

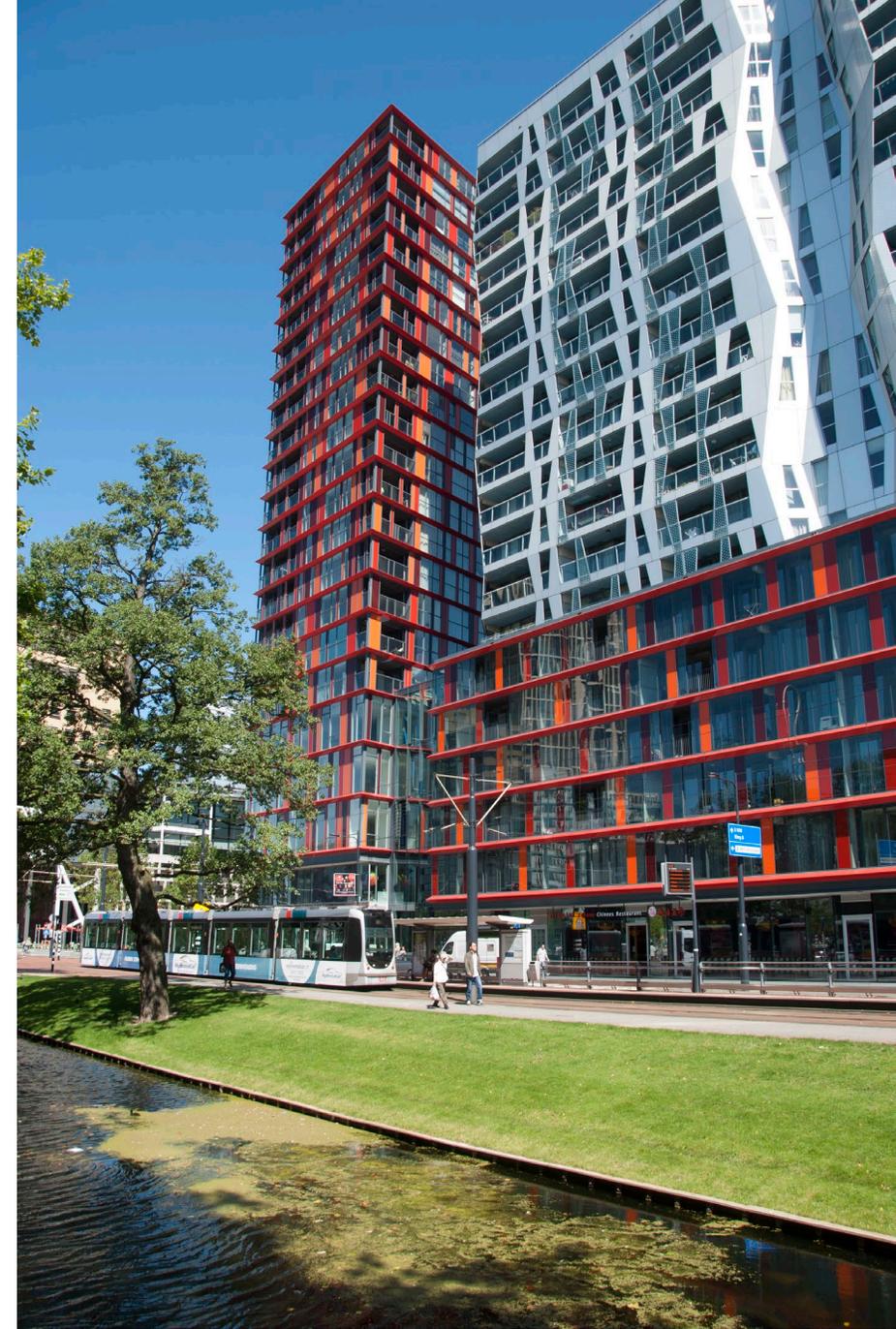
Area Development



Dr Erwin Heurkens MSc
Delft University of Technology
Urban Case Studies, TU/e, 12 May 2022

Learning Objectives

- Understand area development as a interdisciplinary and applied scientific and empirical domain
- Identify and discuss the main characteristics of area development



Harbour / Waterfront Areas



Brownfield Areas



Station Areas





Area Development Definitions

“Area development is the art of connecting functions, disciplines, actors, interests and finance, in order to (re)develop an urban area.” (De Zeeuw, 2007)

“Area development is the active intervention by local authorities and other actors in cities through the development of areas.” (Van ‘t Verlaat, 2008)

“Urban area development refers to a set of concrete material interventions within a geographically bounded area.” (Daamen, 2010)

“Urban area development concerns the process of physical adaptation of a specific location to social-economic and spatial needs by different organisations which use various instruments and activities to realise an integrative-functioning urban area.” (Heurkens, 2017)

Common: physical-connecting-acting
 > spatially-interdisciplinary-application-oriented

