers are also likely to enter into a legal agreement covering other aspects of the development. Furthermore, LPAs can make use of *development briefs* and *design codes* as supplementary planning guidance for developers containing illustrated public development or design objectives.

Moreover, "*Local Delivery Vehicles* have been established in certain parts of the country, most notably within the government's growth areas" (Nadin et al., 2008: 14). These are "special purpose vehicles which significantly alter the traditional relationship that local government has had to development" (Nadin et al., 2008: 14). They seek to encourage financial investment, encourage greater stakeholder involvement, and coordinate delivery. These bodies come in a variety of forms and are appointed by central government for particular areas and subsequent development issues. Common known examples of local delivery vehicles include Urban Development Corporations and Urban Regeneration Companies, explained here in more detail. According to Nadin et al. (2008: 15), *Urban Development Corporations* (UDCs) are "limited life bodies that have a broad remit to secure the regeneration of their area. UDCs seek to bring land and buildings into effective use, encourage economic development, create attractive environments, and ensure an adequate supply of housing and community facilities. They are able to carry out building and other operations, acquire, hold and reclaim land, and determine planning applications of 'strategic importance'. That is with the minister's agreement they can

take on planning competences from the planning authority and effectively become the local planning authority for certain functions within their area. UDCs operate by assembling land, installing infrastructure, and then marketing it to the private sector. Early UDCs were criticized for being too orientated on physical and economic development at the expense of social regeneration. Despite criticisms they were, to a large extent, successful. The first two groups of UDCs had closed by 1998. However, the Government has re-introduced them as a special delivery vehicle.”

According to Tallon (2009: 96), the *powers and roles of UDCs* are to secure the regeneration of its area through:

- Acquiring, reclaiming and disposing land
- Improving buildings and the environments
- Ensuring the provision of housing and social facilities
- Ensuring the provision of essential services (water, gas, electricity)
- Funding infrastructure projects

Urban Regeneration Companies (URCs) were recommended by the Urban Task Force as a mechanism to bring key stakeholders together to drive forward the regeneration of a particular area. URCs are *private sector-led organizations* co-ordinating development and investment in specific run-down areas. They are funded by English Partnerships (and formerly the Regional Development Agencies). According to Tallon (2009: 94), “URCs have finite life spans of around 10 to 15 years. Other similarities include their emphasis on vision, leadership, dynamic style, and the engagement of the private sector to carry out regeneration. However, they do not have planning or land acquisition powers. (...) The government sees the primary role of URCs as addressing significant latent development opportunities and bringing about regeneration through developing and implementing a clear and agreed vision for their area.” Their main focus should be on physical regeneration and re-use of brownfield land (ODPM, 2004).

Planning instruments

Government Body	Planning Instruments
National Level	
Department for Communities and Local Government (CLG)	Planning Policy Statements, Statutory Instruments, Call-in power (used at local level)
English Partnerships (EP)	Compulsory purchase order, Master planning, (Gap) Funding
Regional Level	
Regional Development Agencies (RDA)	Regional Spatial Strategies, Regional Housing Strategies
Local Level	
Local Planning Authorities (LPA)	Local Development Framework/Plan: Core Strategy, Allocations, Proposals Map, Action Area Plans, other documents
Urban Development Corporations (UDC)	Land acquisition, Funding, LPA planning powers for the area
Urban Regeneration Companies (URC)	Development & investment coordination

Table 6.4
Public planning instruments in UK urban regeneration until 2010

Here, we conclude this section with the most important *planning instruments of key public bodies* that directly influence urban development projects, presented in Table 6.4. Not all public actors described in this section have been included in the overview as they do not all have planning powers to manage urban development. Moreover, recent changes in these planning instruments have not been included, as our English case studies were analyzed in the period prior to the Con-Lib coalition government taking seat. The simplified overview presented in Table 6.4 is partly based on the different literature findings provided in this section.

In conclusion, when taking a closer look at the planning instruments of the public actors on different levels, we notice that, compared to the Netherlands, several governmental bodies in the UK potentially are able to influence urban development projects on the basis of planning tools. They possess the ability to manage urban development projects with various planning instruments which regulate, shape, stimulate and activate markets, in line with the planning tools presented by Adams et al. (2005). Furthermore, local authorities in the Netherlands seem to have a slightly more independent role in operating in areas within their administrative territory. In the UK, the role of local authorities can be determined by national government interventions in the form of a range of public actors with special planning powers or tasks, limiting the independence of municipalities.

§ 6.3.2 Role of the Private Sector

In this section we explore the role of the private sector, and in particular the role private developers play in urban development practice and projects. Again, these notions are based on the situation prior to the UK Con-Lib government taking seat in 2010.

Development industry

Nadin et al. (2008) argue that the English planning system generally seeks to shape private sector development proposals. This indicates that developers often take the initiative for urban development. Therefore, Nadin et al. (2008) argue that the UK has a very mature and strong development industry: "In property development, there are developers of different kinds, institutional and other investors and construction companies that undertake development directly. Hence, the industry is dominated by a small number of very large players. The top ten house builders produce 44 per cent of the total" (Nadin et al., 2008: 22). Moreover, developers in general operate or are prepared to operate across the UK as a whole. Traditionally, UK developers concentrated on either commercial or residential development. Hence, genuine large-scale mixed-use developers are relatively rare in the UK. Furthermore, according to Nadin et al. (2008: 22) the "trend to larger companies is increasing and there have been extensive mergers and takeovers of small companies. The reason is that given planning regulation, the search for land requires substantial financial capacity and expertise. This is being strengthened by the government's growth targets and a stressed housing market (especially in the south) which requires very rapid development, which is

tending to be provided by very large urban extensions or new settlements.” Tallon (2009: 218) argues that “private sector developers have historically been more likely to avoid brownfield sites, usually in the central city, for a variety of reasons. These include the costs of assembling a site for development; difficulties of achieving economies of scale on relatively small sites; difficult access; expensive surveys; high site remediation costs; easements; and consumer suspicion of brownfield sites” (see also Dixon et al., 2007). Thus, despite central government emphasis on stimulating development in city centers, greenfield development remains an area of interest for UK developers.

Henderson (2010: 167) argues that UK developer’s approaches to urban development tend to focus on individual sites in a discrete or site-focused manner; “From a *profit-maximizing perspective*, the tendency is for developers to select preferred property markets and to identify the optimum point of market entry. To extract substantial returns from development sites, proposals tend to be characterized by high site-coverage ratios (Carmona, 2009; Imrie & Hall, 2001), strong or securitized boundaries (CABE & DETR, 2001; Gooblar, 2002), single land use types (Cowan, 1997; Tiesdell, 2004), and designs that are either standardized or conform to minimum regulatory standards (Cowan, 1997; Imrie & Hall, 2001). Reasons for such actions include the preference to avoid land uses which are not directly revenue raising and a desire to market more exclusive developments. This noted, developers are also conservative in their choice of sites, leaning towards stable profits, unless there is a boom period or the prospect of government investment (Guy et al., 2002; Swyngedouw et al., 2002).” For instance, Bailey et al. (1995) argue that public sector intervention is necessary to stimulate private investment. However, MacLaran & McGuirk (2003) note that great power often lies with the property sector through its ability to select where and what to develop.

Therefore, Nadin et al. (2008: 22) argue that “the structure and operation of the development industry is very dynamic and dependent on geographical locations. Despite the focus on site-specific developments and profitable single-use developments such as retail centers or housing developments, developers are increasingly involved in mixed-use schemes, promoted in the central government urban renaissance program.” However, Nadin et al. (2008: 22) argue that “the quality of design and construction of homes has come in for considerable criticism from the 1990s, especially the standard house and estate layout product reproduced across the country and lack of attention to energy use and other environmentally sustainable aspects.” Furthermore, “recent trends are towards the creation of new types of development companies that concentrate on raising *land value* rather than undertaking development directly, and more partnership working between actors within and between the public and private sectors as well.” Therefore, *partnerships* are typical for any significant development scheme in the UK. Nevertheless, according to Henderson (2010: 165), “the prevailing image of developers within society is of profit-driven firms who are less interested in final occupiers or the social and environmental impact of their developments (Basset et al., 2002, Dixon, 2007; MacLaran & McGuirk, 2003).” However, we must clarify that developer’s attitudes and performance vary from sector to sector and place to place; therefore it is difficult to generalize. Despite that we presented some characteristics of the UK development industry, the role of property developers in development processes is still poorly understood by public actors and academics (see Adams et al., 2012). Hereinafter, we try to give some insight into this matter.

Role in development process

As said, it is often developers who take the initiative for urban development projects. Because public actors in essence do not carry out an active land development policy by acquiring land – the exception being EP, UDCs (and RDAs) – project developers pro-actively are involved in urban development. According to Hobma et al. (2008), *two approaches* for developers to become involved in development projects are common in the UK: seeking collaboration with local landowners without owning the land themselves, but performing plan development activities and applying for planning permission; and acquiring land early and act as land developers. When planning permission is granted by local authorities, developers can choose to develop themselves or subcontracting the development to construction companies. Some developers are only interested in increasing land values of areas by obtaining planning permission, which is a result of the *active land market* in Britain where land is often scarce and therefore the sale of land to other private owners becomes a lucrative business. And, Hobma et al. (2008) argue that in some cases, lease contracts are used for land in which original landowners let other private developers develop land with long leases. But also, according to Nadin et al. (2008: 23) “local authorities may often take a leading role in bringing developers together with other stakeholders.” For instance, EP may take the lead in acquiring and assembling land by compulsory purchasing land which is then developed by the private sector. Local development frameworks from local planning authorities may function as an indication for developers, as they contain areas with development priorities within cities.

However, project developers do not wait for public actors to come up with plans or to provide framework. For UK developers it is common to come with *unsolicited proposals* for development projects, aimed at securing a competitive advantage over other private developers and public actors in strategic thinking about sites. Often pre-application plan development happens in *partnership* with other actors, including local business communities and local residents, in order to secure community support for projects, before local authorities are consulted. According to Hobma et al. (2008) developers do not only initiate plans, but they even organize *public participation* and search for civic support of plans. Hence, it is not uncommon that UK developers take on tasks traditionally carried out by public actors. Subsequently, the results of this participation and support are presented by project developers for the acceleration of the public decision-making process. In other words, the developer proves the necessity and demand for urban development, which is needed for planning approvals by local authorities. Furthermore, another advantage of this approach for developers is that a reasonably worked out and supported plan is being presented to public actors who are forced to come up with solid and grounded argumentation for refusing plans. However, here we also touch the ethical issue of private interference in the public domain which might influence the ‘objective’ public judgment of private plan proposals. Developers sometimes even provide money to local authorities to appoint planning officers who carry out the necessary planning application process activities. This would be almost unthinkable in the Netherlands. Nonetheless, most developer activities come with high upfront investment and accompanied financial risks. Therefore, Hobma et al. (2008) argue that UK project developers take larger risks than Dutch developers, which is also partly caused by the fact that local planning authorities hardly take on any risks. For instance, UK developers have to invest in related infrastructure and amenities, which in the Netherlands partly is being negotiated in the land price. Before being granted planning permission, extensive negotiations with local authorities take place

on spatial, programmatic and financial conditions for developing areas, put down in Section 106 agreements. Developers are not keen on these conditions as they threaten the viability of schemes and increased risks and may cause time delays before the project realization starts. For instance, Henderson (2010) argues that “considerable developer resistance is reported to include affordable housing into otherwise homogenous developments as a form of planning contribution” (see Adams & Watkins, 2002; Tiesdell, 2004). Nevertheless, because of the UK housing market (in large parts of the country), developers are also able to take high financial risks as housing demand often is and remains high (see Nadin et al., 2008). According to Henderson (2010: 167), “*risk-minimization practices* include limiting the time between project application and the desired completion point, in order to reduce costs and to limit the possibility that competing developers may be quicker to reach the marketplace” (see Millington, 2007). Hence, UK developers carry out extensive market feasibility studies for projects, before entering into unsolicited proposals. Related to this matter, Henderson (2010: 167) argues that “because key decisions about what represents a viable project are determined at an early stage, public participation and planning approval tend to be viewed disapprovingly by developers for being overly negative, for causing time delays, and for ignoring the complexities involved in land development (MacLaran & McGuirk, 2003; Millington, 2007). Williams & Dair (2003), for example, note that developers tend to engage with relevant stakeholders only late in the development cycle.” Nevertheless, because of central government’s community involvement agenda, developers tend to be less reluctant to community engagement as it may result in less public resistance against projects; it can build societal and political support.

Involvement in development life cycle

Hence, in the final operation of urban development projects, after project delivery, we notice a higher degree of *private ownership* of public spaces and the privatization of (public) services than in the Netherlands. This is particularly evident in retail-led regeneration projects – such as the Bull Ring in Birmingham, and Cabot Circus in Bristol, amongst many – but also in housing estates and commercial developments. In general, these private ‘enclaves’ by planners are viewed as having a negative impact on cities as a whole, increasing societal exclusion and a high contrast between neighboring areas (see for instance, Minton, 2009). This critique is summarized by Henderson (2010: 167) who argues that “the impacts of the site-orientated approach (by developers) on urban areas can include poor permeability (e.g. narrow pathways and corridors, or gated developments), overly compact developments (e.g. privacy and shading concerns), inadequate attention to occupier needs (e.g. public realm, services, and open spaces), and a failure to consider cumulative off-site impacts and/or potentials (Carmona, 2009; Imrie & Hall, 2001; Pinch & Munt, 2002).”

However, it is considered that the planning system and government’s urban policies partly support the site-oriented approach by developers resulting in ‘enclaves’ and negative city-wide impacts. For example, Henderson (2010: 168) argues that “despite populist comments about the creation of sustainable communities, government policies have advocated higher residential densities. As a result the government has played its role in supporting more compact forms of private sector development and the oversupply of one- or two-bedroom apartments (Dixon, 2007).” Furthermore, higher densities are also accompanied by

architectural support and the housing association movement who support and encourage high-density development. According to Murie & Rowlands (2008: 651), “the British housing market has been buoyant over the period since the mid-1990s, the demand for housing has been sustained at high levels”, and the market has been further boosted by investor sales. Murie & Rowlands (2008: 651) argue that “high prices and strong demand mean that land is still put forward for development. To make the recipe work, however, developers need to build at higher densities.”

The result of the high-density inner-city regeneration schemes that are developed throughout the country is that, according to Sorrell & Hothi (2007: 40) “the returns that regeneration schemes produce have become in line with the returns generated by other more traditional real estate products” (see Adair et al., 2002; 2003). However, the financial effects as a result of the latest economic recession also have put profit margins of developers in the UK under pressure, due to the dependency on the speed and height of market sales. Nevertheless, Sorrell & Hothi (2007) argue that “institutional investors increasingly are prepared to take a more medium- to long-term approach by investing in regeneration as opposed to ‘cherry-picking’ short-term opportunities. This has, in turn, led to the emergence of private sector operators who are skilled in creating value and are looking to achieve medium and long-term gains in pivotal regeneration schemes.” In the Netherlands, such *long-term commitment* of developers towards urban development projects is not common practice yet.

Another form of private sector management of urban areas has been the establishment of *Business Improvement Districts* (BIDs). Here, the private sector in essence provides public goods in the city center, and takes over some of the functions formerly provided by the state. Tallon (2009: 99) explains that “street cleaning, furniture and security are provided through a ‘supplemental tax’ paid by the private sector business in the BID which they impose on, administer and spend themselves.” The overall aim is to boost a BID’s local economy. BIDs are predominantly found in retail spaces where “businesses have an interest in improving the appearance and safety of an area, and some are located in peripheral industrial estates and business parks” (Tallon, 2009: 99).

In summary, we can state that project developers are performing a key role in urban development practice in the UK, in terms of taking the ‘lead’ in projects. Privatization of public services as well is more established in planning practice. Nonetheless, other actors also participate in and contribute to development projects. Therefore in the next section, we explore the characteristics of partnership working between public and private actors.

§ 6.3.3 Public-Private Relationship & Partnerships

Partnership culture

According to Cullingworth & Nadin (2006) there is a greater willingness on the part of both the public and private sectors to pool their efforts and resources. Bailey et al. (1995) argue there has been a growing recognition of the need for the public and private sectors to work in *partnerships*. “The current ethos of urban development is much more based on partnership

working on a voluntary basis and steering of numerous separated powers and funding streams around common objectives" (Nadin et al., 2008: 5). (Nadin et al., 2008: 16) argue that "extensive partnership working has resulted in a complex overlapping structure of many partnerships with varying roles and formal status, but often comprising similar memberships." Hence, an important characteristic of UK partnerships is that they are rather focused on 'enabling' instead of 'providing' development, thus focusing on building development capacity, including different relevant actors in the development process.

According to Tallon (2009: 7), "partnership arrangements have emerged as a central feature of urban regeneration strategies in the UK, starting with a number of local authorities and private sector-led initiatives in the 1980s, and gradually leading to the incorporation of partnership into central government policy from the 1990s ..., and area-based initiatives from the late 1990s. These tend to be voluntary agreements that operate by consensus and persuasion rather than being strongly controlled hierarchical institutions" (see Turok, 2005). Furthermore, such partnerships usually "comprise of different stakeholders, combining members of the local community, non-profit voluntary sector, public sector agencies, and private sector business" (Tallon, 2009: 7). In the 1990s, the emphasis of policies on partnerships shifted from two-way Public-Private Partnerships to *three-way multi-sectorial partnerships* between the public, private and community organizations (Bailey, 1993; Bailey et al., 1995; Oakley, 1998). Hence, these type of 'multi-sectorial partnerships' are still an exception in Dutch urban development. Of course, 'formal partnerships' also exist in the UK. Tallon (2009: 7) argues that "at the other end of the partnership spectrum, urban regeneration could be coordinated by tight contractual arrangements involving a similar number of partners, more common in economic and physical regeneration schemes where the private sector is involved and substantial amounts of money are injected" (see Turok, 2005). Note that local planning authorities do not take part in these Public-Private Partnership bodies, as they are not allowed to take on development risks like the municipalities do in the Netherlands. Rather, they sign development agreements with developers that are labelled as formal (contractual) partnerships.

Organizational aspects – Types of partnerships

According to Nadin et al. (2008) and Hobma et al. (2008), the UK is characterized by many partnerships which exist on all scale levels. *Three main types of partnerships* exist in the UK: local strategic partnerships, delivery partnerships, and enabling partnerships.

All local authorities participate in *local strategic partnerships* (LSPs), which are non-statutory, multi-agency partnerships. According to Nadin et al. (2008: 17), "LSPs bring together a variety of public, private, community and voluntary interests. It operates at a level which enables strategic goals and policy to be set across all sectors and activities. Their role is to develop and promote common policy across the diverse sectors of government and across the public, private and not-for-profit sectors for their areas, and to influence the actions of other local bodies (often their partners)."

Delivery partnerships are also called joint ventures or development partnerships. They can be best compared with the Dutch forms of Public-Private Partnership models (see Hobma et al., 2008). Delivery partnerships in urban development between the public and private actors are formed for several reasons (see Nadin et al., 2008: 18). Nadin et al. (2008: 18) argue that

“the contributions of the public and private sectors to a development partnership are different but complementary. The public sector bodies have statutory powers such as the compulsory purchase of land and buildings, and the granting of planning permission but these powers cannot be transferred to partnerships, whatever form it takes. These powers must be exercised impartially by the public body independently from the management of the development partnership.” Often government bodies such as EP, RDAs, URCs or UDCs (see Section 6.3.1) are involved with compulsory purchasing or acquiring land for development, effectively bringing public owned land into use. Thus, these agencies mainly operate within the development process on the basis of statutory powers. Local Planning Authorities have the mandate to run the separate planning process of granting planning permission. Nonetheless, Nadin et al. (2008: 18) argues that “the fact that the public body is part of the development partnership will normally imply that its objectives as part of the partnership will be supported by the public body acting on its own.” Hence, within development or delivery partnerships it is often a representative from the development or economic department of local planning authorities or commissioned private consultants that are responsible for securing the best development and planning interest for the local authority. On their turn, “private sector developers bring funding, access to the property markets and development expertise to the partnership” (Nadin et al., 2008: 18). Furthermore, “there are strict guidelines that public bodies must follow in selecting private sector partners. There must be an element of competition. This is to ensure that the partner selected can offer the required quality of service, the public sector has achieved value for money, and to ensure probity in the use of public sector assets (land or cash)” (Nadin et al., 2008: 19).

Enabling partnerships are also called *informal* or *co-operative partnerships* and can be described as informal partnership arrangements focusing on bringing together diverging interests of actors, with the aim of achieving a shared vision for the development area. With ‘informal’ Hobma et al. (2008) mean that cooperation does not take place on agreements or in institutional forms. This type of partnership is often used in the UK to promote urban development, to create a shared vision for an area, to ensure government investment, to enhance trust between partners as a platform, to perform development studies under shared commissionership, and to lobby with politicians. According to Hobma et al. (2008: 19), enabling partnerships are well suited for cooperation between public, private and civic actors in Dutch urban development practice, for exactly those reasons mentioned above.

Moreover, there are *two principle types of legal partnership vehicles* that are used by development bodies to bring about development: limited companies and legal partnerships. *Limited companies* are often private limited companies, according to Hobma et al. (2008), the cooperation model that is most similar to the Dutch equivalent of joint ventures. There are, however, strict constraints on public bodies becoming part of a limited company, as the consent of central government is required. Therefore, the most common examples are the regeneration agencies rather than local authorities. Formalized *legal partnerships* with the aim of making a profit from development involve three types: unlimited partnerships, limited partnerships or limited liability partnerships (see Nadin et al., 2008: 21), mostly consisting of a combination of private actors (developers and investors for instance).

Legal aspects – Types of agreements

There are *two main types of cooperation agreements* often used in development partnerships: cooperation agreements and development agreements. The *cooperation agreement* is the initial agreement to work together, followed by the development agreement which is signed as the project moves towards implementation. According to Nadin et al. (2008: 19) this agreement “sets out in detail the arrangements for conduct of the partners’ management of the project.” Similar to the Dutch concession model’s ‘realization agreement’ this agreement sets out the responsibilities of each actor; it establishes the “working arrangements of the joint venture, funding, provision of infrastructure, phasing and timescale for the project, and the sharing of profits. The *development agreement* will establish the mechanisms for the conveyance of land and there will be arrangements for dealing with disputes” (Nadin et al., 2008: 20). Furthermore, it requires agreement on the type of legal relationship that is formed between the actors. In addition to these agreements, sometimes *funding agreements* are used to indicate where and under which conditions the public and/or private funding comes into the urban development project.

Another legal relationship between public and private actors in the UK is the *planning performance agreement*. The first variant of this agreement is one in which a local planning authority and a developer agree about what type of information from both actors is required at what moment to judge and progress with the development. In a second, more far going variant, the level of service by local authorities towards the developer are arranged. Furthermore, it is not uncommon in the UK that developers pay a compensation for these services to local government. Also sanctions for not following the agreements are used in cases negotiations between public and private actors fail, or in situations where local authorities do not comply with the agreed terms. Hobma et al. (2008) argue that both variants of planning performance agreements can substantially accelerate development processes and certainty for developers, and therefore, could be of interest to Dutch urban development.

Another commonly used agreement between public and private actors is the *Section 106 Agreement*. According to the Local Government Improvement and Development (LGID, 2010) the “Section 106 of the Town and Country Planning Act 1990 allows a local planning authority (LPA) to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement. These agreements are a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing.” Hence, it is an additional agreement to the development agreement. They mainly consist of ‘*developer contributions*’ to the provision and realization of public functions. This outcome of often extensive negotiation processes between developers and local authorities is often described as ‘*planning gain*’. Hence, recently the introduction of an additional planning gain instrument, the Community Infrastructure Levy (CIL), has been on the reform agenda of the Con-Lib coalition government. We will not explore this planning instrument as it has not played a role in our UK case study research.

Financial aspects – Risks & financing

Nadin et al. (2008: 21) argue that “there are strict controls on public bodies in the UK, but especially local authorities, that limit their ability to take risks with public money. A local authority may contribute to the fees of consultants advising the partnership, for example or for the preparation of the master plan. Commonly, a local authority will contribute land to a development project, but it will either be sold to the developer or made available on license to the development partnership. The benefit of the latter option is that if the venture fails, the land remains in public ownership. It also enables the local authority to participate in rental income and to benefit from the enhanced value of land when sold at a later date. Local authorities are prevented from investing funds in a commercial venture, but they may bring capital funding for basic infrastructure such as roads, and for public buildings such as libraries and schools.”

Thus, compared to the financial role of local governments in Dutch urban development projects, the role of local authorities in the UK in this regard is more transparent. Public bodies financially operate in the public domain, by funding or investing in public buildings and structures, and leaving land development to the market. Thereby, public risks are minimized. Nadin et al. (2008) argue that “involving several parties in a project partnership may help to spread risk, but each partner will want to minimize the level of risk to which they are exposed. The private sector expects higher returns for increased risk. The transfer of risk is one of the key benefits to the public sector of having private sector involvement in the project, but the private sector will not accept unlimited or unreasonable levels of risk.”

Furthermore, *roof tax* is seen as a new instrument to generate money for public actors in the UK. Hobma et al. (2008) explain that a roof tax (or tariff) is a fixed amount of money per dwelling paid by the developer to the local authority in exchange for amenities or services in the area under development. *Grants, subsidies, and gap-funding* are development financing options from central government or non-governmental agencies directed at specific targeted areas or programs. Local planning authorities must apply for these financing options and meet specific criteria. Hence, public *land sales* are mainly put on the balance sheet of local government, and are not directly used within urban regeneration schemes they came from. Also recently, there has been an increased interest in *Tax Increment Financing* (TIF) as a finance instrument for urban regeneration (see Squires & Lord, 2012).

Evaluating partnerships

Some authors have evaluated the role of partnerships in urban regeneration in the UK. They argue that there has been little interest in the managerial effectiveness of partnerships and the broader implications of this for regeneration policy. Ball & Maginn (2005) conclude that “the partnership ideal is a useful policy device but that it has to be thought through more clearly and applied in specific contexts, rather than seen as the best and universally applicable model for urban regeneration.” Reasons for the success or failure of UK’s urban regeneration partnerships have been mentioned by Carley et al. (2000). They studied the factors influencing the effectiveness of city-wide and local partnerships by conducting research on urban regeneration projects in the UK. *Crucial success factors for partnerships* includes; leadership, visioning and consensus building, translation of vision into workable objectives, building community into

partnership, drawing business into partnership, Inclusiveness versus efficiency, nurturing partnership, human resources, and culture of partnership (see Carley et al., 2000: vi-viii). Reasons for the possible *failure of partnerships* may also lay in the insufficient relationship between the (public) *planning process* and the (mainly private) *development process* as used by Cullingworth & Nadin (2006). These quite separate processes with their own logic and aims still continue to exist despite the effort to solve conflicts of public and private interests in mediating devices such as partnerships. Despite partnership formations which brings public, private and even civic actors together in a 'joint-up' fashion as promoted by UK's central government to create more sustainable developments, partnerships are – similar to the Dutch experience – not always successful in achieving social, economic and environmental objectives through urban regeneration.

Nevertheless, despite these critical comments, it seems that partnerships used in the UK are possible alternatives for the somewhat more institutionalized forms of Public-Private Partnership models in the Netherlands. We conclude that types of partnerships in the UK take into account several other actors in addition to public and private actors. In essence, this seems to be more in line with the growing role of civilians and other organizations in society as a whole, and therefore are worthwhile exploring in urban development practice as well.

§ 6.4 Conclusions

In this chapter we provided an overview of the characteristics of the context and organization of urban development in the UK until 2010, in specific in relation to our research subject private sector-led urban development projects. We constructed the main characteristics of the planning system and subsequent planning policies and provided an overview of the general characteristics and aims of urban regeneration as the concept for implementing planning policies. Furthermore, we looked more closely at two periods of urban regeneration: entrepreneurial regeneration period and New Labour regeneration. By analyzing literature related to the first period we came to understand the origins that caused the shift towards a prominent role for the private sector in urban development in the UK and the focus on economic development objectives. The second period helped us to understand the background for the more comprehensive approach towards multiple actor involvement and sustainability objectives in urban development that forms the background of our cases.

Moreover, we explored the characteristics of the roles of public and private actors and their cooperative relationship in the form of partnerships in the UK. By studying the roles of the different governmental bodies on national, regional and local levels, we made clear that in the UK a complicated structure of public sector planning and development bodies is present, all with their own statutory responsibilities and planning instruments. The role of the private sector in the UK showed us that the development industry is a mature sector with a wide variety in market focus, and that project developers often take the lead in development projects in various manners. And finally, we described the role of partnerships in UK urban regeneration. This showed that partnership working between public, private and civic actors has been deeply

embedded in the planning and development culture, and that various informal coordinating and formal contractual types of partnerships exist.

However, despite the fact that we have gained substantial knowledge about the institutional background of urban development in the UK, which influences the inter-organizational and managerial roles that public and private actors play in practice, we still are in search for empirical knowledge on UK's private sector-led urban development practice. In Chapter 7 we aim to draw valuable collaborative and managerial lessons from two private sector-led urban development projects for the Dutch private sector-led urban development practice. By understanding the cooperative relationship between local planning authorities and project developers we aim to add an international perspective to the future roles of both actors in a Dutch private sector-led context.

7 Cases in the UK

This chapter provides insight into two urban development cases in the UK, in addition to the general description of several characteristics of urban development in the UK in the previous chapter. Before describing the results of the case study research on *Bristol Harbourside* (Section 7.2) and *Liverpool One* (Section 7.3), the *case study framework* (Section 7.1) is introduced in order to clarify the objectives and choices for the case studies. In Section 7.4 a *cross-case analysis* is presented, followed by preliminary *conclusions* from these cases for Dutch urban development (Section 7.5).

§ 7.1 Case Study Framework

As urban development practice in the Netherlands has shown signs of moving towards a more private sector-led approach, it is useful to study UK urban planning and development practice, as the literature review in Chapter 6 has indicated that it can be considered as being private sector-led. The objective of this data collection stage is to learn lessons from UK's private sector-led urban development project. In this section we briefly discuss the main issues involved with the UK case study research.

Question, objective & methodology

The main case study question, objective and methodology (see Section 3.2) are:

- **Question:** How do public and private actors organize and manage UK private sector-led urban development projects, what are the project effects and actor experiences?;
- **Objective:** The objective of this stage is to create a better understanding of the public and private roles, project effects and actor experiences in empirical UK private sector-led urban development projects;
- **Methodology:** This stage consists of multiple empirical case studies, in which interviews are held with practitioners and case documents are analyzed. Furthermore, we use a cross-case analysis and literature reviews to validate our case study findings within each context.

In line with the presented analytical model in Chapter 3 we will focus our case description on the organization, management and effects of the private sector-led urban development projects. We start by describing the *project's context*, elaborate on the *development process*, continue with the main *organizational public and private role characteristics*, and categorize the used management measures from both actors. We conclude with determining the project *effects* and take into account actor *experiences*. The final objective is to structure the UK case study findings at the end of this chapter by *cross-analyzing the cases* with the assistance of tables used in Chapter 2.

Formulating *research questions* allows us to achieve this objective. Quite similar to the Dutch cases, the UK case study research tries to answer the following questions:

- *What are the inter-organizational roles of public and private actors?*
 - What organizational tasks and responsibilities are appointed to the actors?
 - What financial risks and revenues are appointed to the actors?
 - What legal requirements and rules are applied by the actors?
- *How are the management measures used by public and private actors?*
 - How are project management activities carried out by the actors?
 - How are process management activities carried out by the actors?
 - How are management instruments used by the actors?
 - How are management resources used by the actors?
- *What are the effects of the public-private cooperation and management?*
 - Is the cooperation being considered effective in reaching actors' objectives?
 - Is the process being considered efficient by limiting time and costs?
 - Is the product being considered to have a satisfying spatial quality level?
- *What are the experiences of public and private parties with the cooperation?*
 - What are the motives to choose this type of cooperation?
 - What are the problems encountered in the cooperation?
 - What are the conditions to apply this type of cooperation?

Case selection

The selection of the cases must be seen in the light of the overall objective of case study research. The objective is to learn as much as possible from urban development practice in the UK within a limited time-frame. Retrieving data from the UK practice should not be a matter of general issues that are explored; it is the *depth* within cases that matters. Therefore, we conducted *two urban development cases* as this also gives us the opportunity to cross-analyze UK cases on several aspects. Hence, we are not interested in comparing cases between countries, as this proves to be very difficult in methodological sense (see Chapter 3). Therefore, it is not necessary to use the same selection criteria as in the Netherlands. Rather we use 'lesson-drawing' criteria that enable us to learn as much as possible for the public and private roles in private sector-led urban development projects in the Netherlands. Moreover, the selection criteria enable us to reflect on some theoretical (Chapter 4 and 6) and empirical findings (Chapter 5) regarding theoretical assumptions from academic scholars and empirical problematic issues and recommendations stated by practitioners.

The following *case selection criteria* apply to the UK cases:

- *Largely completed projects in a similar period*: Completed projects in a similar time frame are easier to analyze and compare;
- *Mixed-use developments*: The integration of functions (not mono-functional) is one of the objectives and characteristics of urban development in the Netherlands;
- *Inner-city regeneration projects*: Intensifying the use of space in existing urban fabric is a major future Dutch urban assignment. Such projects are considered to be difficult to realize through private sector-led urban development approaches;

- *Complexity & considerable scale*: The increase in complexity and scale of the project characterized by an increase in different interest groups, often result in a decreased manageability. These projects are considered to be difficult to realize through private sector-led development projects;
- *Representation of urban development practice*: The case must be a fair representation of urban development practice in the UK, at least in its own right. This means we are not looking for a case in which a local authority takes on financial risks in the development;
- *'Classic' public-private relationship*: We are looking for a classical public-private relationship with the involvement of a local planning authority and project developer. We are not interested in cases where special purpose vehicles play a central role;
- *Pragmatics*: Accessibility to case study documentation, literature description, and access to key persons are preferred as this eases and enriches the data collection.

A visit to the UK was made in the period from October to November 2009, where the researcher worked on the basis of a guest hospitality notification at the Department of Planning and Architecture, School of the Built and Natural Environment at the University of the West of England (UWE) in Bristol. Moreover, in May 2010 another UK visit was made to collect additional information to update some case findings. Case study research involved interviewing several (involved) academic, public, private actors, collecting and analyzing relevant case study documents and other literature, and site visits, providing triangulation of the case study findings. See Appendix I for a complete list of UK case study sources.

In close collaboration with UWE colleagues two cases were found that matched the formulated selection criteria, which are *Bristol Harbourside* and *Liverpool One*. Both cases represent rather strategic inner-city developments with a mixed-use functional program, and therefore, a possibly expected high complexity. Of course they are selected as they are considered to be private sector-led urban development projects at first sight. Furthermore, it has been tested whether these mixed-use inner-city cases represent UK urban development practice with the assistance of UWE colleagues. They confirmed that the cases are not 'exceptional' examples of urban development projects regarding UK's regeneration periods described in Chapter 6. However, it must be acknowledged that both cases are of exceptional nature when compared to the vast majority of developments in the UK. Due to the case location near city centers, the projects are of a scale and importance that potentially requires significant public sector involvement. Hence, exactly these distinctive characteristics justify choosing these UK cases, as they are much closer to the Dutch urban development experience (in terms of scale, mixed-use, complexity, public involvement). Thus, they show less resemblance with the typical private sector-led development elsewhere in the UK. Therefore, conclusions from both cases are mainly valid for these types of projects rather than UK's urban development in general. Hereinafter, we describe and analyze the two cases (Sections 7.2 and 7.3), followed by a cross-case analysis (Section 7.4), finalized by some main conclusions (Section 7.5).

§ 7.2 Bristol Harbourside

Our first private sector-led urban development UK case study is *Bristol Harbourside*. This section provides insight into the project's context, planning and development process, organization, management, effects, and experiences from key stakeholders, followed by some conclusions. Figure 7.1 shows an aerial view of Bristol Harbourside.



Figure 7.1
Bristol Harbourside, aerial view (© Edward Cullinan Architects / Crest Nicholson)

This urban regeneration project is located in the heart of Bristol's city center, a city in the Southwest of England. It is a 19.3 acres (7.8 ha) £200 million mixed-use development project partially completed in 2009 (the time of data collection). It has been developed by a single developer Crest Nicholson in close collaboration with the Bristol City Council, after a first stage of development of public buildings and squares adjacent to the site. Table 7.1 shows the main project characteristics.

Project Characteristics			
Surface area	7.8 ha (19.3 acres)	Leisure/hotel	30,000 m ² (323,000 ft ²)
Open area	ca. 3.0 ha (7.4 acres)	Office	45,000 m ² (484,000 ft ²)
Total space	119,000 m ² (1.28 mln ft ²)	Residential	44,000 m ² (474,000 ft ²) ca. 700 units

Table 7.1
Bristol Harbourside, project characteristics (based on Muñoz Gielen, 2010: 182) (data from 2010)

§ 7.2.1 Context

Bristol Harbourside as an urban development project took place against a particular context which is highly important to understand it. Here, relevant project's contextual features are described in terms of the economic-political situation and spatial policies.

Economy & politics

For some decades now, Bristol has been characterized as a prosperous city with a population of around 500,000. In economic terms the city has a diverse range of high-technology and financial service industries. In historical respect according to Tallon (2006), "Bristol developed its reputation as a trading center during the Middle Ages. The industrial heyday of the central Bristol docks was during the 17th and 18th centuries, as the city was well placed to exploit trade with Africa and the Americas. The docks were second in importance only to London's docklands, and this contributed to Bristol's place as Britain's second city in the mid-18th century" (see also Punter, 1992). During World War II, part of central Bristol was bombed, which resulted in reconstructing the city center during the following decades. "After a long period of gradual decline over the next century, the city docks eventually closed as a commercial dock in the late 1960s, owing to increased competition from larger, deep-water ports, and concomitant with wider economic changes" (Tallon, 2006). The result was that such docklands became redundant and underused.

According to Bassett et al. (2002: 1758), "politically, the city has been under 'moderate' Labour control for much of the post-war period, with brief Conservatives interludes." However, several studies (Bassett, 1996; 1999; Stewart, 1996; and DiGaetano & Klemanski, 1993; 1999) on economic and political change in Bristol in the post-war period conclude that a significant governance transformation took place in the early 1990s. For example, Bassett (1999) puts this transformation in the context of three broad phases of post-war change. The period from 1945 to the late 1960s was a period of 'post-war boom and traditional Labourist politics', with a focus on 'modernizing' the city through city-center redevelopment and ambitious plans for urban motorways. This gave way in the late 1970s to a period of 'deindustrialization and factional politics'. The 1980s were marked by often bitter in-fighting between old and 'New Left' factions over local policies and opposition to Thatcherism. The Labour group also maintained much of its traditional suspicion of the local business community, a suspicion deepened by loss of powers to a business-dominated Urban Development Corporation. Thus, the early 1990s marked the growth of 'partnerships and business activism' triggered by new economic pressures. A widening array of partnerships in the city was established, including the *Bristol Chamber of Commerce and Initiative* (private sector-led) and the *Bristol Regeneration Partnership* (public sector-led), covering policy areas such as economic development, city-center redevelopment and cultural development (see Bassett, 1996). Bassett et al. (2002) conclude that the different studies mentioned above have revealed that local politics in Bristol remains fractured around different agendas and coalitions. This reflects the difficulty to characterize the political situation in Bristol in the late 1990s. However, this period is of high relevance for this study as this fractured political situation also significantly influenced decision-making on the Harbourside project as we will see later.

Spatial policies

The Bristol docks have been subject of planning debate and plans during all the above described successive economic-political periods from the 1960s onwards. According to Greed (1996: 128) there has been great interest among local people in the future of the *Canons March* site [the northern part of Bristol's Harbourside most adjacent to the city center] with a wide variety of viewpoints being expressed. Furthermore, according to Muñoz Gielen (2010: 183) the Canons Marsh site now "is one of the Council's main priorities for regeneration, and plan preparation has a long history" (Askew, 1996; Buitelaar, 2007: 89-92). "In summary, the debates about the site reflect the wider Bristol agenda, which resolves around conflicting priorities in respect to urban conservation, housing provision, car parking and transportation, office development and leisure uses" (Greed, 1996: 128-129). Several successive decades of planning history for Harbourside, and especially the Canons March, are described hereinafter.

Tallon (2006: 279) argues that the city authorities and population were unsure what should be done with the redundant land back in the 1960s. However, in 1969, Bristol City Council came up with plans to fill in large sections of the docks and build a ring-road across the land. As the city council owned 56 per cent of the land in these docklands at this time, they exerted strong control over subsequent development. The council appointed consultants to develop a more detailed redevelopment plan with multi-level junctions, large scale office and housing development. "These proposals were inevitably controversial and immediately galvanized conservation groups into action" (Tallon, 2006: 279). From this period on the docklands acquired a new role as a leisure, culture and entertainment space. Thus, the 1970s regeneration became characterized as a more sensitive, small-scale, high-density, low-rise approach.

In the 1980s, "following the abandonment of the early 1970s proposals, Bristol's Harbourside has witnessed successive stages of regeneration, largely characterized by property-led approaches" (Tallon, 2006: 279). Several housing developments took place at Harbourside, despite the fact that housing development in docklands carried much risk at that time as demand was not certain. However, it quickly became apparent that city center waterfront living was popular. As the docklands penetrate right into Bristol's city center it also became an interesting opportunity for investment and redevelopment. Therefore, the vast majority of the housing developed at that time was private sector for owner-occupation or investment buying instead of social or affordable housing (see Tallon, 2006). This private sector housing approach was fuelled by the neoliberal central government policies that overtook some of the powers of local authority, and the extremely high land values which developed there in the 1980s. According to Greed (1996: 128) this caused "pressure on public bodies to dispose valuable land assets to make up for cut-backs in funding."

However, according to Tallon (2006: 280), "the development of this area of the docks had become bogged down by competing views of how it should be developed, and a number of early-1980s schemes came to nothing." During this period the site, according to Askew (1996) was used as a commuter car park with fourteen hundred spaces, which resolved in a debate on the site being underused or not, as it clearly served an important function for the city. The land owned by a combination of parties was "an industrial built environment composed of tobacco bonded warehouses, disused railway yards and derelict gasworks, which required substantial amounts of investment for remediation and redevelopment" Askew (1996: 183). Therefore,

by the late 1980s the site remained undeveloped and the only realistic way forward would comprise of a more commercially-oriented development.

Tallon (2006: 280) argues that “the defining moment for this area [Canons Marsh] came in the late 1980s when Lloyds Bank approached the City Council wishing to construct a headquarters for one of its financial divisions on the prestige, central waterfront site of a former bonded warehouse.” Despite the fact that a 1984 *Planning Brief* by Council indicated that office development was completely unacceptable, Lloyds Bank’s planning proposal for some 210,000 sq.ft. (19,500 sq.m.) of office development was granted planning permission (see Askew, 1996). Punter (1992) describes that the main reason for the Council’s decision was that the local authority wanted to prevent the occurring possibility that this prime site would become under control of a new to be formed *Urban Development Corporation*. It was part of a local strategy to show central government that Bristol was able to attract and facilitate investment for development, effectively engaging the private sector. Askew (1996: 186) argues that “the advantages described by the council to justify the decision were job creation, demolition of the bonded warehouses and the opportunity to pump-prime the site, opening the way for further development.”

According to Punter (1992) the justification for the political reversal to grant Lloyds Bank planning permission commenced into yet another Planning Brief in 1989. This brief contained refined requirements for the Canons Marsh site which included leisure and cultural facilities of ‘national significance’. However, the issue of paying for these leisure functions became the main implementation problem; “without significant public funds in place they would have to be cross subsidized by commercial land uses” (Punter, 1992: 68). Prior to the brief, in November 1988, LDR International Ltd. was employed to create a *Concept Plan* for Canons Marsh which contained a solution for the subsidizing issue. The plan included a ‘parcelisation’ concept, which meant that the site was divided into a number of parcels and inside each of them a mixture of uses was allowed for cross-subsidizing within the parcel. LDR’s proposal was for offices (36%), residential uses (38%) and leisure uses (38%). Despite the rejection of LDR’s proposal, the Council accepted three new general principles which became part of the *1989 Planning Brief*: 1) development plans should include land at Wapping Wharf (opposite the floating harbour); 2) offices may be necessary for viable development; and 3) there should be cross-subsidization of land values over the whole site. According to Askew (1996: 187), “the LDR scheme had succeeded in interesting all the landowners at Canons Marsh.” Furthermore, it had resulted in the Council accepting that commercial office development was needed to realize the wished public functions.

Thus, in the beginning of the 1990s development interest for the site was back on the map. Nevertheless, although comprehensive schemes were submitted, the Council seemed to reject them all, and none of these came to fruition (see Askew (1996: 187). Thus, despite pump-priming Canons Marsh site and the existence of several planning briefs, development proposals and schemes, not much happened until the mid-1990s. In summary, according to Bassett et al. (2002: 1761), “large areas of the city docks had been redeveloped, but in an evolutionary and piecemeal way.” Some ‘big bang’ property-led redevelopment had been avoided, but at the price of a fairly low-key development without striking buildings or public spaces. Also, a number of key sites close to the city center [Canons Marsh] remained largely undeveloped, offering great potential for a different style of development in the new context of the 1990s. Therefore, in the following section we describe the main events of Bristol

Harbourside's planning and development process. These events are important to understand how development at Canons Marsh site finally commenced and evolved. Figure 7.2 shows the location of the Harbourside Planning Area within Bristol's docklands. Notice that our case study involves the Harbourside's northern river bank (Crest Site) only.

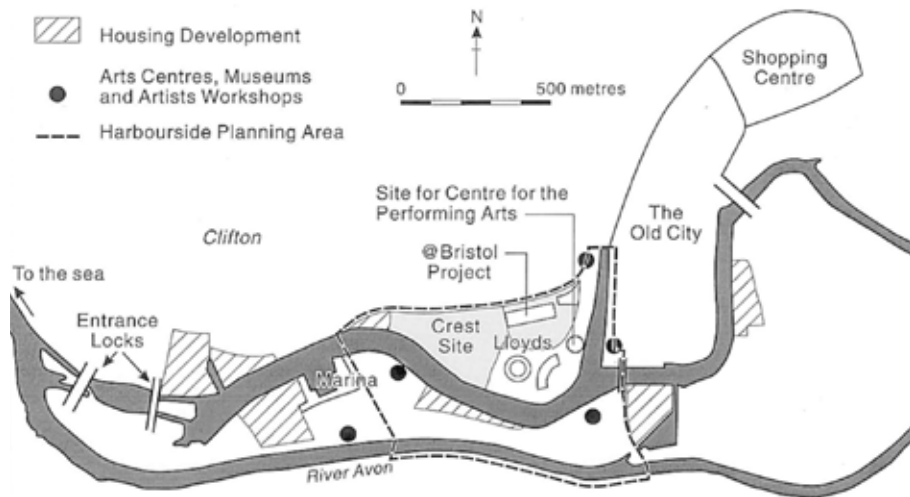


Figure 7.2
Bristol Harbourside, location (source: Bassett et al., 2002: 1761)

§ 7.2.2 Planning & Development Process

The previous section showed that the context for developing Bristol Harbourside is characterized by a complex history. This section describes the different periods of the planning and development process of the Harbourside's Canons Marsh site as particular case and prime development location for Bristol.

Partnerships, funding & planning: 1992-1996

The previous section showed that the development of Harbourside has been difficult for many reasons. However, from 1992 it seems that development for the Canons Marsh site started to accelerate due to several reasons. According to Bassett (1996: 544), the difficult situation as described in the previous section changed significantly since the early 1990s, "with a sudden proliferation of Public-Private Partnerships, a new co-operation between businesses and political communities, and the emergence of a new and more active business élite." Various partnership initiatives came to fruition, like The Bristol Initiative, Bristol Cultural Partnership, Western Development Partnership, Bristol Chamber of Commerce and Initiative, and Bristol Regeneration Partnership. These partnerships represented different bodies, were

financed differently and were striving for specific objectives to be realized, some of them with overlapping memberships. The creation of the partnerships resulted in a more result-driven approach to planning and development. Furthermore, it created funding opportunities to generate investment which the Bristol City Council (BCC) itself lacked, and which was so necessary to start major development projects such as Canons Marsh. According to Basset et al. (2002: 1758-9), from the mid-1990s, BCC overcame “its traditional suspicion of the local business community” with “the appointment of new council officers thought to have more sympathetic attitudes towards partnership working and “relaunching the Chamber of Commerce” (see also Clement, 2010).

But, especially the establishment of the *Harbourside Sponsors Group* (HSG) in 1993 – a partnership consisting of Canons Marsh, landowners British Gas, British Rail, and BCC – has had a major influence on the project. This partnership was initiated by the Bristol Chamber of Commerce and Initiative (BCCI) and can be considered as crucial for the development. According to Askew (1996: 187), the rejected LDR scheme by the BCC “had succeeded in interesting all the landowners at Canons Marsh, demands were made for a new planning brief, prepared with proper public consultation, which would include a development framework for the whole area. As if to close the door on past mistakes and to create a new image for the [Canons Marsh] area was renamed *Harbourside*.” The HSG was put in charge of developing a vision for the area and to find a developer and means to finance the development. Therefore, they held a competition for ‘development facilitators’, companies that could assist the HSG in delivering its objectives, acting as independent brokers between the landowners.

Thus, as momentum for the development picked up, HSG appointed property consultants *Drivers Jonas* to facilitate the process and to advise on the preparation of a development framework. The *Concept Planning Group* helped to set the urban design context for the framework. According to Askew (1996: 189), the brief was better defined than previous briefs. Specific objectives of the *Drivers Jonas*’ brief included:

- Mixed-use comprehensive approach;
- Viability phased over a number of years;
- Major recreational and cultural facilities;
- General objectives relating to employment, urban design, and access;
- Each solution is ‘capable of being implemented by each landowner acting alone’;
- All solutions must undergo financial appraisal.

Furthermore, Askew (1996: 189) argues that according to a 1993 press release from the city council, a *Centre for the Performing Arts* (CPA) would be a key element of the proposed development. This was in line with the objectives of the local authority to realize public facilities funded with public and private money. “Therefore, the council acknowledged the need to create a special Harbourside fund of initially £1 million.” Despite the brief’s clear objectives, the plan produced by *Drivers Jonas* for Canons Marsh consisted almost entirely of an office park. Askew (1996: 189) continues that “there would appear to be no theory behind the *Drivers Jonas* plan. It neither includes the principles of parcelisation nor takes account of land cross-subsidy.” Nevertheless, Askew (1996) argues that this plan indicated other development sources for funding the CPA. It suggested that waterfront land to the west of Lloyds Bank should be used for housing, and that offices could be built along the Canons Way.

Furthermore, it recognized that all kinds of public money could be used to start developing the cultural facilities. It included different sources of public funding and grants which might be available, divided into *six development financing sources*:

- Arts Council Millennium Fund;
- National Lottery Fund;
- Urban Regeneration Agency;
- European Union;
- Value of Bristol City Council's land in Harbourside;
- Value of the land occupied by the Colston Hall.

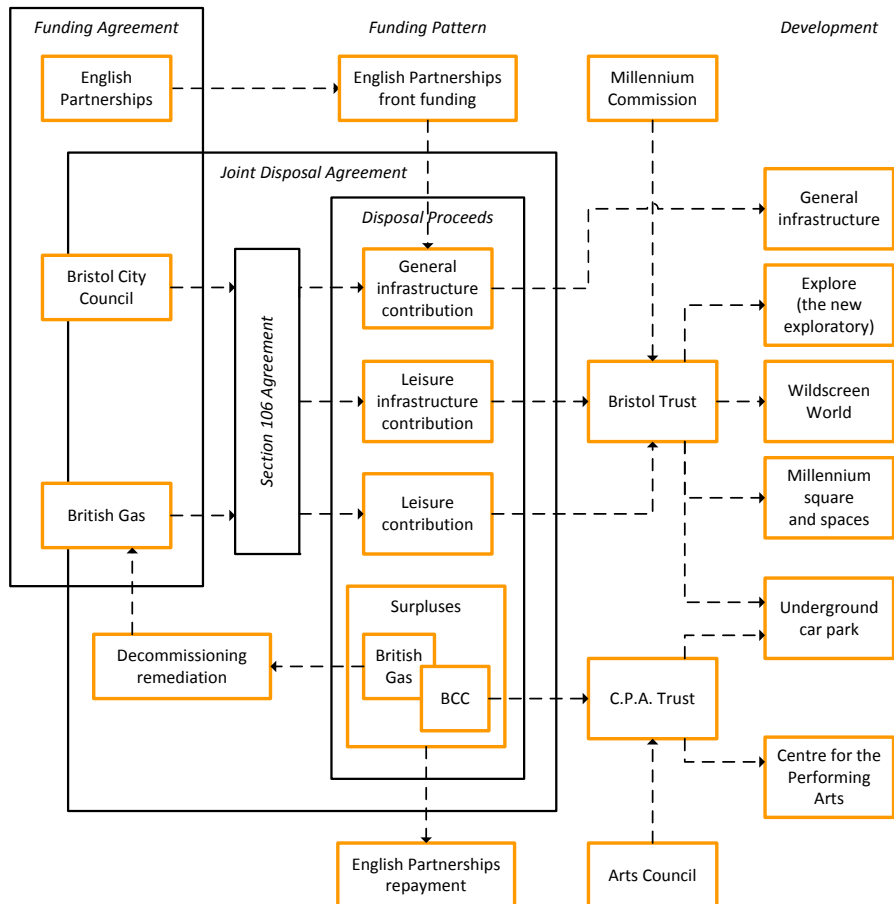


Figure 7.3
Bristol Harbourside, partnership & funding mechanism (source: Bassett et al., 2002: 1763)

Based on both proposals and public consultation, the landowners and Council agreed on a *Commercial Development Framework* in 1995. Furthermore, in December 1995, a new *Planning Brief* was approved by the Council as *Supplementary Guidance to the Local Plan*. But, effectively, according to Bassett et al. (2002: 1761) it was “the launching of the *National Lottery* in 1994 that provided a way of unlocking the potential for large-scale development. Part of the income from the Lottery was to be reserved for a variety of ‘good causes’ through the intermediary of organizations like the *Arts Council* and the *Millennium Commission*. The *Bristol Cultural Partnership* (involving the Council, the BCCI and South West Arts) responded rapidly to this new opportunity and played a key role in putting together a series of linked bids for Lottery funding for three major cultural projects on part of the site.” One project included a hands-on science museum called *Exploratory* (later called *@t-Bristol*). A second project included a *Wildscreen World*. A third project included the development of a public *Millennium Square*. And a final project included the Centre for the Performing Arts. According to Bassett et al. (2002: 1763), “these projects would provide the core of a new cultural quarter and also act as catalysts for the redevelopment of the remaining waterfront areas with new public squares, walkways, housing and offices, linked in turn to the redesign of the adjacent central area of the city.” Funding had to be put together to realize these cultural functions in Harbourside. Raising funds and grants was promoted by the Harbourside Sponsors Group, which put together a complex ‘*partners and funding mechanism*’ for the site (see Figure 7.3). Bassett et al. (2002: 1764-5) argue that various parties were “bound together through a complex financial arrangement in which some of the profits from the commercial part of the site would go towards the essential matching funding for the cultural infrastructures and public spaces.” The *Bristol Cultural Partnership* (involving BCC, BCCI, and South West Arts) had to secure the first phase grant of National Lottery Funding for the CPA development (£4.3 million). The HSG secured that *English Partnerships* would front-fund Harbourside’s infrastructure (£21 million). The *Bristol 2000 Trust partnership* was formed to bid for Millennium Funding to develop the *@t-Bristol* complex and Millennium Square (£41.3 million of in total £97 million).

The requirements set by the *National Lottery* to being granted funding for cultural developments was to ‘match-fund’ the lottery funding with partnership resources. This eventually was resolved by letting the profitable private sector office and housing development contribute to finance the cultural developments. By 1996, the funding for the cultural development was secured with a total regeneration.

Thus, financing for the cultural development partly depended on the contribution of the commercial development. Therefore, the development of the commercial part of Harbourside was crucial for the local authority. First it had to meet its planning terms, and second it had to meet its financial terms. In planning terms, Bristol City Council (BCC) after several decades of relative under-development and under-investment now had the opportunity to regenerate its prime site of the docklands. In financial terms, part of the land of the site owned by BCC had to be sold to the developer. Thus, land sale had to satisfy the BCC as a landowner. In 1993, an agreement was made by the Harbourside Sponsor Group to bring in all land from the three landowners for development under the terms that a portion of the increase in land value at the moment of land sale would be transferred to the local authority itself. Hence, also for the developer this part of the Harbourside development became crucial. It would have to satisfy the profits for the future developer and investors, under the pressure

of the match funding condition to contribute to the cultural projects and infrastructures in a complicated financial package deal.

