



Sustainable Private Sector-led Urban Development Projects Concepts & Practices

25-1-2016 | Dr Erwin Heurkens MSc

State-Market Relations

Shifting Governance

Heurkens, 2012

1. Power shift

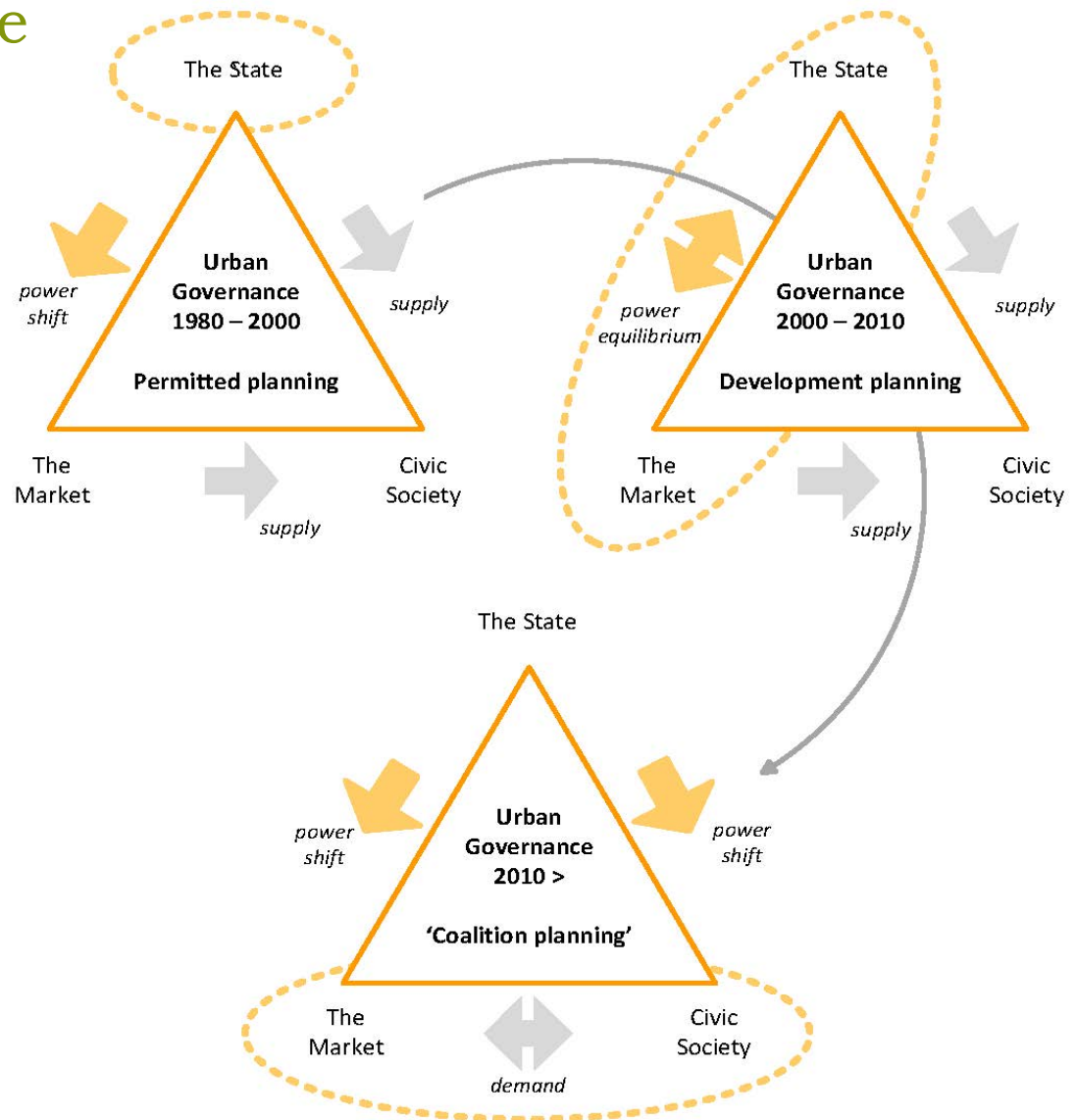
- From public to private & civic actors

2. Market shift

- From supply-driven to demand-driven urban development

3. Planning shift

- From permitted & development planning to 'coalition planning'