Area Development Domains / Disciplines

Fields of Research

Not a Core
Scientific
Domain

Sociology

Economics

Geography

Applied
Science

Management Sciences

Urban Development
Management

Policy
Sciences

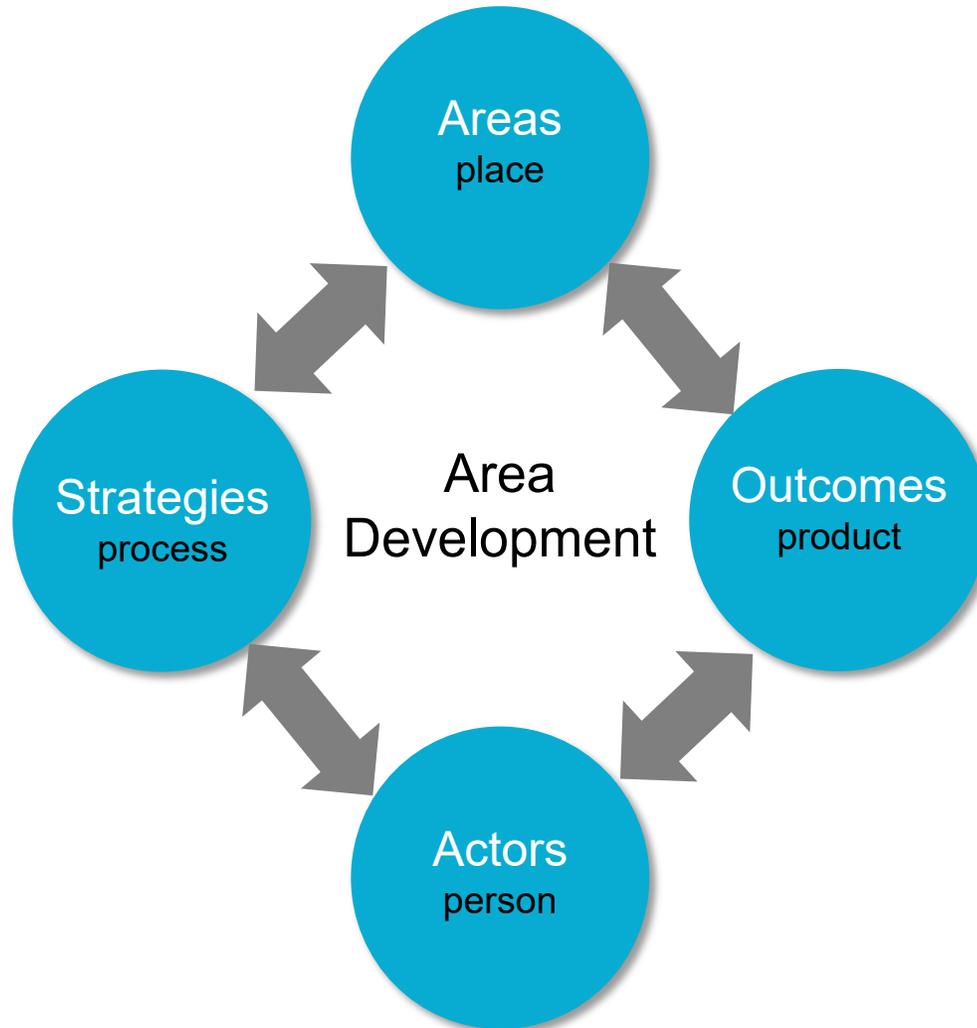
Community of
Practice

Real Estate

Spatial
Planning & Law

Architecture & Urban Design

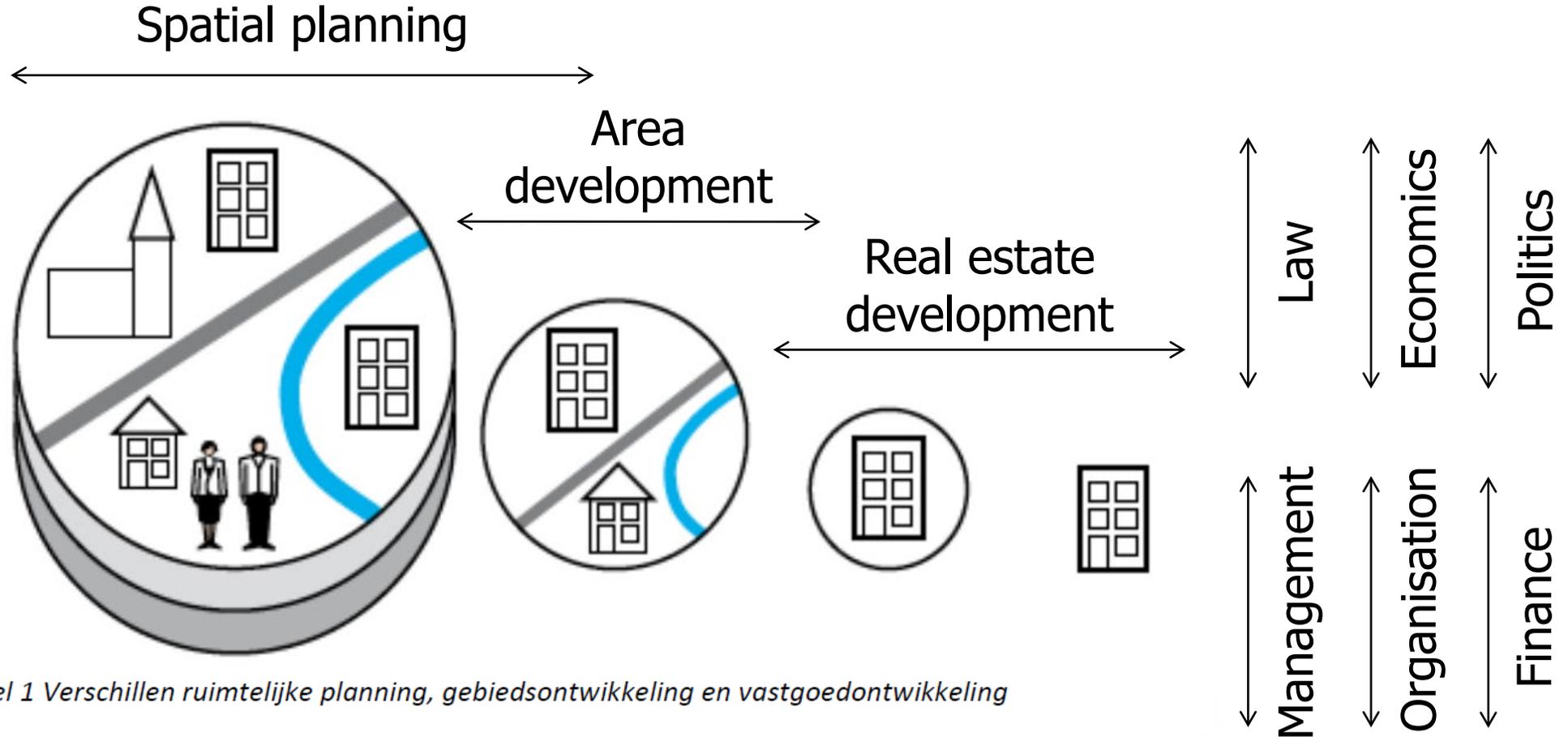
Area Development in 4Ps



Defining characteristics:

- **Product:** the physical outcome of an area-based urban development project, i.e. the real estate, infrastructure, and/or public space that is being realised;
- **Place:** situation of a project, often geographically defined, and signified by a specific history and distinct locational qualities
- **Person:** individuals involved in an urban development project, acting either for themselves or in behalf of a larger group or organisation (i.e. 'actors')
- **Process:** decisions and actions that shape the content of an area-based project.

Focus on the Area Level/Scale



Tabel 1 Verschillen ruimtelijke planning, gebiedsontwikkeling en vastgoedontwikkeling

	Ruimtelijke planning	Gebiedsontwikkeling	Vastgoedontwikkeling
Schaalniveau	Regio, stad	Gebied	Perceel, gebouw
Actor-oriëntatie	Publiek	Publiek-privaat	Privaat
Aspect-oriëntatie	Sociologische planmatige beleidsoriëntatie	Integrale management oriëntatie	Financiële, bedrijfskundige gebruiksoriëntatie

Area Development Aspects

- Spatial-environmental aspects
 - Spatial scales
 - Multi-function / mixed use
 - Spatial quality / Sustainability
- Economic-financial aspects
 - Urban economy
 - Financial feasibility
- Legislative/legal aspects
 - Spatial and land policies
 - Public land use plans
 - Contractual agreements
- Organisational aspects
 - Public-private-civil interests
 - Partnerships
- Contextual aspects
 - Societal & environmental change
 - Politics & Markets
- Management aspects
 - Process/network management
 - Project management
 - Leadership

Management by Integrating / Connecting

Professional domains/expertise/sectors:

> policy, spatial planning, sociology, real estate, design, law, business administration, technology, economics, marketing, sustainability, management, etc.