However, at the end of 1998, according to Bassett et al. (2002: 1764), “the city suffered a bitter blow when funding for the Centre of the Performing Arts (CPA) was suddenly withdrawn following a change in government, a change in lottery rules, and a tougher attitude towards capital projects implemented by the new chairman of the Arts Council. The Arts Council justified its cancellation on the basis of what it saw as inadequate business planning, audience research, public consultation and leadership.” Despite public lobbying activities this decision was not reversed, and the result was a demoralizing blow to the principles of partnership in the city. Additional funding had to be found from the private part of the development to contribute match funding to the cultural development in Harbourside. Thus, conditions for selecting a project developer for the commercial part of the development were in place. However, these difficult financial requirements were only part of the conflicts that arose in the design stage of the development, discussed hereafter. Table 7.2 gives an overview of the main events in the initiative stage of the project which provides support for our case description.

Date	Activity	Actor
1992	Establishment of Harbourside Sponsors Group	Landowners et al.
1995	Commercial Development Framework	HSG/landowners
1995, December	Bristol Harbourside Regeneration Planning Brief I	BCC
1996	Funding secured for cultural development	Several actors
1997	Bristol Local Plan	BCC
1997	Developer selection: Crest Nicholson (commercial part)	BCC

Table 7.2
Bristol Harbourside project timeline, initiative stage

Developer selection & refused planning applications (1997-2000)

The previous description showed us the planning process of the cultural part of Harbourside which has been largely undertaken by different public bodies. Here, we move on to the commercial part of Harbourside with its own area boundaries, for which a private developer had to be selected. However, as both parts of the development are financially interrelated it was necessary to describe the cultural part at the first place.

Muñoz Gielen (2010: 183) argues that the 1997 *Bristol Local Plan* and the 1998 *Planning Brief Implementation Phase for the Harbourside regeneration* (a supplementary document to the Local Plan) foresaw the redevelopment of the site into a mixed-uses area with office space, housing and retail.” The *ten general objectives* stated by the Bristol City Council in the 1998 Planning Brief (BCC, 1998: 3-4) were:

- To achieve regeneration of the area with development designed for a diverse and balanced range of uses which will ensure a level of vitality and activity appropriate to this prestigious city center site;
- To secure major cultural and leisure facilities for the people of Bristol;
- To further develop the principal leisure functions of the waterfront;

- To promote significant inward investment in the center of the city and the creation of new employment opportunities;
- To provide new opportunities for housing in the center of the city to contribute towards demand across a range of types and tenures;
- To provide for safe, comfortable and convenient access to all parts of the site for all, but particularly elderly and disabled people and parents with young children;
- To ensure that there is appropriate provision for access to the area by public transport and other alternatives to the private car;
- To retain and restore wherever possible buildings and townscape features of particular architectural or historic interest;
- To secure a development with a distinct sense of place through the promotion of architectural and design innovation;
- To provide a network of well landscaped and designed public spaces linked by strong pedestrian routes.

Furthermore, the 1998 Planning Brief included more specific paragraph explanations such as: Vision; Land use Framework (based on the development framework advise of the consultants); Accessibility, Movement and Parking; Urban Design & Conservation; and Environmental Requirements. The 'Implementation Chapter' included a clarification of the process towards planning permission. Furthermore, this Chapter contained *four Outline Planning Application Requirements* for developers, including (BCC, 1998: 52):

- A full description of the proposed land use(s), in mixed-use cases, an indication of the distribution of users;
- The quantum of proposed use(s), expressed in gross metres of floor space in the case of offices and leisure uses and in unit sizes and types of housing;
- The means of vehicle access to the site and the way in which the required pedestrian and cycle routes and spaces will be accommodated;
- The proposed amount of dedicated parking provision.

Thus, the developer's application had to be based on the requirements stated in the Planning Brief. In 1997, according to Tallon (2006: 281) "seven developers put forward proposals to transform this segment of Harbourside into a mixed-use development of offices, shops, homes and leisure facilities." In a development competition, the consortium of *Crest Nicholson / British Land* was selected as the preferred *development partner*, because of their masterplan proposal and land bid. With Crest selected as development partner in 1997 design of the scheme finally could commence. Although British land soon dropped out, Crest was allowed to carry on and subsequently applied for Outline Planning Permission in 1998.

In response to these requirements, the *first Crest development scheme* incorporated the elements like waterfront housing, offices, a central boulevard and public square, and a large commercial leisure complex (including multi-screen cinema). However, Harbourside's commercial part became entwined with a set of conflicts and controversies posing serious challenges. "There have been no less than *three cycles of plan development* and presentation, each marked by criticism and conflict, involving different visions of how the site might be developed" (Bassett et al., 2002: 1764).

Bassett et al. (2002: 1764) argue that “up until this point, there had only been muted public criticisms of the general principles behind the Harbourside project, but Crest’s plans quickly aroused opposition, focusing particular on the proposed leisure complex.” Opposition centred on the size and location of this leisure complex which would block sight lines across the harbour to the nearby cathedral. The BCC Planning Committee received numerous written objections from residents, councillors from adjacent wards including local amenity groups, local architects and cathedral authorities. Moreover, a prominent role in opposition was undertaken by the Bristol Civic Society as a civic organization and the Liberal Democrats as the political opposition party. This was fuelled by the local press who described the Crest plan as an ‘appealing’ scheme. As a result of this the BCC Planning Committee refused planning permission to Crest. They also addressed 10 key points of concern which were taken into account by Crest in the new phase of designing a scheme.



Figure 7.4
Bristol Harbourside, 2nd scheme, Crest Nicholson (source: Bassett et al., 2002: 1765)



Figure 7.5
Bristol Harbourside, alternative scheme, George Ferguson (source: Bassett et al., 2002: 1765)

In August 1999, Crest made their second development scheme public (Figure 7.4), “splitting the original leisure complex into more distinct buildings (including a swimming pool, a casino and a multiplex cinema), re-orientating apartment blocks and changing building heights, thus claiming to have met all the points of concern raised by the protestors and the Planning Committee” (Bassett et al., 2002: 1766). However, at the same period, a counter-plan for ‘mini-Venice’ was presented by a consortium fronted by Bristol architect George Ferguson (Figure 7.5), an influential figure. Immediately, Crest and local property agents dismissed the plan as unworkable. Nevertheless, Ferguson built popular support for the plan with a keen media offensive. This part of the development process came known as the ‘battle of the plans’. “Crest reluctance to provide more detail before outline planning consent was granted left both Ferguson and the Civic Society with the opportunity of filling in some of the detail for them with computer simulations emphasizing the bulkiness of the buildings and the loss of sight lines” (Bassett et al., 2002: 1766). Despite an attempt by Crest to alter the public view of their scheme through a one-day public presentation, it was too late.

According to Bassett et al. (2002: 1766), “the Planning Committee finally considered the Crest proposal in February 2000. At this point, Crest could claim public backing from the landowners, local property agents, the BCCI, the @Bristol partnership and the South West Regional Development Agency. Arrayed against them were the Civic Society, many conservation and residents’ groups, leading local architects and (for the most part) the local press.” In the public meeting several appeals to the plan were made, the criticism focusing on “design quality, the economic viability of the multi-screen complex, the blocking of sight lines to the Cathedral, traffic and sustainability issues, and the lack of any distinctive ‘Bristolian’ flavour to the designs” (Bassett et al. (2002: 1767). Also, the Liberal Democratic and Conservative political opposition parties joint in the chorus of condemnation. At the end of the meeting, the *Planning Application* was turned down by 7 to 4 votes.

In the months that followed, the BCC began to realize that the refusal of the second Crest scheme had caused a major problem. First of all, Crest at that stage had terms in their contracts with the landowners which allowed them some time to come up with a new plan. Second, this new episode to centuries of inability to development the Harbourside area could harm future private sector investments in the city and relationships with central government, a view supported by the President of the Bristol Chamber of Commerce Initiative. In a Special Council Meeting on March 2000 the BCC tried to convince the political opposition parties to stop opposing to the plans, as they also had handed in a resolution. Furthermore, support to give Crest a fair chance as a developer came from Crest’s Chief Executive who asked for some more time and to take the issue out of the political agenda. In the end the opposition resolution was defeated and Crest was allowed to start again on a new scheme. Table 7.3 gives an overview of the major events in relation to the first two schemes and applications. Here, also the withdrawal of the funding for the CPA has been included.

Date	Activity	Actor
1998, July 8	Bristol Harbourside Regeneration Planning Brief II	BCC
1998	Outline Planning Application (1st round)	Crest Nicholson
1998	Outline Planning Permission (1st round) refused	BCC
1998	Funding cultural development CPA withdrawn	Arts Council
1999, August	Outline Planning Application (2nd round)	Crest Nicholson
2000, February	Outline Planning Permission (2nd round) refused	BCC

Table 7.3

Bristol Harbourside project timeline, design & feasibility stage

Basset et al. (2002: 1767-1771) made an analysis on how the planning and development process was allowed to proceed so far before climaxing into open conflict. A complex set of interrelated factors in their view has contributed to the process' failure to reach consent. The 'failure factors' that played a key role in the planning and development process until the first design stages of the Bristol Harbourside, include:

- *Design weaknesses*: Too little attention was paid to local architectural preferences and spatial demands;
- *Tensions between planning and development priorities*: It was unclear to which public officers had which responsibilities in the dual interest in land development and planning objectives;
- *Weaknesses in political leadership*: There was a lack of direction within the Planning Committee, which missed a high-profile figure who could lead the process through emerging problems into a successful conclusion;
- *Weaknesses in business leadership*: Despite its central role in the partnership structures the BCCI did not play a leadership role in practice, which could have favored the interests of both Crest Nicholson and the BCC;
- *The strength of opposition groups*: The Civic Society was well organized and had a long history of campaigning over development issues whose role in debate was supported by Ferguson's counter plan;
- *Discourses and counter-discourses*: The public debates led by the Civic Society envisaged a broader development towards public feelings and concerns about the site and the city;
- *The role of the media*: The use of the media was a powerful tool of the organized interests in the city, over which neither BCC nor Crest had no sufficient control;
- *Inter-party conflict and the 'politicisation' of development issues*: The rise of the Liberal Democrats as the main opposition party caused an unpleasant battleground and it seemed that the developers seemed unprepared for this political conflict.

Final scheme & agreements (2000-2004)

Thus, the previous period had been characterized by a lot of problems. Therefore, in April 2000 the BCC Planning Committee agreed a "New Strategic Approach to Consensus", which was necessary to avoid future process difficulties for the Harbourside project. According to Bassett et al. (2002), this included the production of a 'spatial masterplan' which had to be designed under the responsibility of the developer under the conditions that it was drafted by an entirely new design team. Furthermore, the Planning Committee gave the requirement that the design

'was to be produced through an extended process of 'community dialogue' to build consensus before approval of outline planning consent and the submission of more detailed plans' (Bassett et al., 2002: 1771).

Crest Nicholson appointed consultancy firm *Opinion Leader Research* (OLR) to come up with a public consultation model. They set up a *steering group*, the *Canons Marsh Consultative Group* (CMCG) to oversee the community dialogue process. The CMCG included representatives from different public, private and civic groups with a close stake in the development. These were the landowners, councillors from three political parties, council departments and key-interest groups such as the Civic Society, BCCI, Bristol Society of Architects and Cathedral authorities. Their first task was to appoint a masterplanner to design the scheme, which became Edward Cullinan.

The first round of consultation involved a parallel series of workshops with several stakeholders and members of the public. "At the end of this phase, the masterplan was given ten criteria to guide the construction of the masterplan, calling for more public access to the site, greater diversity of uses, better sight lines, traffic separation and improved linkages to surrounding areas" (Bassett et al., 2002: 1771). The result was a first masterplan draft which was made public in November 2000 (see Figure 7.6).



Figure 7.6
Bristol Harbourside, masterplan, Edward Cullinan Architects (source: Bassett et al., 2002: 1765)

The second phase of consultation, from November 2000-August 2001, involved another series of workshops. Here the plan was evaluated against the formulated criteria after 'cross-examining both the master planner and various expert witnesses' (Bassett et al., 2002: 1771). The OLR judged both consultations as "very positive" at first sight. The masterplan was also presented to other influential actors such as the Commission for Architecture and the Built Environment (CABE) and the local Harbourside Design Forum. According to Bassett et al. (2002: 1771), 'this elaborate consultation process ... proved successful in overcoming much

of the opposition to earlier plans.’ For instance, the openness of the process was praised by the Civic Society. Despite an almost unanimously vote against the Cullinan proposal by opponents expressed in a public meeting organized by this group in August 2001, planning application was considered and finally approved by the Planning Committee in October 2001, as the opposition had become more muted in the meantime.

Date	Activity	Actor
2000, April	New Strategic Approach to Consensus	BCC Planning Com.
2000, Apr-Nov	Design & 1st phase Consultation Process	Crest Nicholson
2000, November	Draft Masterplan	Crest Nicholson
2001, Jan-Aug	Design & 2nd phase Consultation Process	Crest Nicholson
2001, September	Outline Planning Application (3rd round)	Crest Nicholson
2001, October	Outline Planning Permission (3rd round) granted	BCC
2002	Detailed design works start	Crest Nicholson
2003	Development & Section 106 Agreement	BCC & Crest Nicholson
2004, February	Final Planning Permission granted	BCC

Table 7.4
Bristol Harbourside project timeline, final design & feasibility stage

Bassett et al. (2002: 1772-1773) argue that several *factors* have led to the *success* of the third attempt to come up with a viable scheme for all actors, these include:

- The general perception that the third plan was an improvement to previous ones;
- The supporters of the scheme were much better organized;
- The opposition had become divided and were impressed by the process’ openness;
- The media gave more sympathetic coverage of the plan;
- The political context had shifted as the LibDems were pushed back in elections.

Basset et al. (2002: 1773) conclude that “4 years after Crest Nicholson were appointed as developers and 30 years after the first comprehensive proposals for the site, detailed design work on the development of this key site is finally underway.” The development negotiations between the local authority and the developer took place in 2002 and 2003. Finally, in 2003 a *Development Agreement* and *Section 106 Agreement* were signed by BCC and Crest, followed by a *Final Planning Permission* in February 2004 (see Table 7.4).

Construction & operation (2004-now)

Construction works on the Crest part of the site started in March 2004. The development of the different sites and buildings has been phased by Crest into *four implementation phases*. They set up a *project team* and contracted different companies to assist in *specialist works*, such as engineering (Arup, Hoare Lea), Landscape (Grant Associates), Traffic (Peter Evans Partnership), Quality Surveyor (Gardiner & Theobald, Glees & Cyril Sweet) and Planning Consultants (Nathaniel Lichfield & Partners). Furthermore, Crest had commissioned several architects (Edward Cullinan Architects, FaulknerBrowns, Stride Treglown, Childs + Sulzmann, and Fritzroy

Robinson) to work out detailed designs for the different sites. Also, they signed different contractors (Taylor Woodrow, Carillion, and Kier) to carry out site-specific construction works.

In the meantime, Crest acquired all the land from the landowners and started to prepare the land for development. The total land acquiring costs for Crest are not made public, but land value certainly rose during the 2004-2006 period affecting the initial proposed program by Crest as initially calculated development profits were not achievable. This has for instance resulted in a higher density than planned, but not at the expense of public space, which amounts for 25% of the total land surface. According to Muñoz Gielen (2010) the total land development costs for Crest were approximately €28 million. Furthermore, the BCC and Crest negotiated developer's contributions in *Section 106 Agreements*. These implied that the developer should deliver the public infrastructure and spaces spatially related to the build sites, the initial provision of 9% affordable housing, and the amount of match-funding the cultural development (off-site public infrastructure contributions were €32.5 million, according to Muñoz Gielen, 2010), amongst others.

Each phase involved a *reserved planning application to get full planning permission*, resulting in new conditions added in Section 106 agreements. Neither the Planning Brief nor Development Agreement provided very detailed public prescriptions for the amount and types of housing units for instance. This approach creates flexibility to fill in the exact functional program for each site before commencing on a new site. The idea behind it is that in this way the developer should be able to respond to market demand, and the BCC could implement new planning policy targets through negotiation processes.

These for instance included new affordable housing and sustainability targets. According to the developer, planning officer, the amounts of affordable housing targets increased over time from 10% to 25% (Phase 3) and even 30% (Phase 4). The Homes and Communities Agency sets these targets for inner-city developments and subsidized them in offering Affordable Housing Grants to Harbourside. Therefore, during the development process numerous negotiations have taken place about the amount of affordable housing in the scheme. At the end of 2009, 17% of the completed housing (according to the developer 116 out of 670 units) consisted of affordable housing. Negotiations about the amount of affordable housing have partially contributed to higher building heights, as addition to obtaining a decent profit as result the rising land values. Furthermore, sustainability targets stated in the Code for Sustainable Homes were set higher. This is a very complex set of criteria reducing the amount of CO2 emissions, water conservation, and material efficiencies. The developer recalls that these changing public legislation changes created high financial risks for the developer. Nevertheless, Crest for instance introduced sustainable solutions such as a drain strategy, harbor cooling, and green roofs.

In 2009, Harbourside achieved the *Building for Life Award* in which it reached the highest 'Gold Standard' status. This is a national standard for well-designed homes and neighborhoods from CABI (Commission for Architecture and the Built Environment). "Judged against 20 stringent criteria, Harbourside was tested on issues such as its contribution to the environment and community, its character, streets, parking and 'pedestrianisation', and design and construction. To gain a gold standard the development had to score 16 points or more out of 20. Out of 117 housing developments entering the scheme this year across the UK, 12 achieved a gold standard. Only one other development in the South West achieved gold (a development in Cirencester), making Harbourside's achievement even more notable" (Crest Nicholson, 2009).

The City Council and Crest together negotiated and agreed upon the phasing of the project in the *Development Agreement*. For each of the four phases the development agreement includes deadlines for completion. These deadlines have proved to be unworkable as a result of the economic crisis. As market circumstances were favorable in the mid-2000s Crest did not have difficulties of delivering the buildings and related infrastructure as demand was high and loans were given by banks. Therefore, Phase 1 and Phase 2 were completed in time. The housing development along the waterfront for instance has seen steady sales. Phase 3 sees near completion in 2011, as the Crest secured a financial stock broker as a tenant for the office development and the funding for it just before the crisis. However, as a result of the economic crisis Phase 4 (housing & public space development) is affected by serious delays. This development has not yet commenced in March 2011, as a site visit at that moment showed. Other difficulties from 2009 on Harbourside include the retail vacancies in some of the completed buildings. According to the developer several reasons contribute to these retail vacancies which relate to the competition of other retail locations in Bristol.

In summary, Table 7.5 shows the main events of the realization and operation stage. In terms of long-term management and operating of the site, Crest and the Bristol City Council agreed that once the development is completed BCC owns all public land. In the meantime, temporary management of public infrastructure and space is in the private hands of Crest. Once the site and buildings are occupied for 51% BCC adopts the land and takes over the operation of Harbourside. As a matter of fact, Crest used the quality standards for maintenance set by the local authority. Hence, Crest has got different management estates that are operated by *management estate companies*. Thus, private public space and building operation is paid for by its occupiers in the form of a service charge. An example of this is the housing development on the waterfront site. This is a semi-open private public space adjacent to the public waterfront pedestrian and cycling space. The public space adjacent to the cultural developments is operated by the @t-Bristol complex owners.

Date	Activity	Actor
2004, March	Construction works start	BCC
2006	Crest Nicholson owns all land	Crest Nicholson
2006	Development Phase 1 completed	Crest Nicholson
2008	Development Phase 2 completed	Crest Nicholson
2008-2012	Development Phase 3 & 4 completion	Crest Nicholson

Table 7.5
Bristol Harbourside project timeline, realization & operation stage

The description of the planning and development process above has shown us the complexity of the Harbourside case over time. In the following sections we will analyze the case with the help of our analytical framework. In successive order we elaborate on the organization, management, effects, and experiences of the case.

§ 7.2.3 Organization

Here, we now analyze the organization of Bristol Harbourside on the basis of our analytical framework, which enables us to compare both UK cases and foreign cases with one another. We provide an answer to our first case study research question: what are the *inter-organizational roles* of public and private actors? In successive order, tasks and responsibilities, risks and revenues, and rules and requirements are discussed, supported by different table overviews.

Tasks & responsibilities

Here, we summarize the main *tasks and responsibilities* based on our description for different development process stages (Section 7.2.2) and studied planning documents. Hence, the development of Harbourside has been divided into two major sites which involved different organizational arrangements. Here, an analysis of both projects is presented. Table 7.6 gives an overview of the tasks & responsibilities of the public and private actors in Bristol Harbourside. This table shows that public and private roles were very much formally separated from initiative to operation stage, as expected from the literature review (Chapter 6). However, as we encounter later, informal inter-organizational relations occur in the day to day public-private collaboration.

Public Actor	Private Actor
<i>Initiative Stage</i>	<i>Initiative Stage</i>
Forming landowner partnership (HSG)	Stating development interest
Establishing an area vision	Providing written & conceptual design proposal
Producing development framework	<i>Design & Feasibility Stage</i>
Issuing planning brief	Commissioning consultants (design/consultation)
Mandating local plan	Designing masterplan
Produce development tender	Appointing steering group
Selecting preferred development partner	Organizing public consultation meetings
<i>Design & Feasibility Stage</i>	Submitting planning application
Issuing final development brief	Signing development & section 106 agreements
Demanding community dialogue	Securing investment for development
Giving outline planning permission to developer	<i>Realization Stage</i>
Handling public inquiry	Submitting revised planning applications
Signing development & section 106 agreement	Appointing development consultants & contractors
Granting planning permission	Constructing, delivering & opening the project
<i>Realization & Operation Stage</i>	<i>Operation Stage</i>
Providing planning permission for buildings	Carrying out temporary site management
Adopting public space from developer	Transferring public space to local authority

Table 7.6
Empirical tasks & responsibilities in Bristol Harbourside

In the *initiative stage*, the landowners Bristol City Council (BCC), British Gas and British Rail with the help of the Bristol Chamber of Commerce Initiative decided to establish the partnership Harbourside Sponsors Group (HSG). This partnership became responsible for the promotion, vision formulation, development framework, and fund raising of the Harbourside project. Hence, here we must notice that BCC in the HSG partnership functioned as a landowner in the development process; it sold its land to the Charity, who gave them a market conform land value in return. Parallel to this, in the planning process, the BCC Planning Committee had the task to establish a Planning Brief for the area, to review and establish the Bristol Local Plan, and to tender and select a developer for the commercial development. Thus, the role of the BCC in both processes was kept separated. The developer Crest at this point only stated their development interest by reacting on the tender.

In the *design and feasibility stage*, the Planning Committee of local authority had the responsibility to handle the different Outline Planning Applications and to grant or refuse Planning Permission. The developer Crest Nicholson performed the task to design a masterplan for the area and to hand in Outline Planning Applications for the area. As the first two applications were turned down, new arrangements were made for the final design stage. For the final design, the local authority demanded an extended process of 'community dialogue'. Therefore, Crest appointed consultancy firm Opinion Leader Research to produce a consultation model and set up a steering group to oversee the consultation process. Furthermore, Crest appointed a masterplan architect Edward Cullinan to design the scheme. This consultation and designing task by the private actor resulted in a Draft Masterplan. After a second round of consultation and designing, Crest task was to request an Outline Planning Application. Then, the local authority granted an Outline Planning Permission. After this, Crest was requested to perform detailed design works and take into consideration the additional points of interest that went along with the planning permission. Simultaneously, on the basis of the certainty of the permission, the developer performed the task to secure the investment for development. Furthermore, together with the local authority both actors negotiated the terms of the Development Agreement and Section 106 Agreement, which also contained developer contributions to public works on and off site. This stage was finalized by granting Final Planning Permission by the local authority.

In the *realization stage*, Crest set up a project team, contracted different specialist companies to assist in specialist works, performed the necessary land acquisition for development and carried out land preparation works, before starting construction works on infrastructure, public space and buildings in different phases. The local authority did not have any notable tasks and responsibilities at this stage.

In the *operation stage*, on the basis of the development agreement, Crest's responsibility was to maintain the public spaces and infrastructure once 51% occupancy of real estate had not been realized. After this, the local authority performs this maintenance task. Furthermore, it was the task of Crest to establish management estate companies which operate the private real estate and private public space.

Risks & revenues

In terms of *risks and revenues* there has been a clear distinction between the two actors in Bristol Harbourside. The local authority does not have any substantial financial risks; however, it does have some *political, economic and societal risks* and overhead costs. The Harbourside planning and development process did take quite some years to commence in a final scheme. Especially, the political opposition played a hard time on the seated council thereby frustrating the development process. This political tension even accumulated into a motion which was finally rejected. Also, the image of the BCC being not totally welcoming to private investment caused some economic risks as well. Furthermore, the well-organized civic organizations opposed to the plans, stating that they did not take into account the local interests. This was propelled by the local media which supported the views of civic groups. Nevertheless, in the end, once the design and consultation process took on a more professional approach these risks lowered and were handled by the local authority. In terms of revenues, BCC obtained a market conform price for the land the owned at Canons Marsh, although the *land revenues* are not made public. The local authority indirectly benefits from the free transfer of public space which is delivered by the developer. Also, the local authority has put quite some effort into the planning and development process, probably resulting in higher than estimated *overhead costs*. However, it is not clear which budget has been reserved and finally realized in this case. Crest Nicholson does have a high risk degree as it undertakes financial activities. First, there is the *plan development risk*. All the time and effort that has been put into designing three successive masterplans before being granted planning permission must have had a substantial financial effect on Crest's budget. Second, Crest takes on the *land acquisition risk* of the development. Nevertheless, this risk was relatively low as the process of acquiring all land ran rather smoothly; the different landowners had united their land in the Harbourside Sponsor Group. Third, the developer took on the *land development risk*. Here again, some risks were lowered as British Gas decommissioned their land for remediation. Nevertheless, according to Crest the land value of the site has dropped to over 10%. This means that the scheme becomes less feasible posing high risks in a market where demand is not up to pre-crisis levels. Fourth, Crest runs the *real estate development risks*. The case shows that demand for real estate in the first two implementation phases, due to economic boom times, was rather high. However, higher real estate risks are foreseen in phase 3 and 4 due to the changed market conditions. Not only are there substantial retail vacancies and some housing vacancies in completed buildings, the scheduled housing development of apartments has not yet commenced in spring 2011, but estimated to be completed in summer 2012. However, the office development of phase 3 has been secured of investment and a user. Finally, Crest runs the *financial risks* as they partly rely on bank loans that are only provided under tightened conditions. In terms of revenues, Crest aims at achieving a decent *profit*, balancing the land and real estate development. Muñoz Gielen (2010) argues that the total real estate value is estimated at €404 million; however, this does not tell us anything about development revenues.

Rules & requirements

In terms *requirements* the local authority has provided several pre-development stage conditions which were provided in the Development Framework and Planning Brief. Especially, the outline planning application requirements part of the planning brief state some clear public requirements. These include a description of the proposed land uses, the quantum of proposed uses, the means of vehicle access and parking provision. Furthermore, the negotiated Development Agreement and Section 106 Agreement include more specific requirements to be met by the developer. These include developer's contributions for instance on the amount of affordable housing, design and sustainability guidelines, the amount of match funding the cultural development, infrastructure provisions, public space delivery and operation amongst others. These requirements evolved from quite general wishes to more specific details once progression was made in the development process. Other *rules* included that Crest had to perform temporary maintenance activities until the local authority adopted the land for public space and infrastructure.

§ 7.2.4 Management

In Chapter 2 we discussed that the management from actors in private sector-led urban development projects has been underestimated as a way of influencing the outcome of projects. Therefore, here we analyze the different *management measures* applied by the public actor (Bristol City Council) and private actor (Crest Nicholson).

Project management

The main *project management activities* for public and private actors to influence development projects are based on the development stages, summarized into *four categories*; initiating, designing, planning, and operating.

In terms of *initiating* the development project, the Bristol case shows that the local authority played a crucial role. For several decades Harbourside had been an undeveloped site within the city center. As a result of establishing the Harbourside Sponsor Group as a partnership of landowners (including the Bristol City Council) the initiative for the urban development made a start. Furthermore, different public actors secured different grants to finance the cultural development, and they agreed upon a development framework. Here, the central government body English Partnerships also played a role. Nevertheless, there was also quite some help of the private sector, as British Gas and British Rail as landowners and the Bristol Chamber of Commerce played a role in establishing the partnership. Effectively, the BCC issued a Planning Brief and wrote out a tender asking for developer interests. *Thus, in this case, the developer did not play a role in the initiative stage, and the local authority could set the conditions for development, effectively influencing the outcome.*

In terms of *designing* the development project, the Bristol case shows that the project developer Crest took on the leading role. In different design stages they delivered three masterplan schemes. The first two applications were not being granted planning permission,

but a third succeeded. Thereby, the local authority effectively managed to avoid the approval of a scheme which did not meet all public and civic interest. However, in the third design round Crest carefully influenced the final contours of a scheme by carrying out a professional consultation process and design workshops. *Thus, despite the long design process Crest has managed the development outcome according to their interest and that of others.*

In terms of *planning* the development project, the Bristol case shows that the developer is able to influence the speed of development. Although both the BCC and Crest Nicholson agreed upon the phasing of the development with delivery deadlines, in practice the developer manages the development planning. As a result of the decreased demand for housing Crest is not able to deliver in time. Despite efforts from the BCC to facilitate development, by lowering the requirement of affordable housing, Crest will not commence on the development unless finance is secured and a substantial demand is at place. The BCC has limited influence on this market demand and therefore hardly is able to influence the speed. *Thus, planning can be seen as a private project management activity.*

In terms of *operating* the development project, the Bristol case shows that the local authority has been able to influence the outcome directly. As the land for public space and infrastructure is transferred to the BCC for maintenance they have negotiated public realm materials and lay-out. The developer has had insufficient influence on some aspect of the public space. For instance, the developer opted for a footbridge crossing the harbor to the tourist attraction SS Great Britain at the end of the boulevard to increase pedestrian movement, which did not pass negotiations as it was not in the interest of the local authority. *Thus, operating can mainly be seen as a public project management activity.*

Process management

The main *process management activities* for public and private actors to influence development projects relate to the cooperation and interaction between public and private actors and therefore are structured in *three categories*; negotiating, decision-making, and communicating. In terms of *negotiating* in the development process, the Bristol case shows that both actors have been discussing their objectives in an on-going process from the design stage into the realization stage. First, in the negotiation process towards the Development Agreement and Section 106 Agreement both actors agreed upon the conditions for development. Later, in the realization stage several negotiations took place after each stage for which a new planning application was needed. These negotiations for instance focused on the implementation of higher percentages of affordable housing as a result of changed central government policy targets. These targets were not all met, instead the local authority and Crest negotiated a financial package deal in return for not realizing the amount of affordable housing. *Thus, both actors were able to influence the development based on negotiating.*

In terms of *decision-making* in the development process, the Bristol case shows that in all development stages both actors had several moments and instruments to make decisions on behalf of their organizations. The local authority used informal and formal documents in which it stated different decisions that had to be taken into consideration by the private actors. The main example was the BCC Planning Committee's decision to refuse Crest planning permission for the first two planning applications. Grosvenor mainly made decisions based on time, finance, and design issues which were incorporated in Masterplans and agreements with

other consultants. Jointly the local authority and the project developer made decisions on the terms for development, including for instance delivery deadlines. *Thus, both actors were able to influence the development based on decision-making.*

In terms of *communicating* in the development process, the Bristol case shows that Crest took on the responsibility to communicate designs and progress. However, it can be argued whether this communication has been effectively managed. One of the reasons for the failure of the first two schemes was the limited attention paid to the objectives of local needs. As a result, opposition rose against the first two plans made by Crest. Therefore, also the local authority came in the position to communicate about the design process to local media for instance. Nevertheless, in the third design stage Crest managed the communication process more accurately as they organized a clear consultation process supervised by a steering group. In the realization stage, it also has become clear that Crest manages the communication as they installed a sale office at the site promoting the development and purchase options. *Thus, communicating is a management activity that is largely private sector-led.*

Management tools

The main *management tools* that public and private actors have to secure and provide conditions as a way to influence development projects are categorized in *four main categories*; shaping, regulating, stimulating, and capacity building.

In terms of *shaping* the development project, the Bristol case shows that the local authority shaped development conditions for the developers. Under the responsibility of the Harbourside Sponsor Group a vision and development framework were established. This shaped the project conditions for developers to respond to. Furthermore, by making the Bristol Local Plan followed by a Planning Brief for the Harbourside development the BCC stated its intentions for the city and the project, thereby creating certainty for developers. *Therefore, shaping development was largely a management tool used by the public actor.*

In terms of *regulating* the development project, the Bristol case shows that the local authority did use regulations as a way to influence development. Crest argued that this project can be characterized as a 'development control' process from initiative until delivery. Due to the fact that both actors had negotiated terms that stated that each implementation phase of the project required a new Planning Application the local authority was able to regulate the several development aspects. Therefore, new public policy objectives such as affordable housing and conservation objectives could be injected in the project. Nevertheless, the nature of these regulations was often was on outlines. For instance, building heights and densities were not regulated in agreements, which gave the developer some space for financial optimization. *But, in essence, the local authority used their regulatory powers to manage development results.*

In terms of *stimulating* the development project, the Bristol case shows that the public actor did manage to secure grants for the funding of the cultural development. By doing so, the BCC kick started the development for the whole site; they created functional conditions for a feasible commercial development. Also, after the second time planning permission was refused the local authority put effort into altering the political and civic criticism on Crest's scheme, which gave the developer a chance to proceed. Nevertheless, in several negotiations about the commercial development the local authority did not stimulate the development. At this stage, according to the developer, regulating became the main management tool with tightening

conditions. However, taking into account that the partnership arrangements and subsequent funding was in place before the commercial development started, *the conclusion can be drawn that the public actor stimulated development in order to manage its interest.*

In terms of *capacity building* the development project, the Liverpool case shows that the BCC arranged development interests quite well, in the form of helping to establish a partnership for Harbourside. The Harbourside Sponsor Group (HSG) consisted of representatives from both public and private bodies, which managed different interests within the project and appointed 'development facilitators' to facilitate the process. However, neither the HSG nor the city council was unable to build support under civic organizations and political parties. Active opposition rose against the plans of Crest, which proved to be hard to reverse. Hence, also Crest in the first stages was not able to manage these interests. Later they build capacity for the commercial development as they held extensive consultation meetings and thereby create wider political, governmental, business, media and societal support for the development. *Thus, capacity building has been a public and private management activity.*

Management resources

The main *management resources* that public and private actors have to influence development projects are categorized in *three categories*; land, capital and knowledge.

In terms of using *land* as management resource for the development project, the Bristol case shows that both actors were able to influence the project. The land for development was partially owned by the city council and local landowners. BCC's land department became accountable for obtaining a market conform land value for their land asset once they handed their land over to the HSG. Hence, Crest did not own any of the land prior to the development agreement. After acquiring all land from the landowners Crest could use this at their disposal by running the land development and real estate development simultaneously. However, they were not able to solely influence the features of the public space as the land is being adopted by the local authority for maintenance after delivery. *Thus, land has been a management resource used by both actors to influence development.*

In terms of using financial *capital* as management resource for the development project, the Bristol case shows that investment by the Crest was used to make decisions according their private interests. The local authority did not contribute any direct financial means into the development itself. Nevertheless, they made the cultural development possible by encouraging other public, private and civic bodies to apply for cultural development grants. But, without Crest's investment, the development of the cultural functions would not have been possible as they match-fund this part of the site. *Thus, the private actor used capital as a management resource to influence the project.*

In terms of using *knowledge* as management resource for the development project, the Bristol case shows that both actors had specific knowledge on different fields. The local authority used their local knowledge about the potential for an attractive cultural and commercial development in the city center. The developer used its knowledge about market value of a project at the prime waterfront location in Bristol to create a mixed-use environment which would attract a variety of users. *Thus, both actors used specific knowledge and to influence the outcome of the development.*

In conclusion, Table 7.7 shows the empirical management measures undertaken by public and private actors in Bristol Harbourside. This table indicates that this case is hard to be classified as a 'pure' private sector-led urban development project. In terms of the amount of management functions applied by the actors, the project developer managed five, the local authority five as well, and together they also managed five functions. The table shows that the private actor mainly focused its attention on project management and management resource activities. The public actor used most of the management tools to influence the project. And together they have been running most of the process management activities.

Management Measures	Management Functions			
Project Management	Initiating	Designing	Planning	Operating
	Public	Private	Private	Public
Process Management	Negotiating	Decision-making	Communicating	
	Both	Both	Private	
Management Tools	Shaping	Regulating	Stimulating	Capacity building
	Public	Public	Public	Both
Management Resources	Land	Capital	Knowledge	
	Both	Private	Both	

Table 7.7
Empirical management measures in Bristol Harbourside

§ 7.2.5 Effects

The effects are determined qualitatively by interviewing involved public and private actors about the cooperation. The *effect variables* are; the effectiveness of the cooperation, the efficiency of the process, and the spatial quality of the product.

Effectiveness

The cooperation by both public and private actors is considered *effective*, as most of the goals of the project are achieved or will be achieved in the near future. The local authority argues that Bristol after a long period of no development finally has got a mixed-use waterfront development which contributes to the liveability of the city center. The project developer argues that most of their objectives are met, but that the difficult decision-making process has resulted in an extended delivery as a result of being under influence of a severe recession. However, this does rather caused by 'external or contextual circumstances', than by the cooperation between the actors themselves. Nevertheless, one can argue whether or not the cooperation has been effective in bringing forward the development as severe opposition rose against the schemes.

Efficiency

The development process by both public and private actors is *not considered efficient*. It does not come as a surprise that the long difficult design process stage has resulted in time and probably budget overruns. The initiative stage up to the selection of Crest as a developer could be considered as efficient. Funding was secured and grants application deadlines and funding spending focused people's attention on accelerating the speed for the cultural development. However, once Crest produced the first two schemes civic and political opposition rose against these plans which halted the development process twice. Only after an extensive consultation process was the developer able to get outline planning permission after 4 years from being chosen as preferred developer. This relative long pre-development stage could have had an effect on commercial development sales, which came under influence of low demand due to the economic crisis in 2008/2009. This has resulted in Harbourside not being completed yet, which must have caused Crest financial difficulties.

Spatial quality

The public actor states that the overall *spatial quality* is good, while the private actors argues that the overall spatial quality of the development is all right but could have been better. Despite the increase of building densities the local authority mentions that a substantial part (25%) of the site has been converted into public space. This includes a large square, boulevard, and waterfront pedestrian walk ways. According to the public actor there was a *Design and Access Statement (DAS)* and *material considerations* which had to be submitted to every application. It looked in detail on design and effectively included quality conditions for the private actor to respond to. The idea behind the DAS is that it is supposed to help guide the design from the outset providing a whole set of parameters. As this might have worked for the local authority, Crest argues that they have limited their possibilities to create a dynamic and iconic destination. The developer provided examples of residential waterfront buildings facades and a harbor-crossing. Crest's architects wanted to create similar facades for this building as the multi-colored 'Bristolian' terraced housing nearby. Furthermore, at the end of the boulevard Crest wanted to build a pedestrian bridge over the harbor which made it attractive to walk to the SS Britain tourist attraction, but this proposal did not pass. Also standard material has been applied for the public space. The developer argues that both examples were compromised by planning officers. However, despite this, the Commission for Architecture for the Built Environment (CABE) awarded the project Harbourside a Gold Standard status with a Building for Life Award which recognized the area as a well-designed sustainable development. Figure 7.7 shows an impression of the completed waterfront apartment building.



Figure 7.7
Bristol Harbourside, impression waterfront residential building (© Erwin Heurkens)

§ 7.2.6 Experiences

The actors' *experiences* with the cooperation based on this private sector-led urban development project are structured by the motives to choose this approach, the problems encountered with the approach, and the conditions for using this approach. These experiences stated by the public and private actors are valuable as they contain practical recommendations for Dutch practitioners.

Motives

The main *motives* for the local government to choose this particular private sector-led urban development approach are related to objective to attract private investment into the city center to finally develop a site that lay abundant for decades. Furthermore, the local authority did not have the labor and financial capacity to become involved in realizing the project. Harbourside also is an example of transferring risks to a developer as local authorities are not entitled to take financial development risks. Private land ownership was not a reason to choose a private sector-led urban development approach, as most land was owned publicly or by local landowners. Furthermore, the developer did not take the initiative for development, the local authority did.

Problems

This project has encountered many *problems* over a long period of time. The main problems are related to refusal of giving the developer planning permission for two successive times. Here, the main problem has been that neither the local authority nor the developer was aware of, and able to deal with, the power of civic organizations and political opposition parties. Community involvement by the developer and effectively handling the opposition by the local authority only really took place at the third design process. This has caused quite some delays in project delivery, financially affecting the development to date. According to the developer, the planning process became a political process, as project and politics became entangled.

Other problems have been mentioned by Bassett et al. (2002), which included tensions between planning and development priorities in the council. It was unclear to which public officers had which responsibilities in the dual interest in land development and planning objectives. Also, business leadership roles which could have been expected from the partnership organizations were not effectuated. From the interviews it became clear that both actors had a different view about the cooperation. Despite the public actor mentioning that the cooperation between BCC and Crest was generally good, the developer argues that the culture of 'development control' within the local authority in their opinion caused some frustrations. An example was given about the tight Section 106 conditions that kept being followed in economic recession times by (operational) public officers, while council board members showed more willingness to jointly work with the developer to solve difficult issues. Hence, the main problem stated by both actors in this type of development approach – relying entirely on private investment – is that it would only work in economic favorable times as demand is more certain.

In summary, the *main problems* encountered in Bristol Harbourside were:

- Public and private inability to deal with local community opposition;
- Public project leader's difficulty to deal with political opposition;
- Tension between public plan and development processes and objectives;
- Amount of public development control on the project;
- Relying entirely on private investment for the project.

Conditions

Several different types of *conditions* for using a private sector-led urban development approach were given by the actors.

First, this case has shown that one of the main conditions for applying a private sector-led approach in these types of developments is *community involvement*. Both actors state that it has become absolutely necessary to include civic interests in the early development stages in order to create support and increase the efficiency of development processes. This might influence the length of the design process, but eventually could contribute to some time-gain in the realization stages of the project. Bristol of course showed that civic society was very well established and organized, but it nevertheless seems to be a condition for starting major development projects.

Second, the local authority argued that *partnerships* can be valuable contributions to initiate developments only if they are accompanied by *leadership* of skilled and *committed individuals* from both the public and private sector. This condition emphasizes the human aspect of managing and executing projects. It is an addition to creating organizational structures that functions as certainty for insiders and outsiders. Making a partnership thus also includes forming a project team that is equipped with all kinds of personalities with specific skills from different professional backgrounds.

Third, another major condition for a private sector-led urban development approach is to *separate planning and development roles* and objectives within the local authority at all times. The Bristol case has shown that in principle the local authority acted as a landowner role and a planning role which were institutionally separated. However, both the developer and HSG argue that in practice it was not always clear whose objectives were at stake. Public officers were not always aware about their role in the development or planning process.

§ 7.2.7 Conclusions

The Bristol Harbourside project has showed us how a developer and local authority work together on major redevelopment brownfield site in the UK.

Despite the fact that Crest as a developer has 'led' much of the commercial development by taking on the design, feasibility and realization of the development, effectively taking all development risks by investing solely in the scheme, we also have seen that there are several *public management possibilities* to influence development outcomes, by using their planning tools at their disposal. Notice that, the amount of public management might be caused by the complex nature of this inner-city urban development project.

Furthermore, from a project point of view, this case shows that contextual aspects such as *political and civic support* can have a direct influence on organizations and the development process which are hard to manage once they have not been taken into account seriously. In the following section we will describe and analyze the second UK case for this research.

§ 7.3 Liverpool One

Our second private sector-led urban development case study in the UK is *Liverpool One*. This section provides insight into the project's context, planning and development process, organization, management, effects, and experiences from key stakeholders, followed by conclusions. Figure 7.8 shows an aerial view of Liverpool One.



Figure 7.8
Liverpool One, aerial view (© Grosvenor)

This project in Liverpool's city center is regarded as one of the largest and most impressive urban regeneration projects in Europe of its time (Parker & Garnell, 2006). It is a 42-acre £1 billion mixed-use retail-led urban regeneration project in the city center and was completed in 2009 (see Table 7.8 for the project characteristics). It has been developed by Grosvenor in collaboration with Liverpool City Council. Note, as long-term development and investment company, Grosvenor represents a quite unique type of developer when compared to the nature of other UK developers.

Project Characteristics			
Surface area	17 ha (42 acres)	Leisure	21,500 m ² (230,000 ft ²)
Open area	2.2 ha (7.4 acres)	Office	3,250 m ² (35,000 ft ²)
Total space	234,000 m ² (2.5 mln ft ²)	Residential	over 600 units
Retail	154,000 m ² (1.65 mln ft ²)	Hotel	2 buildings (377 rooms)

Table 7.8
Liverpool One, project characteristics (based on Littlefield, 2009: 248) (data from 2010)

§ 7.3.1 Context

Liverpool One as an urban development project took place against a particular context which is highly important to understand it. Here, the project's relevant contextual features are described in terms of the economic-political situation and spatial policies.

Economy & politics

According to Parker & Garnell (2006: 294) Liverpool "had been one of Britain's and the world's great commercial centers – a vibrant economic hub that was home to major shipping, banking, legal and insurance companies that operated across the globe. The cultural wealth and diversity of 800 years of maritime history gave Liverpool a special identity of international recognition." In the 1930s Liverpool's population peaked 900,000. But after the Second World War bombing, the city suffered a serious decline in economic activity, resulting in halving the city's population in the 1990s. "Such was the depth of the decline that in 1994 the city received a 'mixed blessing' of being a recipient of Objective One funding, a program set up to aid the European Union's poorest regions" (Littlefield, 2009: 20). Thus, in terms of economy Liverpool was suffering badly and structural change became necessary to prepare the city for the new millennium. According to Parker & Garnell (2006), "the recessions of the early 1970s and 1980s left the city with a myriad of economic problems with several decades of sustained under investment and market failure."

Nevertheless, under this surface of decline the city also showed some more positive features for development. For instance, Parker & Garnell (2006) argue that "it is a city rich of Heritage, with some of the finest architecture in the world", examples of which are the architectural masterpieces like the Liver, Cunard, and Port of Liverpool buildings and the Albert Dock. Therefore in 2004, the Mersey river waterfront and parts of the city center were given the Unesco World Heritage status. Furthermore, as a result of several decades of under investment in the city, land prices dropped significantly in comparison to other British cities which saw substantial regeneration investments in the same period. However, in the 1990s conditions to provide sufficient market incentives were not right enough to develop the structural change needed. "What was missing was the right commitment and appropriate governance mechanisms to effectively kick start the process. In terms of politics, Liverpool City Council (LCC) had developed a reputation for being inwardly focused, with low horizons and aspirations of lowest common denominator" (Parker & Garnell, 2006).

The most significant changes which turned the tide for economic recovery of the city resulting in greater market interest and more urban regeneration possibilities, partly have been mentioned by Parker & Garnell (2006). First, the redevelopment of Albert Dock by the Mersey Development Corporation in the 1990s was an initial catalyst for regenerating Liverpool. Second, in 1998 the Liberal Democrats won political control over the Labour Party putting them in place as the LCC. This resulted in "the appointment of a new managerial and political structure within the LCC – capable of transforming the City Council's performance as a leader in local governance" (Parker & Garnell, 2006: 295). This was a significant factor to improve investor confidence. Third, a clear vision for Liverpool was put in place to become a premier

European city with a competitive economy. This vision was translated into a comprehensive ten year program of integrated action. Strategic local planning frameworks were developed, leading to the appointment of several functional districts within the city center, presented in Figure 7.9. And finally, there was a change in approach by the LCC to embrace the principle of partnerships to deliver policy objectives. The LCC started working collaboratively through innovative partnerships with other public bodies, the private sector (including the local business community), and civic organizations.



Figure 7.9
Liverpool city center, spatial strategy (© LCC / Liverpool Vision)

Spatial policies

The LCC for numerous years had been thinking about the rehabilitation of its city center. In fact, at the end of the 1990s, it became apparent that Liverpool's city center of faced two major challenges. First of all, there was the 'hole' left in the city center as a result of WWII bombing and following urban planning and renewal actions. This had resulted in largely derelict and underused land characterized by an eclectic mix of small businesses, different parking lots, and a grassed over area. According to Littlefield (2009), this area "lay adjacent to Liverpool's main shopping area and therefore offered the possibility of grandly extending the city's retail heart" while reaching eastwards towards the leisure area of *Ropewalks*. Furthermore, the area could potentially link the city to its (partly) redeveloped waterfront but now it was

characterized by an unclear routing. Secondly, shopping in the city center of Liverpool, and the economic activity as a result, could be seen as far from reaching its potential. A report from Experian on the *British Retail Destinations* revealed that Liverpool had dropped from on the National Ranking from being third in 1971 to place seventeen in the mid-1990s. Therefore, in 1999, the LCC commissioned Healey and Baker to carry out a retail study to investigate the potential of Liverpool as a retail destination. The report revealed that Liverpool could rely on a potential catchment population of 2.5 million visitors and that it was short of 93,000 meters of retail space. These signs made the LCC realize that this particular part of the city was crucial in delivering the needed change to Liverpool as it could solve several deeply rooted problems within the city center for once and for all.

In the 1990s several initiatives by public and private actors had failed to produce the necessary change needed to alter Liverpool's decline, despite the successful regeneration of the *Albert Dock* into a historic tourism destination. Therefore, several spatial policies for the regeneration of Liverpool began to take shape in this period. According to Littlefield (2009: 31), "there was a strategy document from the Northwest Regional Development Agency, an action plan called 'Liverpool First' from the Liverpool Partnership Group and a Strategic Development Framework from yet another agency called Liverpool Vision. This is all quite apart from the varying drafts (and public inquiries into) the city council's Unitary Development Plan, a wide-ranging document that took seven years to finalize and sets out the planning agenda for the whole of Liverpool." There were also planning guidelines set out at a national level and the much publicized *Urban White Paper* in 2000 which were influential in thinking about the urban renaissance of inner cities. These spatial and economic documents and reports form the (spatial) policy background for the project at that time labelled as the *Paradise Street Area*, now known as Liverpool One.

§ 7.3.2 Planning & Development Process

With the project's context in place, now we take a closer look at the planning and development process. This process was taken forward on *three parallel tracks*: planning policy, developer selection and scheme evolution from 1999-2002, leading to formal planning submission (University of Liverpool, 2008), which was followed by the construction and operation period. The main activities and decisions within the different process stages for the area are described in this section. The Tables 7.9 and 7.10 give an overview of these main events and thereby support the descriptions hereafter.

Planning policy: 1999-2002

Littlefield (2009: 34) argues that "it was out of this highly charged and deeply political environment that an *advertisement* – in the Financial Times and Estate Gazette – emerged in the summer of 1999 seeking private developers to reinvent a substantial chunk of the city center", as it was believed that regenerating the city had to start from the center. "The ambition

was for a massive new extension to what Liverpool already had to offer, but of higher quality with a superior mix, broader appeal, better served and integrated into what was already there” (Littlefield, 2009: 34). “Potential developers were asked to consider simultaneously design quality, heritage, retail provision, car parking, public transport, pedestrian links, vitality, overall visual appeal and financial viability” (Littlefield, 2009: 40). According to Littlefield (2009: 34) “connections would have to be strengthened with other important districts – the Pier Head, the Three Graces, the waterfront, the railway stations, the universities and the residential buildings of Rope Walks.” “The council wishes to see design proposals which provide an external, visible and self-advertising facade, provide new external vision for the city center and raise the profile of the city center both nationally and internationally’, announced the brief to interested developers” (Littlefield, 2009: 48).

The developer’s interest in regenerating the Paradise Street Project was overwhelming according to the LCC, as 47 developers expressed an interest. This response was a relief for the Liverpool City Council (LCC) as it confirmed that the private sector shared the ambitions for redeveloping Liverpool’s city center. According to Littlefield (2009: 40) “the proposition back in the 1999 and 2000 was that if the city could do a deal with the private property sector, it might be possible to regenerate the city from the center and build outwards.” Thus, this expression of interest in developing the area provided the local authority with confidence that the private sector could be engaged in reactivating the entire city. This process of getting the attention of the private sector had been encouraged by Healey & Baker, the firm that had been retained as consultants by the city council. “They had been speaking informally with developers three or four months in advance of the advertisement’s publication; the property industry knew it was coming” (Littlefield, 2009: 48). Table 7.9 shows the initiative and design stage activities.

Date	Activity	Actor
1996	Draft Unitary Development Plan (UDP) approved	LCC
1999, February	Retail Study issued	Healey & Baker
1999, March	Paradise Street Development Area Planning Framework	LCC
1999, June 5	Advertisement for developer interest in PSDA	LCC
1999, October	Developer shortlist & Outline Development Brief	LCC
1999, December	Written responses submitted by shortlisted developers	Developers
2000, Jan-Feb	Workshops & presentations to LCC	Developers
2000, March 6	Selection Grosvenor/Henderson as development partner	LCC
2000, November	Final Development Brief issued	LCC
2001, January	Masterplan submitted	Grosvenor
2001, May-Oct	Public exhibition of proposals & Public consultation	Grosvenor
2001-02 Nov-May	Public Inquiry amending UDP plan incl. PSDA plans	LCC
2002, Oct 22	Secretary of State confirms PSD will not be 'called in'	Secretary of State

Table 7.9
Liverpool One project timeline, initiative & design stage (based on Littlefield, 2009: 244)

Thus, the publishing of the advertisement by the local authority effectively established a first set of planning and development guidelines for the area. Furthermore, it accelerated developers' interests. The content of the advertisement itself was based on the Planning Framework for the Paradise Street Development Area issued by the Liverpool City Council and planning consultants Cushman & Wakefield in May 1999. The Council adopted the *Retail Strategy* by Cushman & Wakefield within the Planning Framework, "as 'additional planning guidance' in March 1999 and this was further modified in May 2000" (University of Liverpool, 2008). The 1999 *Planning Framework* included some *particular requirements for the area* which according to Littlefield (2009: 22) were as follows:

- Delivering a retail development providing approximately 1 million ft² (93,000 m²) of modern and functional retail space, including at least two anchor stores;
- Ensuring the development contains a mix of uses;
- Incorporating sustainable development principles, including public transport accessibility;
- Providing a safe and attractive environment, of high quality materials;
- Providing pedestrian links to surrounding area;
- Ensuring provision of road links and high quality car parking.

"During this period the city also commissioned an *urban design study* from Chapman Taylor Partners and a *transportation study* from W.S. Atkins" (Parker & Garnell, 2006: 302). These documents were incorporated in an Outline Development Brief establishing guidelines for the PSDA, issued by the LCC to these short-listed developers in October 1999. This document "provided more detailed guidance on policy objectives and delivery process" (Parker & Garnell (2006). According to Littlefield (2009: 22), the 1999 *Outline Development Brief's* principal recommendations included the following *objectives*:

- Retaining listed buildings and other buildings of interest and character;
- Retaining at least some of the pre-existing street pattern;
- Maximizing 'permeability' (that is, through routes, eliminating dead-ends) over a 24-hour period;
- Reinforcing the character of the city center, especially the physical and commercial link with the sea;
- Reinforcing to the 'scale and massing' of buildings and the 'metropolitan character' of Liverpool;
- Exploiting the changes in level across the site;
- Creating 'active perimeter frontages', such as shop fronts rather than blank walls;
- Providing full access from the main shopping route of Church Street;
- Relocating any business or activity that is inappropriate for the redeveloped site;
- Creating high quality, open, public space;
- Creating vital links to neighbouring districts, such as the Rope Walks, central business district and the waterfront.

Developer selection: 1999-2000

Despite these content related requirements for the development, the LCC acknowledged that to achieve its objectives it was crucial to select a development partner rather than a detailed development proposal normally part of a formal tender. "To that extent, the selection

process focused on potential partner resources, expertise, approach and experience, and their understanding of the city, as well as a track record in delivery" (Parker & Garnell, 2006: 301). According to Parker & Garnell (2006: 302) "the whole selection process was very comprehensive in its approach and recognized by all bidders as exemplary. In fact, the whole process has become an exemplar internationally of how to do it." All 47 companies were invited to complete a questionnaire on their experience, resources and expertise, and they were invited to comment on the proposed selection procedure as well. Out of the 14 completed questionnaires the LCC shortlisted seven developers: Grosvenor/Henderson joint venture, Hammerson, Capital Shopping Centres, Australian firm Westfield, Dutch company MDC, a Land Securities/Lend Lease joint venture, and Peel Holdings.

The 1999 Outline Development Brief clearly pointed out the wishes from the local authority for the development competition and the area under consideration. Furthermore, "the companies were then asked to prepare indicative concept solutions and respond to key policy objectives" (Parker & Garnell, 2006: 302). The submissions of *concept solutions* and *written responses* by the shortlisted companies were handed in to the LCC by 17 December 1999. Then, in January and February 2000, "these concepts became subject to detailed scrutiny at *workshop sessions* attended by senior officers: planning, highway, design and property consultants, and representatives from Mersey Travel, the URC, Liverpool Vision, English Partnerships and the Regional Development Agency" (Parker & Garnell, 2006: 302).