Urban Development

Shifting Approaches

1. Strategy & (inter)action

- Spatial strategy forms in a process

2. Policy & implementation

- Public policy necessitates private implementation (& p-p dialogue)

3. Sustainability emphasis

- Top-down & bottom-up approaches
- Including social, environmental, economic issues
- Corporate social responsibility

> Importance of understanding **urban development projects**, and **private sector-led practices** in particular



Private Sector-led Urban Development Projects (PUDP)

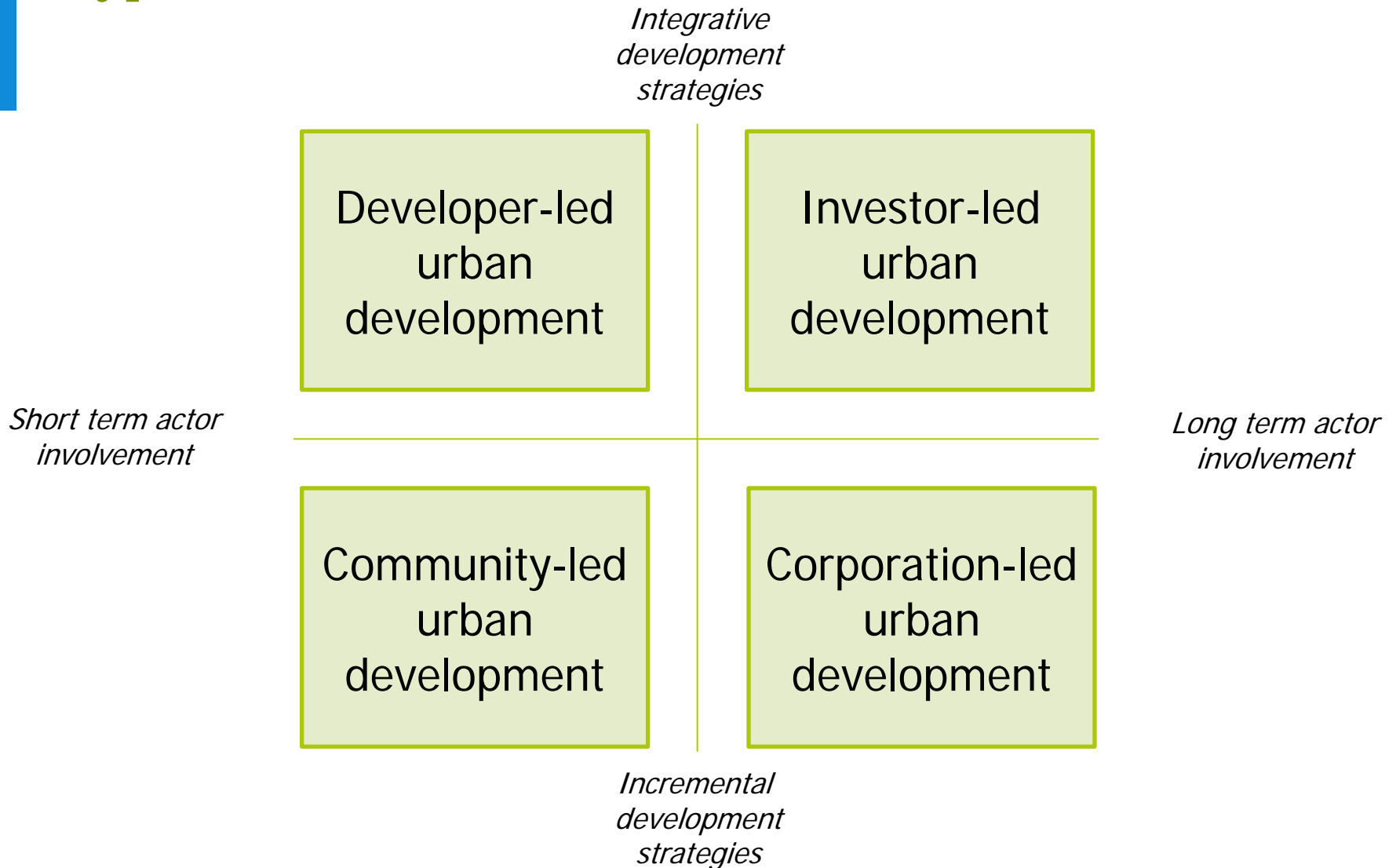
Definition

An urban development project in which **private actors** (developers/investors/corporations/communities) take a **leading role** and **public actors** (local planning authorities) adopt a **facilitating role** in **managing the delivery** of an urban development project.



Private Sector-led Urban Development Projects

Types



Private Sector-led Urban Development Projects

Examples



*Integrative
development
strategies*



*Short term actor
involvement*

*Long term actor
involvement*



*Incremental
development
strategies*



Private Sector-led Urban Development Projects

Graduate dissertations

*Integrative
development
strategies*

Schiltmans (2013 MCD)

Veseli (2014)

Geesing (2015)

Bogers (2015)

Haak (2015)

Buskens (2015)

Van der Bent (2016)

*Short term actor
involvement*

Sturm (2014)

Stumpel (2014)

Steigenga (2015)

Daggelders (2015)

*Long term actor
involvement*

Crobach (2014)

Van Gerven (2015 MCD)

Labruyere (2015)

Van der Post (2011 MCD)

Potters (2015)

Van den Berg (2014 MCD)

*Incremental
development
strategies*



SCOVIN
CRANE

PUDP UK – Bristol Harbourside





PUDP UK –
Liverpool One

Essential Lessons

Role of Private Sector: 'Developers as Place-makers'

- Long term investment model
rather than development profit-making model
- Local stakeholder involvement
include interests from local communities/business
- Mixed-use development focus
rather than mono-functional, diversified investment portfolio
- Design excellence & place quality
secures cash-flow, solid investment returns
- Sustainable urban real estate