Real estate markets:

> housing, offices, retail, matching demand-supply (mis)matches, economic cycle timing

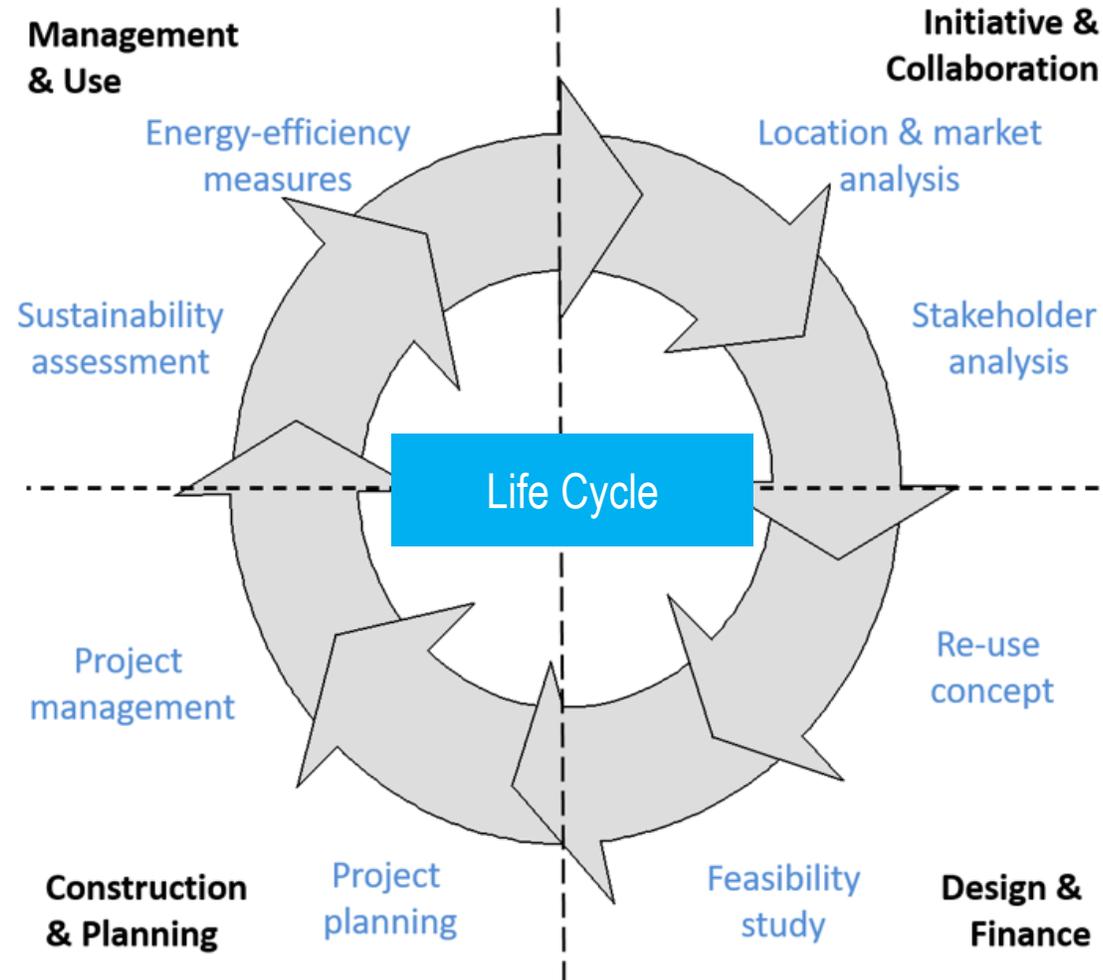
Political & societal needs:

> political sensitive projects, demographical situation, social-environmental transitions

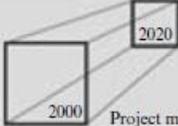
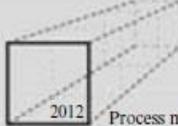
(Project) development phases:

> initiative, plan development, realisation, management/maintenance

Area Development Process



Area Development Strategies

Integrated urban development		Organic urban development
 <p>At once</p>	Approach	 <p>Gradually</p>
<p>1 km</p> <p>Large</p>	Scale of development	<p>20m 50m 6m 100m 10m 1 km</p> <p>SMALL</p>
 <p>Project management</p>	Type of management	 <p>Process management</p>
 <p>Blueprint</p>	Plan type	 <p>Strategic</p>
 <p>Large developers</p>	Type of developer	 <p>Small developers and individuals</p>
 <p>Active and risk prone</p>	Role local authority	 <p>Facilitative</p>
<p>A > B ></p> <p>Sequential</p>	Development and management	 <p>Mixed</p>

Buitelaar, E. Galle, M. & Sorel, N. (2014). The public planning of private planning: an analysis of controlled spontaneity in the Netherlands. In: Andersson, D.E. & S. Moroni (ed.). *Cities And Private Planning. Property Rights, Entrepreneurship and Transaction Costs*. Edward Elgar: Cheltenham, UK.

Area-based Public-Private Development

“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 land development	Public/private land development	Private land development
traditional model	joint venture with new legal entity	concession model
building claim model	joint venture under agreement	development agreement

Nijkamp, P., Burch, M. van der, & Vindigni, G. (2002). A comparative institutional evaluation of Public-Private Partnerships in Dutch urban land use and revitalisation projects. *Urban Studies*, 39(10), 1865-1880.

Public-Private Partnerships

Reasons for PPP

- Mutual added value (governance theory):
 - Efficiency (business thinking)
 - Effectiveness (policy implementation through projects)
 - Innovation (finance/market knowledge)
- Mutual added value (new public management theory):
 - Flexibility (react to changing economic/political circumstances)

Klijn & Teisman (2003)

Klijn, E.H., & Teisman, G.R. (2003). Institutional and strategic barriers to Public-Private Partnership: An analysis of Dutch cases. *Public Money & Management*, 23(3), 137-146.