"Following the workshops and technical interviews developers were then invited to present their proposals at interview with leading City Council Members including critically the Leader of the Council. Following responses to the development brief from the short-listed companies to share their aspirations for the development area, further discussions took place including detailed design workshops and financial seminars" (Parker & Garnell, 2006: 302). Alister Parker, partner at Cushman & Wakefield (in Littlefield, 2009: 61) argues that "when we [LCC and Healey & Baker] wrote the briefs for the developer competition, the requirement for open streets was clearly set out. Despite that, five out of seven of the UK's leading development companies came forward with mono-cultural lumps." As a result, it merely came down to a choice for either Grosvenor/Henderson or Hammerson as the preferred developer for the Paradise Street Development Area.

Finally, "on 6 March 2000, the city council announced that Grosvenor/Henderson had been selected as its '*preferred development partner*'. The wording is important. The city council was not looking for a fully worked out solution; rather, it sought a developer with whom it could work over the long term. The council wanted a developer, rather than a design, and the fine detail could wait" Littlefield (2009: 52). However, the choice for Grosvenor was a close call, as the council selection committee put in charge of selecting the developer for the site, was split right down in the middle. So the choice came down to Mike Storey, the leader of Liverpool City Council, to make the final decision. He recalls that (in Littlefield, 2009: 44): 'I just felt more comfortable with Grosvenor's approach. I liked the scheme and the people'.

Grosvenor's approach for regenerating the Paradise Street Area was different from the others and appealed to the City Council, which "needed a partner from the private sector that would look far beyond the immediate horizon" (Littlefield, 2009: 55). Micheal Burchnall, LCC's Head of Planning argues that "'the Grosvenor scheme was an interesting one. It wasn't as developed as the others, but it embodied some interesting principles ... that was a key factor.' It was also

about trust and personalities" (Littlefield, 2009: 53). Grosvenor was ensured that they wanted to work closely together with the LCC as a partner and that they wanted to commit themselves to the project for a long duration. Furthermore, this confidence was backed by Grosvenor's development and management of Mayfair and Belgravia in London for more than 300 years. Therefore, the company understood that high quality and good financial returns only go together when a long term view towards developments is taken. Jeremy Newsum, Grosvenor's Chief Executive (in Littlefield: 2009: 55), argues that this type of business model for developers is especially applicable to inner-city regeneration: "developing inner-city sites is an expensive business, not least because of the price of land, while the cost and complexity of integrating buildings with the transport and street/services infrastructure add significantly to the economics of a project. Getting a return on the sort of investment necessary is always going to mean taking the long view'."

However, the project also contained several considerable risks: "the project would undoubtedly require the use of compulsory purchase orders and the Paradise Street Development Framework had yet to be fully ratified" (Littlefield, 2009: 53). Nevertheless, Grosvenor saw opportunities to invest as important indicators pointed in the right direction, as several researches and studies had showed. "The whole business plan proposition came down to three main factors: the revived spending power of local consumers; the demand for space from retailers; and the anticipated rental growth" (Littlefield, 2009: 62).

After the selection of Grosvenor/Henderson as preferred developer for the area the Paradise Street Final Development Brief was drawn up by for city council by consultants Healey & Baker and issued in November 2000. This brief essentially included the guidelines for the prospective developer of the site, and was by common consent, excellent, but purely aspirational as well, as detailed requirements were not provided by the City Council. The 2000 Final Development Brief embraced and developed the already mentioned guidelines of the 1999 advertisement and 1999 Outline Development Brief and the outcomes of the different workshop sessions in 2000 between the developers and the LCC. Therefore according to Littlefield (2009: 22) the *Final Development Brief* included the *objectives* to:

- Develop a high quality scheme adjacent to an area which could probably be designated as World Heritage Site;
- Provide spaces for quality department stores and a range of other large stores;
- Provide retail units of sufficient size and quality to attract retailers not present in Liverpool, including specialist retailers;
- Encourage the use of public transport and providing convenient bus facilities;
- Create public spaces and facilities other than retail to enhance the city center for residents and tourists, and to improve city center 'vitality and viability' after normal shopping hours.

Scheme evolution & consultation: 1999-2002

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According to LCC & Grosvenor (2009) Liverpool One has been based on Grosvenor's "cohesive Masterplan of new and refurbished buildings, streets and spaces – all of which have been designed to embrace a wide variety of uses and activities." The choice for this cohesive approach was underlined by the concept of vital and successful cities, which as Grosvenor believed, are characterized by variety and not uniformity. These principles according to

Grosvenor (2002) follow the recommendations of the 'Towards an Urban Renaissance' report (Urban Task Force, 1999), the 'By Design' report (DETR & CABE, 2000), as well as National and Regional Planning Guidance. Furthermore, "it responds to the emerging Modifications of the UDP and the PSDA Development Brief" (Grosvenor, 2002).

The University of Liverpool (2008) argues that the masterplan reflects "a conscious decision by the Council to reject the orthodox inward looking mall-based solutions and rather to seek to create a series of new places connected by open streets. The urban design aspiration was to re-build a slice of 'traditional' city, with open streets, mixed uses and seamless integration. An underlying principle is that this part of the city should regain its organic development pattern, with buildings being renewed or replaced at different times in the future; thereby avoiding the need to ever repeat the process of comprehensive redevelopment of the whole area". Grosvenor (2002) believes that the Masterplan will make the PSDA the '*mixed-use heart of the city*' as it is "sufficiently robust to accommodate modifications." "Significantly, the decision was taken very early on in the concept phases of the project to divide the development into distinct '*urban districts*' and to share the work between a large number of different design firms" (Littlefield, 2009: 65). Figure 7.10 shows how these urban districts are situated and connect to the surroundings.

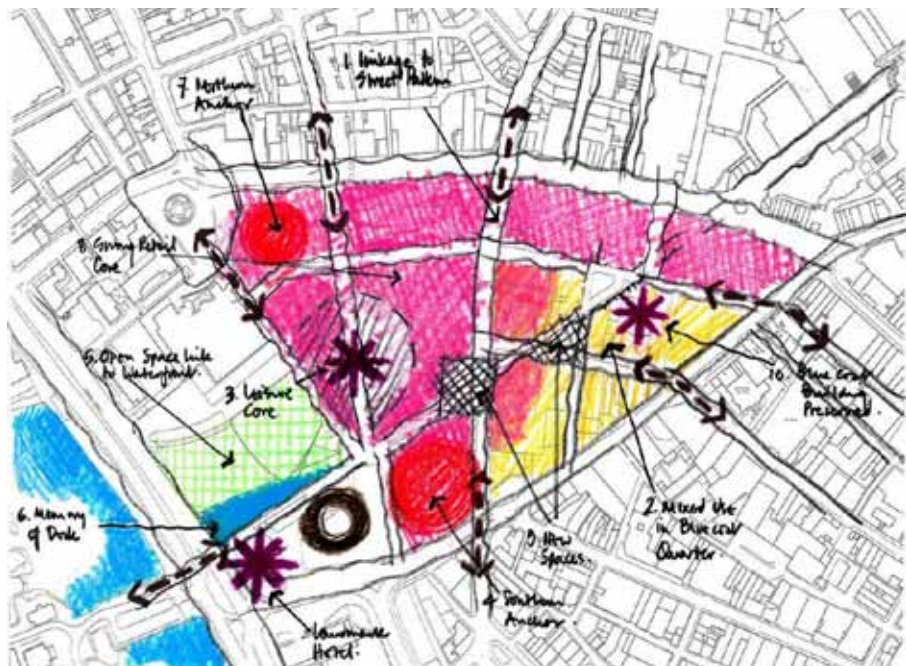


Figure 7.10
Liverpool One, sketch showing districts and connections (© Grosvenor)

The design of the *Masterplan* was undertaken by Grosvenor which assembled a *Masterplanning Team* as early as August 1999. "This masterplanning team comprised BDP [Building Design Partnership], masterplanners; Symonds Group, transportation consultants; Drivers Jonas, planning consultants; PMA, property research consultants; and Scutt & Parker, retail

consultants and one of the letting agents” (Littlefield, 2009: 65). This multidisciplinary team took the guidelines from the Development Brief and turned the aspirations and requirements into plans and massing studies. BDP managed the design process by commissioning twenty-five different architectural firms to design individual buildings and public spaces. In essence, according to Grosvenor (2002) “the Masterplan identifies twenty-two individual buildings or groups of buildings, together with shares servicing areas, car parks, bus station, bus layover area, public park, other public spaces, two arcades and open streets.” Figure 7.11 shows the Masterplan for Liverpool One defining the twenty-two individual sites within the project.



Figure 7.11
Liverpool One, masterplan defining 22 individual sites (© Grosvenor)

Furthermore, Grosvenor worked very closely together with the local authority on design and programmatic matters as is highlighted by Parker & Garnell (2006: 302) which also stated the significance of *partnership*. According to LCC & Grosvenor (2009) the Masterplanning team “engaged with the city [council] and its planners at an early stage to make sure the masterplan was as robust as possible.” Parker & Garnell (2006: 302) argue that “Grosvenor and the City Council worked jointly together under the direction of a *Joint Steering Committee*, chaired by the Chief Executive of Liverpool City Council and included the Chief Executive of Grosvenor UK.” Here, clear reporting mechanisms were put in place to ensure the design process could be managed accurately. This “enabled the City Council officers to participate as an equal and proactive partner throughout the development of the program” (Parker & Garnell, 2006: 302). LCC & Grosvenor (2009) argue that “the city council played a pivotal role in the planning process, ensuring that Grosvenor was able to deliver high quality individual designs in record time. Dedicated planning staff was put onto the project and planning decisions were delegated to a specialist working party. Drivers Jonas acted as the conduit for all planning applications

by becoming the single point of contact for new applications and revisions – all of which followed an agreed format. This enabled those involved in the Design Review process to reach decisions quickly.” As a result, only three sites had to be approved by the council’s planning committee. Furthermore, creating political support for and agreement about the scheme and the development was established by engaging Council Members in an *Advisory Group* of key Liverpool City councillors, chaired by the Leader of the Council (Parker & Garnell, 2006). Thus, the design process as well as the planning process from the early stages was led by the developer’s Masterplanning Team in close partnership and cooperation with different levels of the local authority.

The evolution of the scheme was based on BDP’s Masterplan with a “hybrid planning application” (part detailed/part outline), to achieve flexibility and allow the scheme to evolve over time. “As a result of intensive, iterative work by the joint Grosvenor and Council team, the general outline of the Masterplan was established by September 2000” (Grosvenor, 2002). From this moment on the other stakeholders became closely involved in finalizing the Masterplan for the area. “Between September and December 2000 this outline Masterplan was discussed with principal consultees” (Grosvenor, 2002). According to LCC & Grosvenor (2009: 23), “the approach to consultation was comprehensive and enduring with public engagement from the very outset of the project. Through the development process Grosvenor held *public ‘stakeholder’ meetings* every twelve weeks. People with an interest in the development were invited and regularly 200-300 people attended these events.”

For instance, the transportation proposals were discussed with the *Highways Authority*, design matters and siting and massing of different buildings were discussed with *English Heritage* and *CABE*, and *Mersey Travel* was consulted about the proposed bus station. Furthermore, *public workshops* were held which also included participants from *Liverpool Vision* focus groups (e.g. Liverpool’s Economic Development Company). Engaging residents and local businesses was secured by a number of *design workshops* and *open forums*, where the evolving proposals were shared with citizens throughout the period following selection until the very end of the project. But the principle of consultation was not limited to the initiative and planning stages. In November 2004, after construction had commenced, Grosvenor opened an *Information Centre* with a 1:200 development scale model for public viewing. Therefore, according to Grosvenor (2002), “the principles of public participation, wide consultation, collaborative working and partnership and Grosvenor’s commitment to them have been demonstrated throughout the project to date, together with the benefits of different perspectives, the cross-fertilization of ideas and the progressive build-up support.”

Planning consent: 2001-2002

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According to the University of Liverpool (2008) these three parallel processes of planning policy, developer selection, and scheme evolution, culminated in the signing of a Development Agreement, Section 106 Agreement and Planning Permission. However, as the design process steadily evolved over time, the site also offered some complexities in the path to planning permission. The design and consultation process resulted in submitting a Masterplan for *outline planning application* (accompanied with an application fee) in January 2001, as the design would evolve in a later stage. Following this first submission, a second round of

Public Consultation took place in which Grosvenor organized several workshops and a large *Public Exhibition* to inform people and to further incorporate different wishes from different stakeholders. This extensive consultation exercise resulted in resubmitting the Masterplan for *planning application* in October 2001. The most important *complex issues to be resolved* in reaching planning submission and development agreement included:

- Dealing with acquiring all the land, possibly by issuing compulsory purchase orders;
- Dealing with the planning applications for different buildings and public functions;
- Securing that the Paradise Street Development Framework (PSDF) would be incorporated in an amended Unitary Development Plan (UDP) for the city, which had to go through Public Inquiry;
- Dealing with a rival scheme for a mall from another developer, which could resolve in the project being ‘called-in’ by the Secretary of State.

Littlefield (2009: 84) argues that “although the LCC owned one third of the land that had been earmarked for development (and has prepared to lease it to Grosvenor), the rest had to be assembled by merely making someone an offer, or pursuing compulsory purchase orders. One of the landowners fought particularly hard, and continued to object even after Public Inquiry had found Grosvenor’s favor. Also Grosvenor has taken the decision to commission more than 20 architects to work on different plots throughout the site, making planning permission and public consultation far more cumbersome than if a single design firm had been involved.” Furthermore, the development was not limited to private properties; the development included public functions such as roads, public spaces and transport facilities. Therefore, according to Jones (2010) the LCC received more than 60 planning applications and had to check its 800 planning conditions for the development. Another problem was that a rival developer Walton Group has a claim in Chavasse Park and intended to develop a large shopping mall on it. This issue was possibly going to resolve in the Secretary of State to call-in the project and take over control of the process. Also, the LCC’s Unitary Development Plan did not mention anything about the City Council’s planning priorities and broad intentions for the Paradise Street project. The PSDF had to be amended into the UDP, which had to go through Public Inquiry to give it legal status.

However, between January 2001 and September 2002 the LCC received just 67 formal planning objections in the *Public Inquiry* process. This can be considered as being a relatively low amount of objections in such a particular inner-city development site. “In May 2002, the inspector chairing the Public Inquiry published a report accepting the city council’s case for modifying the UDP” (Littlefield, 2009: 95). The emphasis in the PSDF on the comprehensive approach to integrate disparate quarters of the city center contributed to this decision. Later the inspector also dismissed the Walton Group’s challenge, which was backed by the decision of the Secretary of State not to call-in the project issuing a letter on 22 October 2002. LCC also adopted the revised UDP in November 2002. These events created certainty for the developer and local authority to carry on development. Therefore, “on 19 December, Grosvenor and Liverpool City Council finally signed the Development Agreement and agreed the terms of the Section 106 Agreement works (covering matters like respect for archaeology, phasing, highway improvements and provision for maintenance)” Littlefield (2009: 97). And finally, on 23 December 2002 Planning Permission was granted.

Land & finance: 2002-2004

With the closure of the formal agreements and planning permission at the end of 2002 the preparations for the realization stage took off. This started with the acquiring of land for development by the City Council promoting Compulsory Purchase Orders (CPOs) in March 2003. Despite one-third of the site being owned by the LCC themselves several other landowners had to be bought out. The LCC received 56 CPO objections; however, Littlefield (2009) argues that the majority were merely seeking clarifications and reassurances. CPO requires another Public Inquiry, and at the time the CPO Inquiry began only 14 objections were left. The LCC and Grosvenor once again persuaded the inspector handling the objections by stating that a 'step change' was needed to create a comprehensive development within the city center, and that therefore all property had to be acquired. However, this also comes at a cost, as "land purchases amounted around £180 million" (Littlefield, 2009), paying for the plots and property of the owners. One last owner Quiggens threatened to appeal in High Court against the CPO decision, but eventually dropped the case. The orders were confirmed, without modification, in May 2004 (University of Liverpool, 2008).

Date	Activity	Actor
2002, Dec 19	Development & Section 106 Agreement signed	LCC & Grosvenor
2002, Dec 23	Planning Permission issued	LCC
2003, March 21	Compulsory Purchase Orders issued for land assembly	LCC
2003, June 4	Liverpool named European Capital of Culture 2008	European Union
2004, February	Revised Planning Application submitted	Grosvenor
2004, spring	Detailed Design of major works start	Grosvenor
2004, Nov 22	Principle Building begins	Grosvenor
2005, Nov 1	Paradise Project rebranded as 'Liverpool One'	Grosvenor
2008, May 29	Opening Phase I, South John, Paradise St., anchor stores	Grosvenor
2008, Nov 22	Opening Chavasse Park, entire site open to public	Grosvenor

Table 7.10

Liverpool One project timeline, feasibility & realization stage (based on Littlefield, 2009: 245)

In the meantime, "on 4 June 2003 the UK government announced that Liverpool was to be the European Capital of Culture in 2008" (Littlefield, 2009: 199). This created an extra challenge for the developer, as at the time Grosvenor was involved in the CPO Inquiry, and "it didn't have the land, the designs, the builder or even the money to take its project forward. The company then did an extraordinary thing – it promised to finish its work in time for the city's big year. Grosvenor was under no legal obligation to meet this new timetable." (Littlefield, 2009: 199). Despite some major uncertainties, Grosvenor decided to submit a *Revised Planning Application* in March 2004, as during the CPO process, designs on the scheme had evolved steadily. The revised application dealt with specific changes to the south-west corner of the scheme. These changes "arose from an agreement reached with Mersey Travel to change the position of the Paradise Street Transport Interchange during the course of the CPO Inquiry" (University of Liverpool, 2008), together with changes to two other sites. The revised scheme was approved in June 2004. "It was based on the discharge of pre-commencement planning conditions

which provided for the approval of over 18 site-wide strategies. The approval of those site-wide strategies later was followed by the phased approval of reserved matters and details, or, as happened in a number of cases, fresh applications as part alternatives, for the more than thirty individual buildings which make up the scheme, together with six defined areas of public realm, including the park” (University of Liverpool, 2008: 4-5). These applications were based on the detailed designs of works that were being produced in the meantime. Table 7.10 shows the main events from the signing of the development agreement in 2002 until completion of the project in 2008.

Littlefield (2009: 202) argues that “by the time that construction could actually begin towards the end of 2004, Grosvenor had just one more hurdle to overcome; raising the funds.” However, Henderson, the investment partner for Grosvenor, withdrew from the project in early 2002, making funding more difficult. As a result, “Grosvenor pursued a ‘*twin-track approach*’ in the search for partners – it would look for loans and investors. Originally, the development was projected to cost £650 million and the company put together a package comprising £255 million of equity (in which Grosvenor itself has a 20 per cent stake) and £400 million of debt, financed by *four banks*” (Littlefield, 2009: 205), including Barclays, Eurohypo, HSBC, and Royal Bank of Scotland.

Littlefield (2009: 205) argues that “the bank loans were secured relatively easily, but the terms of equity holders were more demanding.” These *equity holders* were partners contributing investment in the Grosvenor Liverpool Fund, which included:

- Grosvenor;
- Aberdeen Property Investors;
- Hermes;
- Liverpool Victoria;
- Maroon Capital;
- Redevco Properties UK.

Hermes became the main representative of the other contributors for negotiating investment terms with Grosvenor, who drove a very hard bargain. “The upshot was that investors said there would be a limit to their investment; apart from a contingency fund of £50 million, any cost overruns would have to be borne by Grosvenor alone” (Littlefield, 2009: 205). This ‘cost cap’ eventually caused a huge budget overrun for Grosvenor. However, this move by the equity holders was plausible from their point of view, as they merely protected their client’s investment and eventually committed themselves to a very long-term partnership. “No one insisted on getting their money back upon completion – these investors, like Grosvenor, were in it for the long haul. So by the end of 2004 [before construction started], Grosvenor had a funding deal on offer. The terms were harsh, but it was funding” (Littlefield, 2009: 205).

Realization: 2004-2008

Thus, by the end of 2004, everything was in place, including funding. As a result, construction commenced in November 2004, but construction preparation already started prior to full planning permission, as early as 19 December 2003, when Grosvenor selected Laing O’Rourke as the preferred contractor for the site. At the start of the realization stage Grosvenor believed

it could manage the project on the strict financial terms. Despite the financial risks, directors believed it was a calculated risk. However, the project took place against the background of rapidly rising property prices and rampant inflation in the construction sector. Another major project cost overrun contributor was the commitment to quality. As project management merely is based on balancing time, costs and quality, Grosvenor could have chosen a value engineering approach, effectively lowering spatial and building qualities. Nevertheless, despite costs continuing rise, Grosvenor's project director Rod Holmes insisted in maintaining the intended quality level. In January 2006 in the Liverpool Daily Post, Holmes commented that "unless the project delivers something very special, as the single biggest component of the new Liverpool, it will not achieve the financial returns that are required to justify the huge investment" (Littlefield, 2009: 213). Delivering a high quality environment would increase the amount of shoppers, effectively securing to persuade retailers to choose Liverpool as its primer retail destination. The basic idea of financial return was that a high quality environment would create a higher footfall over a long-term period, and this would ensure investors of obtaining stable rent cash flows from the different retail tenants. As a result Grosvenor already had secured two main retailers, Debenhams and John Lewis, as renters of the two main anchor stores, thereby increasing the chance of other retailers to put an interest in Liverpool One, which became the rebranded name for the Paradise Project on 1 November 2005.

In spring 2006, the timetable was in danger of slipping. Grosvenor believed that contractor Laing O'Rourke did not have the capacity to deliver the entire project in time and decided to propose another contractor (Balfour Beatty) to the project that took over the eastern part of the site. Moreover, the project contained over half a million pages of documentation, threatening effective management of the project. According to Littlefield (2009: 216) "early findings indicated that rising land values (which forced up the cost of acquiring the site) and spiralling construction costs had led to an overrun of at least £90 million. In April 2007, Grosvenor announced that its project in Liverpool had lost the company £150 million. Clearly, tough new control measures were in order." And organizational structures were tightened, by appointing a new project management director chairing the steering group. However, as a result of all these project management decisions, Littlefield (2009: 221) argues that "Grosvenor had found itself torn between its commitments to quality and timelines, and the commercial necessity of financial prudence. Slowly but surely, being seen to deliver on its promises became the dominant factor, in spite of financial pain." Mike Preston, Grosvenor's project management director declared in a review that "apart from the under-estimate of the price of the project at the very start, there was no single moment which steered the costs of course; rather, it was a very slow incremental process" (Littlefield, 2009: 221). Upon completion the project total investment costs of the project were £1 billion (containing £500 million construction costs and fees), a total of £350 million above the estimated £650 million. In summary, the following reasons contributed to this *cost overrun*:

- Strict conditions of the investment package deal;
- Underestimation of the project costs at the start;
- Rise of land values;
- Rise of construction costs (eventually);
- Commitment to time;
- Commitment to high quality.

Nevertheless, despite the initial financial difficulties by steering on time and quality, Grosvenor delivered the Phase One of the project in time on 29 May 2008. The opening of Liverpool One to visitors included the main retail anchor stores and South John Street and Paradise Street. At a later stage on 22 November 2008, Chavasse Park was delivered, effectively completing the major works Liverpool One, and some individual buildings followed completion during 2009. Thus, the whole project construction period is four years.

Operation: 2008-now

A major characteristic of Liverpool One is the agreement about the private operation of the site. "Grosvenor has a 250-year lease on the Liverpool One site, during which time the company is committed to maintaining, lighting, cleaning and managing the entire development" (LCC & Grosvenor, 2009). Furthermore, as a co-investor it partly owns retail properties, which allows them to obtain long-term financial returns through rent cash-flows. Although the Liverpool City Council technically owns the land, and negotiated a 5% share of the profit (overage) of the rent, the operation of the site is in hands of Grosvenor. As result of the combination of land lease and real estate owner, Grosvenor is able to balance quality maintenance and financial returns. Thus, for Grosvenor Liverpool One is a long-term bet and therefore it can afford to wait for the payback. Thus, this long-term commitment it justifies the huge amount of investment put into the project.

The day-to-day management of the site, according to LCC & Grosvenor (2009: 29) "is undertaken through an innovative joint venture with Broadgate Estates. This innovative partnership approach differs from the more typical approaches to property management which involve either fully outsourcing or managing in-house. The strategy led to the creation of a bespoke property management team charged solely with delivery of: maintenance of the public realm; industry leading services to the Liverpool One occupiers; the highest standards of customer care for visitors, and a consumer marketing campaign to establish Liverpool One as the regional destination of choice." In return, occupiers pay agreed upon service charges. However, despite the private control of Liverpool One, the site remains open to public 24/7 and according to LCC & Grosvenor (2009: 29-30), "has no doors barring access presenting unique challenges from a security point of view. Liverpool One has a 24/7 manned Control Room, public realm and back of house as well as 600 CCTV cameras which also count footfall. The management team works closely together with the Emergency Services including a dedicated police team within Liverpool One. Liverpool One has a 117 strong team which covers Management, Waste & Cleansing, and Customer Support" in total.

The impact of Liverpool One is already evident according to LCC & Grosvenor (2009). A research by Expedia revealed that Liverpool had reclaimed its position as 5th in the UK retail hierarchy. Colliers CRE reported that 'Prime Zone A' rents in the center have also gone up in 2008. Local retailers are benefitting from the increased footfall of Liverpool One and the street connections, as in May 2008 pedestrian flows were consistently higher at 30-40%. Furthermore, according to LCC & Grosvenor (2009: 30), "Liverpool One also acted as a catalyst for wider improvements in the area. Liverpool Vision reported a further £900 million of development was either on site or in the pipeline, including plans by Land Securities for a £100 million redevelopment of St John's Shopping Centre and a £105 million redevelopment of the Lewis' building". Thus,

both established retail estates in Liverpool benefiting from Liverpool One. Also, in a consumer research 83% of the surveyed people think the city has improved over the last five years, and 91% of visitors will were likely to return to the city center. In terms of jobs, “Liverpool One has created in excess of over 3000 temporary construction jobs and 5000 permanent jobs for the local community, as well as providing training for young people and opportunity for local businesses” (LCC & Grosvenor (2009: 24). In 2009, Liverpool One won the BCSC Town Centre award, a price for excellence in retail-led urban regeneration, design and Public-Private Partnerships that support and sustain thriving communities.

§ 7.3.3 Organization

Here, we now analyze the organization of Liverpool One on the basis of our analytical framework, which enables us to compare both UK cases and foreign cases with one another. We provide an answer to our first case study research question: what are the *inter-organizational roles* of public and private actors? In successive order, tasks and responsibilities, risks and revenues, and rules and requirements are discussed, before we conclude this section with an overview.

Tasks & responsibilities

Public Actor	Private Actor
<i>Initiative Stage</i>	<i>Initiative Stage</i>
Commissioning consultants	Stating development interest
Making planning framework	Providing written & conceptual design proposal
Publishing of advertisement	Giving presentation to local authority
Making developer shortlist	<i>Design & Feasibility Stage</i>
Issuing development brief	Commissioning masterplanning team
Organizing developer workshops	Designing masterplan
Selecting preferred development partner	Submitting planning application
<i>Design & Feasibility Stage</i>	Organizing public consultation meetings
Issuing final development brief	Signing development & section 106 agreements
Amending unitary development plan	Securing investment for development
Signing development & section 106 agreement	<i>Realization Stage</i>
Granting planning permission to developer	Submitting revised planning applications
Issuing compulsory purchase order	Appointing development team & contractors
Handling public inquiry	Rebranding project
Transferring land assembly to developer	Constructing, delivering & opening the project
<i>Realization & Operation Stage</i>	<i>Operation Stage</i>
Providing planning permission for buildings	Carrying out temporary site management
Monitoring private operation/management	Appointing management company

Table 7.11
Empirical tasks & responsibilities in Liverpool One

Here, we discuss the *tasks and responsibilities* from the public (LCC) and private (Grosvenor) actor in Liverpool One, by analyzing them in the different development stages. Table 7.11 gives an overview of the tasks & responsibilities of the public and private actors in Liverpool One. This table shows that public and private roles were very much formally separated from initiative to operation stage. However, the informal partnership approach between both actors resulted in several meetings and discussions about the evolution of the scheme in the design stage. Effectively, this public-private interaction process was coordinated by two organizational bodies, one 'formal' joint steering committee and one 'informal' Advisory Group.

In the *initiative stage*, local authority Liverpool City Council (LCC) provided the necessary planning framework for the development. First, it explored the market demand for a new city center development by commissioning consultants Healey & Baker to carry out a retail study. Second, the LCC wrote the *Paradise Street Development Area Planning Framework*, effectively providing clearness about the local authority's intentions for the area. Third, on the basis of both documents, the LCC published an *advertisement* in newspapers based on the planning framework, asking developers to state their interest in the area. Fourth, after receiving the interests of developers, the LCC provided a *developer shortlist* and issued a *Development Brief* for the selected developers, providing more specific conditions for the development. Fifth, the LCC organized workshops with the selected developer in which they could present their conceptual ideas and plan for the area. And finally, the LCC selected one developer, Grosvenor as the *preferred development partner* for the project. As a developer Grosvenor first stated their development interest to the advertisement. Second, after Grosvenor became part of the developer shortlist, it provided a *written and conceptual design proposal* as a reaction LCC's development brief. And finally, Grosvenor gave a *presentation* about its conceptual ideas in a workshop to the City Council.

In the *design and feasibility stage*, first LCC issued a *Final Development Brief* to developer Grosvenor providing the principal guidelines for the development based on the workshop outcomes. Second, after receiving a masterplan for the area, the LCC issued a Public Inquiry, amending the *Unitary Development Plan* including the Paradise Street Development Area plans, giving the development a legal status. Third, LCC signed the *Development Agreement* and *Section 106 Agreement* with developer Grosvenor after a negotiating process between the two actors. Fourth, the LCC gave *Planning Permission* to Grosvenor to develop the site. And finally, as a closure of this stage, LCC issued a *Compulsory Purchase Order* to assemble land for development, which was carried out by the developer, and held a CPO *Public Inquiry* to handle objections to the development. Grosvenor first commissioned a *Masterplanning team* to carry out detailed design and planning of the site resulting in a *Masterplan* based on the requirements from the final development brief. Second, Grosvenor submitted this masterplan in a 'hybrid' (part detailed/part outline) *Planning Application*. Third, the developer organized a *public exhibition* about the design proposal and *public consultation* to involve other stakeholders in the design process, creating support for the project. Fourth, Grosvenor signed the *Development Agreement* and *Section 106 Agreement* with LCC after a negotiating process between the two actors. And finally, Grosvenor secured *investment* for development by equity and loans. Furthermore, the LCC and Grosvenor jointly established two organizational bodies as part of the Partnership approach. The first was a *Joint Steering Committee*, chaired by the chief executives of both LCC and Grosvenor UK, which coordinated design scheme issues.

The second was an *Advisory Group*, containing political members of the City Council, meant to create political support for the development.

In the *realization stage*, first LCC provided *Planning Permission* for individual buildings which were part of a *Revised Planning Application* submitted by Grosvenor, now including more detailed proposals individual buildings for the outline part of the first planning application. Second, after securing of (legal) planning permission and (financial) investment, Grosvenor appointed an (organizational) *development team and contractors* to coordinate the delivery and carry out the work. Third, it rebranded the project into Liverpool One, establishing a commercial name for the development. And finally, it organized the *opening* the project for the public, delivering the project.

In the *operation stage*, first LCC signs a *Land Lease Agreement* with Grosvenor, transferring the responsibility of maintenance and security to the developer. Second, LCC pays attention that Grosvenor lives up to its responsibilities as a development operator. Developer Grosvenor signs a *Land Lease Agreement* with LCC, effectively making them responsible for the maintenance, security and cleansing of the entire site. Second, as the responsible private leaseholder of the site Grosvenor commissions the *management company Broadgate Estate* to carry out the day to day site operation.

Risks & revenues

In terms of *risks and revenues*, there has been a clear distinction between the two actors in Liverpool One. The local authority does not have any substantial financial risks; however, it does have some *political and societal risks* and *overhead costs*. The political and societal risks involved with the project relate to location of the site to which the council committed itself as a crucial project to provide the necessary substantial change for the city. Furthermore, Liverpool being the European Capital of Culture in 2008 provided some societal risks in terms of public opinion about the city of Liverpool in case the city center project was not delivered in time. Parker & Garnell (2006) mentioned that LCC's overhead costs for the whole process from concept to the granting of planning permission are estimated around £3 million. In terms of revenues, LCC negotiated a *5% share of the profit (overage)* of the retail store rent that is collected by retail owner Grosvenor, thereby guaranteeing a constant cash flow. The private interviewee mentions that LCC does not run a financial risk in this construction, as losses have to be taken solely by Grosvenor.

Grosvenor does have a high risk degree as it undertakes financial activities. First, there is the *plan development risk*. Even before they were appointed preferred development partner, designs were made by the developer. Second, Grosvenor takes on the *land acquisition risk* of the development. The assembling of land was a task appointed by to the developer by LCC, effectively giving Grosvenor the mandate and responsibility to buy out local land and property owners, which proved to be a difficult process Third, Grosvenor took on the *land development risk*. As the site was located at the very heart Liverpool, the site contained some archaeological works from early settlements of the site, and the site also contained some decontamination costs. Fourth, the developer took on the *real estate development risk*, which rose as a result of the construction prices at the time of realization. However, Grosvenor lowered the real estate development risks, by securing tenants for the different real estate objects at an early stage of the development. Fifth, Grosvenor ran a *planning permission risk*, as financial

agreements with investors, and construction agreements with contractors were made, prior to the planning permission of all buildings in the development. Finally, Grosvenor ran severe *financial risks*, as the investment of the development was paid partially by equity, and partly by bank loans. Bank loans were secured very easily. However, Grosvenor took on the largest share of equity in the Grosvenor Liverpool Fund, where other investors limited their share to a fixed amount, resulting in the agreement that any cost overruns would have to be borne by Grosvenor alone. As a result of several reasons (indicated in Section 7.3.2) the project budget overrun estimated £350 million. Thus, Grosvenor therefore did not have any direct project revenues but rather a substantial project loss. However, as owners of the realized real estate and 250 year land leasing construction Grosvenor is able to get a *long-term return on investment* by generating a constant cash flow.

Rules & requirements

In terms *requirements*, the local authority has provided several pre-development stage conditions. However, these public requirements have been very minimal in description, like establishing connections to other neighborhoods, infrastructure provisions etc. For a full list of requirements see the planning policy paragraphs in Section 6.3.2. In the advertisement seeking development proposals from developers, LCC stated general conditions for the development. In the following shortlisted developer selection process, LCC issued an Outline Development Brief, stating more clear conditions for a concept design. After the selection of a preferred development partner, the LCC issued a Final Development Brief stating more clear conditions based on collaborative design workshops with the developer.

Both actors negotiated the *terms and conditions* in the Development Brief and the developer contribution to public works in the Section 106 Agreement. Littlefield (2009) argues that these conditions were a logical outcome of an intensive collaboration process, and therefore can be regarded as formal confirmation of what both actors intended. For instance, the Development Agreement and Section 106 Agreement contain conditional rules about the phasing of the development, the quality and structure of the scheme, the delivery of public facilities, the amount of floor space for different functions, the use of compulsory purchase orders, the conservation of heritage, dealing with environmental issues, and maintenance and management system, financial contributions to public works, and even human rights issues, amongst others. In these agreements neither specific articles were found with established rules for dealing with unforeseen circumstances, nor did it became clear what was meant by them. We conclude that both actors were able to raise and tackle unforeseen problems during the development process as they were in constant dialogue with each other.

§ 7.3.4 Management

In Chapter 2 we discussed that the management by actors in private sector-led urban development projects has been underestimated as a way of influencing the outcome of projects. Hence, inter-organizational arrangements of public-private cooperation do to

a certain extent determine the possibilities public and private actors have to manage the projects. Therefore, here we analyze the different management measures applied by the public actor (Liverpool City Council) and private actor (Grosvenor).

Project management

The main *project management activities* for public and private actors to influence development projects are based on the development stages and therefore are categorized as; initiating, designing, planning, and operating.

In terms of *initiating* the development project, the Liverpool case shows that the local authority played a crucial role. Unlike some other examples in the UK of unsolicited proposals by developers for an area, in this case the LCC took the initiative for the inner-city development. First, this was done by mobilizing the council members to commission Healey & Baker to carry out a retail study to provide information on the potential of development. Second, the LCC published an advertisement in newspapers containing general guidelines and requirements for developers to take into account in development proposals. Later these requirements were further elaborated in an outline and final development brief. Thus, in essence, project developers in strict sense did not initiate the project. *Hence, the influence on the end result by the public body here has been crucial by initiating its requirements.*

In terms of *designing* the development project, the Liverpool case shows that developer Grosvenor started influencing the outcome of the development project by reacting on the advertisement in which Grosvenor translated its conceptual views on the development into a design proposal. Furthermore, when it was chosen as the preferred developer Grosvenor further detailed its goals into a Masterplan for the area. *By presenting and discussing these designs and plans with other stakeholders they managed the development.*

In terms of *planning* the development project, the Liverpool case shows that in general Grosvenor was able to influence the realization of the development. By scheduling an end date for delivery and consequently conducting several project management activities it was able to balance time, costs and quality. LCC did not have a major influence in this; however, it provided guidelines for delivery in the development agreement, which were agreed upon by both actors. As Grosvenor also commissioned contractors, and made a choice to add a contractor for a specific part of the development, *it showed that planning the project became a project management activity largely undertaken by this private actor.*

In terms of *operating* the development project, the Liverpool case shows that developer Grosvenor takes management responsibilities for the site after delivery. Based on a 250-year land lease agreement with the local authority, Grosvenor based on the private operation of the site at previous stages was, and still is, managing its interests in the development. They use a private management company to carry out operation activities for them. The local authority has a minor influence in operation as they monitor site maintenance. *Thus, Grosvenor through operating manages the project.*

Process management

The main *process management activities* for public and private actors to influence development projects relate to the cooperation and interaction between public and private actors and therefore are categorized as; negotiating, decision-making, and communicating.

In terms of *negotiating* in the development process, the Liverpool case shows that both actors have been discussing their objectives in an on-going process until the start of construction works. The first interactive process between both LCC and Grosvenor took place in the workshops about the design proposals, the second in the Joint Steering Committee, and the third in the negotiations about the development and Section 106 agreements. Littlefield (2009: 45) mentions that "Although Liverpool One is the result of a close partnering between the city council and Grosvenor, the relationship was also characterized by tough and often difficult negotiations." This has been confirmed by the private actor interviewee who stated that the local authority was very persistent in achieving public goals through negotiations. *So, through different arenas and at different moment both actors influenced the outcome of the development by negotiating objectives.*

In terms of *decision-making* in the development process, the Liverpool case shows that in the pre-development stages both actors had several moments and instruments to make decisions on behalf of their organizations. The local authority used informal and formal documents in which it stated different decisions that had to be taken into consideration by the private actors. Grosvenor mainly made decisions based on time, finance, and design issues which were incorporated Masterplans and agreements with other stakeholders. *Furthermore, both the LCC and Grosvenor jointly made decisions as they worked in an informal 'partnership' which each other.*

In terms of *communicating* in the development process, the Liverpool case shows that communicating by Grosvenor was widely interpreted. They not only communicated Masterplanning designs with relevant public and private stakeholders, they also organized public exhibitions for the local community, even in the realization stage. Thereby, it influenced public opinion and generated support from several stakeholders. The local authority did perform less communicating activities, although it communicated progress within their own organization, creating political support. However, this was a joint task from Grosvenor and LCC. *Thus, communicating as a way of influencing development processes was largely private sector-led.*

Management tools

The main *management tools* that public and private actors have to secure and provide conditions as a way to influence development projects are categorized in four main categories; shaping, regulating, stimulating, and capacity building.

In terms of *shaping* the development project, the Liverpool case shows that the local authority shaped conditions for the developers by publishing an advertisement and issuing an outline development brief, later followed by a final development brief. Nevertheless, also the developer used this management tool to accomplish its goals by designing a Masterplan for the area. *Therefore, both actors actively shaped the development.*

In terms of *regulating* the development project, the Liverpool case shows that the local authority did regulate the development by issuing development briefs. However, this was not done very strictly, as there was not a predefined plan in place for the use of land nor a detailed

functional program. Thus, public set of requirements mainly involved general wishes and conditions. Therefore, the developer was able to react on these conditions and put creativity into the development proposal. *Therefore, regulating was done by the public actor, but with a high degree of freedom for Grosvenor to incorporate its wishes into the scheme.*

In terms of *stimulating* the development project, the Liverpool case shows that the public actor did not really provide financial incentives for the market actors. Nevertheless, by issuing compulsory purchase orders it ensured that Grosvenor had a legal basis for acquiring the necessary land for development. In addition, Grosvenor put together the investment capital, and organized that different retailers were signed as tenants of Liverpool One. *But clearly, stimulating development has been a management tool used by the public actor.*

In terms of *capacity building* the development project, the Liverpool case shows that the LCC did organize political support for the development by engaging council members in decisions. However, it was Grosvenor who put a lot of effort into different meetings, consultations and exhibitions for which it invited public, private and civic actors to comment on plans, including several governmental bodies. This created wide political, governmental, business, and societal support for the development. *Thus, capacity building became a private management activity.*

Management resources

The main *management resources* that public and private actors have to influence development projects are categorized in four three categories; land, capital and knowledge.

In terms of using *land* as management resource for the development project, the Liverpool case shows that both actors were able to influence the project. The land for development was partially owned by the city council and local landowners. However, despite the private actor not owning any piece of land prior to development it did use land as a way to manage the development. The 250-year land lease deal that the developer signed with the local authority resulted in private land ownership. Therefore, as the leaseholder of land Grosvenor effectively ensured that it could operate the entire development based on its own insights. All decisions considering the lay-out, program and functions therefore had to be approved by Grosvenor themselves, although this was done in close collaboration with the local authority which formulated some conditions for the land transfer, like the provision of open streets for instance. *Nevertheless, land became a management resource primarily used by the private actor to manage the development.*

In terms of using financial *capital* as management resource for the development project, the Liverpool case shows that investment by the private sector was used to make decisions according to private interests. Grosvenor put together the entire funding for development based on private equity and bank loans. Even more, the long-term financing model enabled them to manage the development quality during the process. The local authority did not contribute any financial means into the development itself. *Therefore, the developer used capital as a management resource was to influence the development.*

In terms of using *knowledge* as management resource for the development project, the Liverpool case shows that both actors had specific knowledge on different fields. The local authority used their local knowledge about the potential of the city center to connect different parts of the city together into development requirements. The developer used specific knowledge about the retail market, long-term financing, and conceptual designing as a way of

influencing the development outcome. *Thus, both actors used specific knowledge and put this together in the partnership approach to manage the development.*

In conclusion Table 7.12 shows the empirical management measures undertaken by public and private actors in Liverpool One. This table indicates that this case can be considered as a private sector-led urban development project, despite the involvement of, and collaboration with, the public sector. It is Grosvenor that mainly leads the project in a certain direction.

Management Measures	Management Functions			
Project Management	Initiating	Designing	Planning	Operating
	Public	Private	Private	Private
Process Management	Negotiating	Decision-making	Communicating	
	Both	Both	Private	
Management Tools	Shaping	Regulating	Stimulating	Capacity building
	Both	Public	Public	Private
Management Resources	Land	Capital	Knowledge	
	Private	Private	Both	

Table 7.12
Empirical management measures in Liverpool One

§ 7.3.5 Effects

The *effects* are determined qualitatively by asking involved public and private actors about the effects of the cooperation. The effect variables are the effectiveness of the cooperation, the efficiency of the process, and the spatial quality of the product.

Effectiveness

The cooperation by both public and private actors is considered *very effective*. The local authority argues that there is no doubt this public private cooperation was effective in achieving its objectives, it even exceeded expectations. The developer also argues exceeded the intended objectives of Grosvenor. Both actors argue that one main reason for the effectiveness was the partnership approach which resulted in a close working relationship that affected quick decision-making in the project. In general both actors confirm that all the intended objectives from the Final Development Brief were taken care of in the end result.

Efficiency

The *efficiency* of the development process shows a more *complicated picture*. In trying to meet the project delivery deadline in 2008, Grosvenor started construction while not all planning permissions were in place. Thereby, they probably saved a lot of time, contributing to efficiency. Nevertheless, the project budget almost doubled as a result of several reasons contributing to costs rising. Grosvenor's project manager argues that the main focus of Grosvenor's managing was on delivering in time and with the right quality, therefore costs were overlooked. In general the private actor argues that this will never happen again as it resulted in severe pressures for the financial liquidity of the company also affecting other development projects. Grosvenor also stated that efficiency would have been reduced if the pressure of delivering the project on time was not in place. Costs would have risen even higher as the development speed would have been affected negatively by the reduced demand as a result of the economic crisis. Hence, the public actor considers the eight years it took to deliver such a complex large scale inner-city development as an outstanding achievement. Therefore, it is hard to judge whether the development process was efficient. One could argue that everything was done to gain time at the expense of costs.

Spatial quality



Figure 7.12
Liverpool One, impression main retail street (© Erwin Heurkens)

Both actors argue that the overall *spatial quality is exceptional*. As a result of the long term ownership Grosvenor kept the quality level at a high level. This in the end would create an environment which would sustain the attraction of visitors and retailers. The design of the scheme involved several architects resulting in a wide variety of designs and materials used. Also the public space is considered of high quality. Despite this, the public actor argues that there were things that were compromised on. For instance, the lowering of apartment building under pressure of English Heritage by both actors is seen as a missed chance to establish a landmark building. Nevertheless, in general the user and experience value of the whole development are considered as positive by its users, as argued in the planning & development process section. Clear connections were made to the surrounding areas and a public park has been realized. Despite some criticism (see Minton, 2009) about the site being an enclave in the city operated by a private management company, there are no clear signs of a decreased user and experience value of the development. However, it is hard to judge if the development contains a solid future value at present time. Some criticism focuses on the lack of flexibility to react on changing future needs, as the development is not considered as an example of an organic development. Despite this criticism, one can argue that the development per se is of exceptional spatial quality. Figure 7.12 shows the main retail street in Liverpool One.

§ 7.3.6 Experiences

The actors' *experiences* with the cooperation based on this private sector-led urban development project are structured by the motives to choose this approach, the problems encountered with the approach, and the conditions for using this approach. These experiences stated by the public and private actors are valuable as they contain practical recommendations for Dutch practitioners.

Motives

The main *motives* for the local government to choose this particular private sector-led urban development approach are related to objective to attract private investment into the city center. It was a deliberate choice to let the private sector come with proposals for development. Furthermore, the local authority did not have the labor and financial capacity to become involved in realizing the project. Liverpool One also is an example of transferring risks to a developer as local authorities are not entitled to take financial development risks. Private land ownership was not a reason to choose a private sector-led approach, as most land was owned publicly or by local owners. Furthermore, the developer did not take the initiative for development, the local authority did. Important to notice is that the local authority continued to follow this approach as conditions to influence the project remained right, as is explained hereinafter.

Problems

Of course no development runs smoothly from initiative to end result, several problems need to be overcome. The private developer argues that the management of all the work of all the *different architects* in the end was hard job to fulfil. Furthermore, the developer argues that the *lack of internal pressure* within Grosvenor on viability and financial comprehensive appraisal resulted in substantial cost overruns. Also the *land deal negotiations with the local landowners* contributed to high land acquisition risks for Grosvenor. Even so, the fact that Grosvenor did not own all the land prior to planning permission resulted in development risks as well. Furthermore, despite the public actor arguing that the cooperation ran smoothly, the developer states that the local authority could have done more to *stimulate the development*, by giving financial incentives of any kind. In the eyes of the developer, the local authority was very tough in negotiations trying to achieve as much planning and financial gain as possible. Hence, the main problem stated by both actors in this type of development approach – relying entirely on private investment – is that it would only work in economic favorable times as demand is more certain.

In summary, the *main problems* encountered in Liverpool One were:

- Private budget overruns due to lack of internal organizational pressure;
- Private design management of different architectural firms;
- Costs of land deal negotiations with local landowners;
- Public actor's minimum effort to financially stimulate the project;
- Public actor's focus on maximum planning gain of the project;
- Relying entirely on private investment for the project.

Conditions

Several different types of *conditions* for using a private sector-led development approach were given by the actors.

First, the *general public guidelines* beforehand stated in the development briefs provided both certainty and flexibility for developers. The guidelines created certainty as it contained the main development principles for the developer to react on. The guidelines also created flexibility as there were no detailed wishes incorporated, leaving room for the developer's creativity in the design process to incorporate its own objectives and those from relevant stakeholders. The selection of a development partner instead of a more or less fixed development scheme also contributed to the flexibility as the developer did not think in end products from the start of the project.

Second, the *joint partnership working* between the LCC and Grosvenor is argued to be a condition for success of the development. Although this cooperation is based on a clear role division and the formalizing of responsibilities, it is considered to be a collaborative joint achievement. Despite that the formal public and private roles were separated, and clearly formalized into the Development and Section 106 Agreements and a Joint Steering Committee, close day-to-day collaboration and relationships during the entire development process existed between the actors. The actors kept informing each other about the progress made

on tasks performed within their own organizations, jointly elaborated on several decisions for the scheme design and delivery. By doing so, they acted jointly towards formal working committees, politicians and different stakeholders in consultation processes.

Third, we have not yet stated the *personal leadership role* of both individuals from the public and private sector is considered as a major condition for this development. Project director Rod Holmes from Grosvenor is considered to have committed himself and the company to Liverpool One from day one. In essence, he played a key role in persuading all directors and other employees to commit themselves in making something unique and lasting for the company. His role was counterparted by a strong council leader, Mike Storey who aligned all public politicians and officials to establish a long term legacy for the city. Both personalities had a considerable drive and passion to succeed with this project and therefore developed a sense of determination to carry everyone along.

Fourth, the *professional attitude of the developer* can be seen as a main condition to apply a private sector-led urban development approach. Grosvenor committed itself to a long term 250 year land lease ownership which in itself results in thinking professionally about the development as it becomes a long-term asset. Choosing a long term investment return brings along that several objectives of different stakeholders are taken care of from the beginning as meeting other one's demands is crucial for sustaining the developer's returns over a long time. For instance, this professional attitude resulted in holding extensive political and public consultation and informing activities to create development support, the in-house incorporation of different specialized professions to integrate all relevant aspects resulting in a balanced process and comprehensive scheme, and creating openness and transparency about its intentions.

Fifth, another condition for the private sector-led urban development approach lies in Development Agreements which should *not mention commercial viability as a condition* for developer to start developing. On the one hand it seems rather strange to ignore the financial viability of a scheme as it is often included in public-private contracts, but on the other hand it does not give the developer the chance to walk away from the project based on financial reasons. So including the commercial viability as a condition for development in an agreement is redundant. Instead, the PSDA Development Agreement stated that construction had to commence once four things had been achieved (Littlefield, 2009: 230): "that anchor tenants had been secured; that the CPO process had been concluded satisfactorily [acquiring land for development]; that a road closure order had been obtained; and that planning permission was granted."

Sixth, according to Grosvenor, a condition for developing inner-city projects of this scale in the future will be that it is *divided into two or more phases*. Developing a site like this based on a private sector-led urban development approach is just too complex and brings along too many financial risks, as Liverpool One showed. Despite the fact that the economic tide was favorable, at least there was enough demand for the retail units and the investors were willing to invest, costs rose as the project had to be developed in one chunk within a specified timeframe. However, the new economic reality is that demand has fallen and that developers apply risk-avoiding measures like the phasing of urban development projects.

Conclusions

The Liverpool One case has shown us an *excellent example of a complex private sector-led urban development project*. Developer Grosvenor has managed the design, feasibility, realization and operation stages of the development and effectively used all kinds of management measures. The local authority mainly facilitated this project and worked in close partnership with the developer to realize the project. Thus, despite the fact that there has been a close involvement of the local authority, and a 'joint leadership', it has been mainly developer Grosvenor that has led the projects into a certain direction. Such joint-up collaborative ways of working do not undermine the concept of private-led development approaches, rather they prove to be an essential condition for it. In the next section we cross-analyze both UK cases.

§ 7.4 Cross Case Analysis

This section contains a cross-case analysis of two UK private sector-led urban development projects that have been described in the previous sections. In successive order, the cross-case findings on the context (Section 7.4.1) organization (Section 7.4.2), management (Section 7.4.3), effects (Section 7.4.4) and experiences (Section 7.4.5) of the use of the UK private sector-led approaches are presented. By conducting a structured cross-case analysis we are able to determine to which actors certain organizational or managerial roles can be attributed, and what kind of effects, motives, and conditions are applicable to practice according to the actors involved. By conducting this structural cross-case analysis we are able to draw general conclusions about private sector-led urban development projects in the UK (Section 7.5).

§ 7.4.1 Context

The economic, political and social **context** for both cases is quite different and has had an influence on the way public and private actors organized and managed the development. However, similar in these projects is that both cases represent rather strategic inner-city developments with a mixed-use functional program, and therefore, a possibly expected high complexity. We here describe how the contextual features influenced the roles of and relationship between public and private actors in these urban development projects. In terms of *economy*, both cases represent a different economic and market context as Bristol is situated in the relatively economically growing South-west region, and Liverpool is situated in the relatively economically declining North-west region of England. As a result of economic decline in Liverpool, the local authority was rather 'pro-active' in development attitude. It became crucial to redevelop a large part of the inner-city and attract the private sector to investment heavily in the city center to put Liverpool back on the map. Here, Liverpool Vision, an economic development company, has played a crucial role by formulating a city vision which focused on integrating economic and physical developments and established business and

enterprise interests in the city. The council chose a developer which could help them deliver the city's ambitions. As Bristol's economy is rather strong the need for attracting private sector investment was less crucial for the local authority. They were more 're-active' in development attitude. However, also here a substantial development potential for an abundant inner-city area was in place, with a long planning history of inactivity. Therefore, the local authority adopted a more 'growth oriented governance model' at a certain point by establishing a partnership for Harbourside. This informal Public-Private Partnership provided opportunities to kick-start development.

In terms of *politics*, both cases have shown that (a lack of) political leadership can have quite some influence on urban development projects. In Liverpool, in 1998 the Liberal Democrats took over political control over the Council at the expense of the Labour Party which had run politics for decades. This resulted in the appointment of a new managerial and political structure within the LCC which was capable of transforming the City Council's performance as a leader in local governance. The role of the Mayor has been mentioned as crucial as he aligned and informed the City Council and opposition parties about the course of action for Liverpool One thereby creating political support for the project. In Bristol, no such political change has occurred in the development period of Harbourside as the (New) Labour party has been in political control for decades. Therefore, it has been mentioned in the case description that the council showed a more conservative attitude towards the development industry. Furthermore, political opposition parties were rather organized and opposed to the proposed development schemes from Crest. There was no political leader that could effectively prevent that the planning process at a certain moment became a political process. This resulted in a somewhat negative image of the local authority and developer, which in a later stage was altered when the council finally came with solutions to resolve the political and civic opposition tensions. Thereby both actors influenced the environment which resulted in less tensions and more support for development increasing process efficiency.

In terms of the *social context*, both cases represent rather different civic environments. In Bristol the civic organizations had a long tradition of being critical about development and were quite well organized in the form of the Bristol Civic Society. Furthermore, local residents, architects, media and non-profit organizations proved to be very active in safeguarding their 'Bristolian' interests in relation to the Harbourside development. As Crest and BCC did somewhat misjudge the power of these civic groups and did not involve them directly in the scheme design civic support for development was lacking. At a later stage this was fixed by the extensive process of community dialogue. In Liverpool, no such civic groups were active, despite some local land and real estate owners who resisted against purchasing their properties for the Liverpool One development. However, as good financial compensation and replacement was provided this did not resolve in major process bottle-necks. For the sake of the city most opposition groups withdrew their objections.

Thus, the UK cases show that economic, political and social environments can influence inner-city development projects heavily, but that there are possibilities for actors to handle this context as well.

§ 7.4.2 Organization

The **organizational roles** of private sector-led urban development projects to a large extent define the management of actors. Based on the empirical case studies conducted in this chapter we here describe the cross-case study findings of the role characteristics, which are divided in **three main categories**; organizational tasks and responsibilities, financial risks and revenues, and legal rules and requirements.

Tasks & responsibilities

Both cases show that the **tasks and responsibilities** of both actors are clearly divided between the local authority and project developer. In essence, public actors take care of the legislative part of the planning process by issuing planning briefs, amending local plans, producing tenders, handling planning applications, granting planning permissions, and issuing public inquiries. Private actors apply for planning permissions by handing in planning applications. Basically, in the development process, public actors establish conditions for development by either producing development briefs or frameworks for developers to respond to. Developers take on most of the tasks involved in developing the project including, designing schemes, handling public consultation, securing investment, setting up project teams, and delivering the project, and sometimes (Liverpool One) even operating public space. In principle, this strict role division encountered in the cases is in line with the description of public and private roles in urban regeneration described in Chapter 6.