demand-driven development, user-/investor-focused building

Essential Lessons: Role of Planners: Influencing Market's Decision Environment

Instruments	Impact on markets	Sub-types and examples
Shaping	Shape decision environment of development actors by setting broad context for market actions and transactions	Development/investment plans
		<i>Public (infrastructure) investment plans</i>
		Regulatory plans
		<i>Statutory plans, policies, strategies</i>
Regulating	Constrain decision environment of development actors by regulating or controlling market actions and transactions	Indicative plans
		<i>Non-statutory plans, policies, strategies</i>
		State/third party regulation
		<i>Planning permission, property rights</i>
Stimulus	Expand decision environment of development actors by facilitating market actions and transactions	Contractual regulation
		<i>Development, section106 agreements</i>
		Direct state actions
		<i>Reclamation, infrastructure, land acquisition</i>
Capacity building	Enable development actors to operate more effectively within their decision environment and so facilitate the operation of other policy instruments	Price-adjusting instruments
		<i>Grants, tax incentives, bonuses</i>
		Risk-reducing instruments
		<i>Policy certainty, place management</i>
Capacity building	Enable development actors to operate more effectively within their decision environment and so facilitate the operation of other policy instruments	Capital-raising instruments
		<i>Loan guarantees, funds, partnerships</i>
		Market-shaping cultures, mindsets, ideas
		<i>New perspectives, ways of thinking</i>
Capacity building	Enable development actors to operate more effectively within their decision environment and so facilitate the operation of other policy instruments	Market-rich information and information
		<i>Market and development process logics</i>
		Market-rooted networks
		<i>Formal and informal interaction arenas</i>
Capacity building	Enable development actors to operate more effectively within their decision environment and so facilitate the operation of other policy instruments	Market-relevant skills
		<i>Human capital, individuals</i>