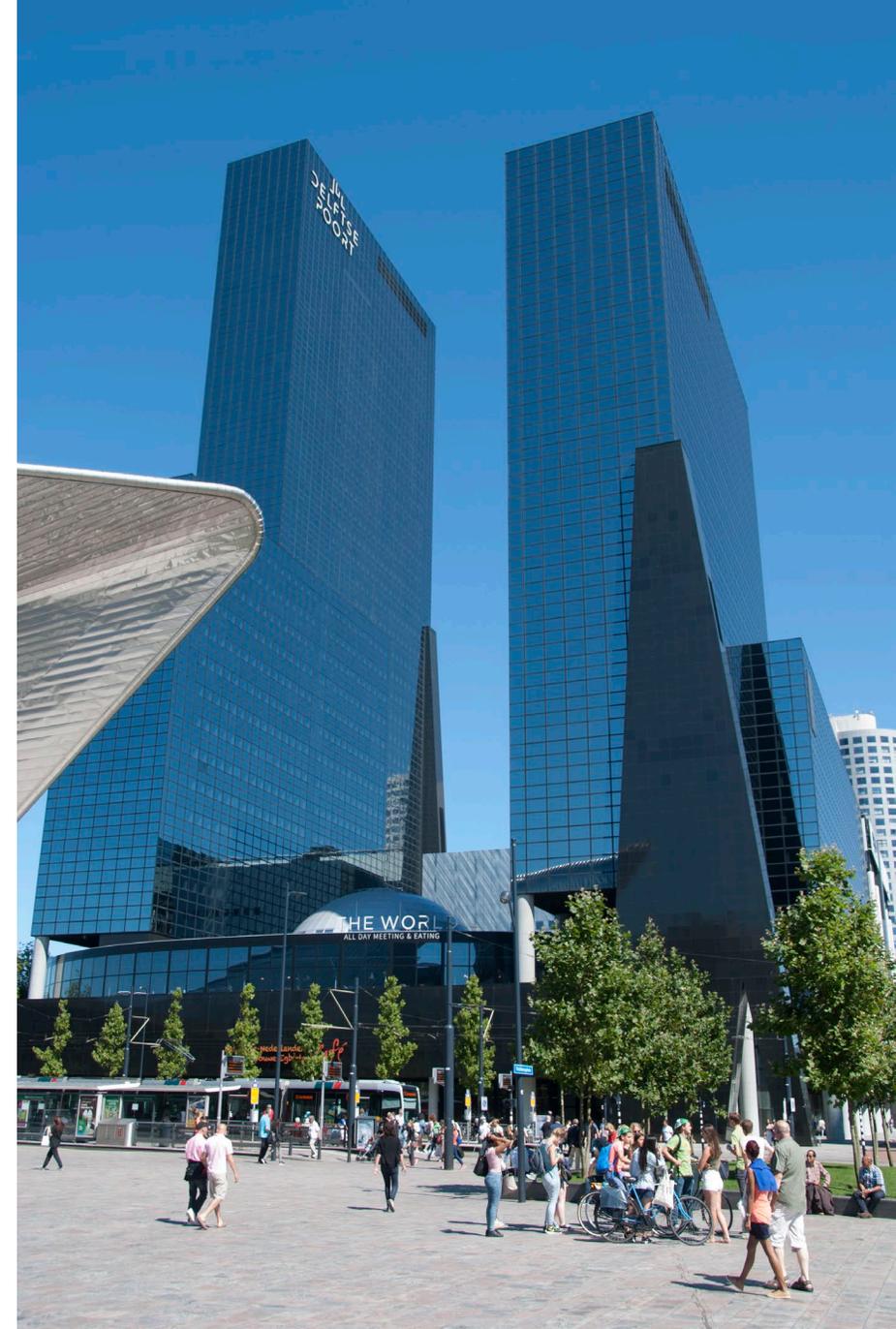
Public-Private Partnerships

Experiences with PPP

- Interest clash: inter- vs. intra-organizational objectives
- Hybridism: incompatible value systems (public vs. private)
- Inflexibility: inability to cope with dynamics (politics/markets)
- Misconceptions: bias/distrust between parties (transparency)

Heurkens (2012; p. 30-33), based on Klijn & Teisman (2003), Deloitte (2008), et al.

Heurkens, E.W.T.M. (2012). *Private Sector-led Urban Development Projects: Management, Partnerships & Effects in the Netherlands and the UK*. Delft University of Technology, Delft.



Institutional Changes in urban development

Changing state-market relations

Neoliberalization, market-oriented planning, facilitating private initiatives.

Increased private sector involvement in urban development

Development & coalition planning, 'forward process integration' of private actors, long-term involvement/investment, occasional joint policy formation.

Market-oriented PPP legislation

Tender principles: competition, transparency, role division, public legitimacy.

Sustainability requirements in law & practice

Energy efficiency, circularity, climate adaptation/mitigation, biodiversity etc. requirements entered legislation (Building Decree, tenders, contracts) & practice

Changing State-Market Relations

“In recent years, the neat **separation between public and private sector** development has begun to break down. [If] **planners** wish to do more than merely frustrate development, they must increasingly rely on **implementation agents** in the **private and voluntary sector**. This has important ethical implications [...]. In this context, capacity building requires **greater trust, mutual respect, and a willingness to work together in partnership** to achieve mutually beneficial and desirable outcomes.”

Adams & Tiesdell (2010, p.201)

Adams, D., & Tiesdell, S. (2010). Planners as market actors: Rethinking state-market relations in land and property. *Planning Theory & Practice*, 11(2), 187-207.

Changing Urban Governance

Power shift

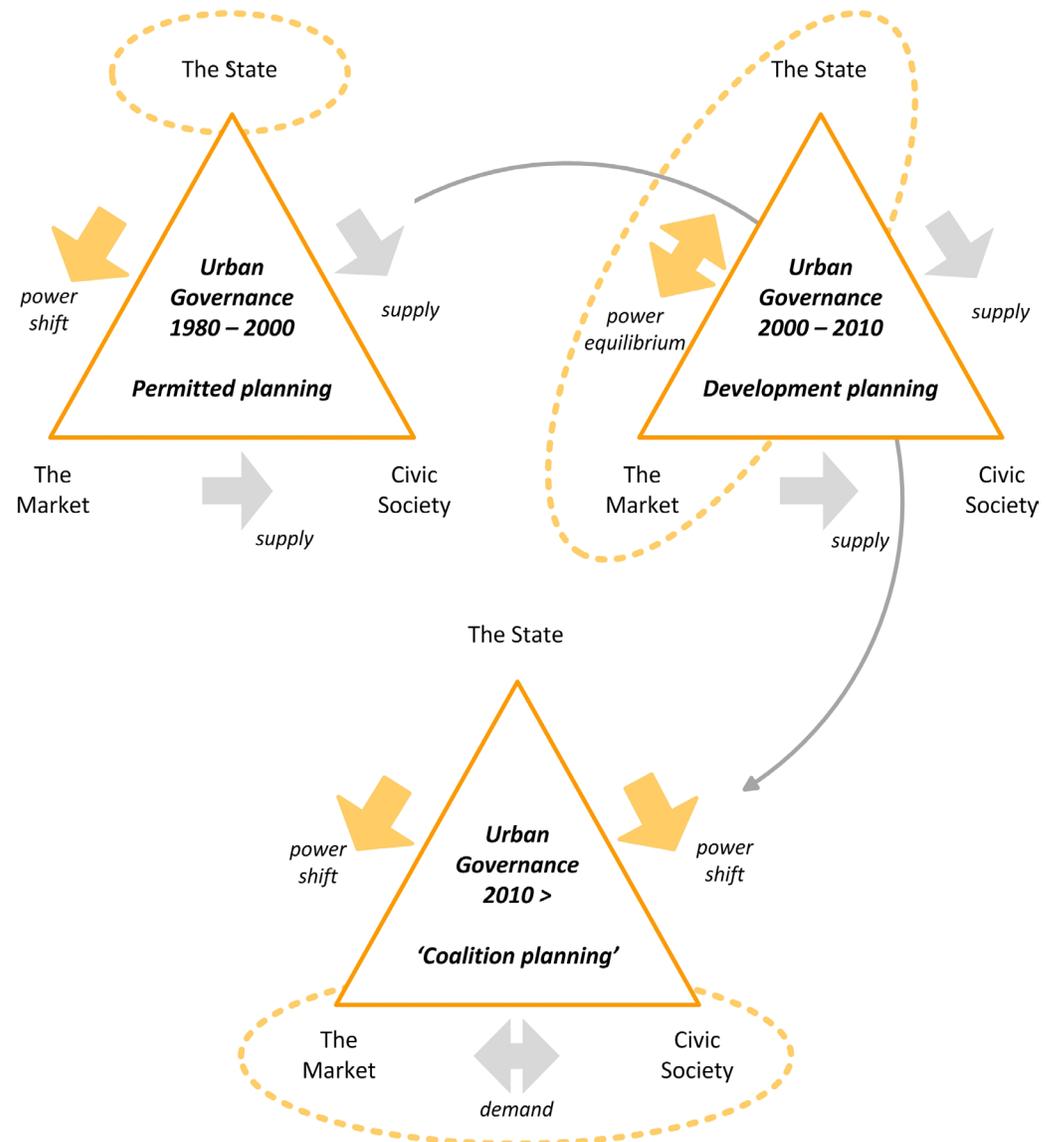
From public actors to private and civic actors

Market shift

From supply-driven to demand-driven development

Planning shift

From development to coalition planning



Heurkens, E.W.T.M. (2012). *Private Sector-led Urban Development Projects: Management, Partnerships & Effects in the Netherlands and the UK*. Delft University of Technology, Delft.