However, we also notice that actors perform shared tasks. Together they negotiate the terms and conditions for development in development agreements and Section 106 agreements. Furthermore, while designing schemes are the responsibility of private actors, a lot of public-private cooperation takes place in the design process before a final design is accepted. And, informal partnerships are set up to guide the process of designing schemes. Also, steering committees containing representatives of both actors are put in charge of controlling the quality level of development for instance.

Risk & revenues

Both cases show that **risks and revenues** mainly can be attributed to the private actor; public actors do not take on development risks. They only have political and social risks, as they are democratically accountable for the project's progress. Developers do have great risks as the cases showed. They take on plan development risks, land acquisition risks, land preparation risks, land development risks, real estate development risks, and financial risks. This amount of risks in the Liverpool case led to many problems for the private organizations. Here, the optimization between time, finance and quality has resulted in favoring time and quality at the expense of severe budget overruns. However, here the revenues come into play to cover these risks. We have seen that Grosvenor as the developer used a long term investment return model by land leasing the development for 250 years. In this way project risks can be handled by the certainty of being in charge of constant cash flows over a number of years. To alter the

risks for developers, especially in economic difficult times, both local authorities took steps to create certainty of public commitment for development by establishing partnership models, and issuing development briefs with clear objectives for developers to respond to. However, a 'development control' attitude by the local authority in Bristol during the realization stage resulted in increasing the risks for developers as additional requirements were added in the negotiation process. Nevertheless, these cases confirm our view of separated risks and revenues in urban regeneration in the UK which are mainly a private matter.

Rules & requirements

Both cases show that public actors set **requirements and rules** for developers to work with in development projects. This is normally done by producing general public requirements for development in development briefs. Furthermore, these briefs for instance contain rules for how private actors should hand in planning applications. The public requirements become more detailed once developers have responded with design proposals and development agreements and Section 106 agreements are being negotiated. Here, the rules for cooperation are established, giving private actors the possibility to also take care of securing private interests in the negotiation process. Also public actors here negotiate on site and, in case of Bristol Harbourside, off-site developer contributions, resulting in what is called 'planning gains' for local authorities. What has become clear from the cases is that local authorities tend to formulate general objectives for the development at the start of private sector-led urban development projects. The details on scheme structure, exact program, materials to be used are being determined in cooperation with private actors who have initial freedoms to come up with viable development proposals.

Thus, the UK cases show that inter-organizational roles of local authorities and project developers are formally divided in terms of tasks, responsibilities, risks, and revenues by strict contractual rules and requirements, but that inner-city urban development projects also result in substantial (informal) public-private collaboration and interaction, which supports joint partnership working.

§ 7.4.3 Management

In Chapter 2 we discussed that the management of public and private actors in private sector-led urban development projects has been underestimated as a way of influencing the outcome of projects. Hence, inter-organizational arrangements of public-private cooperation do to a certain extent determine the possibilities public and private actors have to manage the projects. Therefore, based on the empirical case studies conducted in this chapter, we here describe the cross-case findings of the empirical management measures of both actors which are described in **four main categories**; project management activities, process management activities, management tools, and management resources. Table 7.13 shows which empirical

management measures have been used by public and private actors to influence UK's private sector-led urban development projects.

Management Measures	Management Functions			
Project Management	Initiating	Designing	Planning	Operating
	Public	Private	Private	Public/Private
Process Management	Negotiating	Decision-making	Communicating	
	Both	Both	Private	
Management Tools	Shaping	Regulating	Stimulating	Capacity building
	Both/Public	Public	Public	Both/Private
Management Resources	Land	Capital	Knowledge	
	Both/Private	Private	Both	

Table 7.13
Empirical management measures in UK cases

Project management

The main **project management activities** for public and private actors to influence development projects are based on the development stages and therefore are categorized as; initiating, designing, financing, planning, and operating.

In terms of *initiating* development projects, the case have shown that local authorities initiate the development projects, establishing certainty for developers by setting development parameters. They wrote out tenders and produced development briefs for developers to respond to. Furthermore, in Bristol Harbourside, the local authority established a partnership that functioned as an inter-organizational body that kick-started development interests and secured public funding. Here, we see that developers did not come with unsolicited proposals for developers what sometimes happens in the UK.

In terms of *designing* development projects, the cases have shown that private actors take the lead once they are selected as development partners. They are responsible for producing schemes for planning applications. However, we see that local authorities are able to influence the outcome of development as in practice public-private elaborations about the content of the scheme take place. Both cases also showed that private actors use community involvement to create support for these schemes. Nevertheless, private actors have quite some degree of freedom to use designs as management measures and secure private goals.

In terms of *planning* development projects, the cases have shown that private actors in both cases take the lead once designs, land and finance are in place. They have the management possibility to decide when the project is being completed. Furthermore, they determine which contractors are hired to deliver the project. However, the Bristol case also showed that the local authority and the developer both had influence on the phasing of development. In practice it turned out that this public influence has been marginal as economic circumstances forced the developer to adjust the delivery of housing.

In terms of *operating* development projects, the cases have shown a mixed picture. In Liverpool the developer Grosvenor operates the entire development after completion. Thereby, they have been able to influence the development of public spaces and building. In Bristol, developer

Crest hands over the operation and maintenance of the public space to the local authority after delivery. Therefore we see that the local authority was able to influence the structure, materials and position of the public space and infrastructure at an earlier stage.

In conclusion, we can state that project management activities are mainly private sector-led as only initiating and once operating activities are a public matter.

Process management

The main ***process management activities*** for public and private actors to influence development projects relate to the cooperation and interaction between public and private actors and therefore are categorized as; negotiating, decision-making, and communicating.

In terms of *negotiating* in development processes, the cases have shown that both actors are able to influence developments. Especially in the negotiation process towards the signing of development and Section 106 agreements both actors are in a trading-off public and private objectives into a development package.

In terms of decision-making in development processes, the cases have shown that both actors are jointly making decisions during the process. Here you see the interdependency between the actors: developers depend on the local authority giving them planning permissions and the local authority depend on the developer's expertise and finance to deliver the project. Therefore, both actors influence the development process.

In terms of *communicating* in development processes, the cases have shown that communication between the actors is sometimes structured in steering committees. However, communication about the development activities mainly is a private matter. Developers communicate to stakeholders, local authorities and even councils about designs and progress. Community and stakeholder involvement in both cases have been crucial for the efficiency of the development process. Private actors are very much aware of the difficulties of incorporating other interests in the project but seem to see the added value of this approach as it creates development support and increases realization process efficiency.

In conclusion, we can state that process management activities are under influence of both actors. Public and private actors make negotiations and joint decisions, while private actors in both cases use communication as a device to create support for development.

Management tools

The main management tools that public actors have to secure and provide conditions as a way to influence development projects are categorized in four main categories; shaping, regulating, stimulating, and capacity building.

In terms of *shaping* development projects, the cases have shown that public actors can use indicative development frameworks and structures, public briefs as management tools to shape developments. However, the Liverpool case also showed that both actors used designs to shape development. The local authority mainly set the parameters for development, but did not produce any spatial plan or structure, this was only done in written words. Therefore,

the developer Grosvenor had the freedom to design a scheme themselves. In Bristol the Harbourside Sponsor Group produced a development framework which consisted of a general parcelisation which showed the principle sites for development and infrastructure.

In terms of *regulating* development projects, the cases have shown that public actors use planning briefs, development frameworks, development agreements, Section 106 agreements, design guidelines, and even planning permission as management tools to regulate development. Thus, with these tools public objectives can be secured. The private actor in Bristol has referred to this as 'development control' attitudes from local authorities to developers. However, we also notice that regulating development has not been conducted in a detailed manner.

In terms of *stimulating* development projects, the cases have shown that both actors use this as management measure. The public actor Bristol used grants obtained from central government and cultural funds to financially contribute to and kick-start developments. However, in Liverpool the local authority did not stimulate development that much. This was rather a tool used by the developer. Grosvenor put together the investment and organized that different retailers were signed as tenants of Liverpool One. Furthermore, they used the compulsory purchase order provided by the council to acquire the land for development.

In terms of *building capacity* for development projects, the cases have shown that both actors try to get support for the project by consulting local residents in plans. In Liverpool this was mainly a private management tool, as they managed to involve all necessary stakeholders for development such as English Partnerships and Mersey Travel. In Bristol this was done by both actors, the HSG partnership was supported by the local authority and community and stakeholder involvement was under management by the developer.

In conclusion, we can state that management tools are mainly used by public actors to influence development. However, some tools are used by both actors, and some by private actors which manage by applying stimulating and capacity building tools.

Management resources

The main ***management resources*** that public and private actors have to influence development projects are categorized in four three categories; land, capital and knowledge.

In terms of using *land* as management resource for development projects, the cases have shown that in principle private actors can use land ownership to influence developments once they obtained it. Hence, in both cases the developers did not own any land prior to development as land was scattered among different public and private owners. However, local authorities, in accordance to what is common practice, did not use land development as a resource to manage the project. Developers take on the land development and thereby have the possibility to influence the outcome of the development as they hold control over the financial consequences of land decisions. But, in Bristol, the local authority did sell their land in Harbourside under certain conditions for developing cultural functions.

In terms of using *capital* as management resource for development projects, the cases have shown that mainly private actors secure finance for development. They secure investment by private equity and bank loans and thereby have possibilities to decide on the outcome of the project. Without capital local authorities are relatively unable to influence the development,

although the Bristol case has shown that creating a partnership that secures public funding from grants is a possibility to realize public objectives.

In terms of using *knowledge* as management resource for development projects, the cases have shown that both actors use it for influencing developments. Public actors use knowledge on public procedures and the political environment, private actors use knowledge of (local) market demand and project marketing. This does seem to matter as the Bristol case showed that the local knowledge of both Crest and the BCC on development opposition was absent or underestimated. In Liverpool, Grosvenor not only proved to be in control over the market potential for retail, it also was aware of local environment and demand.

In conclusion, we can state that management resources are at least used by the private sector and sometimes in cooperation with the public sector. Therefore, private actors use most of the management measures; thereby this is a private sector-led management measure.

In conclusion, based on Table 5.1.6 and the cross-case analysis of the management measures above, we conclude that:

UK private sector-led urban development projects are indeed 'led' by private actors, however, not as much as we might had expected from the literature.

Although local authorities conform themselves to private development interests, they also apply several public management measures that are used to influence the outcome of development. The cases show how public actors accomplish this. They initiate developments, negotiate about final schemes, make joint decisions, and use regulating and stimulating planning tools. However, overall, developers are 'in the lead' as they manage different stages of the development process, and use all management resources for development. In both cases, community involvement was a private matter and in the Liverpool case the operating of public space is solely the responsibility of the developer. Hence, we also notice in the cases that more private sector-led approaches ask for different competencies of managers. Public-private leadership, professionalism and commitment of staff have proved to be crucial to private sector-led urban development projects. Whether this is a generic management condition for all types of urban development projects however cannot be answered.

§ 7.4.4 Effects

The **effects** of the use of the private sector-led approach are determined qualitatively by asking the involved public and private actors about the effects of the public-private cooperation. The **three effect variables** are; the effectiveness of the cooperation, the efficiency of the process, and the spatial quality of the product. Table 7.14 shows the response of the public and private actors to the empirical effects in the UK cases.

Effects	Public Actor's Response				Private Actor's Response			
	Yes	No	Y/N	N/a	Yes	No	Y/N	N/a
Effectiveness cooperation (achieving objectives)	2	0	0	0	2	0	0	0
Efficiency process (reducing time & costs)	1	1	0	0	0	1	1	0
Spatial quality product (adding values)	2	0	0	0	1	0	1	0

Table 7.14
Empirical effects in UK cases

Effectiveness

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Table 7.14 shows that the private sector-led development approaches by both actors are considered to be effective in achieving the intended objectives. Both cases showed that most of the intended objectives have been achieved or are going to be achieved.

Therefore, public and private actors argue that the cooperation based on the private sector-led development approach has been very effective as they had the possibility to realize their intentions.

Efficiency

.....

Table 7.14 shows that the private sector-led development approaches by both actors are judged differently in terms of efficient processes. In Bristol, the local authority argued that the development process was not efficient; mainly because it took the developer three attempts to produce a satisfying plan. This was confirmed by the developer, which saw (overhead, land and construction) costs rise as a result of the design process stagnation which put the construction works further into the future. In Liverpool, the local authority argues that the process was very efficient in terms of time, as the development from initiative to delivery took only eight years. However, this positive answer does not take into account the budget overruns that Grosvenor had to deal with. Therefore, the developer argued that it is hard to judge efficiency as time had been reduced in all possible ways, at the expense of costs.

Therefore, the UK cases show that inner-city development project delivered with a private sector-led development approach are not necessarily efficient as economic, political and social circumstances can have a big influence on the speed of the design process. In the realization stage, however, private actors proved to be efficient in delivering the project.

Spatial quality

Table 7.14 shows that the private sector-led development approaches by both actors in general can result in high spatial quality levels. For instance, both developments received awards for their architectural and/or sustainable end result. In Bristol, the local authority is quite satisfied with the delivered quality, while the developer argues that it could have been a more dynamic development with more distinct quality characteristics. Compromises on materials and public space had been made to make the development operationable for the local authority. However, in Liverpool both actors argue that the spatial quality level is exceptional, apart from some details. Here, the developer has put in all the effort to realize a qualitative environment as they are responsible for the operation of the project after delivery.

Thus, we conclude that private sector-led urban development approaches in the UK can generate high spatial quality levels.

§ 7.4.5 Experiences

The **experiences** of public and private actors with the cooperation in the private sector-led urban development cases are described here. These experiences in successive order are described in terms of motives for choosing the private sector-led urban development approach, the general experiences and the problems encountered in the concession model, and the conditions for using and applying private sector-led urban development projects. This data enables us to refine the design for new public and private roles in Dutch private sector-led urban development projects in the future.

Motives

Both cases show quite some similarities in terms of the motives to choose the private sector-led urban development approach. In summary, these **motives** include:

- ***Attracting private investment into the city center;***
- ***Developing a prime site that lay abundant for decades;***
- ***The lack of financial capacity to become involved in realizing projects;***
- ***The lack of labor capacity to become heavily involved in development;***
- ***Transferring development risks to the private sector.***

Private land ownership was not a reason to choose a private sector-led urban development approach, as most land in both cases was owned by public or local landowners. Furthermore, the developer did not take the initiative for development, as in both cases the local authority did.

Problems

Both cases show that this private sector-led urban development approach can result in several problems. In summary, **problems** found in either one or both case(s) are:

- *The financial dependency on the private sector, which can delay the project;*
- *The lack of financial incentives for public actors, which can cause less commitment;*
- *The lack of awareness of civic demands, which can cause conflicts and delays;*
- *The lack of controlling political opposition by public actors, which causes conflicts;*
- *The very tough and long negotiation processes, which can raise conflicts*
- *The public priorities for either planning or development, which can create confusion;*
- *The absence of skilled public project managers, which can solve inter-organizational interests.*

These problems can not only be attributed to the cooperation based on the private sector-led development approach. Some of them are general problems in urban development projects. However, from these problems stated by the actors or scholars, it becomes clear that some of them are related to the dependency between the two actors. Therefore, they are valuable for designing preferred roles for public and private actors in the Netherlands as well.

Conditions

Both cases show that in order to use a private sector-led urban development approach several conditions must be met. Crucial **conditions** found in either one or both case(s) include:

- *General public guidelines in the development briefs provide both certainty and flexibility for developers;*
- *Informal partnerships and joint working between public, private and civic bodies;*
- *Personal leadership and skills of both public and private project managers;*
- *A professional attitude and long term commitment of developers;*
- *Incorporating community involvement in the design stage of the project;*
- *Separating planning and development roles and objectives within the local authority;*
- *Handling political pressure in time.*

Hence, the main condition stated by both actors in both project with this type of development approach is that it can only work in economic favorable times as demand is more certain. As the development relies on private investment and the schemes are of substantial scale, feasibility of the projects become uncertain. Therefore, they recommended that these developments will be more clearly phased in the future.

§ 7.5 Conclusions

In this chapter we explored the UK private sector-led urban development practice by describing and analyzing two inner-city redevelopment projects in terms of organization, management, effects, and experiences. The reason for studying our cases lies in the fact that we wanted an answer to the following question:

How do public and private actors organize and manage UK private sector-led urban development projects, and what are the project effects and actor experiences?

Some key findings from the Bristol Harbourside and Liverpool One cases are presented here. Notice that our conclusions are particularly influenced by the nature of both inner-city cases in terms of their scale, location and importance – which requires government intervention and engagement – and thus might not be valid for other UK urban development projects.

First, in terms of *context*, from the cases we noticed that in terms of context, urban regeneration projects in UK can be considered as politically complex. Both cases show that politics can have a major influence on the organization and management of development projects. This confirms our findings from the literature review. Especially, changing urban policies under different political powers changed conditions for development. These were hard to influence by the actors themselves. Moreover, strong and effective political leadership is considered crucial for the success of both projects.

Second, in terms of *organization*, the cases have shown that local authorities do not take on development risks as they do not develop themselves, as expected from the literature review. Also, revenue sharing with private actors is absent, or limited to what the public and private actors agree upon. Furthermore, we notice that local authorities encourage all kinds of partnerships with other public, private or civic actors in order to create project support and raise funds. This also confirms the literature review findings. Moreover, despite the division of public and private roles on the basis of formal development agreements, in practice, a substantial amount of informal collaboration and shared management takes place. The UK cases show that there is a lot of public-private collaboration involved, through negotiations on formal public-private agreements throughout the development process, and through informal day-to-day management. Thus, cooperation in the UK is not institutionalized into risk-sharing organizational bodies but into legal agreements.

Third, in terms of *management*, local authorities have different possibilities to influence development, despite taking less risks and responsibilities. The cases indicate that public actors can manage developments and thereby achieve public interests. However, the largest share of managing the project takes place by the project developer. Hence, both public and private actors seemingly have their own ways of managing projects. Public actors use all kinds of managing tools to shape, regulate and stimulate development. Private actors manage the projects from design towards possibly the area's operation, thereby working on a long-term basis committing themselves to projects. Hence, private sector-led urban development projects require an active role of public and private actors in managing the project. Notice that it does not necessarily involve less public management.

Fourth, in terms of *effects*, the cases have shown that although the projects were carried out effectively and high quality levels have been achieved, the efficiency of the process is lacking behind. The main reason for this is that the negotiation process towards reaching an agreement between the actors takes a lot of time. Also, during the realization stage, new requirements can be added to the agreement as final planning applications can be approved at a later stage when designs for buildings or building blocks are completed.

In summary, before we go into detail on the empirical lessons learned in Chapter 8, what have we already learned from the UK cases in general for the Netherlands? In essence, ***UK private sector-led urban development projects involve:***

- ***A form of active public sector management and leadership/commitment;***
- ***A form of active private sector commitment and stakeholder engagement;***
- ***A public-private relationship based on formal agreements and informal collaboration.***

In Chapter 8, we present detailed lessons from both the Dutch and UK private sector-led urban development practices and projects, by confronting them with each other.

PART 3 **Synthesis**





8 Empirical Lessons & Implications

§ 8.1 Introduction

Netherlands	Difference / Similarity	United Kingdom
Context		
Moderate political influence on project	Difference	High political influence on project
Active public-private relations	Difference	Active public-private-civic relations
Policies quite stable, certainty for project	Difference	Policies change, uncertainty for projects
Organization		
Blurred task/responsibility division	Difference	Strict task/responsibility division
Risk/revenues both public & private	Difference	Risk/revenues almost entirely private
Detailed requirements/rules	Difference	General requirements, but detailed rules
Management		
Project management by both actors	Difference	Project management mainly private
Process management by both actors	Similarity	Process management by both actors
Management tools sub optimally used	Difference	Management tools almost optimally used
Management resources by private actors	Similarity	Management resources by private actors
Effects		
Cooperation generally effective	Similarity	Cooperation generally effective
Process sometimes efficient	Difference	Process hardly efficient
Spatial quality product mostly satisfying	Similarity	Spatial quality product mostly satisfying

Table 8.1
General characteristics of Dutch & UK private sector-led urban development projects

In the previous chapters we discussed the most important characteristics of Dutch and UK's urban development practice as well as private sector-led urban development projects. This chapter builds upon these findings and aims at drawing empirical lessons from these practices and projects for the roles of public and private actors in urban development projects in the Netherlands. In this section, first we want to briefly repeat the conclusions from the Dutch and UK cases provided in Chapter 5 and 7. We start by comparing the main characteristics of these projects in both countries to indicate differences and similarities. This general comparison is shown in Table 8.1 and has been indicated by Heurkens (2011a). This table is constructed on the basis of the central variables in this research.

Of course this table is somewhat general in nature, specifically focused on our research purposes. Nevertheless, it provides a clear overview of our case study research findings. This table reveals some interesting points from the Dutch and UK cases, which are mentioned by Heurkens (2011):

“The influence of the project’s context in the UK seems to be higher than in the Netherlands; especially the political power and changeable policies influence development. Project actors have difficulties to manage these environmental aspects. The organizational role division of private sector-led projects in the UK seems to be stricter than in the Dutch projects, where public requirements sometimes are formulated in more detail. Management in the Dutch cases are slightly less private sector-led than in the UK, where local authorities and developers are more aware of how to use management measures at their disposal. The effects show quite some resemblance; effectiveness and spatial quality can be achieved, while efficiency remains difficult as time and budget overruns occur frequently” (Heurkens, 2011).

In essence, these general findings are already scientifically relevant. However, in this chapter we aim to improve the scientific relevance by drawing more detailed lessons from the Dutch and UK private sector-led urban development cases. The aim is to identify which organizational arrangements and managerial roles seem to support effective, efficient and high quality urban development projects in this particular context. In this research, the objective was to draw these types of lessons from both Dutch and UK projects. Therefore, in this chapter we confront the private sector-led urban development case study findings from both countries with each other. We ask ourselves the question whether solutions, support and inspiration from the UK cases can be found for Dutch private sector-led urban development.

In order to do so, in Section 8.2, first we describe Dutch ‘unsolved issues’ in concessions, and mirror these issues with possible ‘solutions’ from the UK cases (Section 8.2.1). Second, we interpret the ‘recommended improvements’ mentioned by the actors in the Dutch cases and search for ‘support’ in the UK cases (Section 8.2.2). Third, in addition to the above, in Section 8.3 we search for additional ‘inspirational lessons’ from the UK cases for the Netherlands (Section 8.3.1). And finally, we indicate whether the UK lessons can be considered as context-dependent or context-independent (Section 8.3.2). Section 8.4 provides some conclusions about the main lessons learned from this empirical research.

§ 8.2 Lessons from Dutch & UK Private Sector-led Cases

This section repeats and explains the unsolved issues and recommended improvements stated by the actors involved from the Dutch case studies. In Section 5.12 and 5.13 we have indicated the main unsolved issues and recommended improvement with regard to applying a more private sector-led approach to urban development projects in the Netherlands. Hence, these are perceived practical problems stated by the interviewed public and private professionals. Hence, the aim of this study is to find solutions for these issues and support for the improvements by studying UK private sector-led urban development projects which are stated in Section 7.4 and 7.5. Therefore, we compare them with the findings from the UK private sector-led urban development projects.

§ 8.2.1 Dutch Issues & UK Solutions

The unsolved issues were mentioned repeatedly by the public and private actors in the Dutch concession cases. These are reflected upon by possible solutions from both UK private sector-led urban development cases.

'We against them relationship' instead of a cooperative sphere

Netherlands

This issue involves a contradiction between informal public-private cooperative interaction and the formal contractual division of public and private organizational responsibilities and tasks. In Dutch concessions, responsibilities, risks and revenues are predominantly attributed to private actors. Therefore, this clear role division between actors easily resolves in 'a we against them relationship' which is considered not to be beneficial for the development process. Several interviewees argue that informal interaction on the development of designs, handling financial issues, sharing thoughts and communicating is lacking in some of the private sector-led urban development projects. It seems that social factors such as trust in and empathy with each other's position and objectives are undermined by the clear role division. Hence, Geuting (2011) also concluded that informal public-private cooperation, despite a formal role division remains a necessary element of market-oriented development practices.

UK

The case of Liverpool One shows that the local authority and developer Grosvenor worked in close relationship in the initiative and plan development stages. Although the developer was responsible for making designs, it was very transparent in the design process by involving the local planning authority, the City Council, other governmental actors, and the local community. By organizing several (public) meetings interested actors were informed about the private plans; in this way a cooperative sphere developed. The local authority also decided not to interfere in this design process. Rather, they worked alongside the developer in creating the new city center, trusting on the professionalism of its partner. The process in Liverpool has also been labelled as 'joint-up working' between both actors.

In Bristol the developer at first mainly worked internally on their development plan for Harbourside, with the subsequent rejections of planning permission as a result. Not until developer Crest involved the local community (residents and businesses) and the City Council did they achieve civic and political support for the plans, and did they establish a cooperative sphere. Hence, also the local authority established an enabling partnership called the Harbourside Sponsor Group. This partnership operated to attract public funding and established a vision for the area. Such a partnership pulled together public and private interests, and creates shared project ambitions, common support, trust and financial certainty.

Possible solutions

The UK cases shows a possible solution for a closer collaboration between the public and private actors for the Netherlands, specifically when developers organize regular informal meetings with local authorities in the design stage of the development plan. It seems that these meetings create opportunities for both developers with local authorities to share ideas and concerns, resulting in 'joint-up working' and cooperative sphere between the actors.

However, the UK cases also show that 'we against them relationships' can be present in the negotiation and realization stage. For instance, in the UK the concept of 'development control' is viewed by developers as strengthening the 'we against them relationship' with the local authority. Development control involves a tough public negotiation attitude towards private developers in order to let them (financially) contribute to developing public functions in the area. These negotiations resolve in Section 106 agreements in which both actors agree upon developer contribution packages resulting which are also called 'planning gains'. Here, the public planning process (planning briefs, planning permissions, Section 106 agreements) and the private development process (plan, land, and real estate development) are knit together by public-private negotiations. Although characterized as a public-private interaction process, these negotiations hardly provide a chance to establish a cooperative sphere between the 'two worlds'. Here, both actors strive to secure their own objectives within common agreements. Hence, this 'we against them relationship' caused by negotiations is less present in the Netherlands as local authorities already have financial compensation possibilities legalized within the Land Development Act.

Lack of public role consistency during realization stage

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Netherlands

This issue involves the difficulty of local authorities to facilitate private actors in efficiently carrying out private sector-led urban development projects. They tend to interfere actively in the realization stage, whereas carrying out of agreed upon spatial plans and contractual agreements in the form of project planning is a private responsibility. The reason for this is that local authorities in the Netherlands are used to actively participate in the realization of development projects for decades. This active involvement with project planning was accompanied by financial incentives as local authorities also benefitted from land development revenues. In concessions this incentive does not exist. Furthermore, there is the incentive of ownership of public space which drives local authorities to influence the physical outcome of the neighborhood for maintenance reasons.

UK

The Bristol Harbourside case shows a somewhat similar situation with regard to the above mentioned exercising of development control. The local authority at certain moments actively interfered in the realization stage. As a result of changed affordable housing targets from central government the municipality opted for additional public housing units. This created tension with the developer, as they had financially and physically optimized the balance between social and free market housing within their buildings. Nevertheless, this resulted in opening up new public-private negotiations for real estate that still had to be developed by

Crest. As a result, compromises were made to the amount of affordable housing units in the form of developer contributions to public functions and financial compensation. But, this also resulted in process inefficiencies and an increased financial risk for Crest. Nonetheless, the local authority also actively stimulated development at the start of the project. Here, they initiated the development of several public buildings as a financial incentive for the commercial private development project of Harbourside.

In Liverpool One we see that the local authority facilitated development quite well. Developer Grosvenor could control the project planning quite autonomously, resulting in a four year realization stage. Also, Grosvenor itself set the delivery deadline of the city center development prior to Liverpool hosting the event of European Capital of Culture. This also created some goodwill with the local authority that the developer did everything in its power to deliver the project on time. Therefore, in the realization stage, they hardly interfered with extra requirements. This also was supported by the fact that the design stage was characterized by 'joint-working' towards detailed designs for the area. Furthermore, the local authority was aware of the importance of obtaining all the land prior to development and issued a compulsory purchase of existing land and property. Hereby, they effectively transferred land for development to Grosvenor.

Possible solutions

In general, the two UK cases show that local authorities are more aware of their role in the realization stage. A possible solution for the Netherlands is that local authorities tend to put more energy in securing public objectives in the initiative and plan development stage. First, this can be achieved by first developing a clear public schedule of spatial requirements. And second, local authorities should aim at securing the most important issues and details in negotiations with developers, resulting in clear development agreements. This 'security' at in the UK results in respect from local authorities for the aim of developers to find the optimal way of realizing the project at the highest possible efficiency. An important reason for this attitude partly seems to be the fact that local authorities are not entitled to carry out (private) land and real estate development themselves. An incentive for interference, the public ownership of the public realm after delivery, is present but handled in the pre-development stages. In general, for local authorities financial incentives and risks also do not apply, which makes it easier to let developers do the financial engineering and securing investment, and facilitate development with public subsidies when necessary.

Thin line between judgment and control of plan proposals

Netherlands

This issue involves a contradiction between the dynamic and complex nature of urban development projects and the somewhat 'inflexible' nature of concession agreements to react to changed circumstances. Local authorities have difficulties in simply controlling delivered private plan proposals and products to the specified public requirements and public-private agreements. Often public actors 'judge' delivered products by adding several wishes to it. These additional wishes, however, have not been previously agreed upon by both actors. The reason for this is that it seems hard to specify all public wishes in advance. New insights sometimes

require slight adjustments to plans and products. Nevertheless, private actors take most of the financial risks for development, and therefore are reluctant to these additional public wishes, as they may result in inefficiencies. Moreover, they also reason that they are responsible for delivering the product within the specified public constraints and agreed upon agreements. Therefore, they hold the thought that they should have a certain degree of freedom to act within these boundaries. Hence, here we see that both actors seek a balance between certainty on the one hand and flexibility on the other.

UK

Both UK cases hardly show the demarcation between control and judgment of private plan proposals. Nevertheless, Bristol Harbourside, with its dynamic and complex urban development process, shows some indications for how to deal with additional wishes due to changed circumstances. Here, development had been subdivided into different development phases for different plots. Once the developer had an outline planning permission for the site, in which it responded to the general public requirements, each of these development phases incorporated the possibility to react to changed wishes and circumstances. For each planning permission on the different plots both actors negotiated towards a more detailed plan for the site. In this process local authorities had the possibility to bring in the latest affordable housing targets. And the developer was able to bring the development speed and supply in line with market demand. This way of phasing the private sector-led urban development project creates flexibility to react to changes. Nevertheless, it also creates uncertainty about the final program and some financial risks for the developer.

The Liverpool One case shows that the developer had the freedom to design a financially viable development plan within the formulated public constraints. The local authority controlled if these plans answered to the public schedule of requirements formulated in the development brief. But, they also had room to add additional detailed wishes once the design process progressed. This is part of negotiations and public-private dialogue before planning permission is granted to the developer. Therefore, this detailing process cannot be seen as the judgment and adjustment of agreed upon private plans. Furthermore, we also see that developer Grosvenor was not faced with new public requirements once development had commenced. In that sense, the local authority only controlled if delivery was according to the development agreement and planning permission.

Possible solutions

In general, this issue is not a commonly encountered problem in our UK cases. It seems that the lengthy negotiations prior to development create enough room to add and incorporate more detailed wishes from both actors in the development agreement. Local authorities tend to respect that developers need to have the room to carry out development activities on their own professional insights and planning. They merely control if developers deliver the 'product specifications' in time and according to the agreed conditions in the contract. However, once developments are being realized in different parts they hold the possibility to negotiate new demands into the plan through negotiations. Hence, this can create uncertainty for developers as they optimize and connect the different parts of the overall development into a financially viable and feasible urban development project. Thus, the balance between development flexibility and certainty also here remains a difficult issue.

Netherlands

This issue involves the importance of committed and competent public project managers in private sector-led urban development projects. First of all, the public project manager has an important position for the efficiency of the development process. He/she functions as a manager to align the different municipal departments and has to make clear the public responsibilities and tasks in working with concessions. Second of all, the public project manager has an important position in securing public objectives. He/she needs to possess professional negotiating skills as concession agreements are strongly formed by public-private negotiations. Hence, local authorities in some cases have underestimated the importance of competent project managers.

UK

Liverpool One shows that committed public and private leadership is crucial to achieve a successful project. Not only did the local authority have a strong political leader, also the public project manager was aware of the agreed upon way of collaborating with developer Grosvenor. They made sure that all public officers knew what they had to deliver at what stage. They also established that the council became involved in the design process by organizing regular meetings. These meetings were chaired by the mayor of Liverpool and the president of Grosvenor. This created support from both organizations. Hence, the role of the private project manager from Grosvenor in incorporating a wide variety of actors in the design process also created a lot of public support for the plans. Thus, both public and private project managers in Liverpool showed a strong commitment to the development.

The Bristol case shows that the local authority first appointed a public project manager for the cultural part of the Harbourside project with the aim of creating an informal partnership to attract grants and funding. Despite the success of this approach in securing funds the public attitude towards developers still caused some tension. An interviewee pointed out that the Bristol City Council for decades had not been characterized by a market-oriented development culture. In the commercial development stage no such market-oriented public project manager was appointed. Nevertheless, the Head of Planning was aware of the difficult financial position and situation due to the unfolding economic crisis and tried to find solutions with the developer. But, other public officers in the eyes of the developer did not show any signs of being aware of the appointments made on higher public management levels. Also, political support for plans was considerably low in the first two design proposals. Efforts to solve this problem in the end were handled effectively by project time pressure and a possible termination of a decades-long on-going project in Bristol city center, which no political party wished to take the political responsibility for. Moreover, also the developer appointed a committed and skilled private project manager for third design process stage. Here, Crest decided to appoint a project leader that had the ability listen to public and civic wishes and interests and could translate them into a design proposal that could be approved by the local authority. In previous stages there was a mainly internally-oriented design process.

Possible solutions

In general, both large-scale UK cases show the importance of good public and private project managers. These individuals should be able to connect the project with the political, civic and internal organizational environment. Furthermore, a combination of both public and private managerial roles seems crucial for the project support and efficiency. Both skilled and committed public and private project managers help to streamline both plan and development processes, and political and civic context and environment.

Communication with and involvement of the local community

Netherlands

This issue involves the importance of communicating with and involving local residents, businesses and future users. The private actors in principle take on the responsibility to involve local residents and business communities in the plan development and realization of the project. In practice, however, some public issues tend to be difficult to manage solely by private actors. When the local community is dissatisfied with the way the development is carried out they mostly turn to the local authority to express their dissatisfaction and ask for solutions. In those situations it is politically impossible for local authorities to redirect local residents to solve their problems with the responsible developer. Not all developers seem to be aware of the importance of communicating with the local community and do not undertake sufficient effort to solve this issue. In general, it is believed by developers that community involvement resolves in immediate process inefficiencies, and that potential long term benefits such as project support are hard to measure and quantify in advance.

UK

The Bristol Harbourside case shows that the lack of local community involvement can result in severe project delays. For instance, local resident groups organized themselves quite well in opposition to the development plan. Partly because of their pressure and appeals, developer Crest was refused planning permission twice. The local business community posed fewer difficulties in this case. After a more serious community involvement through public meetings in which their wishes were heard, support for the development increased considerably. Overall, because of the delays, Crest commenced with development three to four years later. Without this delay the development could probably have been completed prior to the economic crisis started in 2008. Now, this also slowed down development speed and real estate sales at Harbourside, bringing financial difficulties for the developer.

In Liverpool the notion about the value of community involvement was present, especially with developer Grosvenor. Not only did they involve all relevant national and regional public institutions such as English Heritage and Merseyside Travel. They also held regular public meetings for the residents of Liverpool. Grosvenor installed a temporary project information center on site at the start of development and held regular development progress updates. This created a lot of common support and belief in the project. However, some local shop owners resisted the coming into being of Liverpool One. Their wishes in some cases were answered with relocating their businesses into new accommodation possibilities. But others saw that the local authority issued compulsory purchase orders to secure land for development.

Nevertheless, Grosvenor put a lot of effort in informing and involving different actors contributing to an efficient and effective development process.

Possible solutions

In general, the UK cases show that knowledge about the local context and community and business interests seems crucial for the support for private sector-led urban development projects. It can result in long-term process efficiencies. Furthermore, in both cases community involvement is taken care of by developers, through well-organized public meetings. Here, local residents and businesses can express their wishes and developers present their development intentions. This is not mandatory, but increases the chance of being granted planning permission. The local planning authority does hold obliged public inquiries as part of the planning process, in which inhabitants can officially appeal to plan proposals. Hence, there is a strict division between public actor responsibilities in the planning and development process in the UK.

Lack of public management in development process

Netherlands

This issue involves the difficulty for local authorities to comprehend that they can influence project outcomes without using 'hard' management measures such as land and capital. In their eyes private sector-led urban development projects result in a decreased manageability or a lack of 'control'. Because plan, land and real estate development tasks are attributed to the private sector, the local authority faces fewer possibilities to manage the project. They argue that they can only influence the outcome of the development in the pre-development stage. This influence involves using planning tools such as the public schedule of spatial requirements and the legislative adoption of land use plans. However, the case study findings on public and private management measures indicate that public actors do have other possibilities to manage the project. Nevertheless, public actors seem not to be aware that management activities such as negotiating are the key to secure public objectives. Rather, this involves creating a conscious and broader view on and attitude towards public management.

UK

In general, this issue is not a perceived difficulty in both UK cases. As local authorities do not have the possibility of using an active land policy to prepare and develop land themselves, influencing development outcomes takes place in another fashion. Local authorities have plenty of management measures to influence the outcome of private sector-led urban development projects. In particular, the cases have shown that they consciously use 'management packages' including shaping, regulating and negotiating as the main management activities and tools. However, these findings are particularly valid in relation to both investigated cases, they might be hardly typical for the experience of local authorities elsewhere in the UK. Such situation might not be experienced in the vast majority of schemes built in the UK, in which real control might be quite limited in practice.

In Bristol, the developer used the word 'development control' indicating the tough attitude of the local authority in urging the developer to include additional requirements. These included

changing affordable housing and sustainability targets which became part of new negotiations in the development process. It seems that the amount of ‘planning gain’ for the local authority also is conditioned by the negotiating skills of public officers. Hence, in Liverpool One, the local authority also established to share in project revenues. They hold a 5% share in the revenues of private cash flows obtained from tenants. Hence, they negotiated that they do not share in the losses, so the local authority has no financial risks. Also the sale of land to developers prior to development resulted in public income. These financial revenues come alongside the ‘planning gain’ in the form of private contributions to infrastructure, parking and public space. Thus, these examples show that public actors managing private sector-led urban development projects can achieve beneficial results for the local authority without having land and capital at their disposal.

Possible solutions

‘Hard’ management measures such as land and capital are (and cannot be) used as powerful resources to influence private sector-led urban development projects by public actors. Rather local authorities use already existing planning instruments at their disposal to influence development. For instance, local plans, planning briefs, development frameworks, and design guidelines are used as shaping tools. Also, development agreements, Section 106 agreements, and planning permissions are regulating legislative public and private planning tools that are used by local authorities. Furthermore, local authorities influence development through negotiations. The development agreement is a result of negotiations with developers resulting in a ‘development package’. This agreement includes conditions about the aims, content, finance and planning gains of the project. So, with these tools public objectives can be effectively realized, without using land or capital. However, these negotiations also take a lot of time which reduces the development process efficiency.

§ 8.2.2 Dutch Recommendations & UK Support

Several recommended improvements for the Dutch private sector-led urban development projects have been mentioned by the involved actors. These improvements are responses to the problematic issues mentioned in the previous section. Here, we explain them and use the UK case study findings to explore if such ‘solutions’ are experienced and dealt with in the UK as well.

Cooperate in pre-development stage for public support and commitment

Netherlands

From the Dutch cases it becomes clear that a strict role division in private sector-led urban development projects resolves in a ‘we against them relationship’ between public and private actors. Sure, actors emphasize that it is necessary to make a division between public and private tasks and responsibilities. But, both actors also emphasize that in practice it is

necessary to cooperate closely in the pre-development stages on the master plan for instance. Indeed, it is the pre-development stage in which actors work on detailing the development plan which incorporates both public and private interests. A thorough and clearly structured negotiation process towards cooperation and realization agreements seems crucial here. Hence, negotiations do not oppose or reject formal responsibilities of developers to make designs, and the local authority to formalize land use plans and strive for public guarantees such as subsidies. Furthermore, private actors argue that without meaningful incentives public support for the project and public commitment to these tasks becomes limited.

UK

Both UK cases show that there is a high level of public-private interaction and collaboration throughout all development stages, in the design stage in specific. So despite the fact that in principle the public and private organizational tasks and responsibilities are divided clearly on paper, in practice collaboration prevails. In the UK, the local planning authority remains responsible for planning procedures as an administrative function, while developers take the lead in securing investment, designing plans, and developing the project at their own risk. However, often the interviewees mention the (informal) 'partnership approach' or 'joint-up working' as crucial for staying committed to the project. In fact it is the coordination of different tasks that created trust amongst the 'partners'. Furthermore, in Liverpool, a 'joint steering committee' with public and private representatives was set up. The aim of this committee was to coordinate and manage individual and common objectives which had to result in an effective and high quality project. In Bristol, no such formal coordination with public and private delegates existed. The absence of this and several other factors resulted in a less cooperative sphere compared to Liverpool.

Strive for public role consistency in realization stage

Netherlands

The Dutch cases indicate that public role inconsistency has negative implications for the realization stage. Although urban development projects are often subject to changed circumstances and public interventions are sometimes needed, private actors argue that they rather wish to manage the realization stage according to agreed conditions. They value the importance of 'appointment is appointment' and are reluctant to public interference as it possibly causes process inefficiencies and financial risks. One of the reasons for public actors to become actively involved in the realization is their future ownership of public space. Sometimes, during the development process new public space insights and wishes are added to the agreed physical characteristics. This public-private discrepancy in viewpoints and interests must be dealt with and respected by the actors involved in an accurate manner.

UK

This recommendation finds support in the UK cases. Both projects show that both local authorities acted role consistent in the realization stage. The public organizational and managerial role is carried out in accordance to the agreed upon conditions within the development agreement. For instance, this involves the public responsibilities to (financially

or administratively) contribute to the development, and provides indications for moments of public control on the delivered private product. Here, we see that local authorities mainly respect and stick to the agreed contract conditions. Hence, in Bristol we notice that because of the agreed upon segmented phasing of the development, local authorities create possibilities to influence development outcomes at those moments. However, they remain role consistent as they act according to agreements. This creates a lot of certainty for developers, and potentially resolves in less frustrated attitudes and less distrust among the actors. In Liverpool we see that the interference of the public actors was very limited in the realization stage. This, amongst other reasons, is because of the strong involvement of the local authority in the design process. In general, we conclude that in the UK public actors are used to their facilitating role in developments. Furthermore, they are aware of the legal role possibilities and limitations established in agreements and therefore act accordingly.

Define clear process agreements about moments of control and discussion

Netherlands

The private sector-led urban development cases in the Netherlands show that the line between public actors control and judgment of private products often becomes blurred. This results in distrust and tensions between the actors throughout the process. The reason for this is that developers sometimes receive additional requirements on top of the agreed conditions. Both actors mention that clear process agreements on the moments of 'formal' control and possible issues for discussion and negotiations could solve this issue. These process agreements should be carefully implemented and connected to milestones in both the public planning process activities and private development process activities.

UK

Both UK cases show the importance of jointly made agreements about what can be considered as fixed and negotiable. In general, actors acknowledge the importance of certainty, which are expressed in contractual agreement about fixed moments and conditions for public control on private plan proposals. Furthermore, within the design process towards reaching development agreements, public and private actors value the importance of flexibility. Often negotiable elements include programmatic and aesthetic building designs, and the materialization and positioning of public space. However, once decisions about these elements have been made flexibility becomes limited. Only once actors decide to phase the development and thereby to repeat the design and negotiation process for building separate sites does flexibility come into play again.

Appoint public managers to connect the planning and development process

Netherlands

The Dutch cases show the importance of a public project manager that can both manage the internal public interests and respects the private interests and autonomies. In the planning process different interests of municipal departments should be taken care of by such a manager. They also must make clear to public officers what the role of the local authority is in such a private sector-led urban development project, and what is expected from them in terms of responsibilities. On the one hand, they should gather public information and communicate this to developers. On the other hand public project managers should accompany private plan proposals by relevant information for municipal departments to work with. These plan proposals are part of the development process, in which the developer takes the lead, and performs certain activities. Thus, streamlining planning and development processes requires public project managers that can connect both public and private interests.

UK

Some support for the appointment of competent public project managers can be found in the UK cases. Moreover, the cases show that a strong political leader is absolutely needed from the local authority. This public leader is someone with the competence of making strategic decisions about the relevance, necessity, and contribution of the development for the city as a whole. Thus, a committed and competent public project manager and a strategic political leader can be seen as a strong municipal team to deal with public and private interests. Hence, the cases show the importance of committed private project leaders who manage private sector-led urban development projects. This person has the skills to relate to the local context and demand. Furthermore, this private leader is able to align relevant stakeholders and interests by communicating and involving them in the development process. Thus, a combination of both individual public and private leadership is needed.

Make a clear communication plan to involve communities and businesses

Netherlands

From the Dutch cases it becomes apparent that both public and private actors have difficulties with professionally communicating with civic actors about the project. A communication plan to involve the local community has been addressed by both actors as an improvement. Involving, and communicating with, current and future residents and businesses seems to be a crucial condition for efficient development processes and project support in the long term. These civic actors can provide interesting viewpoints and wishes for the project. The recommendation is to appoint the best equipped organization, public or private, to carry out this task. An important message here is to make clear to these civic actors on what type of public-private cooperation the development is based. This involves indicating for which issues which of the public and private actors can be consulted. Thus, a communication plan with clearly marked responsibilities for local authorities and developers, and an indication of the aims of the different communication strategies, could improve process efficiency.

UK

This recommendation finds support in both UK cases. The importance of taking communication and community involvement seriously has made some efficiency differences in both cases.

In Liverpool One, Grosvenor employed communication managers which organized several public meetings, involving local residents and businesses. The aim here not only is to inform stakeholders, but also to adopt possible public recommendations into the final design of the masterplan. Furthermore, updates about the progress of the project, in the form of a temporary information center provided interested visitors with information. However, the benefits from a clear communication plan cannot be measured directly. Nevertheless, the Bristol Harbourside case shows that the absence of a clear communication plan and strategy can result in a loss of civic and public support for the project, and even opposition. It seems that the long term benefits are the general public support and that efficiency gains can be achieved during the realization stage of the project.

Search for other public management measures to influence development

Netherlands

It is argued by Dutch local authorities that they lose managerial control within concession projects. One of the main implications is that managing private sector-led urban development projects by public actors implicates a shift in mind-set for local authorities. No longer are they able to directly influence the development by using traditional tools such as land and capital, e.g. active land development policies. Hence, the Dutch actors did not propose any concrete recommendations for this issue. Therefore, based on the theoretical concepts we constructed a comprehensive management toolbox which includes both public and private possibilities to influence development projects. As such, we will discuss the findings from applying such management activities and tools in the following inspiration section.

UK

This recommendation does not find support in the UK cases. In general, local authorities in the UK do not experience a 'lack of control' in private sector-led urban development projects.

Rather, as they are not used to steer developments with land and capital, they try to influence projects with other management measures, including other management tools and activities. Hence, the UK cases showed us that managing projects indeed can be explained and viewed more broadly. Furthermore, by also analyzing the Liverpool One and Bristol Harbourside projects with our conceptual management model interesting insights were obtained which are explained next.

§ 8.3 Inspiration from UK Private Sector-led Cases

The purpose of studying UK private sector-led urban development not only focused on finding solutions for the Dutch equivalent, the concession model. We also aim at drawing additional valuable lessons from the UK in the form of inspiration. Here, some interesting insights are presented derived from the UK cases.

§ 8.3.1 Inspirational Lessons from the UK for the Netherlands

'Public management toolbox'

As indicated above, private sector-led urban development projects ask for a different managerial approach of local authorities. No longer are they able to influence development with 'hard' management measures such as land and capital. In addition, public actors can use 'soft' management measures to achieve public objectives. Furthermore, it implies that project developers have to apply different management measures than they are used to. Therefore, our conceptual management model more comprehensively integrated several opportunities for influencing urban development projects. By using such a model in studying both Dutch and UK cases we aimed at finding an answer to the management questions involved in private sector-led urban development projects. The model proved to be helpful for more comprehensively studying the management of the project by actors. Our theoretical findings and findings indicate there are other ways of achieving that public objectives are realized.

Notice that, within the UK cases we found that public management involves consciously using public planning tools to shape, stimulate, regulate, and build capacity for market development. Both UK cases show examples about how the local authority was able to influence the development to their satisfaction without having the opportunity to steer with public land or investment capital.

First, for instance, *shaping* involves establishing a general public vision for the area by publishing local plans. These plans are aimed at informing developers about the development intentions and ambitions of the local authority. This can also be established by indicating the main public requirements in the development brief. The formulation of a *public schedule of requirements* (Dutch: publiek programma van eisen) in a public development brief or tender must both be flexible for developers to respond to and certain and detailed enough to secure public interests. For developers a more general spatial outline, a programmatic bandwidth, and financial requirements provide more opportunities and incentives to come with development proposals than detailed variants. Developers view these somewhat flexible requirements as an opportunity to negotiate the final development plans which incorporates their own private interests. More detailed requirements which are a public priority than also can be accepted more easily by developers; these are interpreted as non-negotiable constraints the developers

to work with. Thus, effectively, by providing both fixed and flexible requirements, local authorities both provide *certainty as well as flexibility* for private actors. Especially, planning officers (Dutch: *ambtenaren*) should take notice of this important precondition for private sector-led urban development projects.

Second, private sector-led urban development projects can also be *stimulated* by local planning authorities who secure *public subsidies*, funds or additional grants of various kinds, such as lottery money. Then, local authorities rely less on their own capital investment in the project. These financial contributions also form incentives for developers to privately invest in the area. It shows them that the local government is serious about its development intentions by actually seeking for external money to contribute financially to the project.

Furthermore, *regulating development* can be achieved by negotiating with developers to financially or spatially contribute to develop public functions. These *developer contributions* in the UK are established in Section 106 agreements. It is important for local authorities to be capable of constituting such S106 agreements, in order to secure public interests. This requires competent negotiation skills of public officers in order to establish a *planning gain*. The outcome of negotiations is labelled as a planning gain, as they contribute to public planning policy objectives of the area or city. Hence, in the Netherlands, we also have a legal system in place that enables regulating land use and development rights. Instruments that can be used are the anterior agreements (Dutch: *anterieure overeenkomst*) and the development plan (Dutch: *exploitatieplan*). In an anterior agreement, public and private actors together can decide about the developer contributions in the form of developing public functions or contributing money for public bodies. If both actors do not succeed in reaching an agreement, local authorities must issue a development plan on their own. In this development plan they can issue obliged requirements for developers. Once the development plan becomes effective, developers have to comply with it and pay a contribution to it (Dutch: *exploitatiebijdrage*) (see De Boer & Lurks, 2010), in order to get a permit to build (Dutch: *omgevingsvergunning*), and thus effectuate their development right. So, besides the use of legal public planning instruments such as land use plans and planning permissions – which remains a public responsibility at all times – private development agreements also provide an opportunity to regulate development in such a way that public objectives are being incorporated. Finally, *capacity building* has been an underrated management tool in the Netherlands. This capacity building involves a more market activating role of local authorities. Involving other stakeholders by establishing *enabling partnerships* for instance, creates local support for the plans. Furthermore, it creates the necessary mass of development interests. This makes a project less vulnerable in economic difficult times, as different public, private and civic organizations become involved and committed to the project. This also reduces the complexity and risks of development for private developers as possible opposing stakeholders are already involved by the local authority.

Moreover, in general in private sector-led urban development projects, next to these tools, a greater emphasis lays on managing projects through negotiations. Professional negotiations with developers towards development agreements are a crucial part of securing and realizing public interest in private sector-led development processes. This means that public project managers need to develop their *negotiation competencies* and skills. Such 'soft' management activities involve rethinking the competencies of public project managers. They need to be more 'business-like' in their negotiation approach towards developers.

Thus, private sector-led urban development projects require a broader view on public management, in which 'hard' management resources could be replaced by several 'soft' management activities and planning tools, providing opportunities to influence development at different moments in the process.

Private development partner

In Liverpool One, the local authority wrote a tender for the project and deliberately choose a development partner rather than a development plan as the main selection criterion. The reason for this fundamental choice was that the developer had to work with the local authority for some years and at the most important development project in Liverpool: the city center. Developer Grosvenor was chosen as they had proved to be capable of delivering large scale mixed-use city center project to client satisfaction in other parts of the UK. Furthermore, they showed to be capable of maintaining a long term commitment with the project. Also, they previously proved to be capable to work cooperatively with local authorities whose interests were taken into account while designing a development plan. The choice for a development partner provided a public-private relationship of trust and dialogue.

The weakness of more detailed plan proposals, which often emerge in the concession tender stages in the Netherlands, is that they do not allow for enough flexibility. Also, flexibility in initial private plan proposals appeal more to local authorities who do not have a clear worked out physical appearance of the area. Therefore, selecting a development partner with a general vision for the area also is very applicable and suitable for private sector-led urban development projects. It creates the opportunity for local authorities to influence the outcome of the final master plan by 'jointly working' with a private development partner.

Thus, choosing a development partner instead of development plan in the tender stage of private sector-led urban development projects, provides good opportunities to create a long-term private project commitment, a cooperative public-private relationship, and flexible joint working on development plans.

Enabling Public-Private Partnerships

Interestingly enough is the opportunity for public and private actors to enter into an enabling Public-Private Partnership agreement. These partnerships hold the possibility to create and maintain support and long-term commitment from several public and private parties to the urban development project. An enabling partnership can function as a vehicle for marketing the project, to create interests for market investment, and to obtain public subsidies. Hence, in the current economic climate with a lot of uncertainty about future demand for urban projects this enabling partnership approach could be well suitable as a *long term capacity building area partnership* in addition to the formal partnership based on a contractual relation. It could give a sign to the market that actors have the intention and commitment to develop and invest in the area. This potentially attracts other public and private investors and interested real estate users. For local authorities this also means that they can share the overhead costs of predevelopment activities with other public, private and non-governmental organizations.

Hobma et al. (2008) also indicated that the enabling partnership could be well suitable for pulling together resources for development. But, also in our case study Bristol Harbourside we have seen what the enabling partnership is capable of. Here, the Harbourside Sponsor Group was initiated by the local authority for kick-starting the cultural part of the development. They involved interested local business communities and other (cultural) organizations that could promote the area and could ensure central government funds and grants for the area. Once there is enough 'mass' of committed stakeholders, it becomes easier to persuade other interested actors and politicians to support and contribute to the urban development project.

Thus, establishing a long-term Enabling Public-Private Partnership, in addition to the contractual agreements in private sector-led urban development projects, generates societal and political support for and market interest in the area.

Privately-owned public space

Liverpool One shows that developers can own and maintain public space without creating a 'gated community'. Liverpool City Council technically owns the developed land but leases it to Grosvenor for a period of 250 years. This land lease is based on certain public conditions for the private actors managing the public space which are made explicit in a land lease contract. This land lease contract becomes legally binding once the developer has delivered the development project according to the development agreement. Hence, it is important to negotiate the conditions for developing the public realm prior to the final master plan is adopted and developers are granted planning permission. In this way public interests can be secured, and private wishes can be incorporated as well. The financial advantage of private ownership of public space for local authorities is that it eliminates public maintenance costs. The financial advantage for the private actor is that they can maintain the area up to the quality standards they strive for, which is beneficial for real estate sales and returns.

Hence, it is sometimes argued that privately-owned public space creates places with a similar appearance. However, some local authorities in the Netherlands standardize their maintenance concepts into different quality levels, which are applied throughout the city. One could argue that this also creates places of sameness on a city level. Hence, the Liverpool One's 'privatized' public space shows a qualitative distinctness of the surrounding environment. Also, this is critiqued by scholars (e.g. Minton, 2009) as the developer's inability of physically connecting the project with the existing urban fabric. We hold the argument that this is a subjective normative view on private public spaces that is value-laden and not actor-free. It assumes that private actors are responsible for creating the assumed disconnection of the public space to surrounding areas. We hold the argument that it is both the local authority and the developer who can negotiate the physical appearance of the area to a satisfying level for both actors and their interests.

Thus, applying privately-owned public space in certain private sector-led urban development projects, based on negotiated public-private land and management agreements, can create high quality places being beneficial for local authorities.