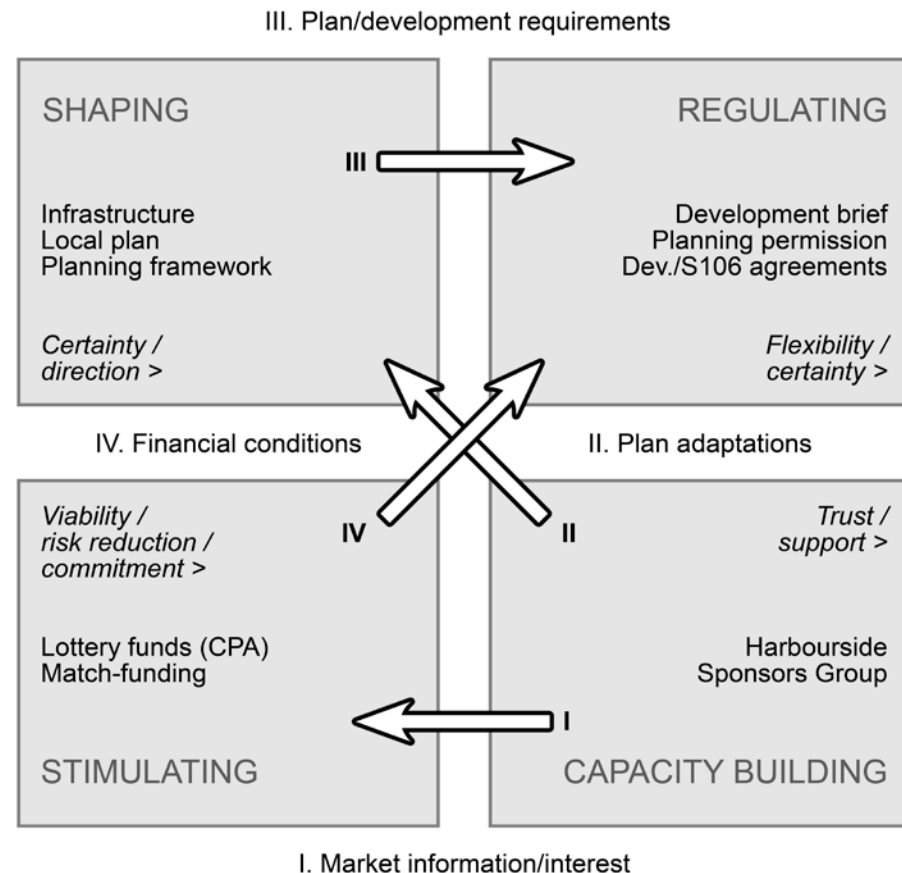
Adams & Tiesdell, 2012
Heurkens, Adams & Hobma,
2015

Essential Role of Planners

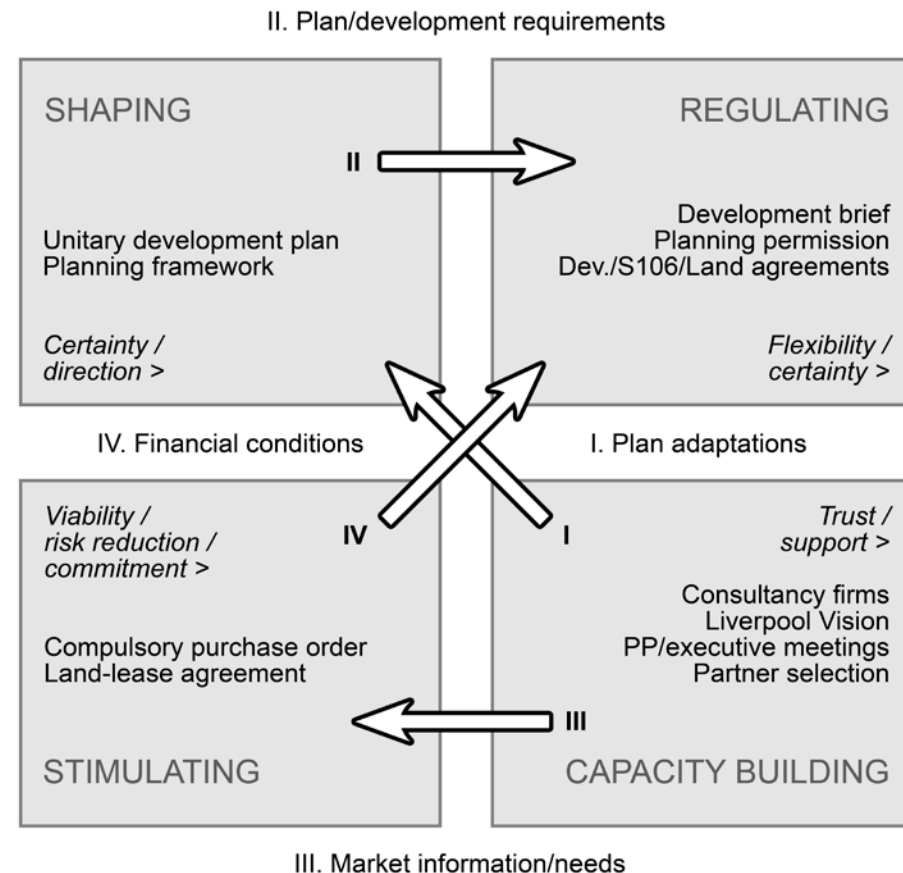
Connecting Policies to Actions within Markets