Private Sector-led Urban Development



Heurkens, E. (2018). Private sector-led urban development: Characteristics, typologies and practices. In: Squires, G., Heurkens, E. & Peiser, R. (eds.) *Routledge Companion to Real Estate Development*. London, Routledge, pp. 107-122.

Changing Role of Public Planners

Planners must be seen as **actors within the market** (not as interventionists).

Their instruments **shape, regulate and stimulate** the market, in the sense that they positively or negatively influence investment decisions from private actors.

The **effectiveness of their work** can drastically be improved in case planners have:

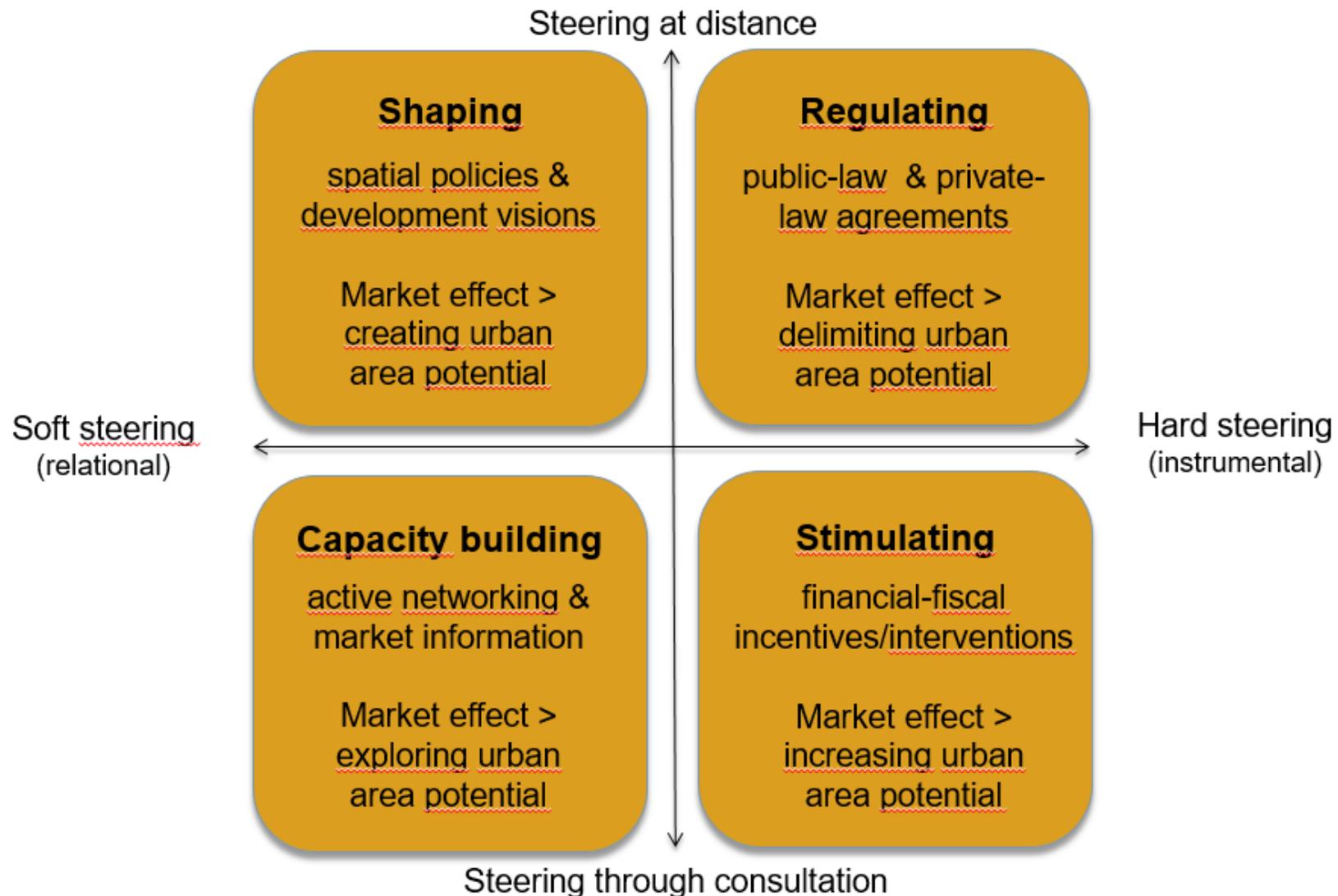
- More market-rich information
- More market-relevant skills
- A strong market network

This is termed as **capacity building** (or the ability to **facilitate**).

Adams & Tiesdell (2010)

Adams, D., & Tiesdell, S. (2010). Planners as market actors: Rethinking state-market relations in land and property. *Planning Theory & Practice*, 11(2), 187-207.

Public Planning Roles > Market Decisions



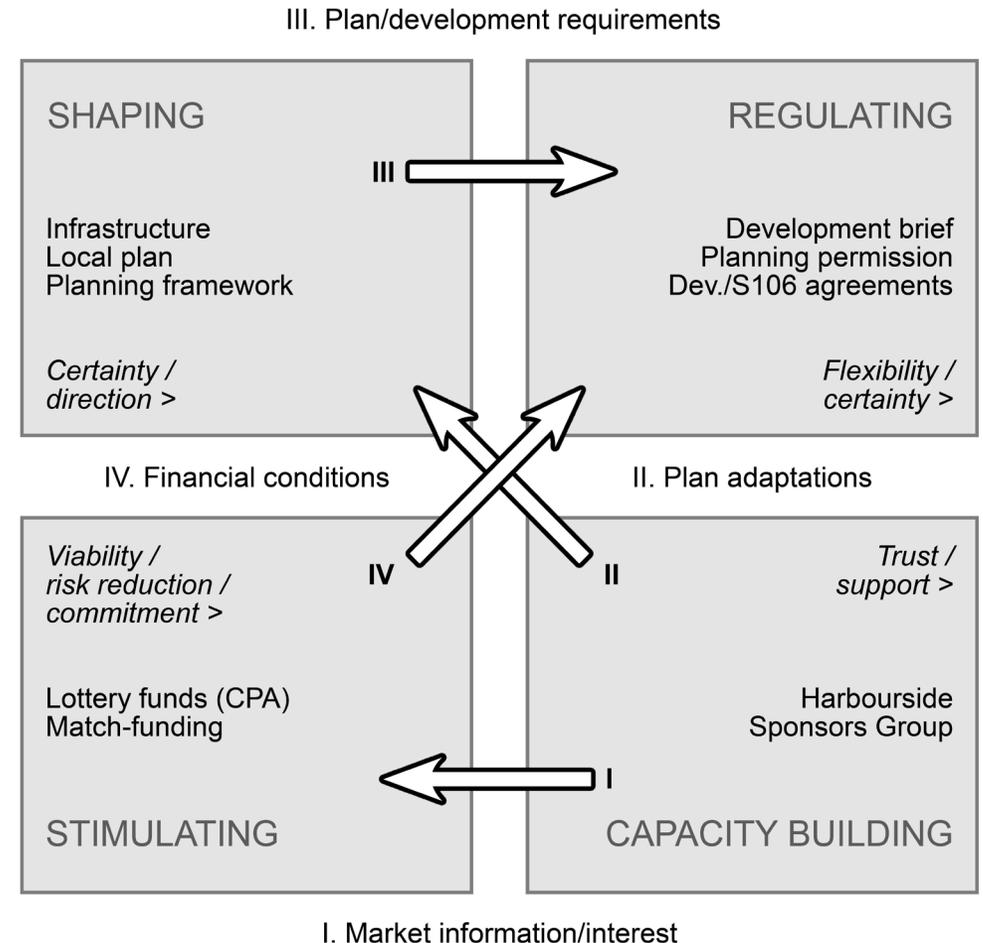
Adapted from:
Verheul, W.J.,
Daamen, T.,
Heurkens, E., Hobma,
F. & Vriens, R.
(2017). *Ruimte voor
durf voor diversiteit in
gebiedstransformaties*
. Delft, TU Delft.