Long-term committed private development investor

In Liverpool One developer Grosvenor can be seen as a development investor rather than a project developer. They not only develop the urban development project, they also invest in the real estate to obtain long-term profits. They have become a partner in a private investment consortium that owns and operates the real estate and public space. In this way Grosvenor is able to secure a long-term cash flow from paid rents by tenants which compromises the often substantial construction costs of developing the project. In this way financial returns are spread out over a number of years. The development is viewed as an investment rather than a project. The advantage of this long-term financial model is that it holds the incentive to create a valuable, high quality and sustainable area. The classic trade-off between costs, time and quality with a long-term view disappears. It appears in a totally different light as the trade-off directly affects the long-term financial returns. For instance, a poor quality environment does not attract enough users and investors. This low quality eventually results in a loss of 'competitive position' in relation to high quality environments.

However, there is one major disadvantage to this approach; how to secure bank loans? In economic recessions it is proved to be difficult for development investors to obtain sufficient bank loans for an urban development object that generates returns in the long-term. The financial risks of these projects are perceived by banks as too high. It remains to be seen if and when banks can broaden financing options for development investors when such financial deficits at the beginning of development projects are present. Nevertheless, Dutch land and real estate development models used in concessions, in which project developers have to secure their profit margins at the moment of project delivery, also are under severe pressure. As demand for real estate is falling, and predictions for project delivery are postponed, land lease costs rise and pose project feasibility difficulties for developers. This also has made banks reluctant to provide loans to developers for projects that hold no certainty about returns. Thus, in response to difficulties of securing investment in the established manner in urban projects, in the near future possible alternative development strategies for urban development projects may come into being which provide more certainty for developers and banks. In Dutch practice, some authors like Peek (2011) and Van Rooy (2011a) already have introduced alternative investment models for urban development. The former emphasizes the need to turn urban development into 'urban investment' as it is the long-term maintenance and the value creation of the existing real estate stock provides the biggest development challenge in the Netherlands. The latter presented thirty 'new' financial development models that could help secure investment for urban projects. Nevertheless, De Zeeuw (2011b) argues that established ways of financing urban development projects will not disappear. He states that it remains to be seen what new financial investment models will bear fruit in Dutch urban development practice. In Chapter 9 we further discuss the current difficulties of, and possible alternatives for private financing in relation to private sector-led development projects.

Thus, unlike project developers, long-term committed private development investors, working on the basis of a value-creating urban business models, can secure solid real estate returns in private sector-led urban development projects.

Public funding alternatives

The Bristol Harbourside consisted of two different development phases. The local authority initiated the cultural part of the site that was destined for functions with public buildings such as a museum and a public square. This area was financially connected to the commercial development led by the developer. The local authority secured public investment for this area by establishing an informal partnership called Harbourside Sponsor Group. This partnership with local business and community organizations was created to promote the urban development and to secure public funding for the cultural functions on site. Public investment was secured by obtaining central government grants and lottery funds for the public real estate. Thereby, they not only put Harbourside on the map of the market. They also effectively shaped the conditions for developing the commercial part of the development. The calculated surpluses from the commercial part also contributed to finance the public square. Thus, this development package negotiated with the developer resulted in a 'planning gain' for the local authority. The advantage for the developer is that the public square will be constructed by the local authority with the incorporation of private interests as well. Furthermore, the development of the public square potentially benefits the commercial part of the development as well. It creates potential footfall and could increase the property values of surrounding real estate.

Thus, by kick-starting development with public investment in public functions and combining this with a financial construction with commercial functions, the local authority established certainty about the ambitions for the area. Hence, in the Netherlands local authorities could well use a similar approach to be creative in searching for funds for public investment. As recent central government planning policies point towards decentralization, municipalities cannot rely on national subsidies for development projects with a local relevance. Hence, with regard to public development initiatives, it is important to notice the distinction between internal and external funding. The principle of local authorities to creatively seek and organize external funding for development is something Dutch local authorities could do better. Then, they rely less on municipal funding which at the moment is difficult to obtain. Furthermore, by showing such an active and entrepreneurial attitude in the earliest stages of development also creates opportunities to attract private investment as well. Hence, it creates conditions for applying a private sector-led urban development approach for the (remaining) commercial parts of the area.

Thus, actively searching for external public funding alternatives other than government subsidies, packaged in negotiated public-private financial agreements in private sector-led urban development projects, can generate market interest, attract private investment, and public planning gains.

Public-private leadership on different managerial levels

The UK cases show different leadership approaches towards the inner-city development projects. In Liverpool, the Council was very clear about the intentions of the development and communicated towards citizens about the importance and relevance of the project for the city, thereby effectively managing the environment. Furthermore, they deliberately chose

a development partner with a strong delivery track record and a long-term commitment to the project rather than a development scheme. Also, the role of the developer's private leadership cannot be underestimated here. Grosvenor managed to create support with various government bodies and civic groups in the pre-development stages, thereby aligning the various interests into one comprehensive scheme. In Bristol, both the Council and the developer Crest performed somewhat weaker leadership as they underestimated the political and civic opposition towards initial development proposals. Only after organizational changes in the form of a newly appointed project manager did opposition against the plans fade away as various interests were taken seriously. Thus, these cases show strong and weak examples of public and private leadership having direct effects on the project.

In general, the UK cases have also indicated accurate levels and stages of public and private leadership. On the one hand, local authorities and other public agencies in Bristol and Liverpool mainly lead projects on a 'strategic-tactical level'. By making clear what a development project can contribute economically, socially and physically to the city creates certainty of direction. This public leadership mainly relates to the planning mandate of local authorities and political legitimacy. On the other hand, developers lead the development project on the 'tactical-operational level', ensuring that all relevant stakeholders are in tune with the ambitions of the project. This private leadership mainly relates to being responsible for the delivery of a project for the neighborhood, and the revenues the project generates for the private organization. The demarcation in leadership styles has also been mentioned by Heurkens & Louwaars (2011). Thus, we encountered that both public and private leadership roles are pre-conditional for successful private sector-led urban development projects.

Thus, appointing strategic-tactical operating public leaders and tactical-operational operating private leaders, connecting private sector-led urban development projects with their context, can support the development process.

Complex private inner-city development

In the Netherlands, it is argued by academics and practitioners that private sector-led urban development projects can only be applied to greenfield locations. The rationale behind this is that these sites are considered less complex than brownfield locations. They have a considerably less (scattered) land and property ownership situation, less soil pollution difficulties, and moreover, less political and social interests involved. True they are considered as complex developments. Brownfield locations often are more costly to redevelop and affect existing civilians and companies. Therefore, it is argued that inner-city development cannot do without a substantial involvement of the local authority on one hand. On the other hand, private developers are considered not to have the competencies and financial investment power to cope with these political and social complex locations. However, some Dutch concessions cases show that private actors can be competent and financially capable of leading complex inner-city development projects. Also, the two UK cases show highly complex large-scale inner-city redevelopment projects which are private sector-led. Here, both developers showed that private actors can be well equipped to perform the task of developing these difficult sites.

Furthermore, we have also seen that both Liverpool One and Bristol Harbourside have been developed without large financial contributions from the local authority. The development culture and planning system in the UK seems to support the fact that local authorities facilitate private initiatives and investment. This also creates an entrepreneurial attitude from the private sector, as they cannot rely on a government that assists in these financial, organizational or managerial development issues. Rather developers take responsibility for such projects themselves and also professionally perform tasks that would be considered as belonging to the Dutch public sector.

It seems that the attitude of developers in the UK in developing complex inner-city projects is somewhat more professional and entrepreneurial than developers in the Netherlands. This is not a given fact but a general observation after studying the UK development practice in this research. The less entrepreneurial attitude of Dutch developers is also being supported by their dependency on local authorities. Dutch developers, in comparison to the UK ones, in the past simply did not find the incentive and develop the competencies and financial power to develop these complex sites themselves. Almost always financial and managerial contributions were made by local authorities. Hence, the UK cases show that it is possible for developers to take the lead in complex inner-city developments. However, on the one hand a condition for this seems to be that private actors develop a professional, entrepreneurial and socially aware attitude, and a financially capable and liquid organization. On the other hand, the condition seems to be that municipalities develop more risk-averse attitudes to developments in which they transfer financial risks to the market.

Thus, private sector-led urban development projects can be applied to complex inner-city areas, but foremost require a changed development attitude and professional competence, asking for financially-capable socially-aware private actors, and facilitating risk-averse public actors.

In retrospect, these inspirational UK lessons show the richness of the case study approach and lesson-drawing methodology.

§ 8.3.2 Context-dependent & Context-independent Lessons

Despite the fact that the inspirational UK lessons described above are interesting for Dutch private sector-led urban development project, we need to confront them with the contextual background of the Netherlands. Hence, the lessons from the UK cases derive from a different urban development context than the one in the Netherlands. The methodological issues of drawing lessons from one particular context to another already have been mentioned in Chapter 3. Researchers who carried out comparative international research with the aim of drawing lessons from one context to another all dealt with this issue. We concluded that it is hard to generalize about a national context as such. Nevertheless, in the Chapters 4 and 6 we indicated some general institutional characteristics of Dutch and UK urban development practice. These institutional characteristics have different local contextual characteristics, which can influence the way public and private actors organize and manage projects.

In our research we defined that context involves economy and politics, governance culture, and planning system. *Context-independent lessons* can be applied by practitioners, regardless institutional characteristics. For our research, this means that they are compatible with the Dutch economic and political circumstances, development culture, and/or legal planning arrangements. Then, *context-dependent lessons* can function as inspiration for practitioners. For our research, this means that these lessons are incompatible with Dutch urban development practice. Table 8.2 indicates whether the inspirational lessons from the UK cases are context-dependent or –independent. Or to put it into other words; it shows the likelihood of UK’s inspirational lessons to be adopted within the Dutch urban development context.

The table shows that several lessons are context-independent; they can be applied by actors in Dutch private sector-led urban development projects. But, some lessons might be quite hard to match the Dutch contextual factors. Here, we discuss the context-dependent lessons, by reasoning why they pose application difficulties for the Dutch practice.

Inspirational Lessons UK	Likelihood of Transfer to Dutch Context		
	Economics & Politics	Governance Culture	Planning System
'Public Management Toolbox'	Yes	No	Yes
Private Development Partner	Yes	Yes	Yes
Enabling Public-Private Partnerships	Yes	Yes	Yes
Privately-owned Public Space	Yes	No	Yes
Long-term Private Development Investor	No	Yes	Yes
Public Funding Alternatives	No	Yes	Yes
Public-Private Leadership on Different Managerial Levels	Yes	No	Yes
Complex Private Inner-city Development	No	No	Yes

Table 8.2
Likelihood of lessons to be adopted within the Dutch urban development context

Public management toolbox

Creating a more comprehensive public management toolbox to influence development could be a problematic issue in the Dutch context. That is, local authorities in the Netherlands might still be somewhat reluctant to change their active land development policies. Although in concessions local authorities apply facilitating land development policies, in general it remains to be seen if and how many municipalities will actually change this development culture. For decades, actively purchasing, selling, preparing, developing land for urban development projects was common practice for municipalities. This resulted in successful projects, and moreover, substantial control over and influence in development projects. As a result, the public development culture and steering attitude has developed towards one that is based on owning 'hard' management measures such as land and capital. 'Soft' management measures such as negotiating with developers, and using legal public instruments to stimulate and activate market investment with public funding and partnership approaches, at the moment might be a difficult operational transition for local authorities. Therefore, developing a comprehensive management toolbox could face organizational implementation difficulties. Public cultural and institutional constructs may prevent such a

management toolbox to become effectively used by public officers. This requires a cultural shift in public officers' thinking and acting. Furthermore, it requires public officers to learn professional business-like negotiation skills as these have proved to be more important in private sector-led projects.

Privately-owned public space

Liverpool One showed us that in private sector-led urban development projects it is possible for project developers to privately own and maintain the public space. Here, the local authority technically owns the land, but leases it to a private investment consortium. This is not an exception in UK urban regeneration projects. Especially retail-led urban regeneration projects such as Birmingham Bull Ring and Bristol Cabot Circus follow this example. These types of development are considered to be easily manageable by private investment companies. Hence, it creates opportunities to keep the public space up to the high quality standards set by real estate investors. Often, estate management companies are established to effectively manage the cleaning and security of the public space. Thus, basically private actors take over some public responsibilities. In the UK this has raised some debates (see Minton, 2009). But, it seems to be acknowledged by both planners and developers that this is a part of UK's development culture due to limited financial means of most local authorities. However, it remains to be seen if privately-owned public space as part of concession agreements will take effect in the Netherlands. The notion that what is accessible for the public should be in the hands of the public sector is deeply embedded in Dutch planning and development culture. For decades, municipalities have been managing and maintaining public spaces. There are some examples of privatization of public space on a smaller building complex scale. But in general, public squares and plazas are owned and operated by public institutions. Implicitly, local authorities argue that public ownership and maintenance is their public responsibility. Also, private developers and investors, and in less respect housing associations, are not (yet) used to maintain and operate public space. In general, the private attitude towards development is that public space only accounts for high maintenance costs without the necessary benefits. Here, returns of urban development business models focused on obtaining returns at the moment of project delivery. Hence, it remains to be seen whether Dutch developers themselves become enthusiastic about the benefits of privately-owned public space. It remains unclear whether owning and operating high quality public spaces create value for their real estate. Also, the difficulties of creating consensus among private owners and public supervisors to upgrade privately-owned public space might form an obstacle (see Eshuis et al., 2011). Furthermore, in all our studied Dutch concession cases for instance, public space is returned to local authorities after delivery. In Rotterdam Nieuw-Crooswijk the private development company opted for privately-owned public space. They aimed at keeping the quality up to high standards, as it could have a positive effect on their real estate values and sales. It was argued that this also could benefit the local authority as it could increase real estate taxes (Dutch: OZB). Nevertheless, despite public financial retrenchments and maintenance intentions of the developer, the local authority still owns public space in this area. So, the general lack of interest of Dutch developers in maintaining public space and the maintenance culture of Dutch local authorities will pose difficulties to introduce privately-owned public space on a large scale in the Netherlands, although in recent years a rise in

privately-managed housing domains can be noticed (see Lohof & Reijndorp, 2006; Madho, 2008; Lankelma, 2009; Van Twist & Van Velzen, 2009; Eshuis et al., 2011). However, the financial reality of municipalities might force them to consider some public spaces to become maintained by private actors in the near future. Moreover, in a wider planning perspective, city management and maintenance in the decades to come could play a more prominent role in urban development. It becomes increasingly important to keep Dutch cities and its public space up to high liveability standards. Hence, the focus on developing urban projects in the future can be expected to change towards the maintenance and quality improvement of the existing real estate and public space (see De Zeeuw, 2011a; Stroink, 2011; Laverman, 2012). This could become a major planning challenge, as financing such quality improvements in the near future is unlikely to come solely from governments.

Long-term committed private development investor

In Liverpool One we saw that developer Grosvenor also has a share in a private investment company which owns the real estate. So, Grosvenor has a substantial long-term stake in the project. By obtaining investment returns from real estate over a longer period of time, therefore, they could compensate for the high project development costs. As a result, typically private decisions about the optimization between development costs, time and quality in the realization stage shifted towards achieving a high quality environment. This creates long term benefits for the investment company they are part of, as it strengthens the competitive position of the retail-led regeneration in comparison to others. Nevertheless, developer Grosvenor also argued that this trade-off between costs, time and quality in the recent economic climate could have been less beneficial for the quality level. The financial risks for the organization turned out to be very high, and would not be accepted by the company's management and banks in current times. Nevertheless, long-term commitment of developers as developing investors could potentially be applied to private sector-led urban development projects in the Netherlands as well. In recent years, as a result of the economic crisis, it is considered to be difficult to obtain satisfying development returns with a short-term development-focused commitment. Profit margins for developers are under severe pressure, as land development prices and costs are too high, and development speed and market demand is substantially too low to make every project financial feasible. A shift towards obtaining real estate returns over a longer period of time, through office, housing or retail rents, is not unthinkable in the future. This might resolve in a split of development focus in the Dutch development industry. For instance Putman (2010) argues that developers in the Netherlands could become either construction developers or development investor. In this regard, Maarsen in Bijsterveld & Laverman (2011) argues that development investors will obtain a stronger role in urban development by taking a long-term value-oriented investment model. This could decrease the market for traditional developers with short-term project-oriented business models.

However, as shown in Table 8.2 the (current) economic circumstances influence the change towards long-term private development investors. Several developers in the Netherlands, in their pursuit to become financial liquid, begin to focus on 'keeping things simple'. They tend to withdraw from unviable urban development projects which are too complex, large and therefore financially risky. One of the reasons for the focus on realizing more demand-certain developments lies in the fact that a large amount of Dutch developers originate from

construction companies. In the last two decades they increasingly grew towards risk-taking project developers, but now they turn back to their risk-avoiding short-term focus. Thus, it remains to be seen if and when long-term committed private development investors will constitute a substantial part of the Dutch development industry.

Public funding alternatives

In Bristol Harbourside, the local authority established a partnership – consisting of the local authority, local businesses, landowners and other civic and public institutions – which actively pursued funds and grants for developing cultural functions. This resulted in making the commercial development more interesting for the market to invest in.

However, in the Netherlands, it remains to be seen if local authorities can make the shift from stimulating development with public investments towards other public funding mechanisms. It is quite normal for Dutch municipalities to first develop public real estate as part of an urban development project. Moreover, local development authorities (Dutch: Gemeentelijke Grondbedrijven) sometimes even directly contribute financially to private real estate developments, by carrying out their active land development policies. Also, public real estate has played a major role in establishing a market for further commercial real estate development. For instance, the Kop van Zuid project in Rotterdam indicates what local development authorities can establish by marketing a development by investing in public functions. Investment in public functions like a new metro station, a bridge, a court house, and a theatre created the necessary market investment for the Kop van Zuid. There are numerous less large-scale Dutch examples of public real estate investment as a means to lure in market investment and development.

But, the numbers of development projects that have been initiated and developed by creative public funding mechanisms are less known. As shown in Table 8.2 it remains to be seen if local authorities can play such a prominent creative fund-raising role in initiating development in the future. Under the current economic circumstances, local authorities might be forced to search for alternative funding options. Time must show us if local authorities can make the shift towards a feasible development strategy for promoting private sector-led development projects with external funds and grants.

Public-private leadership on different managerial levels

Both the Bristol and Liverpool case show excellent examples that both public and private leadership is necessary to achieve successful private sector-led urban development projects. Furthermore, the UK cases show that this leadership focuses on different scale levels. Public leadership in urban development focuses on the more strategic-tactical level of planning. This includes establishing an economic and social development strategy for the city, in which development priorities are given to certain areas which contribute to obtaining city wide planning objectives. Furthermore, this strategy creates a planning and development context for the market. Also public leadership focuses on aligning different political interests and several public institutions with regard to the private sector-led urban development project. Private leadership focuses on the project level and its surroundings. This includes aligning

local interests and involving different local community groups and interested market actors in the development process. Local authorities have limited involvement in the operational part of development, and are able to let private actors take the lead more easily. The distinction between the two leadership levels is hard to make explicit, but in general there is a clear leadership role focus of the actors.

In the Netherlands, local authorities for decades have been used to act on the operational-tactical project level as well as on a more strategic-tactical city level. Although they set planning priorities for their cities, municipalities also are heavily involved in setting parameters for urban projects in a detailed manner. Our Dutch concession cases for instance show that local authorities provide developers with detailed public requirements, design guidelines and programmatic restrictions. It is especially the established working culture of public officers (Dutch: *ambtenaren*) which results in the operational management role. However, we do see signs that local authorities are aware of the more strategic management role they play in city planning. But the biggest challenge seems for public officers to operate more strategically and tactically, which leaves room for private and civic actors to take a more prominent role in the operational project level. Furthermore, also the private leadership role on the operational level for developers means that they act professionally, show commitment, integrity and transparency. Possibly, only by incorporating public interests in a transparent manner would public officers consider to loosen control on the operational level. Hence, it also seems to be important for public and private actors to find each other on the tactical level of project. This tactical managerial role for both actors focuses on aligning public planning processes and private development processes.

Complex private inner-city development

The UK cases show that it is possible to apply private sector-led urban development strategies in large-scale complex inner-city development projects. In Liverpool, the local authority trusted developer Grosvenor to develop a new city center, as it had proved to be capable of doing so in other British cities. Despite the complexity of the project Grosvenor almost solely lead this regeneration project. In Bristol, the political complexity of and social dynamics around Harbourside were at first not anticipated well by developer Crest. This caused a lot of project delays as public discussions and political debates focused on the probability of the project for the city. Nevertheless, this was corrected at a later stage, in which Crest proved to be capable of leading the project. Furthermore, we have also studied some successful less complex Dutch inner-city projects and some problematic ones as well. Enschede De Laares, for instance shows that a private consortium of developers and a housing association was very capable of managing social issues with regard to residents. Other inner-city cases, like Tilburg Wagnerplein became part of a political arena, as a megamall discussion highly influenced the project's decision-making process.

In the Netherlands, it seems that it is politically sensitive to give private actors the lead in managing complex inner-city development projects. Aldermen are somewhat reluctant to give private actors the lead as they fear public opposition and probably a loss of democratic legitimacy. In general, Dutch citizens and businesses expect local authorities to take care of public interests in crucial urban projects and also at first address issues to municipalities. Furthermore, economically it seems hard for developers to lead such complex inner-city development mainly on their own merits.

Development costs are high, and moreover, socially and politically too risky to be carried alone by private actors. Also, the Dutch governance culture is that local authorities prefer to stay in control over important complex inner-city projects. This attitude prevails, despite the chance that these projects can result in high societal costs and risks. Thus, several contextual factors influence the possibility of letting private actors take the lead in complex inner-city developments in the Netherlands.

§ 8.4 Conclusions

In this chapter we have highlighted the empirical lessons and implications from the Dutch and UK cases. We indicated the unsolved issues and recommended improvements from the involved public and private actors in private sector-led urban development projects in the Netherlands. And, we took a closer look at what kind of UK case study findings could help solve and support these issues and improvements. Furthermore, additional inspirational lessons from UK private sector-led projects have been provided that could mature the way public and private actors organize and manage such projects. Also, we indicated whether the UK's inspirational lessons are context-dependent or that they can be applied and used to Dutch concession project and urban development practice in general. We found that almost all recommendations are context-independent. But we also found that several inspirational lessons are context-dependent, and that (contemporary) Dutch urban development practice constitutes of institutional characteristics that are embedded quite fundamentally in cultural respect, and therefore might be hard to change. Hence, here we would like to add an important issue; cultures can change as well, be it gradually. So, the UK lessons that are now considered as context-dependent lessons – as they do not fit the existing Dutch development culture – might well be applicable in the future once the development culture in the Netherlands changes.

In general, we filled some important knowledge gaps of private sector-led urban development projects by showing its characteristics. Furthermore, we showed possible improvements with regard to the roles of public and private actors. Here, we argue that the conclusions generated in this research do not aim to propagate the UK planning system and development practice over the Dutch variant. We rather aimed to show that there are some specific features of UK private sector-led urban development projects that are of interest to Dutch urban development as it slowly moves towards a similar situation. This also involves taking into account the UK's critical perception of their own situation, as well as the fact that the Dutch focus on the UK as a result of dissatisfaction and limitations of the Dutch system. The following chapter elaborates on the conclusions of this research. It contains the answering of the main research question, reflections on used theoretical and methodological concepts for studying our empirical cases, and recommendations for future research.

9 Conclusion

The objective of this research is to provide a useful understanding about how public and private actors collaborate on and manage private sector-led urban development projects, in order to develop conceptual knowledge and draw lessons for urban development practice and science. As in this research a lot of issues have been discussed, which demands quite a lot from the reader, here we formulate a concise general Conclusion. Therefore, in this chapter we answer the central research question (Section 9.1), reflect on the used theory and methodology in relation to our empirical cases (Section 9.2), and provide recommendations for further research (Section 9.3).

§ 9.1 Answering the Research Question

The *central research question* we here aim to answer briefly is:

What can we learn from private sector-led urban development projects in the Netherlands and UK in terms of the collaborative and managerial roles of public and private actors, and the effects of their (inter)actions?

In terms of roles, we can conclude that private sector-led urban development projects ask for a *facilitating role for municipalities* and a *leading role for project developers*. However, we have argued that such a facilitating public role requires a *(pro-)active public management attitude* and deliberate use of a *wide variety of public planning tools* in relation to market actors. That said, private sector-led urban development projects do provide an implementation alternative for active public and development policies. Notice that most of the cases indicate such an approach does not necessarily involve less public management opportunities, but rather another *broader perspective on management*. For private actors the leading role constitutes a more comprehensive perspective on urban development projects, involving more long-term *project-transcending private commitment* and *substantial stakeholder involvement* throughout the development process. The cases indicate that a more *investment-oriented participatory development approach* can create both project support and increases the chance of substantial financial returns.

Also, despite the organizational nature of private sector-led urban development project, which is based on a clear *public-private role division* by contracts, practice shows that *substantial public-private interaction* and collaboration is required, especially in the initiative and design stages of the project. Moreover, the cases also show that the *formulation of public requirements* is a *balancing act* between providing enough flexibility for developers and certainty about the municipal intentions. Therefore, private sector-led projects require a *constant public-private dialogue* throughout the entire development process. Importantly, the cases indicate that unforeseen circumstances, such as the duration and magnitude of the current economic downturn, can put development agreements under pressure. In practice, we see that either contractual agreements are mutually adapted to the situation leaving

contractual responsibilities to developers, or public interference takes place often conflicting with contractual principles and sometimes resulting in increased public risks.

In terms of effects, the cases show that private sector-led urban development projects can both result in *high quality urban areas* and are perceived by the involved actors *effective instruments*. But, actors often consider the process to be *hardly efficient*, as development and planning processes can be in conflict. Notice that our research indicates that a private sector-led approach should not be excluded from being applied to *complex inner-city developments*. Both some Dutch and the UK cases show that, under the right conditions, it could be a viable development approach, despite others suggesting that it is only suitable for simple projects.

In summary, based on our research findings, we conclude that a private sector-led urban development project:

- *Requires public actors to take a facilitating and pro-active role;*
- *Requires private actors to take a leading and long-term commitment role;*
- *Involves not less, but a broader perspective on, public management;*
- *Involves a clear formal public-private contractual role division;*
- *Involves intensive and substantial informal public-private collaboration;*
- *Requires a constant public-private dialogue throughout the entire process;*
- *Requires both flexibility and certainty in contractual arrangements;*
- *Requires actors to agree on the way unforeseen circumstances are handled;*
- *Is often considered as an effective instrument to achieve high quality areas;*
- *Is often considered as an inefficient development process;*
- *Is a suitable approach for complex inner-city projects once used properly.*

The above mentioned general conclusions increase the importance and relevance of our research findings as in situations it confirms but also refutes some common views and opinions in theory and practice about these types of development projects.

§ 9.2 Usefulness of Concepts for Empirical Cases

This part contains a reflection on the theoretical and methodological concepts used to analyze the empirical case studies. As explained in Chapter 2 we have used a *comprehensive integrative urban management model* in order to understand the complexity of private sector-led urban development projects. Nonetheless, as we did not take a specific theoretical perspective – which is a more commonly used approach in social sciences – questions can be raised about the *usefulness and added value* of our conceptual model for the analyzing empirical cases and testing theoretical assumptions. Foremost, our broader view in general proved to be helpful in both understanding the context of urban development practices and planning systems in the Netherlands and the UK, and functioned well as a structuring device for the comparative analysis of urban development projects in both countries. Also, we explained that we are not primarily interested in testing hypotheses, but aim at developing conceptual knowledge for science and drawing lessons for practitioners. Nonetheless, here we discuss some *reflections* concerning private sector-led projects.

First, our Dutch and UK cases at least show that the theoretical *planning versus markets* dichotomy is still present in practice. Despite the fact that public-private mutual dependency and interaction prevails in all our cases, *tensions between public and private attitudes* remain. It seems that actors can hardly escape their perceived views on each other's principle development interest and purpose, which can result in a situation of distrust and 'we-against-them' relations in private sector-led cases. Nonetheless, we see that private sector-led urban development projects need a lot of *informal dialogue*, cooperation, negotiation and joint decision-making, especially in the pre-development stages. Moreover, *planning and development processes* as derivatives of public and private domains, are problematic to be interconnected as they run parallel and have their own logic and speed, for which coordination seems to be needed. Nonetheless, the *perspective of planners as market actors* and related public *planning tools* proved to be a valuable concept to identify management measures for public actors in a *market-driven development* context.

Second, our Dutch and UK cases show that the theoretical principles of the often *competing concepts of New Public Management and Governance* can also be distinguished in private sector-led urban development projects. But, both principles of *organizational hierarchical client-contractor relations* (NPM) and *managerial horizontal stakeholder interactions* (Governance) also *co-exist in private sector-led practice*. Also, occasionally both relations and interactions can result in conflicting situations once predefined formally divided public-private roles in contracts sometimes conflict with the need for informal public-private dialogue and cooperation. Nonetheless, both structured rules as well as room for interaction seem to be conditional ingredients for effective and efficient private sector-led urban development processes. Management remains a crucial and important condition to achieve successful project results but cannot function without any form of organizational arrangement which provide certainty and reduces development risks. Thus, our empirical findings strengthen our choice for not choosing either one of these theoretical perspectives to analyze empirical cases. The choice for a more comprehensive management view avoids bias of research results as it generates a broader contextual understanding of the mutually dependent nature of project organization and management.

Third, a reflection on our used methods seems to be in place, as our choice for *case studies*, *cross-comparisons* and *lesson-drawing* proved to be a methodological challenge. The challenges refer to the differences between the Dutch and UK cases in terms of scope and depth purposes and the project's complexity and scale. One can argue that such differences undermine the *validity and comparability* of the research findings. Nonetheless, the cross-case analysis of both the Dutch and UK projects in a context-dependent and internally consistent manner provided opportunities to at least draw valid conclusions for and empirical lessons from each country separately. In addition, we confronted characteristics of the urban development practices from both countries to indicate the broader conditions under which lessons can transferred from one context to another. Such approach strengthens the relativity of the lessons being drawn by carefully examining and appreciating *context-specific conditions*. Therefore, we also provided some *inspirational lessons* from the complex large-scale UK cases for future directions of the Dutch urban development practice. The usefulness and applicability of such inspiration remains the *terrain of practitioners*.

§ 9.3 Recommendations for Further Research

In retrospect, based on our experiences with and limitations of this research, we can formulate some recommendations for following researchers in conducting further subject-related research, which include:

- ***More attention towards aligning theory with practice.***

This research provided valuable insights into how public and private actors collaborate and manage urban development projects. However, in general it proved to be difficult to find a theory that coherently reflected actor relations and interactions in practice and which are also valuable to practitioners. We have tried to contribute to close a persistent theory-practice gap by providing an subject-specific conceptual understanding of urban development projects that can both be used for further academic research and applied in practice. Hence, that more practice-based or action-research is needed to improve the relevance of academic research. As such, the researcher aims to transfer the conceptual and practical knowledge obtained in this research towards development practice in the form of both public and private organizations, by confronting the research findings with the empirical ways of working;

- ***More attention towards international comparative urban studies.***

Our personal experience is that by studying other urban development contexts researchers can obtain a better understanding and appreciation of their own context. In particular, international comparative urban research containing studies of relatively similar development practices, provides opportunities to draw valuable lessons for similar issues in the recipient country. In an ever more globalizing and growing urban world it seems obvious to us to conduct qualitative comparative urban studies to assist in tackling the complex and sustainable challenges cities nowadays face. Moreover, as research has a role to play in education it seems that international-oriented findings can stimulate students to obtain a richer knowledge and general perception of their professional field. This can contribute immensely to their future profession, thereby opening excellent opportunities to work abroad;

- ***More attention towards market and private actor perspectives.***

This research started with the changing role of governments in Dutch urban planning. However, such a trend cannot be seen in isolation, as urban development also consist of other (private) actors whose role influences the way public actors operate in projects. Therefore, we deliberately choose for a change of perspective by using the title private sector-led urban development projects. Our cases have shown that planning and development is not primarily a government matter (nor is it a sole private matter). It seems that market perspectives and private actor decision-making considerations are of greater importance to understand how urban development projects come about, all the more given the current consequences of the current economic downturn. Notice that our reference list contains a relatively low amount of useful academic publications on this matter. Despite the difficulty of obtaining solid data on markets and market actor, in our opinion, this should be a more prominent point of attention in future urban research agendas.

Our final chapter contains an Epilogue on issues that cannot directly be attributed to the research carried out here. There we take the academic freedom to reflect on two remaining broader and remaining important issues related to our research. The first issue involves the difficult connection of the perceived conflicting objectives of planning and markets, respectively based on the principle of solidarity and profitability. This cumulates into a discussion about how actors can safeguard *public interests* in private sector-led development projects. The second issue elaborates on alternative *private financing* instruments, as current economic circumstances show that developers have difficulties to finance development projects based on bank loans. This situation in particular requires exploring different financial sources and investment strategies for private sector-led urban development projects.

10 Epilogue

In this Epilogue we take the freedom to reflect upon this research in a more general manner. This we do by using theoretical and practical insights obtained while conducting this research. Hence, these insights were not included integrally in the research due to the course of time. In that sense, they cannot be regarded as being an integral part of this doctoral thesis. Rather, this chapter contains an additional exploration of important issues related to our research subject. These insights might be very valuable for understanding 'bigger' and 'deeper' academic and practical issues in relation to market-driven planning and private sector-led urban development projects. This epilogue subsequently contains the research-related topics *safeguarding public interests* (Section 10.1) and *alternative (private) financing instruments* (Section 10.2). Hereinafter, each of these topics is introduced, starting with a fundamental question.

§ 10.1 Safeguarding Public Interests

At first sight, safeguarding the public interest in private sector-led urban development projects comes under pressure once developers take over several responsibilities and tasks normally taking care of by local authorities. This section is structured around *three main questions*:

- How can we define public interests, in general and in urban development?
- What mechanisms and strategies are there to safeguard public interests in general, and in urban development?
- How can local authorities safeguard public interests in private sector-led urban development projects in specific?

These questions have been on our minds during the research process. Hence, in Chapter 1 we introduced the figure (see also Figure 10.1) of the value and power shift as a contextual Dutch development which also materializes in urban development practice. Therefore, one of the main general questions from the beginning of this research was: What kind of world are we entering once we introduce private sector-led urban development projects? Do we end up with unequal, individualized and selective accessible urban areas once the market takes over 'control'? These fundamental questions are not only hard to answer in a single direction; they also extended the boundaries of this PhD research. Therefore, after having gained insight into the main characteristics and mechanisms of private sector-led urban development projects themselves, here, after 4 years of intensive thinking, in retrospect, we thought it was time to reflect on this issue and to make some theoretical and practical sense of it. We do so by discussing some key Dutch literature that has been published in recent years about safeguarding public interests.

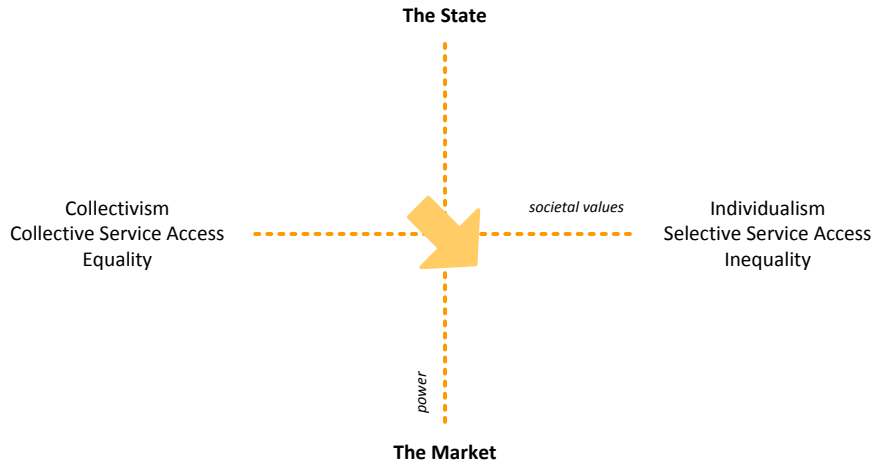


Figure 10.1
Value & power shift in context of Dutch urban development (based on De Jonge, 2007)

§ 10.1.1 Defining Public Interests

What is the 'public interest' in general? And how can we best secure it? Who should guide it? Basically, here the more direct question is: How can we optimally construct our society? This is a big and almost unanswerable question as it has no boundaries, foremost it is a normative and subjective one, as it lacks a conceptual perspective. Let us explore some of insights about public interests from literature to construct such a perspective.

The Dutch Academic Council for Public Policies (Dutch: Wetenschappelijke Raad voor het Regeringsbeleid), the WRR (2000) argues that there is a distinction between public interests (Dutch: publieke belangen) and civic interests (Dutch: maatschappelijke belangen). Their definition of *public interest* is as follows:

"A public interest exists once a government believes it is crucial to secure a civic interest as this interest otherwise would not be secured" (WRR, 2000: 20).

This is a definition that in the first place, is almost incomprehensible. Moreover, it implicitly considers the fact that the government has the autonomy to decide what the public interest is. Hence, Van Damme & Schinkel (2009: 6) argue that the WRR's distinction is not relevant and the WRR's definition is incorrect as well. They state that it is inadequate as it represents a lack of acknowledging that governments in current times share power and positions in our society with private and civic organizations. Nevertheless, by constitutional law governments are still entitled to make legitimized decisions on behalf of the public, and this will remain so in a democratic system. But, furthermore, determining the public interest has become more problematic as there is not one public anymore, there are many publics. So, in our pluralistic society, one authority cannot define the public interest in general for different 'groups of

publics'. Also, the WRR (2000: 139) itself argues that in practice one can seldom define the public interest; it is often a complex of public interests. Moreover, these interests also exist on different scales, on local, regional, and national levels. And, also these public interests are subject to continuous change over time. Thus, in conclusion, determining the public interest is an incredible complex manner for any institution.

This brings us to *define public interests* as follows:

“Public interests are values that are viewed by a substantial group of different people and organizations as being fundamentally important to be safeguarded at a determined scale and a given point in time.”

So, why do we talk about the public interests with regard to this research? Hence, Dijkstra & Holtslag (2010) argue that several basic tasks and responsibilities of Dutch *public administration* since the 1990s gradually have been placed at administrative distance. They further mention that institutional differentiation, Europeanization, internationalization, and liberalization, and privatization operations have resulted in the national government that almost can be considered as a *regulatory state* (Majone, 1996). As the Dutch government (semi-)privatized several markets formerly under direct public control – the energy market, public transport, and health care being the most prominent ones – doubts arose about the accuracy of the shift of responsibilities towards the private domain as stated by the WRR (2000: 22). Jørgensen & Bozeman (2002: 65) for example argue that privatization and contracting out often have the effect of eroding public values. In debates, even today, economic and social crises were blamed on liberalization (see De Bruijn & Dicke, 2006).

However, in our view, it represents the difficult struggle of governments to safeguard public interests and to determine what the principle role of the government is within the market-economy and pluralistic society of our times. Rightly so, the WRR (2000: 4) argues that the dichotomy between ‘state’ and ‘market’ is too simplistic, too ideological and too limited. They argue that safeguarding public interest can be reached in several different manners within both *public and private domains*, which we will explore later on. This is an important notion with regard to our research, as we study urban projects that mainly consist within a private domain and market environment.

Thus, the WRR as a government institution acknowledges that not only public organizations, but also private ones – and we would like to add civic actors – are able and also entitled to secure public interests.

But does this not move too far away from the principle role of government, who are accountable for making legitimized decisions on behalf of their voters, the public? This is an answer not easy to answer, so let us deliberate on this a bit further by positioning the state and the market.

Hence, the WRR notion can be considered as a shift from *state versus market* towards *state and market* thinking. Indeed, according to Van Damme & Schinkel (2009: 7) ‘the state’ and ‘the market’ are created institutions by people. They argue that both state and market are *two different welfare economic control mechanisms*. Neither of them can be considered as achieving an optimal economy and/or society; one needs to have the ‘right mix of both’. Therefore, the notion from the WRR (2000) that both domains can secure public interests is

remarkable. It moves away from the philosophy that public interests can best be served and supervised by public actors alone. Nonetheless paradoxically, the WRR (2000) still indicates recommendations that point into the direction of the public sector to decide what the public interest is. This still has everything to do with the notion that 'the market' is not perfect and that *market failure* may occur, and that regulation by government is needed. Yes indeed, markets can fail to take the responsibility to serve the public good most efficiently as possible. But it is the government's role to secure that this market works optimally. According to Van Damme & Schinkel (2009: 7), the *role of government in a 'state-and market-relationship' from the welfare economic perspective* is to:

- Be responsible for creating the constraints for the market to work with;
- Correct market failure;
- Correct unwanted income differences.

Once this does not happen, we can also speak of *government failure* to regulate the market and to 'shape' society in an optimal manner. In discussions about the privatization of public tasks, the sometimes occurring inability of governments to regulate markets effectively is pushed to the background. The focus lies on market failure to produce what people need at reasonable costs. But, this is too simplistic. It is precisely both the state and the market which are connected in a *regulative and productive economic system*.

Therefore, market and government failure go hand in hand. Thus, we persist that we should move away from state versus market thinking, and to embrace that these two domains are interdependent.

But how to avoid that market and government failure occurs? In other words, what safeguarding possibilities exist? In the following section we explore different safeguarding mechanisms and approaches.

§ 10.1.2 Theoretical Safeguarding Mechanisms & Approaches

With this line of reasoning, what are the possibilities to safeguard public interests? How can public interest be secured in general? The WRR (2000) argues that securing public interests can best be divided amongst public and private actors. Although the *end responsibility* can be traced back to governmental institutions it is possible to give private actors *operational responsibilities* to secure public interests through (WRR, 2010: 10):

- Competition amongst private organizations steered by government;
- Private actors who take charge of public interests;
- Professional private organizations;
- Safeguarding under direct ministerial responsibility;
- Independent public administrations.

Hence, they state that *dogmas* about securing the public interest must be avoided. The WRR (2000: 10) argues: "Neither as private organizations always function more efficiently

than public organizations, nor is safeguarding public interests per se more democratic or more careful than private safeguarding. Neither from private organizations, nor from public organizations, can be expected that they exclusively serve the public good and public interest." Here, the WRR acknowledges that government and market can fail to secure interests. Therefore, it is necessary to 'discipline' organizations. The WRR argues that safeguarding public interests can be achieved by *four possibilities* (WRR, 2000: 10):

- *Rules* within laws and contracts;
- *Competition* between market actors for concessions;
- *Hierarchical steering* from a politician towards his employees;
- *Strengthening institutional values* and norms of organizations.

Behold that in every specific market it is necessary to find the most effective use of these safeguarding possibilities. According to Van Damme & Schinkel (2009: 16), in the energy market for instance, because of the *political interests* of energy the danger exist, governments are relatively inclined to intervene directly and actively with several inefficiencies as a result. Better, or more efficient, would be to take more advantage of *market mechanisms* and to use *market incentives* to stimulate the safeguarding public interest. In this case the accessibility to energy and a fair energy price. Remarkably, the WRR does not highlight how one could discipline governments to secure public interests most efficiently. What professional attitude does this require from public institutions to regulate or to stimulate market actors to safeguard public interests?

In essence, every market regulation by governments requires a '*custom-made mechanism*' (see Van Damme & Schinkel, 2009: 19). Often, '*market over-regulation*' unavoidably resolves in *government failure*. Baarsma & Theeuwes (2009: 39) argue that governments, despite their good intentions often over-regulate or under-regulate markets. The reason for this is that they often are faced with an *information gap* towards the market or organization they are regulating. Thus, by regulating only, in our view governments always remain positioned outside the market system, never achieving an equal role and access to information as market actors. Therefore, rules or regulation is not the only tool to 'tame' markets or to secure public interests. *Competition* among private actors, and from our point of view, especially strengthening the *institutional values and norms* of private and civic organizations are strong additional ways to safeguard public interests that are equally important. These two possibilities to secure public interests are more closely related to mechanisms and principles of 'good markets'.

Therefore, public administration academics (De Bruijn & Dicke, 2006 and Charles et al., 2007 amongst others) have extended safeguarding possibilities by recognizing and emphasizing that "*liberalization and privatization* have made production, distribution and supply the responsibility of several public and private actors" (De Bruijn & Dicke, 2006: 718). These strategies are worth exploring in the light of this research, as they depart from *pluralistic perspectives*. De Bruijn & Dicke (2006: 722) identified *three strategies* for safeguarding public interests:

- **Hierarchical mechanisms**: imposing public values by using regulation;
- **Network mechanisms**: interacting about public values;
- **Market mechanisms**: competing on public values.

Interestingly, Charles et al. (2007) argue that these mechanisms also are accompanied by *three theoretical perspectives* to view the safeguarding of public values:

- **Universalistic approach:** public value viewed as abstract non-trade-off matter;
- **Stakeholder approach:** public values viewed as part of political process;
- **Institutional approach:** public values differences in time and place matter.

We advocate exploring these different mechanisms and approaches as they align with the increased pluralistic and dynamic nature and safeguarding of public interests in a market context. It is in line with the argument made by De Bruijn & Dicke (2006). They argue that for some centuries protecting public values, in the context of the increased liberalization and privatization has been based on *tight regulations* and *strict control*. They argue that this mechanism can cause adverse effects, such as increasing *transaction costs*. Also, public values are 'inherently relative' (De Bruijn & Dicke, 2006: 722), it is impossible to define them unambiguously. Furthermore, they differ according to place and time, so *trade-offs* between them are required. With regard to 'tight government control' and 'detailed norms' De Bruijn & Dicke (2007: 723) explain that these kind of approaches assume "a situation in which there is a hierarchical relation between the government and the supplier." In our view too, hierarchical safeguarding mechanisms do not align completely with an increasing pluralistic network society and maturing market economy. Also, introducing hierarchical rules for public values are based on the assumption that they can steer *operational execution*, which tends not be the case in utility sectors for instance (see De Bruijn & Dicke, 2006). Also, they spark off various forms of *strategic behavior* by people at operational levels, such as interpreting rules for their own benefits.

Thus, hierarchical safeguarding mechanisms have limitations. This is supported by Charles et al. (2007) who state that the choice of safeguarding instruments cannot be based on generic ideas, as they change over time, are not static, and block innovation. Charles et al. (2007: 9) argue that "the institutional perspective agrees with the stakeholder perspective in that public values are not universal. Yet, according to this perspective, public values do not emerge coincidentally as a result of interaction between a set of stakeholders. Actors are embedded in an *institutional environment*, while their behaviors and rationalities are constrained and shaped by the structural and cultural characteristics of these environments." we support this approach as it aligns with the state-market interrelations mentioned earlier.

Nonetheless, De Bruijn & Dicke (2006: 724) also argue that the hierarchical mechanisms of safeguarding public interests are needed to regulate markets. They '*juridify*' the relation between government and other actors. But, importantly, *hierarchical mechanisms* can:

- Create a *common frame of reference*;
- Constitute a *legal basis for action*;
- Play an important *role in societal debate*;
- Afford an important *option to intervene* when necessary.

Nevertheless, De Bruijn & Dicke (2006) describe that governments in searching for ways to secure public interests should explore the opportunities of network and market mechanisms. They argue that **combinations of the three mechanisms** provide the right basis for effectively and efficiently safeguarding public values than solely relying on hierarchical top-down mechanisms.

In terms of *network mechanisms*, De Bruijn & Dicke (2006: 725) state that “public values can be safeguarded in a *process of consultation and negotiation*.” Therefore, they argue that governments must create the right conditions which can be established by facilitating an *institutional structure* for the ‘*negotiated environment*’, by either encouraging civic actors to organize themselves and by designing procedures or rules of the game. Thus, public interests can be safeguarded by engaging stakeholders in interactive decision-making processes structured by government institutions.

In terms of *market mechanisms*, De Bruijn & Dicke (2006: 725-726) argue that *market arrangements* can be put in place to protect public values. This can be done by letting private companies *compete on public values*. Here, they can differentiate themselves from their competitors in the way, and to the extent at which, they safeguard public interests. From a market perspective, hereby, “governments use market forces to protect public values rather than opposing and trying to mitigate such forces” (De Bruijn & Dicke, 2006: 725). An example of this strategy is a private actor’s ability to differentiate in offering ‘sustainable energy’. Then privatization goes hand in hand with *market transparency* for instance. The authors indicate a range of possibilities for public actors to *activate competition on public values* (De Bruijn & Dicke, 2006: 726):

- *Using tenders*: laying down conditions (such as quality, affordability, innovation);
- *Using market transparency*: stipulating conditions (such as reliability, sustainability);
- *Subsidizing companies*: stimulating companies who propagate public values.

Importantly, De Bruijn & Dicke (2006) argue that the objections of hierarchical mechanisms, namely ‘setting’ public values, static nature, failing to reach operational levels, “do either not apply or they apply to a lesser extent”, once public values are safeguarded by negotiation and/or competition. They propose a combination of mechanisms, in which hierarchy is ‘blended in’ with network and hierarchy mechanisms. First, a combination of network and hierarchy for instance are ‘flexible’ *legal rules* imposed by a (public) authority as an incentive to start public-private negotiations resulting in *trade-offs* about what is considered as a public interest and how they can be safeguarded and monitored. This combination creates a *sense of urgency* for both actors to negotiate and reach consensus. Second, a combination of market and hierarchy can be established by a *regulating institution* that assesses *key performance indicators* for delivering public interest translated into a market competition amongst private bidders. The standardization of public values also enables regulating bodies to monitor the performance, thereby creating market transparency.

Thus, competition between private actors and unilateral regulation creates conditions for safeguarding public interests in a market-driven context. In our view, these fundamental notions about combining diverging possibilities, approaches, and mechanisms – mainly found in academic literature focused on privatized utility sectors – can be used as public interest safeguarding strategies in urban development practice as well.

§ 10.1.3 Public Interests in Urban Planning & Development

Let us continue this discussion towards what this means for safeguarding public interests in urban development. With regard to the above, is it possible to determine what public interests are in urban development?

Defining public interests in urban planning & development

In our view, public interests in urban development are very much related to *spatial quality*. Therefore, for instance, in our research we also studied this specific effect of private sector-led urban development projects. Hence, Van den Hof (2006) for instance, published a dissertation in which he researched the 'safeguarding of spatial quality' in different Public-Private Partnership models in the Netherlands. Also, Verbart (2004) makes a connection between public interests and spatial quality in his dissertation about the 'management of spatial quality'. Verbart (2004: 49) argues that one can speak of high spatial quality if the spatial interventions are positively valued by the ones who have to use them. Here, a combination is made between spatial quality and what (different) people *value*. Therefore, it seems interesting to determine how different people may value the public interest in urban development. Moreover, these values change over time, for which Hooijmeijer et al. (2004) created the distinction between *user value*, *experience value*, and *future value* as operational spatial quality categories.

Hence, than spatial quality becomes related to what is *sustainable* for different users over time. As such we must interpret spatial quality as a means to achieve *economic*, *social* and *environmental* objectives on a *local area level*. But, objectives can also be considered as normative and thus are valued differently. This is precisely why it is difficult to determine in specific what is considered as a public interest in urban development projects. Nevertheless, there are some aspects of public interest, which are in everyone's interest and which can be considered as being sustainable. However, here we have to take a normative theoretical perspective to view such interests. We choose a *welfare economic perspective* in order to operationalize public interest on the scale of urban development.

This brings me to **define public interests in urban development** as follows:

"Public interests in urban development are those specific spatial interventions that serve economic, social and environmental values."

Then, in our opinion, *economic public interests* in urban development are related to the value of property. Hence, real estate can either be owned by public or private actors. It is in the economic interest of private and public owners to benefit from increased *property values*. They may at a certain point sell their estates with a certain profit which can be reinvested in other private or public assets or expenditures. Moreover, it is in the general public interest to have increasing property values as this generates more *property tax revenues* for government institutions. Again, these revenues can be reinvested in public assets. Moreover, a devaluation of economic property values limits the willingness of actors to spend money. However, at

second thought this is not that simple. For instance, lower property values might incentivize other actors to buy property which might be accompanied by investment in that property. This again might resolve in higher property tax revenues for municipalities in the long term. Nonetheless, from a general welfare economic perspective, economic public interests in urban development remain a *stable rise of property values* (at least at the same rate as economic price inflation). To put it very simple, this means making decisions about spatial interventions which are in economic *demand*.

Social public interests in urban development are related to the *local collective welfare*. It is in the interest of most actors that people are satisfied with their built environment. However, it remains highly subjective to determine how satisfaction is valued by different residents. Often, government institutions aim at creating *mixed-income communities* with spatial intervention which include a combination of affordable social housing and private owned housing. But, the residents themselves might value communities differently. In a search for a home they might look at the existence of communities with a similar life pattern, household composition, equal income level, or willingness to care for the neighborhood, to name a few examples. Thus, people value social environments differently. However, once welfare levels of different residents in one area become too unequal this might also resolve in *social exclusion*. This on its turn is counter-effective to creating *social cohesion* in neighborhoods. Possible spatial interventions than could include creating *safe and accessible spaces and places* in which local residents can interact. Therefore, from a welfare economic perspective, it is in the general public interest to limit social exclusion in areas by making decisions about spatial interventions that could support social cohesion and individual freedom to access space.

In *environmental terms*, it is less difficult to determine what is in the public interest. Here, spatial quality is related to *public health*. Clearly, for instance noise reduction, fresh air, access to drinking water and electricity, and well-functioning sewers are conditions to maintain or improve the level of public health in urban areas. Additionally, it is in the public interest to develop the use of *sustainable energy resources*. These measures create opportunities for long-term environmental consciousness and reduction of emissions. Therefore, from a welfare economic perspective, it is in the general public interest to make decisions about spatial interventions that make areas environmentally friendly in that it improves or maintains the public health of its users.

This elaboration shows it is difficult to determine what public interests are in a specific area. There is always a need for an operationalization of general public interests by using specific spatial interventions.

But, from the welfare economic perspective, safeguarding general public interests in urban development, requires spatial interventions which:

- ***Increase the economic value of properties and assets***
- ***Increase the social cohesion of people and communities***
- ***Increase the public health of people and communities***

Public interests in market-oriented planning & development

Why is it important to safeguard public interests in *market-oriented urban planning* contexts? Therefore, we turn towards the 1980s, in which USA's and UK's neoliberal planning policies constituted of downsizing the role of local planning authorities by introducing private development companies aimed at stimulating market investment in urban development. These policies provided the foundations for private sector-led urban development projects as studied in this research. Despite the fact that *neoliberal development models* landed in several Western countries since the 1980s, also we saw that the emphasis on economic objectives had some downsides. *Property-led urban developments* of this period for instance show that to a certain extent social and ecological aspects of development were ignored or handled insufficiently. As a result, for instance, 1990s Third Way politics and policies in the UK, and USA to a smaller degree, sought to overcome these issues in order to create more *sustainable urban development* projects. With it, the view of *planning versus markets* changed into *planning and markets*, or even *planning within markets* (see Adams & Tiesdell, 2010). Public and private actors sought to cooperate more pragmatically rather than opposing to each other's sometimes conflicting interests. These developments mark the end of pure *entrepreneurial market-driven planning* in Western countries.

Thus, apparently, the sharp edges of market-driven urban development in the Western world have somewhat eased. However, time must tell whether this change is applicable to a global scale. For instance, interesting enough, we see that in rapidly growing countries such as China, India and Brazil and others, *market-driven urban development models* prevail. Hulshof & Roggeveen (2011) for example, indicate that governments in these countries mainly focus on creating the right conditions for economic development, in which property developers play a powerful role, and civic actors appear to be consumers only. Thereby, they adopt American and European market-driven models of the previous century, and reconstruct them to fit the local institutional contexts in which they are applied. Cities in these countries, especially in China, are rapidly expanding and densifying at an unparalleled pace in history, at their own logic, with limited interests in the ecological consequences. So it remains hard to generalize about the prevailing economic-political models on a global level. This indicates that the turn towards *collaborative planning* as described by Healey (2006) might be a sensible planning concept in the Western world. But, so far, it seems to lack substantial support and followers in planning practices in the emerging developing countries.

But who then could or should safeguard the public interests in *market-driven practices*? In our view, this depends completely on time and place, there is not one solution. Moreover, the question could be rephrased. In our view, it is not a question of who does it, as long as it is done, be it by public or private actors, or in an interaction process between both actors. This discussion relates to the increasing exchangeable operational roles of public and private actors in urban development. Hence, in the Netherlands for instance, *state-market relations* and the principle roles of public and private actors in urban planning have become somewhat defused as well. Both *institutional fragmentation* and *liberalization* have created a *public administrative paradox*. On the one hand, institutional fragmentation has created semi-public institutions and organizations (such as housing associations) through which local planning authorities delegate and share powers and responsibilities. On the other hand, the liberalization

development has created (semi-) private bodies (such as Public-Private Partnerships) in which local planning authorities take part.