Based on:
Heurkens, E., Adams,
D. & Hobma, F.
(2015). Planners as
market actors: The
role of local planning
authorities in the UK's
urban regeneration
practice. *Town
Planning Review*. 86
(6), 625-650.

Public Planning Instruments & Actions

Instruments	Bristol Harbourside
	Development/investment plans <i>Infrastructure investments</i> <i>Centre for Performing Arts</i>
Shaping	Regulatory plans <i>Bristol local plan</i>
	Indicative plans <i>Planning framework</i>
Regulating	State/third party regulation <i>Development brief</i> <i>Planning permission</i>
	Contractual regulation <i>Development agreement</i> <i>Section 106 agreement</i>
	Direct state actions <i>n/a</i>
	Price-adjusting instruments <i>n/a</i>
Stimulus	Risk-reducing instruments <i>Match-funding (CPA)</i>
	Capital-raising instruments <i>Lottery funds</i>
	Market-shaping cultures, mindsets, ideas <i>n/a</i>
	Market-rich information and knowledge <i>n/a</i>
Capacity building	Market-rooted networks <i>Harbourside Sponsors Group</i>
	Market-relevant skills <i>Affordable housing negotiations</i>

Bristol Harbourside



Heurkens, E., Adams, D. & Hobma, F. (2015). Planners as market actors: The role of local planning authorities in the UK's urban regeneration practice. *Town Planning Review*. 86 (6), 625-650.

Changing Role of Private Sector Actors

Senge, P., Smith, B., Kruschwitz, N., Laur, J. & Schley, S. (2008). *The Necessary Revolution: How Individuals and Organizations are Working Together to Create a Sustainable World*. Boston, Ma: Nicholas Brealey Publishing.

Heurkens, E. (2020). De rol van private partijen in duurzame stedelijke ontwikkeling. *Service Magazine*. 27, 19-23.

De rol van private partijen in duurzame stedelijke ontwikkeling

Private partijen spelen een steeds belangrijkere rol in stedelijke ontwikkeling (Heurkens, 2012, Andersson & Moroni, 2014). Niet alleen omdat overheden minder (actief) risicovol grondbeleid voeren en participeren in joint ventures, maar ook omdat de ontwikkeling van stedelijke gebieden en vastgoed stabiele investeringsmogelijkheden biedt voor allerlei soorten marktpartijen. Denk daarbij zowel aan projectontwikkelaars als ontwikkelende beleggers, maar ook aan multinationale of filantropische bedrijven die vastgoed niet als kerntaak hebben (Heurkens, 2018).

Tegelijkertijd worden steden door toegenomen economische competitie en strengere milieueisen en duurzaamheidsbeleid (van gas los, CO₂-neutraal, energieneutraal, etc.) uitgedaagd om meer duurzame kwalitatief-hoogwaardige leefbare gebieden te ontwikkelen (NEPROM, 2018). De vraag is dus evident: in hoeverre en hoe kunnen private partijen bijdragen aan duurzame stedelijke ontwikkeling?



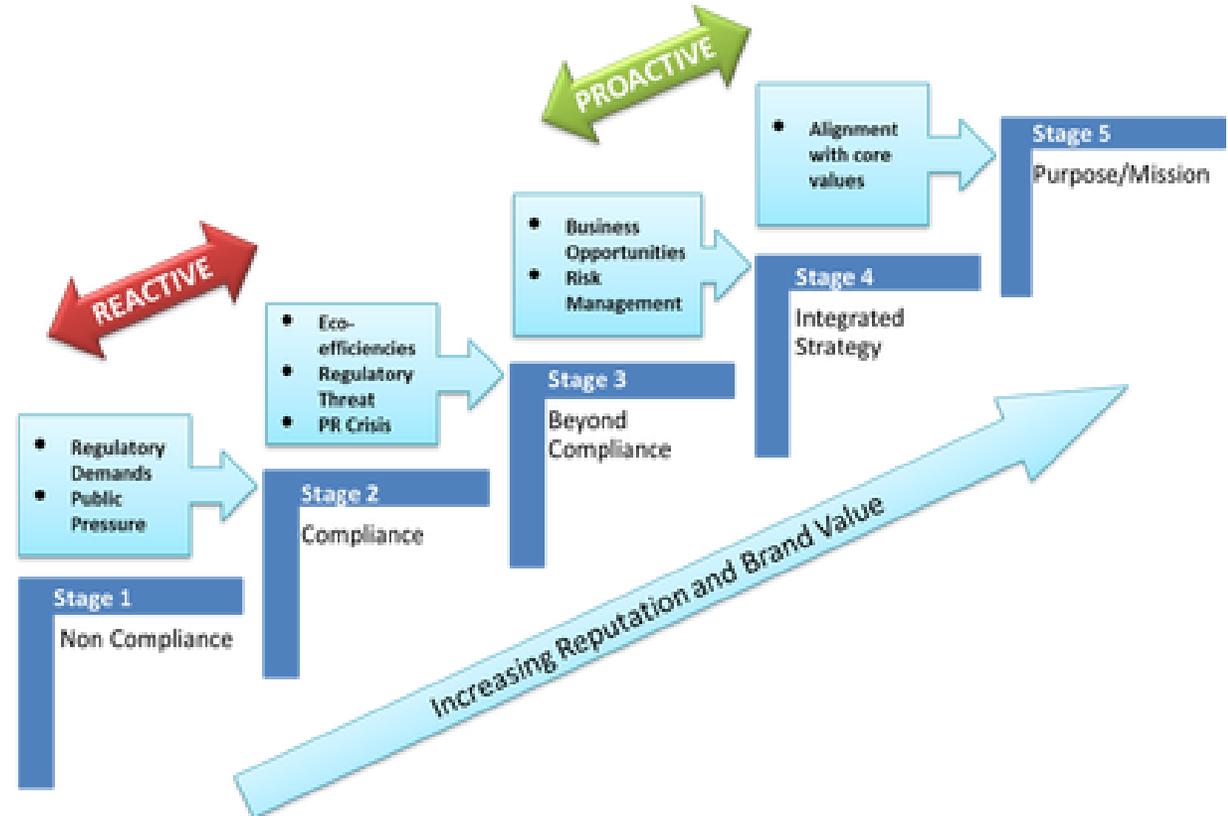
Dr. Ir. E. Heurkens

Dr. Ir. Ewilt Heurkens is assistent professor Urban Development Management bij de afdeling Management in the Built Environment, Toekomst Bouwkunde, TU Delft. Zijn onderzoekspartners ligt op het gebied van innovaties en verduurzaming van stedelijke gebieden.