As a result at the local level, the *role of municipalities* in urban development became somewhat *hybrid* and *fragmented* as well. It is not entirely clear if local authorities always serve the public good, as they also usually have a financial development stake and therefore also act entrepreneurial and more business-like. Moreover, in this period, developers further entered into the public domain, taking over tasks and responsibilities that formerly were carried out by local authorities. The Dutch concession model, as studied in this research, can be seen as an example of the forward integration of market parties in urban development projects. Also, the rise of other forms of *Public-Private Partnerships* in infrastructure and urban development must be seen in this light. These are private entities functioning under private law. Here, local authorities combine their *regulative planning function* and with *entrepreneurial (liberal) market activity*.

In our view, this *hybrid planning* and *entrepreneurial role* poses a challenge for governments to safeguard public interests. In this ambiguous (more market-oriented) situation it is hard to determine how governments can secure public interests effectively and efficiently, as trivial objectives are present within the organizations. Also, government increasingly has become part of the pluralistic society rather than being positioned as a hierarchical institution in society. This development favors to view the role of planning authorities to safeguard public interests by using a combination of hierarchical, network and market mechanisms as mentioned by De Bruijn & Dicke (2006). We believe that the role of public institutions is to secure public interests by using both *legitimate planning tools* and *accountable planning activities*. These tools and activities are related to what Adams & Tiesdell (2010) referred to as shaping, regulating, stimulating, and capacity building tools for market activity. These tools and activities can be used interchangeably for specific urban development projects. For instance, it could be the role of local public actors to include community objectives first hand by building civic capacity for urban projects. Also planning instruments such as land use plans and environmental laws can be used as regulating tools for market actors to respond to. More generally speaking, as Van Damme & Schinkel (2009: 18) argue, it is also a public interest to have a 'good functioning' market. In this case this constitutes the *land and property market*. Hence, too much intervention and overregulation will create market inefficiencies, and moreover planning failure to respond to local social, economic, ecological demand with physical supply. But also, too less intervention and deregulation will create market inefficiencies, where social and ecological planning objectives might not be achieved. So, public organizations have a *balancing act* on their hands.

But, the acceptance of a more market-oriented role for government, and the adoption of market-oriented safeguarding mechanisms, is very different from place to place. For instance, in the UK and USA, the private and civic attitude towards governments as public actors who intervene too extensively in urban planning, culturally is less accepted than in the Netherlands. In the Anglo-Saxon countries, the belief prevails that development risks should be left to the market, adopted by private companies. Governments are there to regulate markets and get their *democratic legitimacy* from being *transparent* and sincere about the decisions they make with regard to the *public good*. Nevertheless, this is done by using different safeguarding mechanisms, at least in the UK. Here, a combination of hierarchical (regulative), market and

negotiation mechanisms are used as mentioned by De Bruijn & Dicke (2006), while in the Netherlands the hierarchical mechanism prevails. In our view, this situation indicates that Dutch public institutions wish to hold 'control' over urban planning is based on the universal perspective as indicated by Charles et al. (2007). Nonetheless, Dutch national government for some years now propagates engaging the market in planning decisions. But, the question remains whether Dutch municipalities wish to engage other private and civic stakeholders to explore the definition and trade-off of public interests in specific urban projects. Hence, the question whether *private* or *civic actors* themselves could secure public interests also differs per country. There is a huge difference between operating in 'pure' market-driven planning contexts with a private sector-led land and property market such as in the UK and USA, and state-driven planning contexts with public sector-led land and property market such as Singapore for instance. Hence, also the role of local authorities in land and property development in the Netherlands fundamentally differs from these Anglo-Saxon counterparts. Whereas the role of local planning bodies in the UK and USA, roughly speaking, is restricted to a regulating land use as an administrative function, its Dutch counterparts both regulate land use and develop land. In the Netherlands, local authorities on a large scale conducted an *active land development policy*. During this research, something notable has become clear. This *active developmental attitude* of Dutch local authorities has created more dependency of Dutch developers on financial public contributions to project deficits. Therefore, innovation and thinking about committing oneself sustainably to projects has been lower than in the USA or UK. To put it into other words, the private hang towards local authorities, has underdeveloped the societal commitment of developers in projects. They have not *intrinsically learned* to effectively take care of public interests in their projects. For instance, private ownership of public space in the UK and USA at least has put developers with their nose on the tangible issues involved with what is the public good and how it can best be made accessible and manageable.

So, in our opinion it would not only be socially-coherent to engage private and civic actors in safeguarding public interests, but even a social necessity. It enables other actors to become responsible for their own built environment, and it creates incentives to realize innovative urban development concepts. Nonetheless, safeguarding public interests always goes hand in hand with market regulation. But, this regulation should be based on non-negotiable general planning standards (which provide the basic needs of civilians), and negotiable development conditions (which provide flexibilities for developers to respond too). Furthermore, in our view, by combining hierarchical, network and market mechanisms, more efficient and effective public safeguarding mechanisms for urban planning are put into place.

§ 10.1.4 Safeguarding Strategies in Private Sector-led Urban Development

So, in relation to the complex discussion above, what possibilities do public actors have to secure public interests in private sector-led urban development projects? For some direction, we return towards the strategies for safeguarding public interests as mentioned by the WRR (2000), De Bruijn & Dicke (2006) and Charles et al. (2007). Table 10.1 shows the different

categories of strategies based on the findings from these authors. For each of these strategy categories we formulate some *operational safeguarding suggestions* within private sector-led urban development projects.

WRR (2000)	De Bruijn & Dicke (2006)	Charles et al. (2007)
Rules within laws & contracts	Hierarchical mechanisms	Universalistic approach
Strengthening institutional values	Network mechanisms	Stakeholder approach
Market actor competition	Market mechanisms	Institutionalist approach

Table 10.1
Strategies for safeguarding public interests

Hierarchical strategies: Using existing rules within laws & contracts

First, the simplest strategy to safeguard public interests is the use of *hierarchical rules*. These rules can both be made under public or private law. In Dutch public law already several options for hierarchically safeguarding public interests exist. Some of the legal public planning instruments include *land use plans* (Dutch: bestemmingsplannen), *pre-emption rights* (Dutch: Wet Voorkeursrecht Gemeenten) and *expropriation* (Dutch: onteigening). These public instruments give municipalities substantial powers to limit the development of land. Here, some clarification of Dutch *property rights* must be given. As Hobma & Schutte-Postma (2011) argue “in the Netherlands, the right to develop the land is linked to ownership of the land. The owner of the land is the one who has the right to realize building plans for that land.” Nevertheless, local authorities by means of public law can limit the possibilities to develop one’s own land: “The right of the owner to develop the land only exists within the public law limitations of the municipal land use plan” (Hobma & Schutte-Postma, 2011). Thus, land use plans restrict (private) property rights; land can only be developed once it is in accordance with municipal planning policies usually presented in land use plans.

Moreover, another hierarchical mechanism form is the use of the *pre-emption right*. According to Hobma & Schutte-Postma (2011), “municipalities can establish this right on a piece of land (prior to development) if they believe it is important enough to be developed for future purposes.” Thus, if landowners aim at selling this land they first have to offer it to local authorities and not to interested market actors. Another more rigorous form of hierarchical planning instrument is the *expropriation*. Other than using land use plans, expropriation takes away the property of the owners. “Expropriation may be used as an instrument if the government needs ‘absolute use’ of real property for the general interest and no agreement with the owner can be reached” (Hobma & Schutte-Postma, 2011). Thus, it can be used as an instrument to safeguard public interests as well. Expropriation finds Anglo-Saxon equivalent in UK’s *compulsory purchase orders* and USA’s *eminent domain*. Nevertheless, we consider expropriation as a hierarchical safeguarding instrument of last resort. It may threaten the relationship between public and private actors.

Nonetheless, these hierarchical instruments also provide opportunities to compensate or reward private developers. For instance, *planning permission* is given to developers as a reward or right to develop projects. This permission is issued once developers have handed in planning applications which are in line with the land use plan. Moreover, under Dutch law *financial compensation* has to be given to a (private) owner whose land or property has been taken away by using expropriation. Thus, local authorities can at least rely on using some hierarchical mechanisms to safeguard public interest.

In our opinion, private law provides more room to link hierarchical mechanisms with network and market mechanisms in safeguarding public interests. Area-specific *spatial quality plans* (Dutch: *beeldkwaliteitsplannen*) and *development briefs* are such examples. In these instruments, fundamental questions about what is considered as public interests must be answered. Hence, these plans should incorporate the *non-negotiable (public) planning standards* for private actors to work with. These standards could be represented in a public brief for a tender, in which local authorities formulate *spatial requirements*. In our opinion, it is the role of planning authorities to indicate the minimum conditions for developing urban projects. An effective way to determine these interests is to look at them from a spatial sustainable point of view, thus incorporating and interlinking social, economic, and environmental objectives. These non-negotiable standards can be established solely within intra- and intergovernmental planning processes. However, in order to avoid 'overregulation' by governments and the inability to align these planning objectives with market demand, project specific operationalization of objectives must be encouraged.

Therefore, we turn towards *contractual arrangements* between public and private actors in private sector-led urban development projects. This involves determining *negotiable development conditions* by local authorities, and allowing room for enhancing objectives of both private and civic actors in a negotiation process. Here, in order to serve the public good at a certain place at a certain point of time, development contracts principally need to be constructed with the involvement of these actors rather than imposed on them. Why otherwise would we position these contracts under private law in the first place? In public-private negotiation processes to reach development consensus, actors than are able to explore and define what the public interests of the project involves and decide how this best could be delivered under what conditions. English Section 106 agreements as *developer contributions* for instance are prime examples of instruments that serve the public interest of a place. Interestingly here hierarchical mechanisms are combined with network mechanisms as De Bruijn & Dicke (2006) like to call it.

Network strategies: Strengthening institutional values of actors

Second, we strongly support the view of the WRR to strengthen the *institutional values* and norms of an organization taking care of the public interest. But, a crucial condition here is that this requires local authorities to give room to private developers to develop these institutional values as well. Here, it is necessary for local authorities to accept and to see that private organizations increasingly become aware of their societal task. But this task is not completely carried out on the basis of ideology, but on the simple *market logic* of making a profit. Without producing *sustainable developments* they will 'price themselves out of the market'; other private competitors who respond to such sustainable requirements most likely will be granted projects more often.

The strengthening of these institutional values in private sector-led urban development projects can be supported by local authorities by introducing *financial or development incentives* for developers for instance. Hence, once developers realize or aim to realize (more) functions that are within the public interest, public actors can do something in return. For instance, in the Seattle South Lake Union case in the USA (see Appendix III), the planning authority decided on an up-zoning for the area, as the developers wished to create more public space at ground level. Actually, established zoning codes for the area set by the planning authority, as a result of their rigid nature constrained the developer to create room for such public parks and plazas in the first place. By using the public zoning instrument, both the developer could get a better financial return, and the local authority could benefit from the private investment and delivery of new public realm. Thus, by redefining their rigid hierarchical zoning conditions, thereby aligning them with 'what the market demanded', the local authority could safeguard public interests.

So, here it is the *active interaction* between both actors that can strengthen the institutional values and norms of the actor that is taking care of the public interests. Also, the public incentives can be accompanied by *performance indicators* who measure to what extend developers deliver on these public interests. For instance, *Societal Cost Benefit Analyses* (Dutch: Maatschappelijke Kosten Baten Analyse: MKBA) can be seen as examples of these performance indicators. Actually they also can be considered as development conditions. They require private actors to become responsible for delivering public functions, they are judged on their performance. However, it remains crucial that both actors during negotiations decide on these performance indicators. Then, these indicators could create the necessary *market transparency* as well. Local authorities could demand these performance indicators to be published. Furthermore, these indicators enable local authorities to issue (*financial*) *claims* once developers do not deliver according to agreed conditions. However, these should be used as last resort, in order to establish or maintain a trustworthy public-private relationship. Hence, here a combination of both network and hierarchical mechanisms could result in safeguarding public interests.

Market strategies: Creating competition between market actors

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Third, there has been an interesting new legal construct that might be beneficial for the *competition between private actors*. This is the *competitive dialogue* (Dutch: concurrentie-gerichte dialoog). It is a *tender procedure* made under public law which might result in a contract between public and private actors. This contract might eventually result in a concession agreement in which local authorities give planning permission to a selected developer. In a competitive dialogue a local authority invites different private developers, or private consortia through a tender procedure, to enter into a public-private dialogue about the common intentions to develop the area. By arranging a competition between different private actors, and by combining this with a *public-private negotiation process*, it is possible to determine what plan could serve the public interest best. Furthermore, here developers intrinsically become aware of their societal tasks, as the plan that will be chosen by the local authority often is the one that incorporates the 'best public interests' as well as financial returns for local authorities.

Despite the fact that competing private developers put in finance upfront without the certainty of being granted the concession, we do think this competitive dialogue is a very welcome instrument to safeguard public interests. Moreover, a competitive dialogue is built upon the *market competition mechanism* combined with both network and hierarchical mechanisms. First, it actively supports the whole purpose of competition as a market mechanism to create the '*optimal*' *spatial product*. Second, this is done in a *project-oriented negotiation process* in which public and private actors by jointly collaborating can deliberate about and define the public interests for the site, thereby institutionalizing public values in private organizations. And third, it might eventually result in a (hierarchically issued) planning permission for the actor whose plan proposal meets the public interest requirements best. Hence, this instrument could well be applicable in the tender stage of private sector-led urban development projects. Especially when the site is characterized by public land ownership, often present in inner-city development projects.

Also, in our opinion, a very effective safeguarding mechanism is to introduce *private and civic ownership* of land or property. This creates a commitment of actors to their own built environment, which is the ultimate form of institutionalization of public values. The conditions under which ownership is transferred from public to private or civic actors are negotiated within *contractual agreements*. Here, actors can reach consensus about the level and frequency of maintenance of public space for instance. Hence, as mentioned in Section 8.3.2 this is easier said than done in the Netherlands. However, local planning authorities in our opinion should relax their controlling attitude on public spaces once developers or citizens have the ambition to maintain these places themselves, as they always have to opportunity to pose public conditions in contracts. Thus, by letting private and civic actors become responsible for maintaining and operating public space, local authorities can also institutionalize public values.

§ 10.1.5 Safeguarding Instruments for Private Sector-led Urban Development

To make these elaborations more usable for local authorities, we constructed Figure 10.2 which shows instruments public actors can use to safeguard public interests in private sector-led urban development projects. Hence, insight into already existing safeguarding instruments from a *public actor perspective* seems of great importance. Some local authorities seem not to be aware of these existing possibilities within private sector-led urban development projects. In our opinion, the assumed lack of public control (Dutch: *regie*) or public steering (Dutch: *sturing*) on public objectives and safeguarding public interests is a *misconception*. For instance, legal land use plans always function as safeguarding mechanisms. Nonetheless, in line with the arguments in this section, social responsibilities adopted or institutionalized by private actors seem crucial for the successful safeguarding of public interest as well.

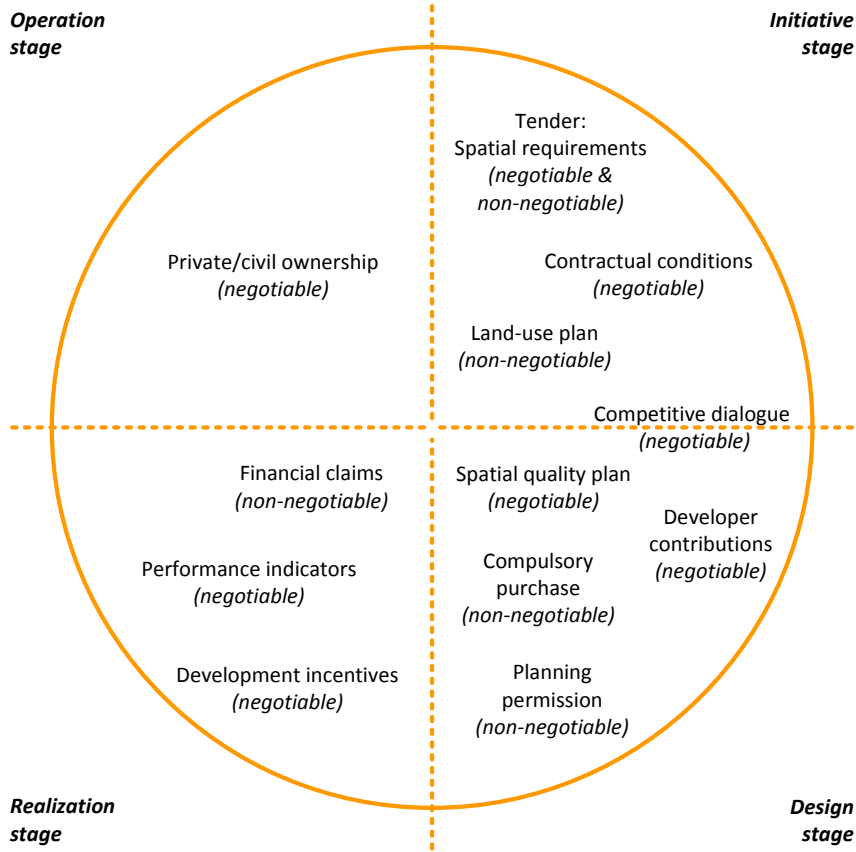


Figure 10.2
Instruments for safeguarding public interests in private sector-led urban development

Negotiable & non-negotiable instruments

Importantly, Figure 10.2 shows that each *urban development stage* (initiative, design, realization and operation) has different opportunities. It shows that local authorities in collaboration with others can use a wide variety of safeguarding mechanisms in different stages. Hence, for each instrument we indicated whether these are *non-negotiable* or *negotiable instruments*. In essence, non-negotiable instruments are tools made under public law, relating to hierarchical mechanisms (e.g. land use plans, planning permission). Negotiable instruments are subject to market involvement and negotiation processes made under private law, relating to market and network mechanisms. This involves negotiations between actors, and asks *professional negotiation skills* of public actors.

Thus, in our opinion, there are many possibilities to safeguard public interests in private sector-led urban development projects. What is left is the question whether the wide variety of possibilities is going to be recognized and used consciously by local planning authorities, and intrinsically adopted by project developers, in the future Dutch urban development practice.

§ 10.2 Alternative Financing Instruments

It is widely acknowledged that, in many development practices around the globe that property investment in urban development has changed radically as a result of the international credit crisis and economic downturn (see Parkinson et al., 2009, PwC & ULI, 2012). Hence, the current economic climate and liquidity position of developers puts the financing of private sector-led urban development projects in an entire new spot light. It can be doubted if such an approach remains feasible in current development practices, especially in the Netherlands. Although several arguments point in the direction of a more sustained position of developers as prime investors in urban developments (see Chapter 1), current reality challenges this view.

Therefore, central to this section is the question: What if the private sector is unable to secure investment for private sector-led urban development projects? Are there any promising alternative financing instruments available that are in line with private sector-led urban development principles?

§ 10.2.1 Current Economic & Financial Reality

As mentioned in this dissertation by some professionals, private sector-led urban development approaches with substantial upfront investments seems to be conditioned by *favorable market circumstances*. Favorable circumstances lower development risks for private developers and investors. To put it into other words; private investment and finance only commences and can be secured for urban projects once there is enough demand for housing, offices, retail etc. At the moment, this is not the case. Moreover, the current crisis on the *office market* (over supply and vacancies) and *housing market* (decreased transactions) make matters worse and are a cause of decreasing development demand. Hence, the immediate result of such decreasing demand is that several urban development projects in the Netherlands started before the crisis face *financial feasibility difficulties*. Projected future revenues from both public actors (land revenues) and private actors (real estate revenues) in a lot of cases will not be obtained. In a nutshell, both public and private actors in their traditional land and real estate development calculations have 'over-valued' their future revenue projections. A lot of vacant land will not be developed (yet) and the completion of real estate will take place at a slower pace if completed at all. This has resulted in severe *financial liquidity difficulties* for both public and private organizations.

For municipalities, Deloitte (2011a; 2011b) has carried out studies which point towards the *possible bankruptcies of Dutch municipalities*. This is a result of increased land rent costs and delays in land sale revenues of the public land development agencies often based on active land development policies. For some municipalities such as Apeldoorn (see Van den Berge et al., 2012) the financial situation is indeed worrisome. As a result of land speculation for future development, the municipality faces a €200 million deficit. Therefore, public actors

might become more reluctant to participate financially in urban projects on pre-crisis levels, as they could be legally restrained to participate in such risk-bearing projects by financial and legal supervisors.

Because of the current status of Dutch municipalities and the nature of this research, this section mainly focuses on the role of private developers and possible alternative private financing instruments in line with the principles of private sector-led urban development projects. Here, private actors provide the development finance and take on subsequent risks, and local authorities facilitate such constructions. However, at the moment the financial position of project developers is less different from municipalities. Although no hard statistics are available about the financial position of Dutch project developers, in practice several signals can be distilled about their financial position. For instance, several developers already have gone bankrupt, and firm mergers can be noticed. Moreover, developers in the Netherlands that avoided *bankruptcies* have made significant *cutbacks*, in both development assets (land & property) and personnel. Also, according to research carried out by Deloitte (see Luijten, 2011b: 52) Dutch developers nowadays have less shareholder capital or *private equity* (Dutch: eigen vermogen) and 'light' *balance sheets* (Dutch: balans). Otherwise, they would have to generate more *turnover* and *returns*, which is a serious task in the current economic climate. Thus, also shrinking availability of private equity from developers certainly dangers the financing of private urban development projects, at least at the moment.

Moreover, especially since the economic recession started in 2008, it has been difficult for project developers to obtain the necessary investment from banks in terms of *credit capital* (Dutch: vreemd vermogen). *Bank loans* are not provided easily by investment banks as their risk management has increased. In this regard, the unpredictable real estate sales in urban development projects are seen as serious risks. For instance, in the *2011 Urban Investment Network Summit* organized by *Urban Land Institute Europe*, European Project's Directorate Mariana Ruiz Alvarado from the European Investment Bank unmistakably assured the audience containing private developers and investors that bank loans as development investment will continue to be withheld: "We are a bank and we want our money back, and this situation will continue." Therefore, at the moment, and probably during the continuing recession, bank loans as credit capital for urban development projects (and developers) will not reach pre-crisis heights.

In more general respect, *urban development investment models* with short-term return horizons (that is aiming at returns upon project delivery) that have been used for decades, have become under pressure under these economic circumstances. Joe Montgomery (CEO ULI Europe) at the 2011 Urban Investment Network Summit argued that large amounts of *upfront private investment* at the moment in the UK for instance have had their time. *Section 106 agreements*, as such attached to development agreements in urban projects, in which local planning authorities require large amounts of financial development contributions for public functions, are no longer seen as realistic: "These types of finance options are drying out, and this is continuous." Thus, this puts not even the finance of private development projects under pressure; it also affects achieving public planning policy objectives; public authorities are faced with both serious public cutbacks and less private contributions, leaving them with fewer opportunities to invest in public works. Notice that in the Netherlands, guidance for alternative investment models in urban development also has been published by the Ministry of Infrastructure and Environment (Peek & Van Remmen, 2012).

In short, the current private investment dead-lock requires rethinking which alternative financing instruments are suitable to finance private sector-led urban development projects.

Completely understandable, at the moment, the appetite from Dutch developers for financially risk-bearing private concession projects has hit rock-bottom (De Zeeuw in Luijten, 2011c: 31). Thus, can we forget about the *concession model* as private sector-led urban development model? We do not think so. We believe there is a challenge to find *other financial sources and business models* which do not oppose the principles of this type of development projects on the one hand, and which can be seen as welcome additional and strengthening options on the other hand. Here, we explore some of existing and promising alternative financing instruments for private sector-led urban development projects.

§ 10.2.2 Promising Alternative Financing Instruments

New financing instruments for urban development projects in the Netherlands have the attention of several practitioners (e.g. Van Rooy, 2011a; Agentschap NL, 2012) and academics (e.g. Muñoz Gielen, 2010; Van der Krabben, 2011a). Most profoundly, in current Dutch urban development practice, one notices an increased interest in **demand-driven development strategies** (see Section 4.1.4), which includes:

- **Bottom-up development initiatives;**
- **Value-oriented development strategies;**
- **Development phasing through partial plans.**

Investment Strategies	Level 1	Level 2	Level 3	
Financing Mechanisms	Council funding	Event hosting	PPP	Temporary investment grants
	State funding	Mixed / cluster, infrastructure development	Commercial loan	Congestion / toll charging
	City investment facilitating body	Private (property) developer	Venture capital	Bond / bullet finance
	EIB / EU funding	Investment strategy / portfolio	Value capture	Lottery funds
	City development strategy		Tax / fiscal incentives	Build operate transfer

Table 10.2
Investment strategies & financing mechanisms for urban development (based on Clark & Huxley, 2009)

Moreover, others have even proposed to fundamentally reorganize the Dutch land market by uncoupling land ownership from development rights and rethinking land valuation (see Steeg & Hutten, 2011). Some strategies may be feasible risk controlling solutions for current of development projects (development phasing). Others focus on structural financial reorientation (value-oriented strategies) or institutional reformation (land market). But, this

remains to be seen, and such fundamental reorientations and reformations extend the scope of this research. Therefore, here we look at alternative financing mechanisms for private sector-led urban development projects currently available and used in practice. In our opinion, Clark & Huxley (2009) in an Urban Land Institute report about the investment gap in European cities have contributed interesting insights for investment alternatives for development projects. They developed *investment strategies*, which moreover are divided into *three levels of action* containing different *financing mechanisms* (see Table 10.2).

Table 10.2, constructed on the basis of Clark & Huxley's work, shows the investment strategies *levels of action* which we consider to be most relevant and useful as *additional financial mechanisms* for private sector-led urban development projects. Table 10.2 shows that especially level three investment strategies provide possible financing alternatives for the 'level two' private developer investment strategies. Hence, according to Clark & Huxley (2009: 31) "level three sees the private sector taking a stronger leadership role." Thus, this is perfectly in line with the private sector-led approach; these strategies are less based on private equity and bank loans but on other investment forms. Especially *tax/fiscal incentives*, *temporary investment grants*, *lottery funds*, and *build operate transfer* are possible alternative tools. Moreover, recent trends in urban development practice show increased interest in the *crowd funding* or *crowd sourcing* development projects (see Freund, 2010; Brabham et al., 2009). In our opinion, this aligns with the current societal trend towards thinking about extending the *ownership and shareholding of goods* within institutions towards the private and civic domain. We also see possibilities to extend the established financing methods mentioned by Clark & Huxley, with *urban development trusts* in relation to the increased importance of maintaining our built environment (see Peek, 2011). Moreover, *Business Improvement Districts* (Dutch: Bedrijven Investerings Zone), and *urban reparcelling* (Dutch: stedelijke herverkaveling), seem to fit in with alternative private financing methods for urban development areas. Let us clarify these alternative financing options for private sector led-urban development projects.

Tax Increment Financing (TIF)

According to Clark & Huxley (2009: 31), "a *tax incentive* is the deduction, exclusion or exemption from a tax liability, offered as an enticement to engage in a specified urban activity such as real estate development for a certain period. A fiscal incentive involves the use of government policy (often financial) to reduce the cost and risk of investments in a given area or for a given project." This reduction of upfront investment costs for development projects for property developers might be an alternative finance instrument for private sector-led urban development. For instance, *Tax Increment Financing (TIF)* is a method to use future tax gains to finance current development improvements, which at least theoretically will create the conditions for those future gains. The idea behind TIF is that an urban development project, once completed, often results in an 'incremental' increase of the value of the surrounding real estate or properties. This increased property value can be beneficial for the property tax income of local authorities.

In essence, municipalities can decide to issue a TIF on a development area, for which they offer a *municipal bond* (Dutch: gemeentelijke lening) to cover the development finance gap of private developers. This bond than is based on future gains expected from extra municipal

property taxes (Dutch: onroerende zaak belasting). This increase is a result of the development or improvement of the area over a certain period of time. Thus, effectively TIFs can be regarded as public subsidies for developers with a long-term financial return for local authorities themselves. However, the municipal bond often is provided to a developer once they take on the risk of this loan. This risk involves the possibility that the amount of calculated future taxes will not be achieved in reality. Hence, property developers on their turn can insure these financial risks. As a principle, TIFs could be alternative financing instruments for unviable private sector-led urban development projects.

According to Van der Krabben (2011a) TIFs are used regularly in the USA to finance urban development projects. And at the moment it is used as an experiment in to finance urban regeneration in the UK (Hagendijk, 2011; Squires & Lord, 2012). But does this mean it can be easily used in the Netherlands as well? Hobma & Schutte-Postma (2011) argue that new urban development projects in the Netherlands in which TIFs have been issued are very rare. This has everything to do with the *limited powers* of Dutch municipalities to levy *local taxes*. This is in contrast to the USA, “where municipalities often add a municipal sales tax to State sale taxes” (Hobma & Schutte-Postma, 2011). Moreover, Hobma & Schutte-Postma (2011) argue “again contrary to USA practices, new developments in the Netherlands are not made attractive for developers and investors by exemption or reduction of local taxes.” Therefore, in this respect, Hobma & Schutte-Postma (2011) conclude that “tax is not an instrument that is used in the Netherlands to promote urban (re)development.”

Hence, despite the fact that Tax Increment Financing mainly is a tax incentive for local authorities on a long-term basis, and not a tax incentive for developers as they do not receive any tax reduction on a short-term basis, it does provide a direct *financial incentive* for private property developers. Public funding with TIFs might reduce a private financing gap of private sector-led urban development projects. In that sense, they can be seen as any other public development subsidy. Moreover, by means of the *accountability* of private actors to deliver improvements and thereby increase the property values in general, private and public actors could become more financially committed to urban development projects. This partially solves the ‘we against them relationship’ issue mentioned earlier in this research as both actors have a stake to minimize costs and to aim for value increase.

Then, can TIF be applicable for private sector-led urban development projects in specific? We have to be cautious with TIFs as an alternative financing method for these kinds of projects. There are serious risks in not achieving the expected future tax increase under current economic circumstances, as property values not necessarily always increase. Furthermore, Hagendijk (2011) argues that the effects of area-targeted TIFs on surrounding areas are a point of interest, at least for municipalities. Also, Hagendijk (2011) argues that TIFs are only usable in areas with evident market demand. Moreover, TIF opponents (see Clark & Huxley, 2009) argue that capturing tax increment and directing it to repay the municipal bonds might obstruct the increased need for financing the future provision of public services in the TIF area. However, this last argument fails in private sector-led urban development projects. Here, it is private actors who can provide these public services, and finance has to be sought for this from private resources. Nonetheless, future examples of TIFs in the Netherlands have to reveal if it really is an alternative financing instrument.

Temporary Investment/Development Grants

Clark & Huxley (2009: 31) argue that this involves “the issue of a financial award to a deserving applicant for the delivery of a development project.” These *investment or development grants* can be seen as ‘discretionary’ grants which can be used by central government or local authorities to promote and realize certain planning policy objectives. For instance, this can involve the government funding for development projects and programs which aim at revitalizing derelict neighborhoods, building sustainable urban areas, creating jobs for the community, reinvesting in underused city center locations, and so on. Thus, in general, criteria apply for project developers to obtain these public investment grants. In essence, these *policy-oriented development conditions* provide opportunities for public actors to realize planning ambitions on the one hand, and provide project developers with temporary additional financing opportunities for the project at hand.

Moreover, these investment grants provide opportunities to align various public and private interests. Although local authorities in the current economic climate have difficulties to provide such grants, they should consider issuing these grants to developers who aim at developing ‘publicly prioritized’ urban areas. However, in the light of the upfront investment gap, I consider it crucial to pay an agreed amount of the ‘*financial award*’ for developers at the outset of the development, which forms a development incentive. Otherwise, this additional financing option will fail to reach the aim of kick-starting such developments. Upon completion of the project, when results are monitored by public organizations, developers may receive the remaining portion of the investment grant, according to the extent at which they contributed towards delivering the aims as stated.

Lottery Funds

According to Clark & Huxley (2009: 31) this involves “funding from the purchase of lottery tickets by the general public is utilized to deliver beneficial development projects. The general public are incentivized by cash prizes.” Hence that Tallon (2009: 75) argues that a lot of 1990s regeneration schemes in the UK have been funded by National Lottery funds. Importantly, and in contrast to investment grants, these *lottery funds* are provided by civic institutions primarily which have links to both public and private organizations. Therefore, they provide opportunities to cross-finance both civic and public or private development ambitions. For instance, Hall (2001) noted that in the UK “around 10,000 millennium projects were funded by a combination of National Lottery and private sector funding across the areas of heritage, culture, arts, sports, the environment and community regeneration” (in Tallon, 2009: 75). An example of this type of additional financing is given in Chapter 6 with the extensive description of Bristol Harbourside case.

In essence, lottery funds thus provide opportunities to deliver *public functions* to be used by the general public, and simultaneously they serve as additional investment gap bridging mechanisms for project developers as well. On the longer run, once these public functions are realized, they might even result in a mixed-use development scheme. Such an integrated scheme on its turn might benefit the private real estate values of commercial offices and retail. This increases the long-term investment returns for developers, once they become the owners of real estate assets after project delivery. In our view, therefore, lottery funds are a very

welcome *multi-goal-oriented financing mechanism* for private sector-led urban development projects. Furthermore, local authorities can be involved to secure these funds, while no public funding on the decreasing public planning budgets has to be made.

DBFM / Concession 'Light'

Clark & Huxley (2009: 31) argue that *Build Operate Transfer* (BOT) is "a type of arrangement in which the private sector builds an infrastructure [or urban development] project, operates it and eventually transfers ownership of the project to the government. Timescales are agreed by both parties and usually allow for the private sector operator to realize a reasonable return on its initial investment." As such, in our opinion the BOT does not classify as an additional financing opportunity for private sector-led urban development projects. It rather can be seen as a variant of this type of urban development projects (without private 'Design') which still is based on large amounts of upfront private investment.

Therefore, I propose to look more closely at related private sector-led models used in infrastructure provisions such as *Design Build Finance Maintain Light* (DBFM Light), which does not require upfront private investment. Van Heijst et al. (2011: 2) in a report from Twynstra Gudde argue that this innovative contractual arrangement can ease financial pressures in all kinds of projects. DBFM Light refers to a lighter version of the commonly used DBFM contracts. According to Van Heijst et al. (2011), one of the most important conditions for using DBFMs for projects is that they require a substantial amount of financial investment. For instance, in general, DBFMs are not considered as investment options once the infrastructure project's financial sum becomes lower than the so-called 'threshold sum' (Dutch: drempelbedrag) of €60 million. However, on the contrary, Van Heijst et al. (2011) argue that examples in practice show that also for smaller development projects DBFMs can be used once they are based on financial incentives. Moreover, taking into consideration the tendency towards a decreasing scale and increasing phasing of urban development projects with the aim of lowering financial risks, such a DBFM Light approach might be worthwhile to consider as an alternative for urban concession projects.

But what actually is a DBFM Light, how does it work? Van Heijst et al. (2011: 4) argue that the difference between DBFM and DBFM Light is the extent to which private finance is necessary. In essence, here the amount of private finance is limited; public actors pay private actors an *upfront total investment costs percentage* (often 20%) and *periodical maintenance costs* (every quarter of the year). Moreover, in the DBFM Light private finance not only is limited, private actors work on the basis of the financial incentive of public actors paying the greater part or *remaining total investment costs* (often 80%) once the project is delivered. Nevertheless, in fact the remaining total investment costs still require a private upfront investment (with private equity and/or credit capital), but they have been reduced to for instance 80% as governments pay the remaining 20%.

Therefore, both actors create *financial interdependencies* and *project commitment*. On the one hand, private developers in the first place face less investment costs, and second rely on the remaining investment costs payment at project delivery. On the other hand, first DBFM Light functions as a guarantee for public actors that the project is delivered under the conditions and *performance indicators* agreed upon contractually by both actors, and second it creates public project commitment as public money is involved as well. Hence, important to notice

is that DBFM Light requires the private actor to carry out maintenance work up till the period of project delivery. In urban development concessions that would include managing public spaces and delivering infrastructure. To cover the *periodical maintenance costs* for the public realm public actors pay private actors an *availability fee* (Dutch: *beschikbaarheidsvergoeding*). Moreover, this can solve the reoccurring issue in the studied concession model cases in this dissertation; the delay of delivering public realm functions in the same time frame of the (finished) real estate or housing development. Here, developers get a financial incentive to cover these costs once they deliver according to the performance indicators. Therefore, they probably become more willing to carry out this (non-profitable) work. Also, an additional reason might be that private actors can internally decide to use parts of these periodical maintenance fees as finance for delivering their real estate. In conclusion, Van Heijst et al. (2011: 10) argue that DBFM Light has some *advantages*:

- Increase in public and private project management/control;
- Private finance optimization and project chain integration;
- Periodical financial incentives for private actors to deliver public functions;
- Decrease of transaction costs;
- Simplified organizational structures;
- Compact, recognizable, simplified contractual agreements.

In our view, however, these advantages can only be achieved once the concession projects are relatively *small scale*. For these urban development projects, this could involve giving '*partial concessions*' to different developers for given areas within the entire development. Moreover, DBFM/Concession Light still requires private investment, which as we debated is limited in this period. But credit capital for developers could well be provided more easily by banks once public actors to some degree guarantee their involvement in DBFM/Concession Light projects as well. This requires public and private to fully understand the importance of reaching agreement on (parts of) projects that are manageable and relatively small scale. Also, it requires financial guarantees from local authorities. Once this is the case, we consider DBFM/Concession Light to be a welcome financial investment alternative for private sector-led urban development projects.

Crowd Sourcing/Funding

With regard to the limited private and public financing options, and the increased commitment of civic organizations and individuals to their built environment, it can be considered a logical option to include additional civic funding. *Crowd sourcing or crowd funding* are such instruments currently used for some small-scale development projects worldwide. According to Howe (2008), crowd sourcing is "a new web-based business model that harnesses the creative solutions of a distributed network of individuals through what amounts to an open call for proposals." Crowd funding than is considered as an integrative part of crowd sourcing, in which civic actors financially contribute to a development and thereby become shareholders of the project as well. Thus, by introducing the *shareholder incentive* private actors might attract additional funding. Moreover, as Brabham (2009) and Freund (2010) argue, crowd sourcing or funding can be seen as an active *public participation process* which *stimulates innovation* in development projects. According to Brabham (2009), public involvement with the built environment can

be increased effectively by using crowd sourcing. The collection of the public interests through an open source medium enables public planners and private project leaders to “harness collective intellect among a population” Brabham (2009: 242). Crowd sourcing can be seen as an effective “distributed problem solving and production model for business”, which simultaneously can be seen as an “appropriate model for enabling the citizen participation process in (public) planning projects.” Furthermore, Freund (2010) argues that crowd sourcing as an instrument can bridge the barriers between economy and sociology. They become interrelated elements for development projects rather than opposing elements constantly under consideration for trade-offs.

However, crowd funding as part of private sector-led urban development projects requires a more “open character of the business model and network-like interactions between multiple parties in the process of innovation” (Freund, 2010: 106). In this regard, Straub (2012) argues that crowd funding is merely a *co-creation technique* that can be used to steer upon more fundamental value-creating firm-consumer (or private-civic) relations in specific demand-driven development contexts. Straub (2012) identifies that throughout a development process not only stakeholder participation but engagement is necessary to effectively apply co-creation. Straub (2012) indicates that several success factors for constructive private-civic co-creation relations and processes have to be taken into account. For instance, this requires developers to rethink their often ‘closed’ development models, becoming more transparent in their actions. Moreover, civic actors as shareholder become owners of parts of the development as well. This might include public functions or elements such as bridges, parks, streets and the like. For local authorities in concession projects this involves providing flexible guidelines for civic organizations to maintain such public functions.

Therefore, in our view, at least crowd funding can be used within small scale private sector-led urban development projects in neighborhoods and brownfield sites. It can be questioned whether crowd funding raises substantial investment to finance large urban development projects. Also, one can question fundamentally if crowd sourcing as a civic-oriented development concept can actually be part of private sector-led urban development projects. Nevertheless, the only main difference would be that the public sector, after it has become the owner of public space upon (private) project delivery, would transfer the maintenance of public functions to a ‘civic crowd organization’ through a maintenance contract. Thereby, civic actors can effectively increase the economic and social value of their homes, workplace and surroundings. Moreover, private actors are released from some of the upfront investment difficulties for private sector-led urban development projects. And public actors are released from some of the maintenance costs for the public realm.

Thus, by using crowd sourcing as a *public participation and engagement tool* and crowd funding as *additional financial investment* for urban development projects, private organizations can develop more *innovative products* (urban areas), become more *innovative organizations*, and use *civic credit capital* instead of bank credit capital to finance projects.

Urban Development Trusts

Another interesting example of private sector financing is the *urban development trust* (Dutch: gebiedsfonds). According to Peek (2011), urban development trusts are finance models which align with the increasing urban development emphasis towards redeveloping, investing, managing and operating the existing real estate stock in a more comprehensive manner. As a concept, urban development trusts can be seen as a vehicle which collects finance from different sources and uses them as for certain purposes. Peek (2011: 24) argues that with urban development trusts, “land and property development and the following real estate operation are linked to the development and operation of public utility functions [like energy and water] and [private] park-management services.”

Thus, urban development trusts combine a *short-term finance* of urban development projects with a *long-term investment* perspective. ‘Additional’ private finance from investors for instance than could be used to finance private sector-led urban development projects. Moreover, these private investors could also be attracted from other sectors, such as the energy, water and health care sector. Thereby private finance can be extended beyond traditional private developers and investors. A great advantage of this approach is that also large scale private sector-led urban development projects could be started. Hence, the business and investment models of private *energy and utility companies* require a substantial development mass and function mix in order for urban projects to become feasible business cases (Van der Post, 2011). Therefore, only large scale urban development projects seem to benefit from urban development trusts with energy and utility companies.

Note that, in essence, in our view urban development trusts embrace the changing emphasis towards more demand-driven developments in which private users and investors financially commit themselves to an urban area under development for a longer period. Note, already in the Liverpool One case (Section 7.3), and in the inspirational lessons learned from the UK (Section 8.3.1), we concluded that *development investors* rather than construction developers have opportunities to overcome the harsh profit return margins as a result of large amounts of private upfront investment. Hence, in urban development trusts, this upfront investment is being shared by several private companies which releases the financial burden of each individual trust holder, while private ownership of different goods are divided amongst the different stakeholders. Therefore, in our view, this model potentially could be seen as a private financing instrument.

However, also some disadvantages of the urban development trust potentially exist. Peek (2011: 24) for instance argues that on the one hand this business model might well result in less *sales risks* and more *integrated quality* through the widening of the business model. But, on the other hand, urban development trusts require parties from different sectors who hardly are familiar with each other to collaborate with one another. Supposedly, this is the biggest challenge for the cooperating private stakeholders in private sector-led urban development projects. Hobma (2011) for instance indicated that effective and efficient collaboration and all its related soft factors can be seen as the success factor in urban development projects. Therefore, it requires a *mentality shift* in the development sector and substantial *transition time* for organizations and positive *cooperation experiences* for the urban development trust to become a mature private financing mechanism. It remains to be seen whether this will take root in the current economic climate, in which most private banks and developers seem to avoid innovative but risk-laden development strategies.

Business Improvement Districts

Business Improvement Districts (BIDs) are areas that receive government assistance for private investment in local business environments. As explained in Section 6.3.2, within BIDs essentially the private sector provides public goods in the city center, and takes over some of the functions formerly provided by the state. Tallon (2009: 99) explains that “street cleaning, street furniture and security are provided through a *supplemental tax* (Dutch: OZB-toelage) paid by the private sector business in the BID which they impose on, administer and spend themselves.” Hence, the overall aim is to boost the BID’s local economy. These BIDs are predominantly found in retail spaces, office parks, and business areas (Dutch: bedrijventerreinen). Here “businesses have an interest in improving the appearance and safety of an area” (Tallon, 2009: 99).

Thus, BIDs are in line with the principles of private sector-led urban development projects. Moreover, in specific, BIDs form opportunities to finance the redevelopment of existing urban areas based on local businesses and private entrepreneurs. Moreover, Agentschap NL (2012) indicates that BIDs (Dutch: Bedrijven Investerings Zone, BIZ) are used already as financing constructions for urban development in the Netherlands (Hengelo, Bergen op Zoom, Rotterdam). Furthermore, the Dutch national government is willing to experiment with BIDs as they issued an ‘Experimentenwet Bedrijven Investerings Zones’. This law enables local businesses to co-finance the improvement of clean, safe and quality public spaces through a *business trust* (Dutch: ondernemersfonds). Local authorities assist local businesses in establishing such business trust. Public and private actors need to reach agreement on the height of the supplemental tax that is collected by the local authority and directed towards the business trust. Then, local businesses realize the improvement plans themselves based upon a commonly agreed upon maintenance plan.

Despite the fact that private entrepreneurs and businesses stand at the base of the finance of area improvements, BIDs are a limited alternative for financing private sector-led urban development projects. Hence, BIDs most often deal with improving existing areas, focused on maintaining public areas. This limits the possibilities for using BIDs to (re)develop new urban areas. Moreover, BIDs often involve specific mono-functional objects such as *retail and business parks*, which might limit the applicability for mixed-use developments. Nonetheless, the incentive of improving urban areas, thereby being able to attract consumers and tenants, increases the establishment of stable cash flows for businesses. Moreover, for municipalities, BIDs remain cost neutral and might even reduce overall public service costs, and simultaneously provide opportunities to improve areas under public conditions.

Urban Reparcelling

An interesting alternative financing instrument, or rather legal land use instrument, in line with private sector-led urban development projects is *urban reparcelling* (Dutch: stedelijke herverkaveling). Here, property owners of a specific area virtually hand in their properties, without the use of municipal expropriation (Dutch: onteigening), and later receive a piece of land of equal value elsewhere in the area. The principle of urban reparcelling centers around bringing existing owned property and parcels in line with intended development plans. Owners have the right to obtain newly owned parcel after the government’s legal parcelling revisioning.

This process is guided by an independent commission, and is based on financial settlements of cost and benefit systems amongst the owners. Especially, this instrument can be useful for complex inner-city developments, but also for small urban fringe and greenfield developments, and in specific for retail areas. According to the Praktijkleerstoel Gebiedsontwikkeling TU Delft (2012a;b), urban reparcelling has the following *advantages*:

- Handling fragmented ownership situations without using expropriation instruments;
- Amicable arrangements increase support among involved owners;
- Acceleration, cost reductions, decreased political risks in development process;
- Decreased private financing burden due to late land and property acquisition;
- Decoupling of land development and other public-private arrangements.

According to the Praktijkleerstoel Gebiedsontwikkeling TU Delft (PLG) (2012a;b) this instrument can stimulate private investments in cities. Moreover, it fits with the change from the active to facilitating land development policies of Dutch municipalities. In essence, urban reparcelling is an instrument that can simplify development projects in a situation of *fragmented land and property ownership*, with “less government interference” (Putten et al., 2004). Urban reparcelling has its origins in Germany (Umlegung) and France (Association Foncière Urbaine), but also some early explorations for future Dutch applications exist (see Putten et al., 2004). Currently, a Dutch *experimental program* for urban reparcelling has been announced (see PLG, 2012b). The program carries out experimental research on several Dutch development projects in order to recommend possibilities for introducing a *regulation by law* (Dutch: wettelijke regeling) for urban reparcelling. Time must tell whether such instrument can reach aforementioned advantages. In principle though, urban reparcelling can be a *supportive legal instrument* to financially de-risk private sector-led urban development projects, and therefore could be viewed as an alternative financing instrument.

§ 10.2.3 Financing Instruments for Private Sector-led Urban Development

In conclusion, Table 10.3 shows *eight different alternative financing instruments* for private sector-led urban development projects. Notice that the table indicates the investment source, the type of development incentive applicable, the organizational requirements needed to let these strategies become effectuated, and the object requirements of urban areas. Despite the seemingly ‘simplicity’ of these instruments, time, experiments and experiences must tell whether these financing instruments become successful and mature options to (additionally) finance and de-risk private sector-led urban development. Hence, our contribution to alternative financing instruments must be viewed as an addition to, and in line with, recommendations for new investment and collaboration strategies in urban development published by the Ministry of Infrastructure and Environment (Peek & Van Remmen, 2012).

Financing Instrument	Investment Source	Development Incentive	Private Actor Requirements	Area Requirements
Tax Increment Financing (TIF)	Public	Financial / fiscal incentives	Liability insurance for value decrease	Redevelopment areas
Temporary Investment Grants	Public	Planning policy Financial award	Incorporating public objectives	'Problem' areas
Lottery Funds	Civic / Public	Civic functions Real estate values	none	'Public' areas
DBFM / Concession Light	Public / Private	Financial commitment	Effective management	Small scale areas
Crowd Sourcing / Funding	Civic / Private	Shareholder ownership	Public participation	Small scale areas / 'public' areas
Urban Development Trusts	Private	Shared investment Long-term operation	Collaboration with other privates	Large scale mixed-use areas
Business Improvement Districts	Private	Shared investment Securing cash-flow	Collaboration with other owners	Retail, office, business areas
Urban Reparcelling	Private	Risk reduction Private ownership	Collaboration with other owners	Fragmented ownership areas

Table 10.3
Alternative financing instruments for private sector-led urban development

In conclusion, we argue that it is worthwhile to experiment with these types of alternative financing instruments in urban development in the Netherlands. They provide opportunities to move beyond more traditional development investment models such as land and real estate development.

Nevertheless, they will not occur in large numbers right away, and other more promising options might come to the foreground over time. Moreover, in our opinion Van Haaren & Daamen (2011) rightly argue that such financing instruments will not 'land' as mature investment alternatives when they are not embedded *in strategically managed development processes*, which constitute new ideas that enable the creation of changed public-private development attitudes. But, at least in our view, stating that private sector-led urban development projects no longer are possible due to private finance difficulties is too simplistic seen in the light of the presented options in this section and the current quest in urban development practice.

Summary

Private Sector-led Urban Development Projects: Management, Partnerships and Effects in the Netherlands and the UK

Erwin Heurkens MSc.

Central to this research lays the concept of *private sector-led urban development projects* (Heurkens, 2010). Such projects involve project developers taking a leading role and local authorities adopting a facilitating role, in managing the development of an urban area, based on a clear public-private role division. Such a development strategy is quite common in Anglo-Saxon urban development practices, but is less known in Continental European practices. Nonetheless, since the beginning of the millennium such a development strategy also occurred in the Netherlands in the form of 'concessions'. However, remarkably little empirical knowledge is available about how public and private actors collaborate on and manage private sector-led urban development projects. Moreover, it remains unclear what the effects of such projects are. This dissertation provides an understanding of the various characteristics of private sector-led urban development projects by conducting empirical case study research in the institutional contexts of the Netherlands and the UK. The research provides an answer to the following research question: ***What can we learn from private sector-led urban development projects in the Netherlands and UK in terms of the collaborative and managerial roles of public and private actors, and the effects of their (inter)actions?***

Indications for a market-oriented Dutch urban development practice

Urban development practice in the Netherlands has been subject to changes pointing towards more private sector involvement in the built environment in the past decades. Although the current economic recession might indicate otherwise, there are several *motives* that indicate a continuation of private sector involvement and a private leadership role in Dutch urban development projects in the future.

First, a shift towards more market-oriented development practice is the result of an evolutionary process of increased 'neoliberalization' and the *adoption of Anglo-Saxon principles* in Dutch society. Despite its Rhineland roots with a focus on welfare provision, in the Netherlands several neoliberal principles (privatization, decentralization, deregulation) have been adopted by government and incorporated in the management of organizations (Bakker et al., 2005). Hence, market institutionalization on the one hand, and rising civic emancipation on the other, in current Western societies prevents a return towards hierarchical governance. Second, the result of such changes is the emergence of a *market-oriented type of planning practice* based on the concept of 'development planning'. Public-Private Partnerships and the 'forward integration' of market parties (De Zeeuw, 2007) enforce the role of market actors. In historical perspective, Boelens et al. (2006) argue that Dutch spatial planning always has been characterized by public-private collaborations in which governments facilitated private and civic entrepreneurship. Therefore, post-war public-led spatial planning

with necessary government intervention was a 'temporary hiccup', an exception to the rule. Third, the European Commission expresses concerns about the hybrid role of public actors in Dutch institutionalized PPP joint ventures. EU legislation opts for *formal public-private role divisions* in realizing urban projects based on Anglo-Saxon law that comply with the legislative tendering principles of competition, transparency, equality, and public legitimacy. Fourth, *experiences with joint ventures* in the Netherlands are less positive as often is advocated. Such institutionalized public-private entities have seldom generated the assumed added value, caused by misconceptions about the objectives of both partners grounded in incompatible value systems. This results in contra-productive levels of distrust, time-consuming partnership formations, lack of transparency, and compromising decision-making processes (Teisman & Klijn, 2002), providing a need for other forms of collaboration. Finally, current *financial retrenchments* in the public sector and debates about the possible abundance of Dutch active land development policies point towards a lean and mean government that moves away from risk-bearing participation and investment in urban projects and leaves this to the market. Importantly, Van der Krabben (2011b) argues that the Dutch active public land development policies can be considered as an international exception, and advocates for facilitating land development policies. In this light, it becomes highly relevant to study private sector-led urban development as a future Dutch urban development strategy.

Integrative urban management approach

This research is rooted in the research school of Urban Area Development within the Department of Real Estate & Housing at the Faculty of Architecture (Delft University of Technology). It is a relatively young academic domain which views urban development most profoundly as a complex *management assignment* (Bruil et al., 2004; Franzen et al., 2011). This academic school uses an integrative perspective with a strong practice-orientation and carries out solution-oriented design research. Here, the integration involves bridging various actor interests, spatial functions, spatial scales, academic domains, knowledge and skills, development goals, and links process with content aspects. Such a perspective does justice to complex societal processes. Therefore it provides a fruitful ground for studying urban development aimed at developing conceptual knowledge and product for science and practice. In order to create an understanding of the roles of public and private actors in private sector-led urban development, this research takes a management perspective based on an **integrative management approach**. This involves viewing management more broadly as 'any type of direct influencing' urban development projects, and therefore aims at bridging often separated management theories (Osborne, 2000a). Hence, an integrative management approach assists in both understanding urban development practices and projects and constructing useful conceptual tools for practitioners and academics. Integrative approaches attempt to combine a number of different elements into a more holistic management approach (Black & Porter, 2000). Importantly, it does not view the management of projects in isolation but in its entire complexity and dynamics. Therefore, our management approach combines two integrative management theories; the *open systems theory* (De Leeuw, 2002) and *contingency theory*. The former provides opportunities to study the management of a project in a structured manner. The latter emphasizes that there is no universally effective way of managing and recognizes the importance of contextual circumstances.

Hence, an integrative management approach favors incorporating theories from *multiple academic domains* such as political science, economics, law, business administration, and organizational and management concepts. Hence, it moves away from the classical academic division between planning theory and property theory, and organization and management theories. It positions itself in between such academic domains, and aims at bridging theoretical viewpoints by following the concept of planning and markets (Alexander, 2001) rather than concepts such as 'planning versus markets', public versus private sector, and organization versus management.

Also, such an integrative view values the complexity and dynamics of empirical urban development practices. More specifically, this research studies urban development projects as object, as urban areas are the focus point of spatial intervention and public-private interaction (Daamen, 2010), and thus collaboration and management. Here, public planning processes and private development processes merge with each other. Thus, our research continues to build upon the importance of studying and *reflecting on empirical practices* and projects (e.g. Healey, 2006). In addition to these authors, this research does so by using meaningful *integrative concepts* that reflect empirical realities of urban projects. Thereby, this research serves to bridge management sciences with management practices (Van Aken, 2004; Mintzberg, 2010) through *iterative processes* of reflecting on science and practice. Moreover, the integrative management approach applied in this research assists in filling an *academic gap*, namely the lack of *management knowledge* about public-private interaction in urban development projects. Despite the vast amount of literature on the governance of planning practices (e.g. DiGaetano & Strom, 2003), and Public-Private Partnerships (e.g. Osborne, 2000b), remarkable little knowledge exists about what shifting public-private relationships mean for day-to-day management by public and private actors in development projects. Hence, here we follow the main argument made by public administration scholar Klijn (2008) who claims that it is such direct actor influence that brings about the most significant change to the built environment.

An ***integrative urban management model*** (see Figure 2.3) based on the open systems approach has been constructed which forms a conceptual representation of empirical private sector-led urban development projects. This model serves as an analytical tool to comprehend the complexity of managing such projects. In this research, several theoretical insights about public-private relations and roles are used to understand different contextual and organizational factors that affect the management of private sector-led urban development projects. Hence, a *project context* exists within different often country-specific institutional environments (e.g. the Netherlands and UK). In this research, contextual aspects that to a degree determine the way public and private actors inter-organize urban projects, consist of *economics & politics, governance cultures, and planning systems and policies*. Hence, institutional values are deeply rooted in social welfare models (Nadin & Stead, 2008). For instance, the differences between Anglo-Saxon and Rhineland model principles also determine public-private relationships. However, the process of neoliberalization (Hackworth, 2007) and subsequent adaptation of neoliberal political ideologies (Harvey, 2005) has created quite similar governance arrangements in Western countries. Nevertheless, institutional rules incorporated in planning systems, laws and policies often remain country-specific. But, market-oriented planning, involving 'planners as market actors' (Adams & Tiesdell, 2010)

intervening and operating within market systems, have become the most commonly shared feature of contemporary Western urban development practices (Carmona et al., 2009). In this research, the *project organization* focuses on institutional aspects and *inter-organizational arrangements* that structure Public-Private Partnerships (Bult-Spiering & Dewulf, 2002). It involves studying organizational tasks and responsibilities, financial risks and revenues, and legal rules and requirements. Inter-organizational arrangements condition the way public and private actors manage projects. Hence, such arrangements can be placed on a *public-private spectrum* (Börzel & Risse, 2002) which indicates different power relations in terms of *public and private autonomy* and dominance (Savitch, 1997) in making planning decisions. These public-private power relations are reflected in different Public-Private Partnership arrangements (Bennet et al., 2000) in urban development projects. As a result, in some contexts these partnerships arrangements are formalized into organizational vehicles or legal contracts, in others there is an emphasis on informal partnerships and interaction.

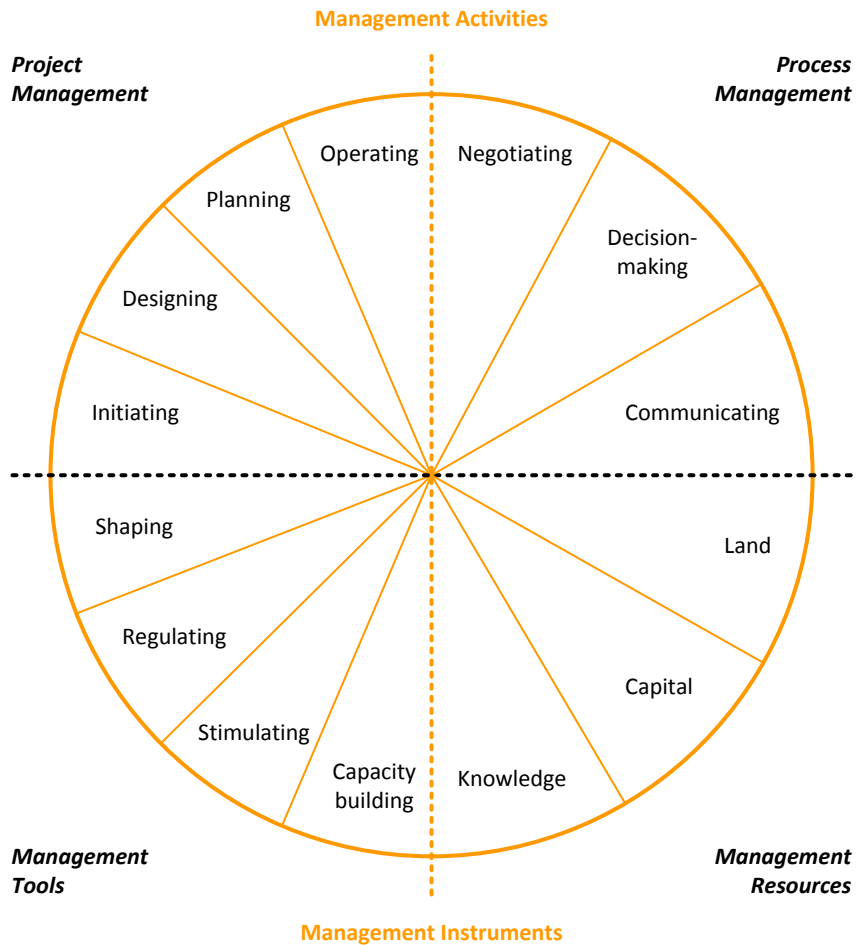


Figure SUM.1
Conceptual public-private urban management model

The lack of *management* knowledge on private sector-led urban development projects, and our view of management as any type of direct influencing, results in constructing a **conceptual public-private urban management model** (see Figure SUM.1). This model is based on both theoretical concepts and empirical reflection. In this research, the management of project processes by public and private actors contains applying both *management activities and instruments*. *Project management* (Wijnen et al., 2004) includes development stage-oriented initiating, designing, planning, and operating activities. *Process management* (Teisman, 2003) includes interaction-oriented negotiating, decision-making, and communicating activities. *Management tools* consist of legal-oriented shaping, regulating, stimulating, and capacity building planning tools (Adams et al., 2004). And *management resources* consist of crucial necessities (Burie, 1978) for realizing urban projects like land, capital and knowledge. In essence, all these management measures can be applied by public and private actors to influence (private sector-led) urban development projects.

These management measures can be used by actors to reach project *effects*. In this research, project effects are perceived as judgment criteria for indicating the success of the management of private sector-led urban development projects. They consist of cooperation effectiveness, process efficiency, and spatial quality. *Effectiveness* involves the degree to which objectives are achieved and problems are resolved. *Efficiency* is the degree to which the process is considered as efficiently realizing projects within time and budget. Finally, *spatial quality* is the degree to which the project contributes to responding to user, experience and future values of involved actors (Hooijmeijer et al., 2001). Such process and product effects are a crucial addition to understand the results of private sector-led urban development projects.

Comparative case study research using a lesson-drawing method

This research systematically analyzes and compares private sector-led urban development cases in both the Netherlands and the UK in a specific methodological way. In essence, this study is an **empirical comparative case study research** using a **lesson-drawing method**. Hence, case studies allow for an empirical inquiry that investigates a contemporary phenomenon within its real life context (Yin, 2003). Such a qualitative approach is very suited for the purposes of this research as it enables revealing empirical collaborative and managerial mechanisms within private sector-led urban development projects. The reason to include studying the UK lies in the fact that it can be considered as a market-oriented development practice, from which valuable lessons can be drawn for the Netherlands. Thereby, this research places itself in a longer tradition of Dutch interests in UK planning and development (e.g. Hobma et al., 2008). Hence, this research aims at drawing lessons in the form of '*inspiration*' from practices and projects, as opposed to the more far-reaching transplantation of spatial policies (e.g. Janssen-Jansen et al., 2008). However, in order to draw meaningful empirical lessons there is a need to indicate whether they are context-dependent or -independent. This requires systematically comparing the institutional planning practices of both countries by indicating *differences and similarities* between the Netherlands and the UK.

Based on these methodological principles ten Dutch and two UK of private sector-led urban development cases are selected and studied. The Dutch cases focus on scope over depth aimed at sketching the phenomenon of 'area concessions' in both inner-city and urban fringe projects. The UK cases focus on depth over scope aimed at understanding the applicability of a private sector-led approach in complex large-scale inner-city projects. As *techniques* the case study research uses document reviews, semi-structured interviews, project visits, and data mapping.

Comparing Dutch and UK planning and urban development practices

The *institutional context* of urban development in the Netherlands and the UK shows some structural differences, despite the fact that such contexts are often subject to change. For instance, the Dutch planning system uses Napoleonic codified law based on a constitution with abstract law principles as rule, and a limited role of judicial power. The UK planning system is based on British common law lacking a constitution, and uses law-making-as-we-go as judges act as law-makers. In terms of spatial planning, the Netherlands is characterized by binding land use plans within a limited-imperative system based on legal certainty. Dutch spatial planning can be labelled as 'permitted planning' based on 'comprehensive integrative model' (Dühr et al., 2010) which involves hierarchically coordinated and related public sector spatial plans. UK spatial planning has no binding land use plan, places importance on material considerations based on discretionary authority and flexibility. Historically, UK's spatial planning can be labelled as 'development-oriented planning' based on a 'land use management model' with a focus on public sector coordinated planning policies.

Moreover, Dutch and UK urban development also differ in terms of *public and private roles* in organizing and managing development (Heurkens, 2009). In the Netherlands, local governments are active bodies using spatial plans, active land development policies and public investment to develop cities. The private sector often operates reactively and is historically focused on the physical realization of projects. In general, public-private decision-making processes are based on reaching consensus, development project coordination typically involves 'collaboration models', and management is focused on process as product outcomes. In the UK, local government uses relatively less regulations and investment to develop cities, thereby facilitating market parties. The development industry is a mature sector, actively initiating and investing in projects. Decision-making is characterized by negotiations, and the organization of projects is often based on a clear formal public-private role division.

Despite such a generic Dutch-UK comparison being of crucial importance to this research, it does no justice to increasing similarities between European planning practices. Moreover, such institutional contexts evolve as a result of changing planning priorities in each country. For instance, some basic characteristics of the UK planning system attracted the attention of Dutch planners, including comprehensive principles for project coordination, private sector involvement and negotiations, options for the settlement of 'planning gain', packaging interests, development-oriented planning, and discretion for planning decisions (Spaans, 2005). Hence, such more market-oriented planning principles have become valuable and sometimes necessary mechanisms to effectively cope with an increasingly less public-led and more private sector-led Dutch urban development practice.

Empirical findings from Dutch private sector-led urban development cases

Urban development practice in the Netherlands since the year 2000 witnessed an increased use of the concession model. Hence, this is the Dutch definition for private sector-led urban development. It can best be characterized as a contract form between public and private parties which involves the transfer of risks, revenues, responsibilities for the plan, land and real estate development to private developers based on pre-defined set of public requirements (Gijzen, 2009). In theory (Van Rooy, 2007; Van de Klundert, 2008; Heurkens et al., 2008) this collaboration model holds promising advantages of being a more effective, efficient and transparent strategy to achieve a high quality built environment. Nonetheless, possible disadvantages like the lack of public 'steering', dependency of market actors

and circumstances, inflexible contracts, a project management orientation, and a stern public-private relationship also are mentioned. Moreover, conditions for the application of concessions in theory involve a manageable project scale and duration, minimal political and societal complexity, and maximum freedom for private actors. Motives for choosing concessions are the lack of public labor capacity and financial development means, risk transfer to private actors, increasing private initiatives and private land ownership. Hence, in theory public and private roles in the concession model are considered as strictly separated. However, there is a lack of structural empirical understanding and evidence for such theoretical assumptions. Therefore, empirical cases in Amsterdam, The Hague, Enschede, Maassluis, Middelburg, Naaldwijk, Rotterdam, Tilburg, Utrecht, and Velsen (see Table 5.1) are carried out. This includes studying private sector-led projects in both inner-city and urban fringe locations.

The main conclusions based on ***cross-case study findings*** of these ten Dutch projects are highlighted here. Notice that public-private interaction and collaboration remains of vital importance in Dutch private sector-led urban development projects. Despite the formal contractual separation of public and private tasks and responsibilities, in practice close informal cooperation can be witnessed, especially in the early development stages. Moreover, public actors do not remain as risk free as theory suggests, because unfavorable market circumstances can cause development delays affecting the living environment of inhabitants. Furthermore, it seems that constructing and using flexible public requirements with some non-negotiable rules is an effective condition for realizing public objectives during the process. In terms of management, most projects are hardly considered as solely private sector-led, as they involve a substantial amount of public management influence. For instance, project management activities include a dominant role of municipalities in initiating and operating the development. Process management activities are carried out by both actors, as they involve close public-private interactions. Management tools are mostly used by public actors to shape and regulate development with a limited conscious usage of stimulating and capacity building tools. Using the management resources land, capital and knowledge are mainly a private affair. In terms of effects, the concession model by actors is considered as an effective instrument, but not necessarily results in efficient processes. The general perception of public, private and civic actors about the project's spatial quality level is positive. In addition, actors were asked about their cooperation experiences. Often mentioned problems include a 'we against them relationship', lack of public role consistency, thin line between plan judgment and control, public manager's commitment and competency, communication with local communities, and lack of public management opportunities. Based on the empirical case studies, most conditions for applying concessions are confirmed. However, the successful inner-city development projects in Amsterdam and Enschede indicate that a private sector-led approach can also be applied to more complex urban development projects within cities.

Empirical findings from UK's private sector-led urban development cases

Urban development practice in the UK often is labelled as urban regeneration. Historically, it is strongly shaped by neoliberal political ideology of the Conservative Thatcher government in the 1980s. But it also is influenced by New Labour ideologies favoring the Third Way (Giddens, 1998) aimed at aligning economic, social and environmental policies. However, as a result of these institutional characteristics, the UK is strongly shaped by the understanding that most development is undertaken by private interests or by public bodies acting very much

like private interests (Nadin et al., 2008). In general, local authorities depend on initiatives and investments of property developers and investors, because public financial resources and planning powers to actively develop land are limited. As a result, development control of private developments is a concept deeply embedded in development practice. Several legal instruments such as Section 106 agreements are used to establish planning gain by asking developer contributions for public functions. Moreover, urban development in the UK has a strong informal partnership culture, and simultaneously builds upon a strict formal legal public-private role division. These UK urban development practice characteristics provide valid reasons to study private sector-led urban development projects in more detail. The empirical cases of private sector-led urban development projects in the UK are Bristol Harbourside and Liverpool One. They represent mid-2000s strategic inner-city developments with a mixed-use functional program, and therefore possible high complexity. As such, they are relevant urban projects for drawing lessons for the Netherlands.

The main conclusions based on **cross-case study findings** of the UK projects are discussed here. The case *contexts* show that politics and the often changeable nature of planning policies can have a major influence on the organization and management of development projects. Hence, strong and effective political leadership is considered as a crucial success factor. Changing policies result in re-establishing development conditions resulting in new public-private negotiations. In terms of *organization*, the cases indeed show that local authorities do not take on development risks. Moreover, revenue sharing with private actors is absent or limited to what the actors agree upon in development packages. Furthermore, local authorities encourage all kinds of partnerships with other public, private or civic stakeholders in order to generate development support and raise funds. In terms of *management*, local authorities use different management measures to influence projects. The cases indicate that public actors are able to influence private sector-led developments and thereby achieve public planning objectives. Importantly, public actors use all kinds of managing tools to shape and stimulate development; they do not limit themselves to regulation but also build capacity for development. However, the largest share of managing the project takes place on behalf of project developers. Private actors manage projects from initial design towards even public space operation (Liverpool). Thereby, they work with long-term investment business models increasing private commitment. In terms of *effects*, the cases show that although the projects are carried out effectively and achieve high quality levels, the process efficiency lacks behind due to lengthy negotiations. In conclusion, the actors' *experiences* with the private sector-led urban development projects indicate some *problems* including; the financial dependency on private actors, lack of financial incentives for public actors, lack of awareness of civic demands, lack of controlling public opposition, long negotiation processes, and absence of skilled public managers. Moreover, the actors indicate some crucial *conditions* for a private sector-led approach including; flexible general public guidelines, informal partnerships and joint working, public and private leadership roles and skills, professional attitude and long term commitment of private actors, involvement of local communities, separating public planning and development roles, handling political pressures, and favorable market circumstances.

Empirical lessons, improvements and inspiration

Some **general conclusions** from the Dutch and UK case comparison can be drawn (see Table 8.1). The influence of the project's context in the UK seems to be higher than in the

Netherlands, especially political powers and changeable policies influence projects. The organizational role division in UK projects seems to be stricter than in the Dutch projects, where public requirements sometimes are also formulated in more detail. The actor's management in the Dutch cases is slightly less private sector-led than in the UK, where local authorities and developers are more aware of how to use management measures at their disposal. The project effects show quite some resemblance; effectiveness and spatial quality can be achieved, while efficiency remains difficult to achieve due to the negotiation culture.

Here, important **empirical lessons** learned from cases in both countries are discussed aimed at formulating possible solutions for perceived Dutch problems. The problematic Dutch 'we against them relationship' between actors in the UK is handled by a close collaboration. Developers organize regular informative and interactive design meetings with local authorities, sharing ideas in a 'joint-up working' atmosphere. The lack of public role consistency in the UK is resolved by local authorities that develop a clear schedule of spatial requirements which provides certainty. Moreover, room for negotiations allows for the flexibility to react on changed circumstances. The thin line between judgment and control of plans is not commonly recognized in the UK cases. Local authorities tend to respect that developers need room to carry out development activities on their own professional insights, and merely control if developers deliver 'product specifications' in time and to agreed conditions. The commitment and competencies of public project managers are also mentioned as crucial factors in the UK. It involves managers connecting the project to the political and civic environment, and leaders committing themselves to project support through communication with local communities. The lack of public management seems to be a Dutch perceived difficulty as UK local authorities do not apply active land development policies and 'hard' management resources. Therefore, they influence development with both more consciously applied legal tools and 'soft' management skills such as negotiating.

Recommended improvements mentioned by Dutch practitioners here are mirrored to possible support from the UK cases. The Dutch recommendation to cooperate in pre-development stages to create public project support and commitment finds support in the UK. Hence, despite a formal division of public and private responsibilities, in practice a lot of informal public-private interaction and collaboration takes place and seems necessary. Striving for public role consistency also is an appreciated value by developers in the UK. Working on the principle of 'agreement is agreement' creates certainty for developers, and less resistance and willingness to cooperate once highly relevant public issues are put on the table. Establishing clear process agreements with moments of control or discussion in the UK are handled with evaluation moments aimed at judging output, and planned meetings aimed at creating a dialogue about new insights. Connecting planning and development processes in the UK is handled by a municipal team consisting of political leaders and project managers that align development processes with administrative planning processes. A clear communication plan to involve local communities and businesses in the UK is handled by developers which involve relevant stakeholders in the decision-making process prior to planning applications for support and process efficiency. Finding public opportunities to influence development other than land and capital in the UK is handled through the use of several public planning tools and public-private negotiations.

The UK cases also provided various *inspirational lessons* for the Netherlands. First, the construction and application of a public '*management toolbox*' consisting of various planning tools that shape, stimulate, regulate and activate the market could assist local authorities to view management more integratively and use existing instruments more consciously. Second, choosing a *private development partner* with professional expertise, track record and local knowledge, instead of an economically lucrative private tender offer for private sector-led urban development projects, has the advantage of creating a cooperative relationship. The reason for this is that flexible development concepts rather than fixed development plans are indicators of a cooperative attitude of a developer. Third, *enabling partnership agreements* between public, private and civic actors aimed at creating wide support and long-term commitment by expressing development intentions assists pulling together development resources from both investors and central government. Fourth, *privately-owned public space* based on a land lease agreement containing public space conditions creates several financial advantages. For local authorities it eliminates public maintenance costs, and for private actors the operation of the area and maintaining high quality standards can be beneficial for real estate sales and returns. Fifth, the value increase-oriented investment model of a *long-term private development investor* rather than a short-term project-oriented developer with a trade-off model between time, costs and quality has advantages. Large amounts of upfront investment can more easily be financed as high quality environments and properties increase the area's competitive position and investment returns. Sixth, local authorities can establish partnerships that actively apply for *public funding alternatives* such as lottery funds. Such funds secure the development of public functions and create interest for commercial actors to invest, which can result possibilities to negotiate development packages which can results in a planning gain for public actors. Seventh, *public and private leadership* styles on different organizational levels for inner-city development projects result in more efficient processes. Appointing strategic-tactical operating political leaders and private firm directors and tactical-operational public and private project leaders streamlines internal and external communication and shared project commitment and support. Finally, the UK shows that a private sector-led approach can successfully be applied to *complex inner-city developments*. Despite the complex social and political character, fragmented land ownership situation, and high remediation costs UK developers can deliver such projects successfully. Conditions seem a professionally skilled and financially empowered developer, and active local authorities that facilitate market initiatives. The *likelihood of transfer* of the inspirational UK lessons depends on some Dutch institutional characteristics (economics & politics, governance culture, planning system and policies). However, most lessons are context-independent and thus can be applied in the Dutch urban development practice. But, Table 8.2 also shows some institutional context-dependent features that limit the transfer of UK findings to the Netherlands. This includes the general short-term scope of Dutch developers and the general wish from municipalities to hold 'control' over development projects.

Reflections on safeguarding public interests & alternative financing instruments

The epilogue contains *conceptual reflections* about alternative ways for safeguarding public interests and private financing instruments in line with the current social-economic climate. These reflections are not based on research findings but on an additional literature review that provides food for thought for public and private actors in urban development.

Hence, **safeguarding public interests** is an important concern for public actors, especially in market-oriented planning and private sector-led urban development projects. In our pluralistic society it has become impossible for one actor to determine the public interest in all occasions. In line with societal development it would not only be socially-coherent for governments to engage private and civic actors in safeguarding public interests, but even a social necessity. Consciously applying different public interest safeguarding strategies based on both *hierarchical, market and network mechanisms* (De Bruijn & Dicke, 2006) provide this opportunity. By using a combination of legitimized hierarchical mechanisms, competition-oriented market mechanisms, and inter-action oriented network mechanisms, public values become institutionalized in private and civic sectors. Then, the role of public planning institutions in safeguarding increasing economic values, social cohesion and public health is to use both legitimate planning tools and accountable planning activities. It enables other actors to become both more responsible for and involved in their own built environment. In market-oriented planning and private sector-led urban projects, safeguarding public interest instruments include *non-negotiable general planning standards* which secure basic needs of civilians, and *negotiable development conditions* which create involvement of other actors. Non-negotiable safeguarding instruments include; public tender requirements, land use plans, planning permissions and financial claims. Negotiable safeguarding instruments include; contractual conditions, competitive dialogues, spatial quality plans, developer contributions, development incentives, performance indicators, and ownership (see Figure 10.2).

The reliance of private investment in private sector-led urban development projects asks for exploring **alternative financing instruments** for urban projects with less reliance on credit capital. This is a crucial subject being the result of the effect the current economic situation has on the land and property market. Hence, it is widely acknowledged that in many development practices around the globe property investment for urban development has changed radically as a result of the international credit crisis and economic downturn (Parkinson et al., 2009). 'New financial models' have the attention of several Dutch practitioners (e.g. Van Rooy, 2011) and academics (e.g. Van der Krabben, 2011b). In the current Dutch urban development practice, one notices an increased interest in *demand-driven development strategies* promoting; bottom-up development initiatives, value-oriented investment strategies, and de-risked phasing of development, which potentially increase the feasibility of urban projects. A literature review indicates *promising alternative financing instruments* for Dutch urban development practice and private sector-led urban development projects, including; Tax Increment Financing, Temporary Development/Investment Grants, Lottery Funds, DBFM/Concession Light, Crowd Funding, Urban Development Trusts, Business Improvement Districts, and Urban Reparcelling. These instruments have different features such as investment source, development incentives, organizational requirements and object conditions, which need to be taken into account by public and private actors once applied (see Table 10.3).

Samenvatting

Privaat-gestuurde Gebiedsontwikkeling: Sturing, Samenwerking en Effecten in Nederland en Engeland

Ir. Erwin Heurkens

Centraal in dit onderzoek staat het concept van *privaat-gestuurde gebiedsontwikkeling* (Heurkens, 2010). In zulke projecten nemen projectontwikkelaars een leidende rol en lokale overheden een faciliterende rol in het sturen van de ontwikkeling van een gebied gebaseerd op een duidelijke publiek-private rolverdeling. Zo'n ontwikkelstrategie is vrij gebruikelijk in Angelsaksische ontwikkelpraktijken maar minder bekend op het Europese vaste land. Sinds de eeuwwisseling zien we deze ontwikkelstrategie niettemin ook in Nederland opkomen in de vorm van gebiedsconcessies. Er is echter opvallend weinig empirische kennis beschikbaar over de manier waarop publieke en private actoren in privaat-gestuurde gebiedsontwikkeling samenwerken en sturen. Bovendien blijft het onduidelijk wat de effecten van zulke projecten zijn. Dit proefschrift verschaft inzicht in de verscheidenheid aan karakteristieken van privaat-gestuurde gebiedsontwikkeling door middel van het uitvoeren van empirisch case onderzoek in zowel de Nederlandse en Engelse institutionele context. Het onderzoek geeft antwoord op de volgende onderzoeksvraag:

Wat kunnen we leren van privaat-gestuurde gebiedsontwikkeling in Nederland en Engeland in termen van de samenwerkings- en managementrollen van publieke en private actoren, en de effecten van hun (inter)acties?

Indicaties voor een Nederlandse marktgerichte gebiedsontwikkelingspraktijk

In de afgelopen decennia is de Nederlandse gebiedsontwikkelingspraktijk onder invloed van veranderingen die wijzen op meer private betrokkenheid in de gebouwde omgeving. Ondanks dat de huidige economische recessie wellicht anders doet vermoeden, zijn er verschillende **motieven** die wijzen op een continuering van private betrokkenheid en leiderschapsrol in toekomstige stedelijke projecten in Nederland.

Ten eerste, is de tendens naar een marktgerichte gebiedsontwikkelingspraktijk te plaatsen in een evolutionair proces van neoliberalisatie en de *overname van Angelsaksische principes* in de Nederlandse maatschappij. Ondanks de Rijnlandse oorsprong met een focus op welvaartspreiding, zijn er in Nederland verschillende neoliberale principes (privatisering, decentralisatie, deregulatie) door overheden doorgevoerd en geland in organisaties (Bakker e.a., 2005). Marktinstitutionalisering aan de ene kant en een stijgende burgeremancipatie aan de andere kant voorkomen in huidige Westerse samenlevingen in feite een terugkeer naar hiërarchische overheidssturing. Ten tweede, is het gevolg van zulke veranderingen het ontstaan van *marktgerichte types van planning* gebaseerd op het 'ontwikkelingsplanologie' concept. Publiek-private samenwerking en 'voorwaartse integratie' van marktpartijen (De Zeeuw, 2007) versterkt de rol van marktpartijen. Boelens e.a. (2006) betogen dat de Nederlandse ruimtelijke ordening in historisch perspectief altijd al gekenmerkt werd door publiek-private samenwerkingen, waarin overheden privaat een particulier ondernemerschap

faciliteerden. Daarom kan de naoorlogse ruimtelijke overheidssturing eerder gezien worden als noodzakelijke tijdelijke interventie welke beter beschouwd kan worden als uitzondering dan regel. Ten derde plaats de Europese Commissie vraagt tevens bij de hybride rol van Nederlandse gemeenten in joint ventures. EU wetgeving opteert voor een *formele publiek-private rolscheiding* in ruimtelijke projecten gebaseerd op Angelsaksische principes van competitie, transparantie, gelijkheid en publieke legitimiteit. Ten vierde, zijn de Nederlandse *ervaringen met joint ventures* niet altijd positief. Zelden hebben zulke publiek-private partnerschappen de veronderstelde toegevoegde waarde gegenereerd wat veroorzaakt lijkt te worden door onoverbrugbaar verschillende publieke en private waardesystemen. Dit resulteert vaak in onproductieve niveaus van wantrouwen, tijd consumerende formaties, gebrek aan transparantie en compromis besluitvormingsprocessen (Teisman & Klijn, 2002) wat de noodzaak voor de toepassing van andere samenwerkingsvormen groter maakt. Ten slotte wijzen huidige *overheidsbezuinigingen* en debatten over het mogelijke afstand nemen van het actieve gemeentelijke grondbeleid op een overheid die risicovolle participatie en ruimtelijke investeringen meer aan marktpartijen overlaat. Van der Krabben (2011b) betoogt dat actief grondbeleid internationaal gezien een uitzondering is en pleit ook voor een faciliterend grondbeleid. In dit licht is het hoogst relevant om privaat-gestuurde gebiedsontwikkeling als mogelijke toekomstige Nederlandse ontwikkelstrategie te bestuderen.

Integrale stedelijke management benadering

Dit onderzoek vindt plaats binnen de onderzoeksschool Gebiedsontwikkeling (Afdeling Real Estate & Housing, Faculteit Bouwkunde, TU Delft). Het is een relatief jong academisch domein dat stedelijke ontwikkeling ziet als een complexe *managementopgave* (Bruil e.a., 2004; Franzen e.a., 2011). Deze academische school hanteert een integraal perspectief met een sterke praktijkoriëntatie en maakt gebruik van ontwerpgericht onderzoek. Integratie betreft hier het verbinden van verschillende actorbelangen, ontwikkeldoelen, ruimtelijke functies en schaalniveaus, wetenschapsdomeinen, kennis en kunde, en proces en inhoud. Zo'n perspectief doet recht aan het begrijpen van complexe maatschappelijke processen. Het biedt een goede basis voor het bestuderen van stedelijke ontwikkeling met als doel het ontwerpen van conceptuele kennis en producten voor wetenschap en praktijk. Om inzicht en grip te krijgen op de rollen van publieke en private actoren in privaat-gestuurde gebiedsontwikkeling kiest dit onderzoek een management perspectief gebaseerd op een **integrale management benadering**. Hierin wordt management breder bekeken en gezien als 'enigerlei manier van direct beïnvloeden' van gebiedsontwikkelingsprojecten met de bedoeling om vaak gescheiden managementtheorieën (Osborne, 2000a) te koppelen. Een integrale management benadering assisteert in het tegelijkertijd begrijpen van praktijken en projecten van gebiedsontwikkeling en *ontwerpen van conceptuele handvaten* voor professionals en academici. Integrale benaderingen proberen een aantal verschillende elementen te combineren in een meer holistische management benadering (Black & Porter, 2000). Belangrijk hierbij is dat de sturing van projecten niet in isolatie maar in zijn volledige complexiteit en dynamiek wordt beschouwd. Daarom combineert onze management benadering twee integrale management theorieën; de *open systeem theorie* (De Leeuw, 2002) en de *contingentie theorie*. De eerste biedt mogelijkheden om management van projecten op een structurerende wijze te bestuderen. De laatste benadrukt dat er geen universeel effectieve manier van managen is en erkent het belang van contextuele omstandigheden.

Een integrale management benadering bevordert het incorporeren van theorieën uit *diverse academische domeinen* zoals politicologie, economie, recht, bestuurskunde en organisatie en management studies. Bovendien distantieert het zich van de klassieke academische scheiding tussen planologie en vastgoed theorie en organisatie en management theorie. Het positioneert zichzelf tussen deze domeinen en richt zich op het verbinden van theoretische zienswijzen doordat deze benadering het concept van planning én markten (Alexander, 2001) volgt, in plaats van planologie versus de markt, de publieke versus private sector, en organisatie versus management.

Ook waardeert de integrale benadering de complexiteit en dynamiek van empirische gebiedsontwikkelingspraktijken. Meer specifiek staat in dit onderzoek de bestudering van gebiedsontwikkelingsprojecten als object centraal, omdat gebieden de focus van ruimtelijke interventie en publiek-private samenwerking zijn (Daamen, 2010). Hier komen publieke planprocessen en private ontwikkelingsprocessen samen. Dit onderzoek bouwt daarom voort op de relevantie van het bestuderen van en *reflecteren op empirische praktijken* en projecten (Healey, 2006). In aanvulling op deze auteurs wordt er in dit onderzoek gebruik gemaakt van zinvolle *integrale concepten* welke de realiteit van projecten reflecteren. Daarbij dient dit onderzoek ook als overbrugging van management als wetenschap en praktijk (Van Aken, 2004; Mintzberg, 2010) door middel van een *iteratief proces* van theorie-praktijk reflecties. Bovendien helpt een toegepaste integrale management benadering in het vullen van een *kennis lacune*, namelijk het gebrek aan *managementkennis* over publiek-private samenwerking bij gebiedsontwikkeling. Ondanks de vele literatuur over de governance van planningspraktijken (DiGaetano & Strom, 2003) en publiek-private samenwerking (Osborne, 2000b), bestaat er opvallend weinig kennis over wat een veranderende publiek-private relatie betekent voor de dagelijkse publieke en private sturing van gebiedsontwikkelingsprojecten. Hier volgen we een belangrijk argument gemaakt door bestuurskundige Klijn (2008) die beweert dat het zulke directe actor-invloeden zijn die de meest significante verandering in de gebouwde omgeving tot stand brengen.

Een *integraal stedelijk management model* (zie Figuur 2.3) gebaseerd op de open systeembenadering vormt een conceptuele afbeelding van empirische privaat-gestuurde gebiedsontwikkeling. Dit analytische model is een middel om de sturingscomplexiteit van zulke projecten te begrijpen. In dit onderzoek worden diverse theoretische inzichten over publiek-private relaties en rollen gebruikt om de uiteenlopende contextuele en organisatorische factoren, welke het managen van privaat-gestuurde gebiedsontwikkelingsprojecten kunnen beïnvloeden, te begrijpen.

De *project context* bestaat binnen verschillende vaak land specifieke institutionele omgevingen (bijvoorbeeld Nederland en Verenigd Koninkrijk). In dit onderzoek bepalen contextuele aspecten tot op zekere hoogte de manier waarop publieke en private partijen projecten organiseren. Ze bestaan uit *economie & politiek, governance culturen en planning systemen en beleid*. Institutionele waarden zijn bovendien geworteld in sociale welvaart systemen (Nadin & Stead, 2008). De verschillen tussen Angelsaksische en Rijnlandse model principes bijvoorbeeld bepalen publiek-private relaties. Niettemin hebben neoliberalisering (Hackworth, 2007) en verankering van neoliberale politieke ideologieën (Harvey, 2005) geleid tot het bestaan van vergelijkbare Westerse governance arrangementen. Toch blijven institutionele regels in planning systemen, wetgeving en beleid vaak land specifiek. Niettemin vormt marktgerichte planning waarin 'planologen als marktpartijen' (Adams & Tiesdell,

2010) interveniëren en handelen binnen marktsystemen een veel voorkomend en gedeeld kenmerk van huidige planningspraktijken in Westerse landen (Carmona e.a., 2009). In dit onderzoek richt de *project organisatie* zich op *institutionele aspecten* en *inter-organisatorische arrangementen* welke publiek-private samenwerking structureren (Bult-Spiering & Dewulf, 2002). Het bestaat uit en bestudeert organisatorische *taken en verantwoordelijkheden*, financiële *risico's en opbrengsten*, en juridische *regels en condities*. Inter-organisatorische arrangementen conditioneren de manier waarop publieke en private partijen sturen. Zulke arrangementen kunnen geplaatst worden op een *publiek-privaat spectrum* (Börzel & Risse, 2002) welke verschillende machtsrelaties herbergen. Dit uit zich in de mate van *publieke en private autonomie en dominantie* (Savitch, 1997) over ruimtelijke besluitvorming. Deze machtsrelaties landen in verschillende publiek-private samenwerkingsverbanden (Bennet e.a., 2000). Als gevolg hiervan wordt samenwerking gearrangeerd in formele organisaties en contracten of vertaald in informele partnerschappen en interacties.

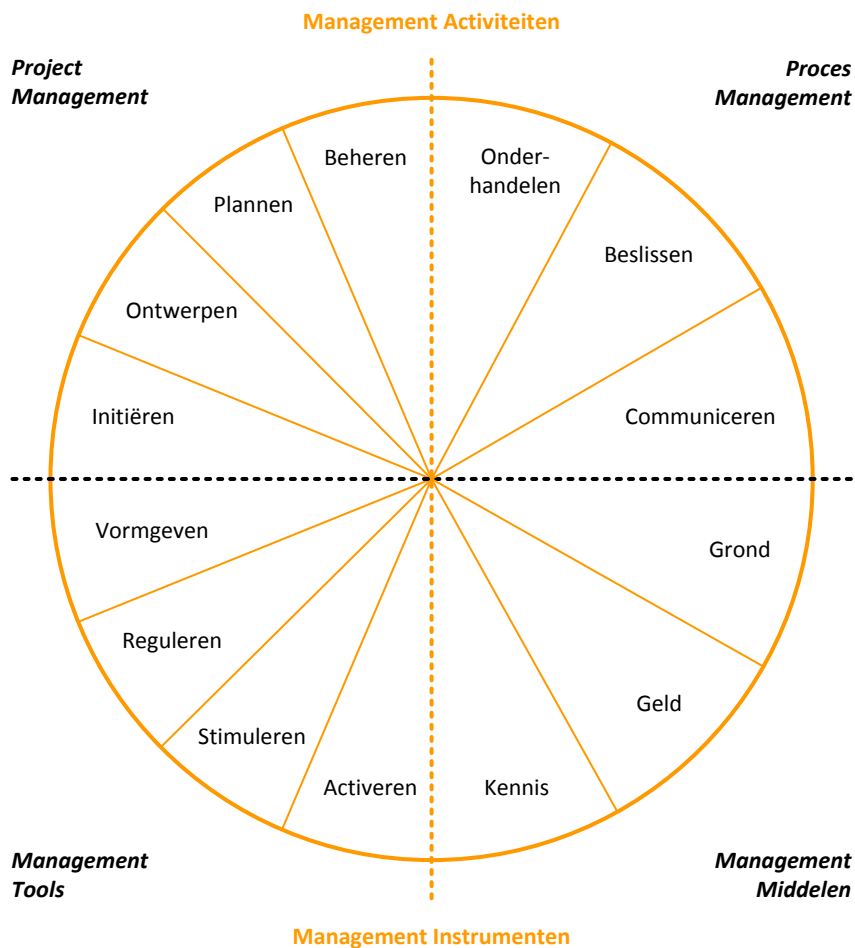


Figure SAM.1
Conceptueel publiek-privaat stedelijk sturingsmodel

Het gebrek aan *management* kennis over *privaat-gestuurde gebiedsontwikkeling* en onze zienswijze op *management* als 'enigerlei manier van direct beïnvloeden' resulteren in een **conceptueel publiek-privaat stedelijk sturingsmodel** (zie Figuur SAM.1) welke gebaseerd is op theoretische concepten en empirische reflectie. In dit onderzoek bestaat het *publiek-privaat sturen van project processen* uit het toepassen van zowel *management activiteiten als instrumenten*. *Project management* (Wijnen e.a., 2004) betreft activiteiten gerelateerd aan het ontwikkelingsproces zoals initiëren, ontwerpen, plannen en beheren. *Proces management* (Teisman, 2003) bestaat uit interactie-activiteiten zoals onderhandelen, beslissen en communiceren. *Management tools* bestaan uit markten vormgeven, reguleren, stimuleren en activeren (Adams e.a., 2004). *Management middelen* bestaan uit benodigdheden voor de realisatie van ruimtelijke projecten (Burie, 1978) zoals grond, geld en kennis. Al deze sturingsmiddelen kunnen ingezet worden door partijen om *privaat-gestuurde gebiedsontwikkeling* te beïnvloeden.

Deze sturingsmiddelen worden gebruikt om *project effecten* te bereiken. In dit onderzoek worden effecten beschouwd als beoordelingscriteria voor het succesvol managen van *privaat-gestuurde gebiedsontwikkelingsprojecten*. Ze bestaan uit de effectiviteit van samenwerking, proces efficiëntie en ruimtelijke kwaliteit. *Effectiviteit* betreft de mate waarin de samenwerking bijdraagt aan het realiseren van doelen en oplossen van problemen. *Efficiëntie* is de mate waarin het proces bijdraagt aan het realiseren van het project binnen tijd en budget. *Ruimtelijke kwaliteit* ten slotte is de mate waarin het project bijdraagt aan het realiseren van gebruiks-, ervarings- en toekomstwaarden van betrokkenen (Hooijmeijer e.a., 2001). Deze proces en product effecten zijn cruciaal voor het begrijpen van de resultaten van *privaat-gestuurde gebiedsontwikkeling*.

Vergelijkend case studie onderzoek gebruikmakend van de lessen-leren methode

Dit onderzoek analyseert en vergelijkt *privaat-gestuurde gebiedsontwikkeling cases* in zowel Nederland en Engeland op een bepaalde methodologische wijze. In methodologische zin is dit een **empirisch vergelijkend case studie onderzoek** welke gebruik maakt van de **methode van lessen trekken**. Case studies staan empirisch onderzoek toe dat een huidig fenomeen in zijn werkelijkheid bestudeert (Yin, 2003). Deze kwalitatieve benadering past bij de doelstellingen van dit onderzoek omdat het empirische mechanismen van samenwerking en management van *privaat-gestuurde gebiedsontwikkeling* ontrafeld. De reden om Engeland te bestuderen ligt in het feit dat het beschouwd wordt als een marktgerichte ontwikkelingspraktijk waaruit waardevolle lessen voor Nederland te trekken zijn. Hiermee plaatst deze studie zich in een langere traditie van Nederlandse interesse in de Engelse ruimtelijke planning (Hobma e.a., 2008). Dit onderzoek formuleert *inspiratieve lessen* uit de praktijk en projecten in tegenstelling tot verregeande transplantatie van ruimtelijk beleid (Janssen-Jansen e.a., 2008). Niettemin, om betekenisvolle empirische lessen te trekken is het noodzakelijk de context (on)afhankelijkheid ervan te bepalen. Dit noodzaakt het systematisch vergelijken van institutionele planningspraktijken van beide landen door *verschillen en overeenkomsten* tussen beide landen in kaart te brengen.

Gebaseerd op deze methodologische uitgangspunten zijn tien Nederlandse en twee Engelse cases geselecteerd en bestudeerd. In de Nederlandse cases is gekozen voor breedte in plaats van diepte onderzoek om een beeld te schetsen van gebiedsconcessies in zowel binnenstedelijke als uitleglocaties. De Engelse cases zijn diepte studies bedoeld

om inzicht te krijgen in de toepasbaarheid van privaat-gestuurde gebiedsontwikkeling bij complexe grootschalige binnenstedelijke locaties. Als *technieken* zijn documentenanalyse, semigestructureerde interviews, projectbezoeken en data mapping gebruikt.

Vergelijking Nederlandse en Engelse planning en gebiedsontwikkeling

De **institutionele context** van gebiedsontwikkeling in Nederland en Engeland laat enkele structurele verschillen zien ondanks dat zij ook aan verandering en onderlinge beïnvloeding onderhevig zijn. Zo is het Nederlandse planning systeem gebaseerd op Napoleontische gecodificeerde wetgeving leunend op een grondwet met abstracte principes en een gelimiteerde rol voor rechters. Het Engelse systeem is gebaseerd op Britse algemene wetgeving zonder grondwet met richtinggevende zaakjurisprudentie. Ruimtelijke ordening in Nederland wordt gekenmerkt door bindende bestemmingsplannen in een 'limiterend-gebiedend' systeem gebaseerd op juridische zekerheid. Het wordt gecategoriseerd als 'toelatingsplanologie' gebaseerd op een 'samenhangend model' van hiërarchisch gecoördineerde publieke planvorming (Dühr e.a., 2010). De Engelse ruimtelijke ordening heeft geen bindend planfiguur en erkent het belang van materiële overwegingen gebaseerd op discrete autoriteit en flexibiliteit. Historisch gezien wordt het Engelse model aangeduid als 'ontwikkelingsplanologie' gebaseerd op een 'grondgebruik regulering model' vooral gecoördineerd door samenhangend ruimtelijk beleid.

Bovendien verschillen beide praktijken in de invulling van **publieke en private rollen** bij gebiedsontwikkeling (Heurkens, 2009). In Nederland zijn lokale overheden actieve partijen die plannen, actief grondbeleid en publieke investeringen gebruiken voor stedelijke ontwikkeling. De private sector is vooral reactief en historisch gericht op (pure) bouwproductie. Publiek-private besluitvormingsprocessen zijn gebaseerd op consensusvorming, projectcoördinatie vindt plaats door middel van 'samenwerkingsmodellen' en projectsturing richt zich op proces en product. In Engeland gebruiken gemeenten relatief minder regelgeving en investeringen bij stedelijke ontwikkeling waarmee ze vooral de markt faciliteren en actief grondbeleid bestaat niet. De ontwikkelbranche is een volwassen sector met actieve private projectinitiatieven en financiering. Besluitvorming wordt gekenmerkt door onderhandelingen, en de organisatie van projecten is gebaseerd op een duidelijke formele publiek-private rolverdeling.

Ondanks dat deze generalistische Nederlandse-Engelse vergelijking van cruciaal belang is voor dit onderzoek doet het geen recht aan de toegenomen gelijkenissen tussen Europese planningspraktijken. Bovendien evolueren institutionele contexten als gevolg van veranderende prioriteiten in landen. Sommige Engelse planning systeem kenmerken hebben bijvoorbeeld de aandacht opgeëist van Nederlandse planners, zoals de samenhangende projectcoördinatie principes, private betrokkenheid en onderhandelingen, opties voor een 'planning winst' regeling, 'belangen pakketten', ontwikkelingsgericht plannen, en discretie in besluitvorming (Spaans, 2005). Deze marktgerichte planning principes zijn waardevolle en soms noodzakelijke mechanismen geworden om effectief om te gaan met de toenemend minder publiek- en meer privaat-gestuurde Nederlandse gebiedsontwikkelingspraktijk.

Empirische bevindingen van privaat-gestuurde cases in Nederland

Gebiedsontwikkeling in Nederland kende vanaf het jaar 2000 een toenemend gebruik van het concessiemodel. Deze Nederlandse vorm voor privaat-gestuurde gebiedsontwikkeling kan het best gekarakteriseerd worden als een contractvorm tussen publieke en private partijen waarin een transfer van risico's, opbrengsten en verantwoordelijkheden voor de

planvorming, grond- en vastgoedontwikkeling naar ontwikkelaars plaatsvindt, gebaseerd op een vooraf opgesteld publiek programma van eisen en een strikte publiek-private rolverdeling (Gijzen, 2009). In theorie (Van Rooy, 2007; Van de Klundert, 2008; Heurkens e.a., 2008) biedt dit samenwerkingsmodel voordelen als meer effectiviteit, efficiëntie, ruimtelijke kwaliteit en transparantie. Genoemde mogelijke nadelen zijn het gebrek aan publieke sturing, afhankelijkheid van marktpartijen en omstandigheden, inflexibele contracten, een projectmanagement benadering, en een gespannen publiek-private relatie. Genoemde condities voor de toepassing van concessies in theorie zijn een hanteerbare project grootte en doorlooptijd, minimale politieke en sociale complexiteit, en maximale vrijheid voor private partijen. Motieven voor de keuze voor concessies in theorie zijn het gebrek aan arbeidscapaciteit en financiële ontwikkelcapaciteit, risico overdracht naar private partijen, en toenemende private initiatieven en grondeigendom. Er is echter een gebrek aan empirische kennis en bewijs voor zulke theoretische aannames. Daarom zijn er empirische cases in Amsterdam, Den Haag, Enschede, Maassluis, Middelburg, Naaldwijk, Rotterdam, Tilburg, Utrecht en Velsen (zie Tabel 5.1) uitgevoerd. Zowel binnenstedelijke als uitleglocaties zijn bestudeerd.

De belangrijkste conclusies uit de **Nederlandse empirische case vergelijking** zijn hier genoemd. Betreffende de *organisatie* blijkt dat publiek-private interactie en samenwerking van cruciaal belang blijven in concessies. Ondanks de formele contractuele scheiding van publieke en private taken en verantwoordelijkheden is er in de praktijk sprake van een nauwe informele samenwerking, vooral in de initiatief- en ontwerpfase. Bovendien blijven gemeenten niet altijd zo risicoloos als dat de theorie suggereert, omdat ongunstige marktomstandigheden het ontwikkeltempo en daarmee de staat van de directe leefomgeving van bewoners nadelig kunnen beïnvloeden. Bovendien blijkt dat het opstellen en naleven van flexibele publieke eisen gecombineerd met enkele strikte regels een effectieve conditie is voor het realiseren van publieke doelen gedurende het proces. In termen van *management* kunnen de meeste projecten nauwelijks aangemerkt worden als alleen privaat-gestuurd. Projectmanagement activiteiten zoals initiëren en beheren worden bijvoorbeeld erg gestuurd door gemeenten. Procesmanagement activiteiten worden uitgevoerd door beide partijen door middel van nauwe publiek-private interacties. Vormgevende en regulerende management tools worden meestal gebruikt door publieke partijen met een gebrekkig bewust gebruik van meer stimulerende en activerende tools. Het gebruik van managementmiddelen zoals grond, geld en kennis blijven vooral een private aangelegenheid. In termen van *effecten* worden concessies over het algemeen getypeerd als een effectieve samenwerking, maar niet altijd als efficiënt proces. De algemene perceptie van publieke, private partijen en bewoners over het ruimtelijke kwaliteitsniveau is positief.

In aanvulling hierop zijn *ervaringen* van actoren onderzocht. Veel genoemde problemen zijn de 'wij tegen zij verhouding', het gebrek aan publieke rolvastheid, de dunne lijn tussen beoordeling en controle, de betrokkenheid en competentie van publieke project managers, de communicatie met de lokale gemeenschap, en het gebrek aan publieke sturingsmogelijkheden. De cases bevestigen de meeste concessie *toepassingscondities*. Maar succesvolle ontwikkelingen in Amsterdam en Enschede laten duidelijk zien dat een privaat-gestuurde benadering ook toegepast kan worden in complexe binnenstedelijke opgaven.

Empirische bevindingen van privaat-gestuurde cases in Engeland

De *Engelse gebiedsontwikkeling* wordt vaak aangemerkt als 'urban regeneration'. Historisch gezien is deze sterk gevormd door neoliberale politieke ideologieën van de Conservatieve Thatcher overheid midden jaren '80. Maar het is ook beïnvloed door New Labour's Third Way ideologie (Giddens, 1998) gericht op het bereiken van een balans tussen economisch, sociaal en ecologisch beleid. Niettemin is Engeland als gevolg van institutionele kenmerken sterk gevormd door ontwikkelingen die private belangen behartigen of publieke partijen die handelen in het belang van de markt (Nadin e.a., 2008). Over het algemeen zijn lokale overheden afhankelijk van initiatieven en investeringen van ontwikkelaars en beleggers, omdat het hen ontbreekt aan publieke financiële middelen en planologische autoriteit om zelf te ontwikkelen. Als gevolg hiervan is 'controle' van private ontwikkelingen een diepgeworteld concept in de praktijk. Verschillende juridische instrumenten zoals de Section 106 overeenkomst worden gebruikt om een 'planning winst' te realiseren door private partijen een bijdrage te laten leveren aan publieke functies. Bovendien heeft gebiedsontwikkeling in Engeland een sterke informele samenwerkingscultuur, maar tegelijkertijd ook een strikte formele contractuele publiek-private rolscheiding. Deze kenmerken bieden genoeg reden om privaat-gestuurde projecten in meer detail te bestuderen. De empirische Engelse cases zijn Bristol Harbourside en Liverpool One. Beiden zijn strategische binnenstedelijke gebiedsontwikkelingen met een gemixt functioneel programma en mogelijk hoge complexiteit. Aldus zijn het relevante stedelijke projecten voor het trekken van lessen voor Nederland.

De belangrijkste conclusies uit de *Engelse empirische case vergelijking* zijn hier genoemd. In termen van *context* laten de cases zien dat de politiek en de vaak veranderlijke natuur van ruimtelijk beleid van grote invloed zijn op beide projecten. Veranderend beleid resulteert vaak in heroverwegen van ontwikkelcondities leidend tot nieuwe publiek-private onderhandelingen. Sterk en effectief leiderschap wordt dan beschouwd als een cruciale sturingsfactor. In termen van *organisatie* laten de cases inderdaad zien dat lokale overheden geen ontwikkelrisico op zich nemen. Bovendien is winstdeling met private partijen afwezig of gelimiteerd tot wat er in 'ontwikkelingspakketten' wordt afgesproken. Bovendien ondersteunen gemeenten de vorming van allerlei partnerschappen tussen publieke, private en particuliere actoren om steun en financiering te verkrijgen. In termen van *management* passen lokale overheden diverse sturingsmiddelen toe om de gebiedsontwikkeling te beïnvloeden. Een belangrijke constatering is dat publieke actoren allerlei management tools gebruiken om de ontwikkelingen vorm te geven en te stimuleren; ze beperken zich niet tot marktregulering maar activeren ook de markt. Niettemin vindt sturing van het project voornamelijk plaats door private partijen. Ontwikkelaars managen het project van initieel ontwerp tot mogelijk zelfs het beheer van de openbare ruimte (Liverpool). Daarmee werken ze op basis van een lange termijn investeringsmodel waarmee ze private betrokkenheid vergroten. In termen van *effecten* worden projecten effectief uitgevoerd en wordt er een hoge ruimtelijke kwaliteit gerealiseerd. De efficiëntie van het proces blijft echter achter door langdurige en terugkerende onderhandelingen.

Uit *ervaringen* van actoren in de Engelse privaat-gestuurde gebiedsontwikkeling kan afgeleid worden dat er ook *problemen* voorkomen. Dit betreft de financiële afhankelijkheid van private partijen, het gebrek aan financiële prikkels bij publieke actoren, het gebrekkige besef van burgerwensen, gebrekkige behandeling van publieke bezwaren, lange onderhandelingsprocessen, en afwezigheid van vaardige publieke managers. De actoren

wijzen bovendien op enkele cruciale *condities* voor het toepassen van een privaat-gestuurde benadering. Dit betreft flexibele algemene publieke richtlijnen, informele partnerschappen en samenwerking, publieke en private leiderschapsrollen en –vaardigheden, professionele lange termijn betrokken private partijen, betrekken van lokale actoren, scheiden van de gemeentelijke planologische en ontwikkelrol, omgaan met politieke druk, en aanwezigheid van gunstige marktomstandigheden.

Empirische lessen, verbeteringen en inspiratie

Er kunnen een aantal **algemene conclusies** uit de Nederlands-Engelse case vergelijking getrokken worden (zie Tabel 8.1). De invloed van de project context in Engeland, vooral de politieke macht en de veranderbaarheid van planningsbeleid, is hoger dan in Nederland. De organisatorische rolscheiding is in Engelse projecten strikter dan in Nederland. Ook worden daar publieke programmatische eisen minder in detail en in doelen geformuleerd dan in Nederland. Management in de Nederlandse cases is wat minder privaat-gestuurd dan in Engeland, waar lokale overheden meer bewust zijn van de verschillende sturingsmiddelen die men ter beschikking heeft. De project effecten laten behoorlijk wat gelijkenis zien. Effectiviteit en ruimtelijke kwaliteit kunnen behaald worden, terwijl efficiëntie lastig te realiseren is als gevolg van de onderhandelcultuur.

Hier worden belangrijke **empirische lessen** bediscussieerd met tot doel mogelijke oplossingen voor waargenomen Nederlandse problemen te formuleren. De problematische Nederlandse ‘wij tegen zij verhouding’ tussen actoren wordt in Engeland opgelost door nauwe dagelijkse samenwerking. Ontwikkelaars organiseren regelmatig informatieve en interactieve ontwerpessies met gemeenten, waar door gedeelde ideeën een coöperatieve sfeer ontstaat. Het gebrek aan publieke rolvastheid wordt opgelost in Engeland doordat gemeenten een algemeen publiek programma van eisen formuleren dat zekerheid creëert, waarna onderhandelingen de flexibiliteit bieden om te reageren op veranderende omstandigheden. De dunne lijn tussen beoordeling en controle van plannen komt in Engeland niet voor, omdat gemeenten respecteren dat ontwikkelaars de ruimte gegeven moet worden om professioneel te ontwikkelen, ook omdat met ‘product specificaties’ gecontroleerd kan worden of wat geleverd wordt volgens afspraak is. De betrokkenheid en competentie van publieke projectmanagers is ook in Engeland cruciaal waarbij projectleiders de politieke en sociale omgeving van het project managen en draagvlak creëren door communicatie met de lokale gemeenschap. Het gebrek aan publieke sturingsmogelijkheden (regie) wordt in Engeland minder ervaren. Omdat men geen actief grondbeleid kent stuurt men met planning tools en onderhandelingen.

Hier wordt gekeken of **aanbevolen verbeteringen** van Nederlandse professionals ook in de Engelse cases als mogelijke oplossing gebruikt wordt. De Nederlandse aanbeveling voor samenwerking in de voorbereidingsfase om publiek draagvlak en betrokkenheid te creëren wordt in Engeland onderschreven door noodzakelijke informele samenwerking tussen actoren, ondanks de strikte formele rolscheiding. Het streven naar publieke rolvastheid wordt ook door Engelse ontwikkelaars gewaardeerd, waarbij het principe ‘afpraak is afspraak’ wordt nagestreefd, zodat zekerheid ontstaat en er minder weerstand en meer samenwerkingsgeneigdheid bij ontwikkelaars ontstaat op het moment dat er hoogst relevante publieke belangen aan de orde komen. Het maken van duidelijke procesovereenkomsten met momenten van controle of discussie wordt in Engeland opgelost door een onderscheid

te maken tussen formele evaluatiemomenten bedoeld om de output sec te beoordelen, en het organiseren van informele bijeenkomsten bedoeld om ruimte te maken voor een publiek-private dialoog en het genereren van nieuwe inzichten. Het verbinden van het (publieke) planningsproces en (private) ontwikkelingsproces wordt in Engeland georganiseerd door een gemeentelijk duo waarbij politieke leiders strategisch beleidsmatig opereren en projectmanagers tactisch projectmatig opereren. Een duidelijk communicatieplan om de lokale gemeenschap te betrekken bij het project wordt in Engeland vooral georganiseerd door ontwikkelaars, welke relevante belanghebbenden bij het ontwerp- en besluitvormingsproces betrekken voorafgaand aan planindiening bij gemeenten, waardoor draagvlak en efficiëntie wordt bereikt. Het zoeken naar publieke sturingsmogelijkheden anders dan grond en geld wordt in Engeland opgelost via diverse bestaande publieke planologische instrumenten en publiek-private onderhandeling.