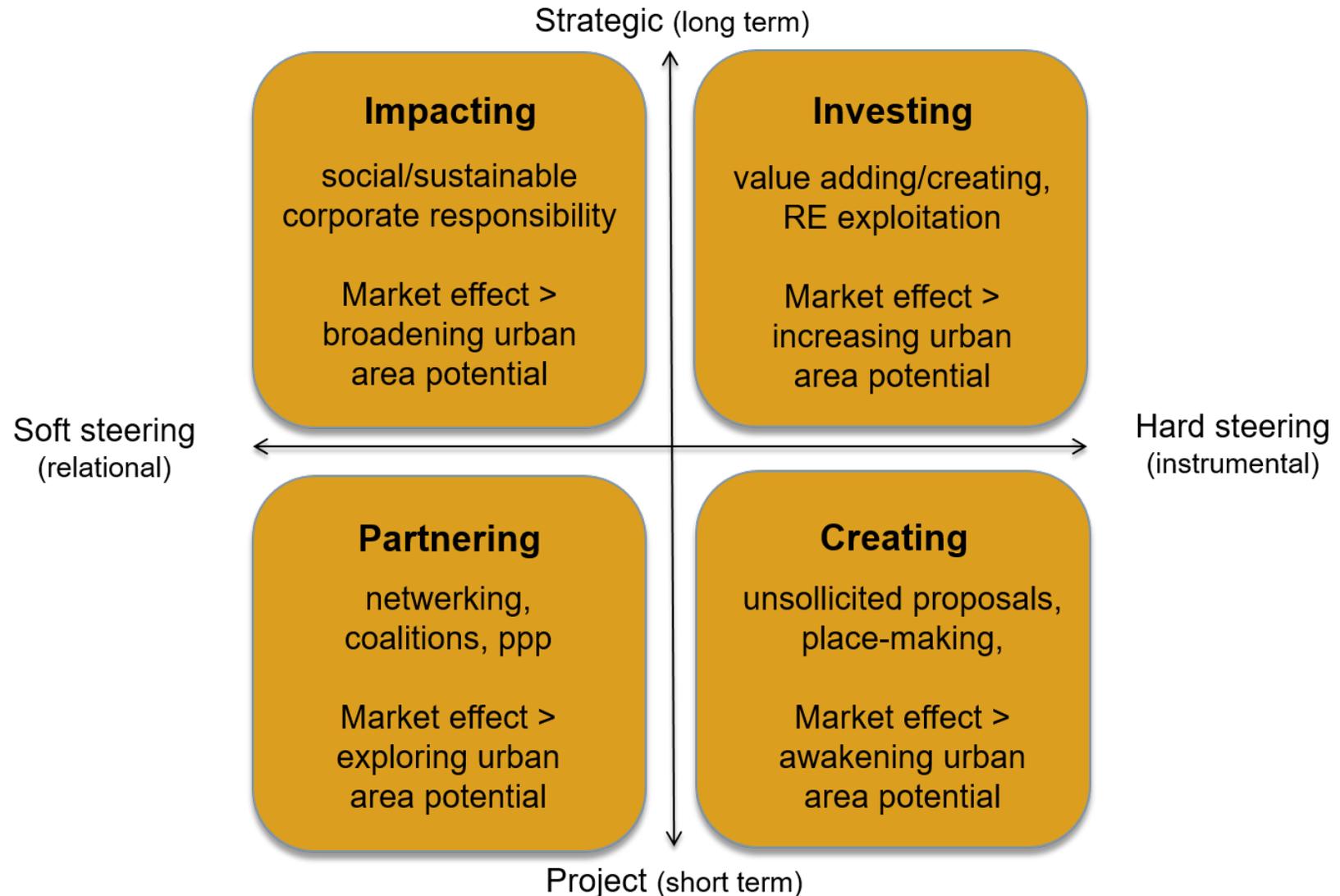
Veranderend speelveld: duurzame stedelijke regulering

De ontwikkeling en verduurzaming van steden, gebieden en vastgoed is een pregnante opgave die zowel private, publieke en particuliere partijen aangaat. Ondanks de vaak terugkerende roep van verschillende Nederlandse marktpartijen voor meer overheidsregie (NEPROM, 2018) – met name als het gaat om de grote uitdagingen met betrekking tot woningbouw, infrastructuur en energietransitie – worden in de nieuwe Omgevingswet private en burgerinitiatieven als uitgangspunt genomen voor de ontwikkeling van onze (stedelijke) leefomgeving. Deze nieuwe realiteit is een gevolg van een veranderende bestuurlijke verhouding tussen publieke, private en maatschappelijke partijen (zie Crooch, 2012). Dit leidt in feite tot een nieuwe fase van planning: in die van ontwikkelingsplanning naar uitvoerings- of coalitieplanning (Heurkens, 2012), zie figuur 1. Hierin bepalen marktpartijen en burgers nadrukkelijker zelf de ruimte- en huisvestingsvraag, en treden overheden meer faciliterend, stimulerend en regulerend op om initiatieven mogelijk te maken.

Tegelijkertijd worden alle partijen geconfronteerd met de nieuwe realiteit van regulering van duurzaamheidsuitdagingen (Senge et al. 2010; Van der Heijden, 2014; 2017). Duurzaamheid is echter een diffuus concept: het betekent voor iedereen wat anders en elke stad heeft zo zijn eigen duurzaamheidsproblematiek. Duurzaamheid in de stedelijke context vraagt om concepten zoals: klimaat- en biodiversiteit, functionele adaptiviteit, veerkrachtigheid, CO₂-neutraliteit, energieneutraliteit, betaalbaarheid, circulariteit enzovoort. Veel gemeenten voeren op tal van deze concepten beleid, en vertalen dit naar concrete eisen in ontwikkelkaders voor de markt. Ook worden zij gestuurd door provinciaal beleid over duurzame verstedelijking, en langzaam strenger wordende milieueisen zoals EPC normen in het Bouwbesluit. Ook Europa heeft wetgeving die vereist dat stedelijke ontwikkeling op duurzamere wijze plaatsvindt, wat ook blijkt uit de huidige stikstofproblematiek. Echter, dit beleid en deze wetgeving zijn op zichzelf niet voldoende, overheden zijn voor de implementatie en uitvoering ervan afhankelijk van de markt.



Private Roles > Strategic & Operational



Heurkens, E. (2020). De rol van private partijen in duurzame stedelijke ontwikkeling. *Service Magazine*. 27, 19-23.