Interessant is dat de Engelse cases ook *inspiratieve lessen* voor Nederland bieden. Ten eerste is het ontwikkelen en toepassen van een publieke '*management toolbox*' met diverse instrumenten welke de markt vormgeeft, stimuleert, reguleert en activeert een manier om sturing breder en meer integraal te bekijken en te gebruiken. Ten tweede lijkt het kiezen van een professionele gecommitteerde *private ontwikkelpartner* met ervaring en lokale kennis, in plaats van de economisch meest voordelige aanbieder bij tenders, een voordeel in privaat-gestuurde gebiedsontwikkeling, omdat daardoor er een constructieve samenwerkingsrelatie kan ontstaan. De samenwerkingsbereidheid van private partijen uit zich dan namelijk vaak in flexibele planconcepten in plaats van rigide ontwikkelplannen. Ten derde zijn '*wervende partnerschap overeenkomsten*' tussen publieke, private en particuliere partijen, gericht op het creëren van breed draagvlak en lange termijn betrokkenheid bij het project door middel van het promoten van intenties, een goede manier om zowel financiële middelen van overheden als marktpartijen aan te trekken. Ten vierde kan een *privaat beheerde openbare ruimte* gebaseerd op een grond erfpacht contract met publieke eisen financiële voordelen voor beide partijen opleveren. Voor lokale overheden verminderen de beheerkosten en het biedt ontwikkelaars de mogelijkheid om het gebied hoogwaardig in te richten en te beheren waardoor vastgoedhuren en -waardes op peil blijven of stijgen. Ten vijfde biedt een investeringsmodel van *ontwikkende beleggers* gericht op lange termijn waardeverhoging een goede mogelijkheid om de haalbaarheid van het project te vergroten. Het beslist het klassieke geld-tijd-kwaliteit trade-off model in het voordeel van ruimtelijk hoogwaardige gebieden, omdat de terugverdientijd van grote voorinvesteringen niet al bij projectoplevering ligt. Ten zesde kunnen gemeenten zich actief inzetten om *publieke subsidies* te verwerven zoals loterij fondsen die gebruikt worden om publieke functies te financieren en private partijen te overtuigen om te investeren. Daarbij ontstaat ook de mogelijkheid om met een 'ontwikkelpakket' een deel van opbrengst van de commerciële private ontwikkeling te bestemmen voor publieke functies. Ten zevende bieden *publieke en private leiderschapsstijlen* op verschillende organisatorische niveaus efficiënte voordelen in binnenstedelijke ontwikkelingen. Het aanwijzen van strategisch-tactisch opererende politieke leiders en private directeurs, en tactisch-operationeel opererende publieke en private projectmanagers, kunnen de externe en interne communicatie bevorderen en betrokkenheid en draagvlak vergroten. Tenslotte laat Engeland zien dat privaat-gestuurde gebiedsontwikkeling succesvol toegepast kan worden in *complexe binnenstedelijke opgaven*. Ondanks het complexe politieke en sociale karakter, gefragmenteerd grondeigendom, en hoge grondontwikkelkosten kunnen Engelse ontwikkelaars zo'n opgave succesvol realiseren.

De meest voorname condities hiervoor zijn een professionele en financieel daadkrachtige ontwikkelaar en actieve overheid welke marktinitiatieven faciliteert.

De *waarschijnlijkheid van overname* van de Engelse inspiratie hangt af van enkele Nederlandse institutionele kenmerken (economie en politiek, sturingscultuur, planning systeem en beleid). De meeste lessen zijn echter context-onafhankelijk en kunnen worden toegepast in de Nederlandse praktijk. Maar Tabel 8.2 laat ook zien dat enkele lessen context-afhankelijk zijn wat de overname bemoeilijkt, zoals de algemene korte termijn benadering van ontwikkelaars en de generieke gemeentelijke wens tot 'regie voeren'.

Reflecties op alternatieve publieke belang borging en financieringsinstrumenten

Als aanvulling op het onderzoek bevat de epiloog *conceptuele reflecties* op alternatieve publieke belang behartiging en financieringsinstrumenten welke in lijn zijn met het huidige sociaaleconomische klimaat en de principes van privaat-gestuurde gebiedsontwikkeling. Deze reflecties zijn niet gebaseerd op de onderzoeksbevindingen maar op aanvullende literatuur en biedt stof tot nadenken voor publieke en private gebiedsontwikkelaars.

Het *behartigen van publieke belangen* is een belangrijke zaak voor publieke partijen, vooral in marktgerichte planning en privaat-gestuurde gebiedsontwikkelingsprojecten. In onze pluralistische samenleving is het echter onmogelijk geworden voor één partij om het publieke belang te bepalen in alle situaties. In lijn met maatschappelijke ontwikkelingen is het niet alleen sociaal coherent maar zelfs sociaal noodzakelijk dat overheden private en particuliere partijen betrekken in de behartiging van publieke belangen. Het bewust toepassen van publieke belang behartiging strategieën, gebaseerd op zowel *hiërarchische, markt en netwerk mechanismen* (De Bruijn & Dicke, 2006), biedt deze mogelijkheid. Door het gebruik van gelegitimeerde hiërarchische mechanismen, competitiegerichte marktmechanismen en interactiegerichte netwerkmechanismen, worden publieke waarden geïnstitutionaliseerd in de private en particuliere sector. Voor de rol van publieke planning autoriteiten betekent dit de behartiging van toenemende economische waarden, sociale cohesie en de volksgezondheid, door de inzet van legitieme planningsinstrumenten en toerekenbare planningsactiviteiten. Dit stelt private en particuliere actoren in staat om meer betrokken te worden bij, en verantwoordelijkheid te nemen voor, hun directe omgeving. In marktgerichte planning en privaat-gestuurde gebiedsontwikkeling zijn publiek belang behartiging instrumenten dan *niet-onderhandelbare planologische standaarden* die basisbehoeften veiligstellen aan de ene kant, en *onderhandelbare ontwikkelcondities* die betrokkenheid van actoren vraagt aan de andere kant. Niet-onderhandelbare instrumenten zijn publieke aanbestedingseisen, bestemmingsplannen en bouwvergunningen. Onderhandelbare instrumenten zijn contractuele condities, competitieve dialogen, beeldkwaliteitsplannen, ontwikkelaar bijdragen, ontwikkelprikkels, prestatie-indicatoren en eigenaarschap (zie Figuur 10.2).

De afhankelijkheid van private investeringen in privaat-gestuurde gebiedsontwikkeling vraagt om het verkennen van *alternatieve financieringsinstrumenten* die minder vertrouwen op vreemd vermogen. Dit is een cruciaal onderwerp welke het resultaat is van de effecten van de huidige economische situatie op de grond- en vastgoedmarkt. Het wordt algemeen erkend in veel internationale ontwikkelpraktijken dat vastgoedinvesteringen voor gebiedsontwikkeling radicaal veranderd zijn als gevolg van de kredietcrisis en economische teruggang (Parkinson e.a., 2009). Nieuwe financieringsinstrumenten voor gebiedsontwikkelings hebben de aandacht

van Nederlandse professionals (Van Rooy, 2011) en wetenschappers (Van der Krabben, 2011b). In de huidige gebiedsontwikkelingspraktijk is een groeiende interesse te zien naar *vraaggestuurde ontwikkelstrategieën* zoals bottom-up initiatieven, waardecreatie modellen, en risicobeheersing door gebiedsfasering, welke financieel haalbare projecten zouden kunnen opleveren. Uit de literatuur zijn veelbelovende *alternatieve financieringsinstrumenten* te vinden zoals Tax Increment Financing, Ontwikkelsubsidies, Lotterijfondsen, Concessie Light, Crowd Financiering, Gebiedsontwikkelingsfondsen, Bedrijven Investerings Zones, en Stedelijke Herverkaveling. De instrumenten kennen diverse kenmerken zoals investeringsbron, ontwikkelprikkels, organisatorische vereisten en gebiedscondities, welke door publieke en private partijen in overweging genomen dienen te worden (zie Tabel 10.3).

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PART 4 Appendices



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the sooner you can stop thinking



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A II Survey Spatial Quality

Introductie

Deze survey wordt uitgevoerd in het kader van het promotieonderzoek naar gebiedsconcessies van ir. Erwin Heurkens, aan de TU Delft (Faculteit Bouwkunde, Afdeling Real Estate & Housing, Sectie Gebiedsontwikkeling). Daarin onderzoekt hij hoe gemeenten en projectontwikkelaars samenwerken in 12 gebiedsconcessies. Daarnaast wordt getracht een beeld te schetsen van de effecten van de toepassing van het concessiemodel waaronder de variabele ruimtelijke kwaliteit. Aangezien u betrokken bent bij, of belanghebbende bent in, de gebiedsontwikkeling die gerealiseerd werd, is of wordt op basis van het concessiemodel, wordt uw mening over de gerealiseerde ruimtelijke kwaliteit zeer op prijs gesteld. In 2009 heeft u wellicht deelgenomen aan een interview met de onderzoeker. Deze survey kunt u beschouwen als een aanvulling op het interview, waarbij aanvullende data wordt verzameld door de onderzoeker. Onderstaand vindt u eerst een uitleg over wat bedoeld wordt met ruimtelijke kwaliteit, en welke variabelen gebruikt worden om het te meten. Dit mondt uit in een vragenlijst waarop u scores kunt geven aan verschillende aspecten van ruimtelijke kwaliteit, vanuit uw eigen perspectief. Het toezenden van deze informatie dient ter voorbereiding op een telefoongesprek van een half uur welke de onderzoeker graag met u zou willen voeren. Voor het inplannen van een telefonische afspraak wordt u benaderd door de TU Delft secretaresse Laura Bovelander. Het doel hiervan is om over het onderwerp van gedachten te wisselen. Als tegenprestatie voor de door u genomen tijd ontvangt u een exemplaar van het proefschrift dat eind maart gereed is.

Ruimtelijke kwaliteit

Ruimtelijke kwaliteit is een lastig te definiëren en te operationaliseren begrip. Hooimeijer e.a. (2001) wijzen in dit kader op de subjectiviteit die verbonden is aan het begrip. Niettemin is het volgens Daamen (2005) voor een objectieve benadering noodzakelijk om in ieder geval aan te geven wat we met het begrip bedoelen. Volgens Van der Toorn Vrijthoff & Talstra, in Bruil e.a. (2004) hangt in ieder geval de toevoeging van waarde(s) (gebruik, beleving, toekomst) samen met de ruimtelijke kwaliteit van gebiedsontwikkelingen. Daarnaast spelen er verschillende belangen (economisch, sociaal, ecologisch, cultureel) mee die gerealiseerd kunnen worden door middel van ruimtelijke kwaliteit. Hier kiezen we ervoor om een gebiedsperspectief te kiezen, waarbij de direct belanghebbenden publieke, private en particuliere partijen zijn. Deze worden gevraagd naar hun mening over de toevoeging van waarde in fysieke zin. Dit mondt uit in de volgende *definitie van ruimtelijke kwaliteit*:

Ruimtelijke kwaliteit is de mate waarin een gebiedsontwikkeling (functies, inbedding, inrichting, vormgeving, beheer) waarde toevoegt (gebruiks-, belevings-, en toekomstwaarde) voor direct belanghebbenden (publiek, privaats, particulier/gebruiker).

Gebruikswaarde

Gebruikswaarde is de mate waarin het gebied functioneel genoemd kan worden. De vraag die daarbij gesteld kan worden is; In hoeverre is het gebied functioneel? De functionaliteit is te meten door de volgende waarde variabelen en zijn als volgt te definiëren:

- Bereikbaarheid: de mate waarin het gebied bereikbaar is voor gemotoriseerd, ongemotoriseerd verkeer en openbaar vervoer;
- Toegankelijkheid: de mate waarin het gebied toegankelijk is gemaakt om te betreden voor gebruikers en buitenstaanders;
- Nabijheid: de mate waarin het gebied gelegen is nabij dagelijkse voorzieningen;
- Veiligheid: de mate waarin het gebied ingericht, vormgegeven is als veilige plek.

Belevingswaarde

Belevingswaarde is de mate waarin het gebied aantrekkelijk wordt gevonden. De vraag die daarbij gesteld kan worden is; In hoeverre is het gebied aantrekkelijk? De aantrekkelijkheid is te meten door de volgende waarde variabelen en zijn als volgt te definiëren:

- Overzichtelijkheid: de mate waarin het gebied getuigd van een heldere stedenbouwkundige structuur;
- Zichtbaarheid: de mate waarin het gebied zichtbaar is van buiten af;
- Herkenbaarheid: de mate waarin het gebied herkenbaar is als een plek ten opzichte van andere gebieden;
- Beeldkwaliteit: de mate waarin het gebied voorzien is van esthetische vormgevende kenmerken;
- Diversiteit: de mate waarin het gebied diversiteit aan functies en vormgeving heeft;
- Dichtheid: de mate waarin het gebied een passende dichtheid heeft voor de functie waarvoor het bedoeld is.

Toekomstwaarde

Toekomstwaarde is de mate waarin het gebied toekomstbestendig wordt gevonden. De vraag die daarbij gesteld kan worden is; In hoeverre is het gebied toekomstbestendig? De toekomstbestendigheid is te meten door de volgende waarde variabelen en zijn als volgt te definiëren:

- Aanpasbaarheid: de mate waarin het gebied stedenbouwkundig aanpasbaar/flexibel is voor functieverandering/herontwikkeling;
- Inpasbaarheid: de mate waarin het gebied stedenbouwkundig ingepast is en blijft in de huidige en toekomstige wijkstructuur en -ontwikkeling;
- Duurzaamheid: de mate waarin het gebied ecologisch, sociaal, economisch duurzaam is.

Metten

Het meten ruimtelijke kwaliteit geschied volgens een ordinale schaal. In feite geeft u aan het gebied of een bepaald criterium in het gebied wel (Ja) of niet (Nee) goed scoort in het gebied, dan wel dat dat lastig te bepalen is (Weet niet), of dat u geen mening hierover heeft (Geen mening). Dit doet u vanuit uw eigen professionele dan wel persoonlijke perspectief. Maar wel binnen de definities van de waarde variabelen, die ook nog eens boven elke vraag herhaald worden. Daarnaast wordt de mogelijkheid gegeven om aan te geven waarom u een bepaalde score hebt ingevuld. Deze aanvullende kwalitatieve informatie wordt ook zeer op prijs gesteld, welke in het telefonisch gesprek aan de orde komen.

Vertrouwelijkheid

De door u ingevulde survey zal met de uiterste zorgvuldigheid behandeld worden. De persoonlijke ingevulde gegevens worden niet openbaar gemaakt, noch wordt er in het proefschrift direct verwezen naar uw opmerkingen en dergelijke. Het onderzoek is bedoeld om een genuanceerd totaalbeeld te schetsen van de ruimtelijke kwaliteit van gebiedsconcessies. Daarbij hebben we uw hulp als ervaringsdeskundige nodig.

Informatie

Voor nadere informatie kunt u mailen naar e.w.t.m.heurkens@tudelft.nl. Dank alvast zeer voor de door u genomen moeite voor het bekijken van de survey. Graag spreek ik u nader telefonisch over dit onderwerp.

Survey – Ruimtelijke Kwaliteit bij Gebiedsconcessies (blad 1)

Naam

Vult u hier uw naam in.

Gebiedsontwikkeling

Vult u hier in bij welk gebiedsconcessie project u betrokken bent (geweest).

Organisatie & functie

Vult u hier in bij welke organisatie u werkt(e) en welke functie u daarin bekleed (heeft).

Organisatie & functie

Vult u hier in bij welke organisatie u werkt(e) en welke functie u daarin bekleed (heeft).

Soort organisatie	Naam organisatie	Functie/rol
Publiek		
Privaat		
Particulier/gebruiker		
Anders, nl.		

Fase betrokkenheid

Vult u hier in bij welke fase(s) van de gebiedsontwikkeling u betrokken bent (geweest).

Fase gebiedsontwikkeling	Betrokkenheid	Functie/rol
Initiatief		
Planvorming & haalbaarheid		
Realisatie		
Beheer		
Anders, nl.		

Survey – Ruimtelijke Kwaliteit bij Gebiedsconcessies (blad 2)

Gebruikswaarde

Vindt u dat het gebied goed bereikbaar is voor gemotoriseerd, ongemotoriseerd en collectief vervoer?

Bereikbaarheid	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied goed bereikbaar is voor gemotoriseerd, ongemotoriseerd en collectief vervoer?				
Opmerkingen				
Toegankelijkheid	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied toegankelijk is gemaakt om te betreden voor gebruikers en buitenstaanders?				
Opmerkingen				
Nabijheid	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied gelegen is nabij dagelijkse voorzieningen?				
Opmerkingen				
Veiligheid	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied ingericht en vormgegeven is als veilige plek?				
Opmerkingen				

Survey – Ruimtelijke Kwaliteit bij Gebiedsconcessies (blad 3)

Belevingswaarde

Belevingswaarde is de mate waarin het gebied aantrekkelijk wordt gevonden. De vraag die daarbij gesteld kan worden is; In hoeverre is het gebied aantrekkelijk?

Overzichtelijkheid	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied getuigd van een heldere stedenbouwkundige structuur?				
Opmerkingen				
Zichtbaarheid	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied goed zichtbaar is van buiten af?				
Opmerkingen				
Herkenbaarheid	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied herkenbaar is als een plek ten opzichte van andere gebieden?				
Opmerkingen				
Beeldkwaliteit	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied voorzien is van esthetische vormgevende kenmerken?				
Opmerkingen				
Diversiteit	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied een diversiteit aan functies en vormgeving heeft?				
Opmerkingen				
Dichtheid	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied een passende dichtheid voor de functie waarvoor het bedoeld is?				
Opmerkingen				

Survey – Ruimtelijke Kwaliteit bij Gebiedsconcessies (blad 4)

Toekomstwaarde

Toekomstwaarde is de mate waarin het gebied toekomstbestendig wordt gevonden. De vraag die daarbij gesteld kan worden is; In hoeverre is het gebied toekomstbestendig?

Aanpasbaarheid	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied stedenbouwkundig aanpasbaar/flexibel is voor functieverandering / herontwikkeling?				
Opmerkingen				
Inpasbaarheid	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied stedenbouwkundig ingepast is en blijft in de huidige en toekomstige wijkstructuur en -ontwikkeling?				
Opmerkingen				
Duurzaamheid	Ja	Nee	Weet niet	Geen mening
Vindt u dat het gebied ecologisch, sociaal, economisch duurzaam is.				
Opmerkingen				

A III Case USA - Seattle South Lake Union

Introduction

In April and May 2011, a visit was made to several cities in the United States of America to study its urban development practices and projects. The trip included a MCD Alumni Study Trip to Chicago and Detroit, and other US cities like Boston, New York City, Seattle, Portland and Vancouver (Canada). A US blog and papers were written (Heurkens & Louwaars, 2011; Heurkens, 2012a; b) on US contemporary urban development practices by highlighting some urban development strategies and projects in cities. Initiatory, the purpose of this trip was to expand the PhD research with one or two US private sector-led urban development projects. First, possible US cases were aimed at exploring some of the remaining problems encountered in the Dutch and UK cases. Moreover, the second objective was to search for inspirational lessons that could contribute to some of the contemporary main issues urban development faces in the Netherlands. These included searching for ways of *de-risking development*, other forms of *financial engineering*, and new types of *public-private-civic alliances* for urban projects. This was based on the assumption that precisely the US, with its Anglo-Saxon urban planning practice, would reveal the first signs of new development approaches to handle the consequences of the changed economic reality. The final purpose was to explore several urban development contexts in the USA, in order to gain a better understanding of their diversity, enabling us to nuance its practice.

In the preparation for the US trip, planning and property literature about the US were studied (e.g. Jacobs, 1962; Wolfe, 1998; Brenner & Theodore, 2002; Feagin & Parker, 2002; Cullingworth & Davies, 2006; Hackworth, 2007; Flint, 2009; Purcell, 2009; Van Dijk, 2009, 2010; Florida, 2010; Glaeser, 2011) to understand US urban development practices. Moreover, contacts were made with US academics and professionals in the supervisors' and researcher's network, involved in US urban planning and development, in order pre-select possible private sector-led urban development cases for the research. As a result of this search, South Lake Union (SLU) in Seattle was considered to match all the used criteria for private sector-led projects (see Section 7.1). Moreover, at first sight it provided possible solutions and inspirational lessons for the unsolved issues in the Netherlands and UK.

A two-week visit to Seattle aimed to collect case study data included interviews with public and private actors, document reviews and a site visit. However, due to time limits, the decision was made not to include the US and South Lake Union as a full-fledged part of this PhD research. Therefore, here this project is treated as an *introduction* case of private sector-led urban development project in the America. We describe SLU according to our analytical framework, without the aim of being complete in our analysis. Moreover, we do not frame SLU within the US institutional context as we did with the Netherlands and UK. Rather we refer to some important contextual issues within the case itself.

Context

Seattle is located in the nature-oriented North West Pacific Coast metropolitan region of 3.3 million inhabitants estimated to grow 40% in population by 2020. It is a technology-driven city known for companies like Microsoft, Amazon, Boeing, Costco, Adobe Systems and Starbucks (see Purcell, 2009: 110). Moreover, biotechnology and healthcare are upcoming industries. Historically, Seattle and Washington State has a truly neoliberal small government, but combines this with sustainable development approaches. Nonetheless, Purcell (2009: 111) argues that the political culture in Seattle also has been characterized as “the Seattle Way”. According to Diers (2004) this political culture places significant value on grassroots, bottom-up decision-making, participation and transparent processes. But, Purcell (2009: 112) argues that the SLU is a “redevelopment that follows quite closely the narrative of the political economy literature on neoliberalization.”

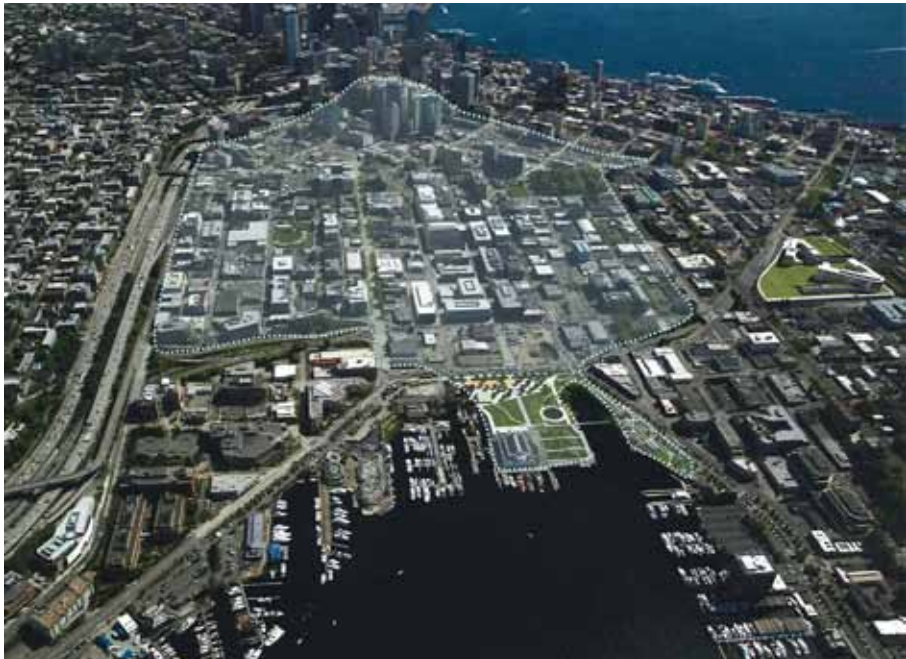


Figure AIII.1
South Lake Union, aerial view (© Vulcan Real Estate)

Within this context, South Lake Union (SLU) is a large-scale brownfield urban development project located between Seattle’s downtown area and the waterfront of Lake Union (Figure AIII.1). It is an on-going strategic 300 acres multi-billion dollar mixed-use urban development project. This development is mainly ‘led’ by developer Vulcan Real Estate, with a ‘facilitating’ role of the City of Seattle Department of Planning and Development (DPD). In historical perspective, according to Becker (2007), “the South Lake Union neighborhood was in the midst of a painful evolutionary process as its many commercial laundries, light manufacturing facilities, sawmills, and similar industries that had defined the neighborhood character gave

way to more modern usage. Many commercial structures were drifting into disrepair and much of the area’s quaintly charming housing stock was aging poorly due to inferior construction materials and lack of maintenance.” The reason for SLU to become a redevelopment project lies in the joint action by Seattle architect Fred Bassetti and Seattle Times columnist John Hinterberger, who first proposed the idea of the *Seattle Commons* park development in the area in 1991. “Designed as a 61-acre park stretching from downtown Seattle to Lake Union, the Seattle Commons has been envisioned as a vast civic lawn framed by high-tech laboratories, condos, restaurants, and urban amenities” (Becker, 2007). Hereinafter, we describe the area’s planning and development process which effectively started with this Seattle Commons initiative.

Planning & Development Process

Table AIII.1 shows the most relevant actions and documents considering South Lake Union’s planning and development process in the initiative and design stage.

Date	Activity	Actor
1991	1st initiative	Bassetti/Hinterberger
1994	Land/property purchase starts	Vulcan RE
1995	Loan from Paul Allen to buy land for commons	Vulcan RE
1995	1st Vote rejection Seattle Commons Levy	Seattle citizens
1996	2nd Vote rejection Seattle Commons Levy	Seattle citizens
1996-2004	Land/property purchase continues	Vulcan RE
2003, February	SLU Public Realm Plan	SCC DPD
2004	Economic & Fiscal Impact Statement	SCC OPM

Table AIII.1
South Lake Union project timeline, initiative & design stage

The first initiative for the project started with the Commons Park proposal. As a result, Paul Allen, former founder of Seattle-based Microsoft and now owner of Vulcan Inc. became interested. He started to buy plots and properties for the development of the Commons Park in 1994. Then, according to Becker (2007), “the battle over the Seattle Commons pitted supporters such as Seattle Mayor Norm Rice, billionaire Paul Allen, and a widely diverse group of supporters against small business owners and Seattle residents who did not view the park and extensive redevelopment in South Lake Union as a high priority for public funding. Supporters raised some \$900,000 in cash and in-kind contributions. Donors ranged from individuals at the \$25 level to corporate donors giving \$25,000. Paul Allen had loaned the Commons measure \$20 million to buy land within the proposed park’s boundary and promised late in the campaign that if the levy passed his loan would be forgiven. On September 19, 1995, Seattle voters reject by a narrow 47 to 53 per cent margin a \$111 million property-tax levy that would have funded the development and construction of the Seattle Commons. (...) At the time of the vote, the levy was projected to cost Seattle homeowners an average of \$48 extra in property taxes each

year over the levy's nine year term. (...) Seattle Commons supporters, not easily dissuaded, succeeded in placing a second version of the Seattle Commons on the May 21, 1996" (Becker, 2007). Again, this was voted against by Seattle voters. Here, one can see the power of citizens in Seattle to effectively oppose to urban planning. Moreover, it shows the liberal culture of the city, as residents opposed against the individual public tax raise which provided the public funding for the project. Hence, one of the interviews mentioned that even for US standards, Washington State, in which Seattle is located, is considered a very liberal State.

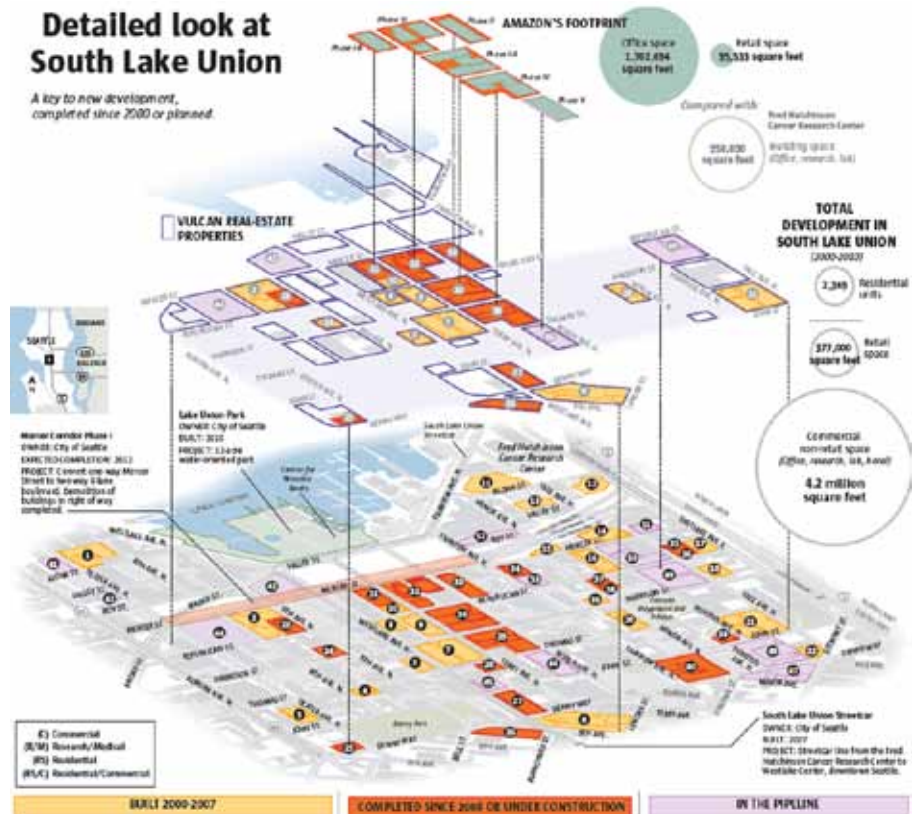


Figure AIII.2
South Lake Union, overview of development projects (source: Pryne, 2010; © Seattle Times)

Nevertheless, despite the 'defeat of the Commons', private interest in the area gained ground. Several developers started to buy land and properties destined for single-use office and housing development (according to the existing single-use zoning ordinance in South Lake Union). Moreover, the land that had been purchased with Paul Allen's loan reverted to Vulcan ownership. So, as Vulcan owned 11 acres of land in 1996, they obtained a strategic position in the area. Investment was put together to extend the ownership of land with a 'buying spree' from 1998 on. To date this resulted in Vulcan owning about 55 acres of land within a total of 340 acres of the South Lake Union area. See Figure AIII.2 for Vulcan land and property ownership. Moreover, a pattern already had developed in which Vulcan thought strategically

about the area. In the years that followed, Vulcan (based on a report by Heartland, 2002) realized that the area indeed had the potential to develop towards a strong mixed-use bio-tech-oriented community, as several health-care related facilities already were about to be located in the area.

These developments started to attract the interest from City of Seattle and their Department of Planning and Development (SDPD) as well. Until the late 1990s, the SDPD had been rather invisible in thinking about the development as a whole. But, in 2003 they published a *Public Realm Plan* for streets, open spaces, and related land use components, that, according to SDPD (2003a):

- is consistent with the direction outlined in the neighborhood plan;
- establishes a clear direction for private and public actions in the South Lake Union neighborhood;
- will help to streamline the approval of actions in the public rights-of-way;
- will guide future decision-making about design and development of both public and private projects.

Effectively, this was the first (new) planning document from the local authority, besides the existing *Land Use Zoning Plan* and *Neighborhood Plan* (1998) for the area. Moreover, as development proceeded, some real estate projects were carried out by other property developers than Vulcan Real Estate. Property owners had begun construction or announced projects in the South Lake Union area that totalled more than 3 million square feet of new development. In response to growing development pressures, the local authority issued an *Economic and Fiscal Impact Study* (EFIS) in 2003. According to SDPD (2003b), this document assessed the “potential benefits to the City of Seattle, and other public entities in Washington State, from the development that is underway and proposed for the South Lake Union area.” This EFIS was based on a report written by Heartland (2002) for the City of Seattle. Heartland’s report “described a potential net increase of 7.2 million square feet of commercial space in the area from the baseline year 2000 to 2020, providing a potential of more than 23,000 new jobs. At the same time the report estimated that the number of dwelling units in the area could increase by 10,963 in the same period (this report uses 10,000). The consultants assumed that new and expanding biotech facilities would be the core of the new development, and estimated that 35% of the new square footage would be for that use” (SDPD, 2003b). Clearly, large interests were at stake at South Lake Union.

In Table AIII.2 the most relevant actions and documents considering South Lake Union’s planning and development process’ *1st Development stage* are highlighted. From 2004 on, Vulcan Real Estate started developing their land with properties, the most important being the renovation of UW Medicine/Phase I development. Some other new properties were being constructed as well. In this period from 2004-2008, as economic circumstances were right, Vulcan focused on creating the interest of the market by pre-investing and developing real estate useable for several tenants and acquiring land for development from these profits. Development occurred according to the zoning code in place, which only allowed for single-use development projects.

Date	Activity	Actor
2004-2008	Development Stage I - various property	Vulcan RE
2004, June	North Downtown Park Plan	SCC SPR
2004	Completion UW Medicine/Phase I	Vulcan RE
2005, January	City of Seattle Comprehensive Plan	SCC DPD
2005, May	SLU Design Guidelines	SCC DPD
2006, February	SLU Neighborhood Plan 1st Draft	SCC DPD
2007	Completion Streetcar	Various
2007, November	SLU Urban Center Neighborhood Plan	SCC DPD

Table AIII.2

South Lake Union project timeline, development stage 1

As the local authority had recognized the potential of the area, and it owned a lot of the public space in the area, the Seattle Parks and Recreation (SPR) department issued a *North Downtown Park Plan* in June 2004. "With Lake Union on the north and the Westlake Center/Downtown Core on the south, the district will provide excellent civic amenities and a lively setting for urban life. Parks, open spaces, and recreational facilities will be a fundamental part of this vision, and the City must plan a comprehensive and strategic approach to providing these facilities if the vision is to be fully realized", the report stated (SPR, 2004) The public realm vision from SPR, indicates the most important public spaces, at the waterfront, green streets, barriers, and moreover, an outline of projected land uses in South Lake Union. In terms of the *Implementation Strategy* of this public realm vision, SPR (2004) indicates that: "Achieving the City's park, open space, and recreation facility goals will not be easy. High land prices and development activity complicate site acquisition, and Parks & Recreation has very limited funds for construction. Therefore, the City must" (SPR, 2004):

- Identify specific priorities for open space and recreational facilities within the subareas of North Downtown as a guide for private and public development;
- Optimize use of current park resources;
- Take advantage of acquisition opportunities as they arise and be creative in combining different park activities on a single site;
- Effectively integrate open space into other public and private developments and combine assets derived from regulatory and bonus programs;
- Improve streets and trails to link parks and to provide open space in their own right;
- Work with private property owners to achieve both public open space and private development goals.

First, this passage indicates the financial capacity of the City of Seattle for development purposes is very limited. Therefore, they depend significantly on private and civic investment, and State and County funds and contributions to realize their planning goals. This situation was confirmed in an interview with Vulcan in which the developer mentioned that the City could not invest into \$1 mln. of pavement construction. However, the public realm has to be maintained by the local authority. Second, the figure and passage show the improved comprehensive thinking about South Lake Union in terms of land use and connections. Nevertheless, most of these land uses follow already existing developments made by private developers, or private plan proposals under consideration for building permits by the SDPD.

Nevertheless, this document has functioned as a step towards incorporating the South Lake Union area more thoroughly in the city-wide *City of Seattle Comprehensive Plan* (SDPD, 2005a) and *South Lake Union Design Guidelines* report (SDPD, 2005b). Moreover, South Lake Union had become an 'Urban Center' in 2004, one of five priority developments at the time in Seattle supported by State funding. This triggered private investment and planning efforts aimed at increasing density. A Comprehensive Plan in the US, according to Cullingworth & Caves (2009: 126-128), describes a vision for the future of a community. Guiding land use and decision-making is a key purpose of a Comprehensive Plan. They are often very generic, flexible in nature so that it can evolve over time, incorporate analyses, diagrams, and recommendations for land use. Moreover, citizen involvement in the development of such a plan is required by many States, like in Washington State. Therefore, developing a vision and implementation strategy for this vision often is a collaborative process among multiple actors. The planning process towards amending a Comprehensive Plan often involves public hearings and committees. They are formally adopted by local resolution or ordinance. The implementation of Comprehensive Plans happens with key planning tools like Zoning and Neighborhood Plans. In Seattle, for instance, the 2006 South Lake Union Neighborhood Plan also followed the Comprehensive Plan recommendations.

In the meantime, as development projects from Vulcan and other developers went along, more and more residents and tenants settled in the area. This resulted in conflicting interests amongst new and established residents about the density of the area and the right to have unobstructed views from their apartments on Lake Union. In this period residents organized themselves in the civic group *South Lake Union Friends and Neighbors* (SLUFAN), later known as the South Lake Union Community Council (SLUCC), and later in another group called Lake Union Opportunity Alliance (LUOA). Hence, in 2005 the City of Seattle started a study with the University of Washington and LMM Architects about design issues and public realm for South Lake Union. This resulted in Design Guidelines document (SDPD, 2005b) for the area. These Guidelines are very generic in nature, and indicate setbacks of buildings, park and street materials, and public realm functions. They do not have to be followed by developers. Developers only have to propose plans that are according to zoning regulations, which indicates function, mass, densities (floor area ratios, FAR) for each plot.

Hence, in 2007 the City of Seattle published the *Urban Center Neighborhood Plan* (SDPD, 2007). This is an updated version of the 1998 Neighborhood Plan, developed in cooperation with the City, SLUFAN and other public departments and civic actors. "From 2005 on, four public meetings about key issues in the neighborhood planning process were held. These meetings allowed community members to shape the plan and its recommendations. Between 50 and 75 people attended each of these meetings" (SDPD, 2007). Its main purpose was to update the plans for South Lake Union as developments from Vulcan and other developer and investors had sprung enormously. Also, Vulcan was consulted to give their input on the Neighborhood Plan. Effectively, with the Design Guidelines and the Neighborhood Plan in place, it became easier for the Design Review Board to review private plan proposals for the different plot developments in South Lake Union. Their approval is needed to obtain building permits. In their development proposals, Vulcan always included the public before going for design approval at the Design Review Board, in order to increase the chance of approval. In this period, development had taken a great lift due to economic favorable times. Vulcan completed several buildings, both residential and commercial. Moreover, as South Lake Union

had become an *Urban Center* it became easier to apply for State funding on transportation. Following the recommendations from the Comprehensive Plan, the City of Seattle initiated the *Streetcar* project. In Portland, Oregon, the streetcar became part of transit-oriented development project called the Pearl District (see also Heurkens, 2012a;b). The success of this project urged Seattle public, private and civic actors to apply for State funding. They succeeded in bringing the Streetcar to Seattle and South Lake Union, providing a sustainable transport link from Downtown to Lake Union’s waterfront. The completion of the Streetcar project in 2007 really put the area on the map. According to the interviewees it was a Public-Private Partnership in the sense that it pulled investment together. Remarkably, in 2011, the frequency of the Streetcar was increased in rush hour, initiated and financed by local tenants who wanted to improve the accessibility of their shops for their employees and customers.

Date	Activity	Actor
2008-now	Development Phase II - various property	Vulcan RE
2008	Completion 2200 complex	Vulcan RE
2010	Completion Lake Union Park	Various
2010	Completion Amazon/Phase I	Vulcan RE
2010	Mixed-use Zoning adopted	SCC
2010, December	SLU Urban Design Framework	SCC DPD
2011, February	SLU Environmental Impact Statement	SCC DPD
2011, May	Completion Amazon/Phase IV	Vulcan RE
2012, June	SLU Zoning Changes (up zoning approved)	SCC DPD

Table AIII.3
South Lake Union project timeline, development stage 2

Table AIII.3 shows the most relevant actions and documents considering South Lake Union’s planning and development process 2nd Development stage, starting roughly in 2008. At that moment Vulcan delivered some small, but also large developments including award winning 2200 complex. However, the economic crisis also started to affect the demand for offices and housing in the area. Hence, Vulcan Real Estate states that they never were a big risk-taker; they are one of the two divisions within Vulcan Inc. that have to make a profit. Therefore, the financial consequences for the Real Estate division were not too bad. In May 2011, the vacancy rate of their property in South Lake Union for offices for instance was 0%, the rate for housing only 5%. Hence, Vulcan Real Estate behaves as a development investor, working with a long-term horizon in mind when realizing properties. As they remain the owners of these buildings, they develop on demand. Since 2008, this development strategy focuses on securing tenants before construction. One of the main tenants in South Lake Union is *Amazon*. They became interested in expanding their need for office space in Seattle in the area. Vulcan made contracts with Amazon to develop several buildings over a period of 5 years, according to their growth and need, into five Phases. The first phase of the Amazon office buildings was completed in 2010. In the meantime, also *Lake Union Park* was developed, jointly financed by the Washington State, Seattle City Council and Vulcan Real Estate. Moreover, the developer holds the vision that redeveloping inner-city areas require an area to develop organically, in accordance to changing insights, demands and wishes which

simultaneously de-risks individual projects. This is something that also urged Vulcan to ask the City of Seattle to consider establishing a Mixed-use Zoning Plan for the area. As the area developed, it became clear that a mix of functions would be more beneficial to create a mixed and diverse community. Under the existing zoning, from a financial point of view it was impossible to create interesting setbacks and plazas for the public for instance. Heights and densities were too restrictive on making development project both financial feasible and physically appealing. In fact it often resulted in box-development covering the entire development plot. Hence, as a result of several discussions, in 2010, the *Mixed-use Zoning Plan* was adopted. The mixed-use zoning allowed for different uses on one plot. Moreover, according to the SDPD, it allowed for *Incentive Zoning* to be used in the Amazon case. With Incentive Zoning developers get the incentive to build higher, in exchange for developing more public space or financial contributions to affordable housing. In essence, developers than physically and/or financially contribute to achieving public planning policy objectives on site or elsewhere in the city, this is for local authorities to decide. In South Lake Union, Incentive Zoning was used for the Amazon buildings, effectively a plot-oriented Contract Rezone between Vulcan and SDPD. This included raising the base Floor Area Ratio and allowing more height, for which in exchange Vulcan donated about \$6.4 mln. to the Affordable Housing Fund for the City, and developed accessible plaza on their plots. Before the rezone, a lot of what Vulcan was building was based on Transfer Development Rights. They transferred development rights to existing market-driven affordable housing project elsewhere. Also, they made financial contributions to a child care fund for instance.

Here, we see that a private developer thinks comprehensively about the areas and neighborhood coherence. As they remain owner of the developed properties they have a stake in thinking about the place as a whole. This then includes making the smart decisions about how users can experience the public realm. This also included thinking about the public realm in close cooperation with the local authority, as they remained owners of the public space (sidewalks, streets, parks). Therefore, in this period a lot of public-private-civic informal collaboration took place around design issues to create a more vibrant place. This resulted in SDPD publishing the *SLU Urban Design Framework* (SDPD, 2010). Although it has no official mandatory status, according to the SDPD it does provide developers with some direction for design principles. However, once developers propose plans that are in line with these principles, according to the SDPD, it does make getting design approval and building permits easier. This can be considered as a shaping the market activity by the local authority. Moreover, in February 2011, the SDPD finished an *Environmental Impact Statement* (EIS) including *Height and Density Alternatives* (SDPD, 2011). In general, the City has identified the following *specific objectives of the EIS proposal* (SDPD, 2011):

- Advance Comprehensive Plan goals to use limited land resources more efficiently, to pursue a development pattern that is economically sound, and to maximize the efficiency of public investment in infrastructure and services;
- Ensure adequate zoned development capacity for long-term growth consistent with the designation of South Lake Union as one of the City's six urban centers;
- Provide for a more diverse and attractive neighborhood character by providing a mix of housing types, uses, building types and heights;

- Enhance the pedestrian quality at street level by providing amenities, taking into consideration light and air as well as public view corridors and providing for retail activity at key locations;
- Use increases in height and density to achieve other neighborhood plan goals such as increasing amount of affordable housing, open space, and other public benefits through an incentive zoning program;
- Determine how to best accommodate growth while maintaining a functional transportation system, including street network, transit, and non-motorized modes of travel. Similarly, determine how to accommodate growth while maintaining functional capacity of utility systems, including electrical energy, water, sewer and storm drain systems. South Lake Union, overview of development projects (source: Pryne, 2010; © Seattle Times)

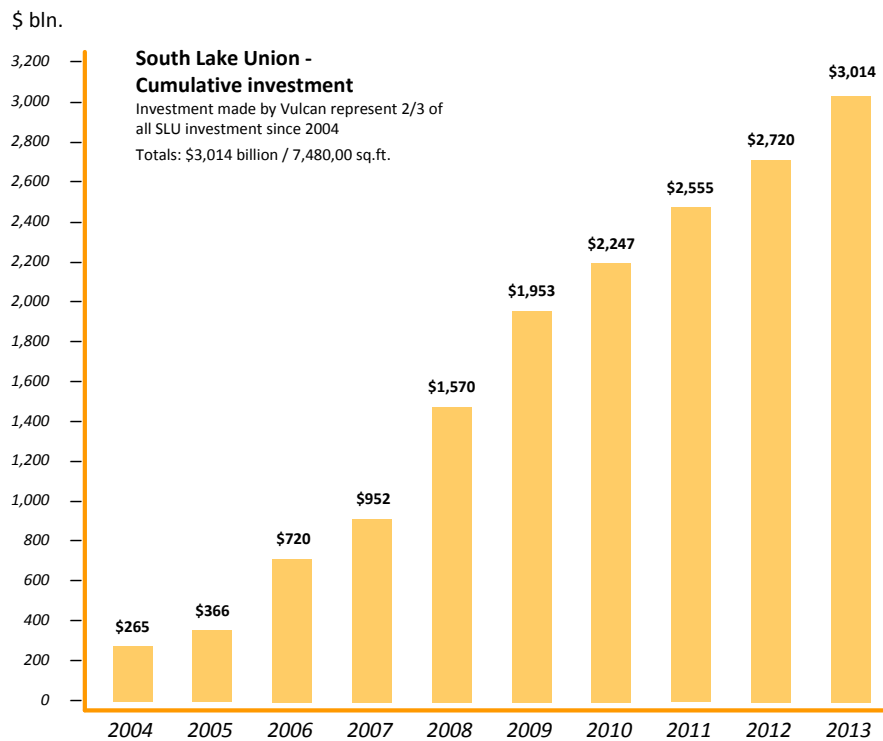


Figure AIII.3
South Lake Union, cumulative investment (adapted from Vulcan Real Estate)

Since 2010, Vulcan asked the SDPD to consider an *Up zoning* for parts of the area, which ultimately would allow for taller buildings in the South Lake Union area. Hence, the request for up zoning has been made strongly by developer Vulcan Real Estate. Here, the aim of create a more diverse streetscape and building layouts and to allow for more financial opportunities for profits. As from December 2011, this Up zoning is has been under consideration by the City of Seattle. In summer 2012, SLU Zoning has been changed by the City (SDPD, 2012), allowing for increased building heights in certain parts of SLU. In May 2011, at the moment of the project visit, Vulcan completed the Amazon Phase IV development. Moreover, Amazon continues to be one of the greatest tenants for Vulcan, as it is a growing company, which seeks rent offices within the South Lake Union area. To sum up the planning and development process, an indication is given about the total cumulative investment in the project in Figure AIII.3. It shows that since 2004 two-third of all investments in the area have been made by Vulcan Real Estate. In total the development is estimated to rise above \$3 bln. (about €2,1 bln.) with a total of more than 7,480,000 sq.ft. (about 700.000 m²). Despite the indication of 2013, this cannot be considered as an end date for development, as Vulcan does not make use of an end date. It all depends on market demand for their development projects, which in current times might take longer to unfold. Moreover, the interviewees argued that office vacancy rates in Seattle downtown were about 21%, which leaves a lot of speculative office development left on the market. But, as Vulcan develops what they call 'Class A' assets they have a strong competitive position on the market. Moreover, new projects continue to be under construction or in the design stage pipeline. They aim at having new office building designs ready once new tenants come to the area.

Organization & Management

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It proved hard to identify the *inter-organizational characteristics* of the collaboration in South Lake Union on the basis of the data collected. But the interviewees stated that there is a clear role division between the public and private actors. Vulcan is responsible for designing, financing, developing and maintaining the different properties developed upon their land, under the different planning and zoning regulations that apply to the area. The local authority departments SDPD and SPR are responsible for issuing these regulations and maintain public spaces which are in their ownership. Development risks and revenues all are taken by Vulcan. Hence, there is no legal Development Agreement between Vulcan and the City of Seattle. Rather private development proposals can be approved or disapproved by the local authority on a building level, as there is no master plan for the area. Moreover, we see a lot of informal cooperation between public, private and civic actors which focuses on combining interests into indicative planning documents. Also, the SLU case shows that regulations are quite flexible, the only exception being zoning regulations. But these regulations are also are subject to change as development overtime changes insights and market demands.

In terms of *management*, and the way public and private actors can influence the development, it can definitely be considered as private sector-led. Table AIII.4 shows to which actors the different management measures can be attributed to. These findings are also presented in Heurkens & Louwaars (2011).

Management Measures	Management Functions			
Project Management	Initiating	Designing	Planning	Operating
	Private	Private	Private	Both
Process Management	Negotiating	Decision-making	Communicating	
	Both	Both	Both	
Management Tools	Shaping	Regulating	Stimulating	Capacity building
	Both	Public	Public	Both
Management Resources	Land	Capital	Knowledge	
	Private	Private	Private	

Table AIII.4
Empirical management measures in South Lake Union

The table shows that the *project management activities* (initiating, designing, realizing, and operating) are mostly private sector-led. Vulcan definitely initiated the whole project by acquiring land and properties after the Commons rejection. Moreover, they continuously come with new initiatives for plot developments. Also designing is a private project management activity, as each building is designed by Vulcan. Nevertheless, indicative design guidelines and design framework from the local authority apply as well. Planning as a way to influence the development almost entirely rests with Vulcan, although the Parks and Recreation department realized the South Lake Union Park. In terms of operating, it is a mixed management activity, as Vulcan maintains every facet on their properties, and the SDPD does the public realm. When we look at the *process management activities* (negotiating, decision-making, communicating), we see that this is done by both actors. Vulcan and the SDPD for instance negotiate about the coming into being of new zoning ordinances, and under these conditions negotiate about developer contributions to public objectives such as affordable housing in return for more height and densities. Decision-making is a parallel activity in both the development process by Vulcan and the planning process by SDPD. Communicating with local residents and businesses is mainly informally carried out by the developer in order to integrate civic interests into designs. Also there is formal communication in terms of obliged public meetings (for instance on new planning documents and within the Design Review Committee), organized by the local authority. In terms of *management tools* (shaping, regulating, stimulating, capacity building), we conclude that it is the local authority who influences development strongly based on regulation, but also directed towards stimulating the market. They regulate private developments with their zoning instrument, and can deny building permits once they fail to comply with the zoning ordinance. Stimulating the market to invest in SLU was effectuated once the area was appointed as one of the Urban Centers of Seattle. This increased the development interest of actors, as the urban center provided opportunities to direct State and county funding for certain projects, the Streetcar being one example. Shaping as a tool to influence development was not

consciously used by the local authority from the beginning. At the start of the development in the beginning of the 2000s there was no comprehensive vision or plan for the area in place. But, as development took a breather since 2008 as a result of the economic crisis, it allowed the SDPD to catch up in the planning process to introduce all kinds of design-related issues for market actors to respond to. Capacity building for the project, in terms of activating the market was not really a public management tool used consciously, although other public actors were involved by the local authority to contribute to the area development. However, most of the time it was Vulcan who actively pursued tenants and other developers to commonly support the development of the area.

When we look at the *management resources* (land, capital, knowledge) they can definitely be attributed to the developer Vulcan. They used their landownership and capital to influence the development according to their objectives. Capital was brought in by bank loans and private equity, which needed considerable approval of Vulcan Inc. as Vulcan Real Estate has to be a profitable organizational part of Vulcan Inc. Land was bought as early as the 1990s. As a result, Vulcan also obtained a lot of neighborhood and market knowledge during the process and used this to steer investment towards real estate development.

Effects & Experiences

The *effects* (effectiveness, efficiency, and spatial quality) of the South Lake Union project are hard to identify really at this moment. Although both public and private actors stated that the project in general is a considerably positive development for both the city and the neighborhood, it has not commenced far enough to evaluate it. Moreover, as only two interviews were held with Vulcan and the SDPD it is hard to validate the effects. But, there is some indication that the spatial quality of buildings is regarded as satisfying. For the several design accomplishments in the South Lake Union area Vulcan received some awards (see Vulcan, 2011). Figure AIII.4 shows an impression of the award-winning mixed-use 2200 development from Vulcan.

In terms of *experiences*, some highlights stand out. First, the Vulcan interviewees consider the political leadership of two successive Mayors of Seattle and public planning directors as crucial for the success of the development. Not only did they see and promote the importance and potential of the area, they also effectively steered planning officers to work with the market. Second, both actors state that the collaboration, informal partnership, and joint thinking about South Lake Union have been very fruitful and constructive over the years, based on joint interests. Finally, the actors argue that the economic recession helped the area, in the sense that it slowed down development which provided space to rethink the potential and future of the area. Vulcan took an even more market-oriented stance towards the development thereby de-risking it even further. And the Vulcan, SDPD had to time to do some catch up planning work which previously was too slow to catch up with the developments in the area. In general both actors are positive about their collaboration and continue to work towards implementing new projects that provide opportunities to make South Lake Union an even better place to work.



Figure AIII.4
South Lake Union, impression 2200 complex (© Erwin Heurkens)

Conclusions

In conclusion, what have we observed in South Lake Union which might be of interest for urban development in the Netherlands? First, indeed we see that urban development in the United States is a different ball-game; it is *more market-oriented*. At least in Seattle, we see a neoliberal market-oriented environment, in which local authorities almost totally rely on private investment to realize planning goals. They might change the content of regulative zoning instruments to get private projects underway, as the financial capacity of local authorities is very limited. Second, we saw that local authorities do not necessarily steer on the basis of overall masterplan for an area. The actors even argued that such a *fixed plan is contra-productive* to respond to market needs and develop comprehensive areas. In a demand-driven development context one needs to be flexible in their intentions; therefore applying general directions for development seems enough. Third, we saw that being a *development investor* with a long-term interest and involvement provides opportunities to think more strategically and sustainably about areas, as this has positive results for the profit of the estates and private business continuation. Finally, we saw that the development has been *de-risked* since the economic crisis, not only aiming at securing tenants, but also by phasing the development. By doing so, there is *no fixed project completion year*, which allows the developer to respond to changing market needs over time. For the Netherlands such principles can be taken at heart by public and private actors to finance, organize and manage private sector-led urban development projects in the near future.


Curriculum Vitae

Erwin Heurkens MSc. was born in 1979 in Oss, the Netherlands, and currently lives in Rotterdam. He started studying at the Delft University of Technology (TUD) in 1998 at the Faculty of Geo Science, before switching to the Faculty of Architecture in 1999. After obtaining his Architecture Bachelor degree in 2003, in 2005 Erwin graduated with honors at the Department of Real Estate & Housing (RE&H) in the field of Urban Area Development with a thesis on Olympic urban development decision-making. Also, he achieved a Technical Commercial Engineer certificate at the Faculty of Technology, Policy & Management (TUD), an interdisciplinary course on management, organization, economy, law, and marketing. During his student years he was an active member of real estate student societies BOSS and FRESH. In 2005 Erwin started his professional career as a junior consultant at engineering company Adecs, simultaneously working as an academic researcher at RE&H (TUD). He contributed to several research projects including the Urban Decision Room (Van Loon et al., 2008) and carried out studies for the Rotterdam City Development Department. In 2007 he spend his 'sabbatical' year travelling in South America and carrying out voluntary work for the Rubya hospital in Tanzania where he wrote a hospital maintenance plan.

In 2008 Erwin started his PhD research. After the first phase of studying Dutch urban development projects the research emphasis evolved towards Anglo-Saxon development practices. As a result, he visited the University of the West of England (UWE) for two months in 2010 carrying out two major UK urban development case studies in Bristol and Liverpool. In 2011 Erwin travelled through the USA for two months, visiting various cities including a two week case study visit to Seattle. These national and international practice-oriented research activities have resulted in several academic and professional publications over the years. Besides his PhD research Erwin performed several coordination and fellowship activities. Since 2008 he became a program coordinator of the post-initial academic course Master City Developer (MCD); a collaboration between Delft University of Technology, Erasmus University Rotterdam, and Rotterdam City Development Department. He holds fellowships at AESOP and ULI Europe, and was a FRESH Alumni Board and Supervisory Board member (2009-2011). He organized MCD Study Trips to London (2009) and Manchester/Liverpool (2010), guided the BOSS Study Trip to India (2010), and visited the National University of Singapore (2011) to participate in a collaborative planning workshop. Currently, he mentors several graduate students and teaches different Master Courses at the Faculty of Architecture (TUD) including Management Fundamentals, Urban Redevelopment Game, Case Study Methods, and Redesign. In his future academic career Erwin aims at further extending his knowledge on foreign development practices by specializing in international comparative urban management research, aimed at sharing such insights and lessons with students, academics and practitioners.

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