King's Cross Central (KXC) London:
Sustainable developer-led urban redevelopment

Sustainability

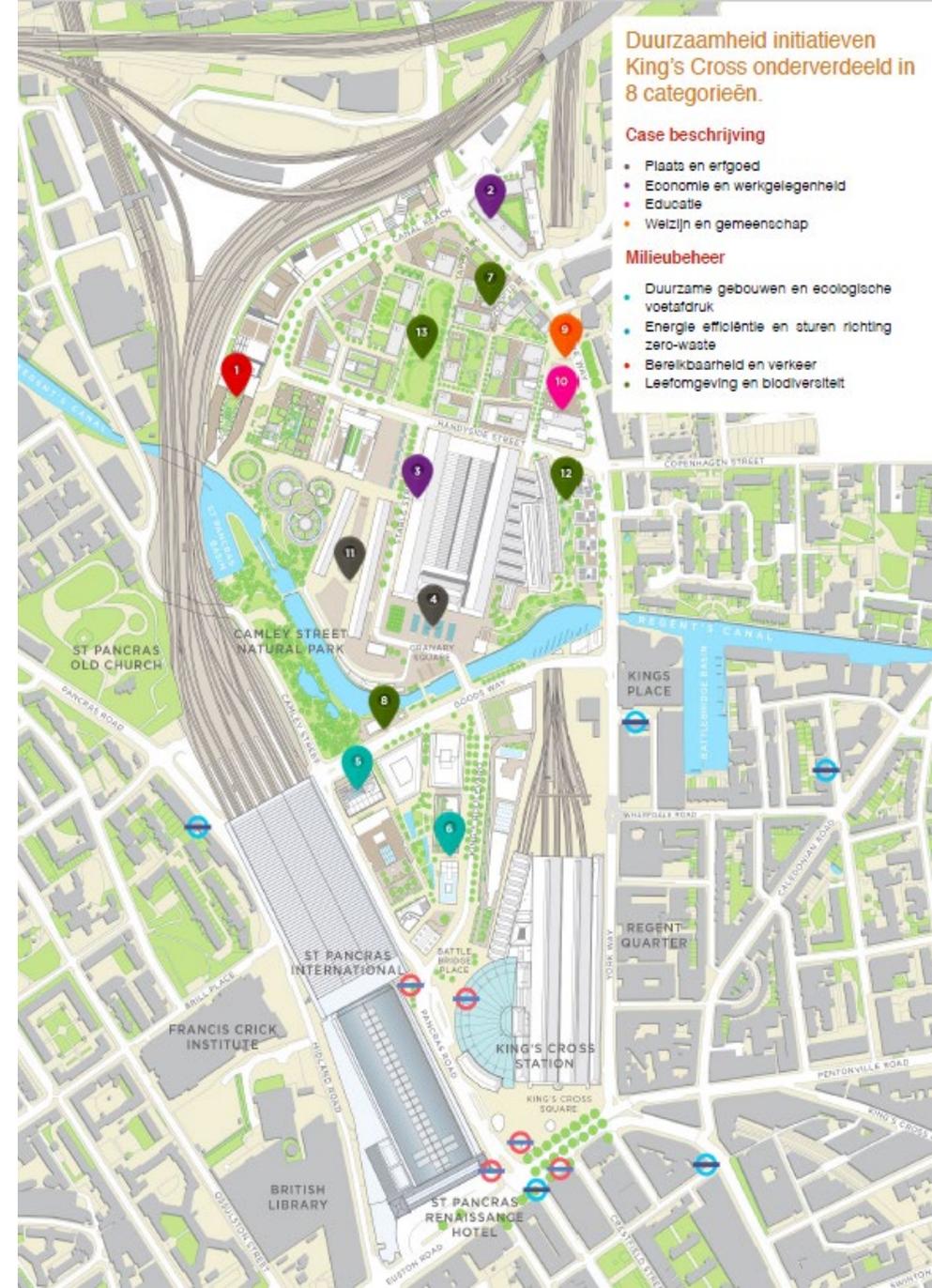
Public ambitions

- Social: education, affordability
- Ecological: accessible public spaces
- Economic: local & global sub-centre w/ employment opportunities

Private company & development strategy

Principles for a Human City

- Heritage preservation
- Energy-efficient real estate
- Corporates + local entrepreneurs
- Residential mix (students/affordable)
- Education & job training centre



Private returns & public value

Private role

- Social responsible investment/development (strategy/marketing)
- Investment (first) in public space / place-making activities > real estate value
- Various private-led participation and consultation trajectories



Conclusions

Why work in an area-based manner?

1. To solve urban problems that cannot be solved on other levels of scale
2. To create more value/quality for the city/stakeholders than could be achieved by a plot-by-plot approach
3. To make plans legally, politically and financially feasible through combining and integrating public and private objectives

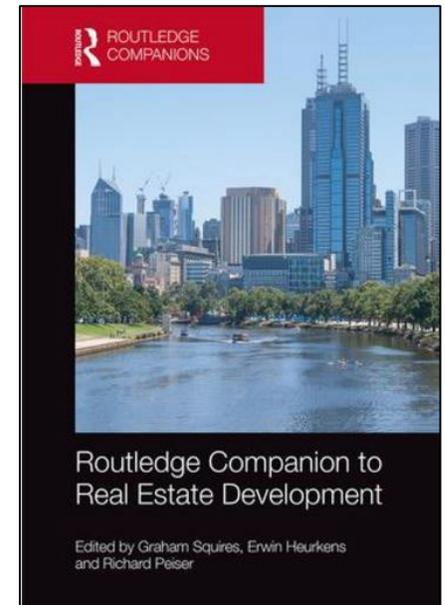
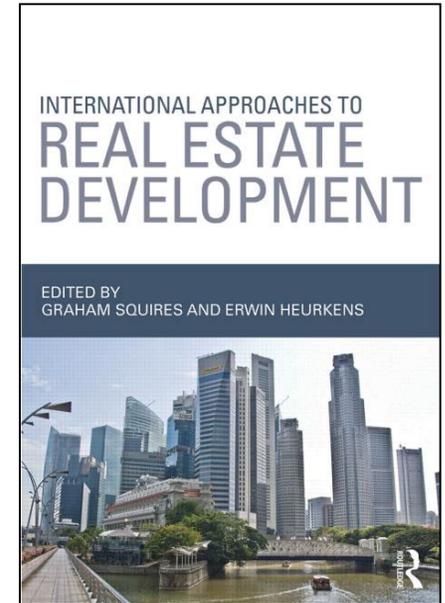
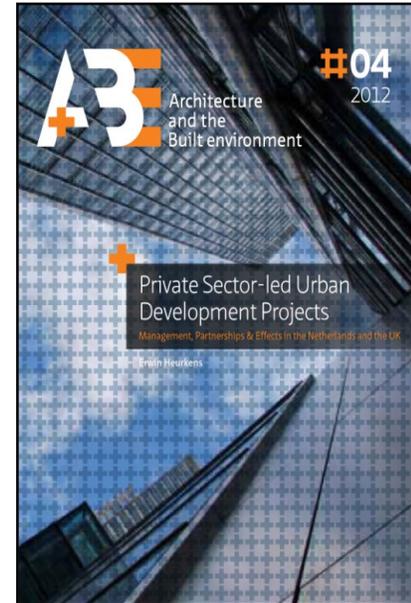


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Thank you for your attention!