Heurkens, Adams & Hobma, 2015

Bristol Harbourside



Liverpool One



Sustainable Urban Development Projects

SUDP


Heurkens, 2016 – SBE Conference paper

Sustainability category of UDPs	Sustainability objectives in UDPs
Economic sustainability objectives	Economic-viable UDPs <ul style="list-style-type: none">To enable businesses to be efficient and competitiveTo support local economic diversityTo provide employment opportunities
Social sustainability objectives	Social-responsible UDPs <ul style="list-style-type: none">To adhere to ethical trading standards during the development processTo provide adequate local services and facilities to serve the developmentTo provide housing to meet needsTo integrate the development within the localityTo provide high quality, liveable developmentsTo conserve local culture and heritage, if appropriate
Environmental sustainability objectives	Environment-friendly UDPs <ul style="list-style-type: none">To minimise the use of resourcesTo minimise pollutionTo protect biodiversity and the natural environment

Sustainable **Private Sector-led** Urban Development Projects (SPUDP)

Definition

An urban development project in which
private actors (developers/investors/corporations/communities)
take a **leading role** and
public actors (local planning authorities)
adopt a **facilitating role**
in **managing the delivery** of an
economic-viable, social-responsible, environmental-friendly
urban development project.

An aerial photograph of the Seattle South Lake Union neighborhood. The image shows a dense urban area with a mix of existing buildings and architectural renderings of new developments. In the background, a large body of water (Lake Union) is visible, surrounded by more residential and commercial areas. The foreground and middle ground are filled with various building types, including tall glass skyscrapers and lower-rise brick buildings. The text "SPUDP USA - Seattle South Lake Union" is overlaid in the upper center of the image.

SPUDP USA - Seattle South Lake Union

SPUDP UK – London King's Cross



SPUDP AUS – Sydney Barangaroo South



Sustainable Developer/Investors

Examples

FORESTCITY

AMVEST



ARGENT



GROSVENOR

WHEELLOCK
PROPERTIES



VULCAN

SBE (Hamburg) Conference Paper

Institutional conditions for SPUDPs

Paper's research question

Which **institutional conditions**,
in the form of creating
planning policy incentives,
can assist private actors to overcome
market decision barriers
that obstruct the delivery of
sustainable private sector-led
urban development projects?

Institutional conditions for SPUDPs

Literature review: A conceptual model

Heurkens, 2016 – SBE Conference paper

Policy instruments	Impact on market decisions	Sub-types and examples	Incentive created	Barrier overcome
Shaping	Shape decision environment of development actors by setting broad context for market actions and transactions	Development/investment plans <i>Development/investment priorities</i>	Brownfield development sites	Lack of policy certainty
		Regulatory plans <i>Statutory land-use plans, mandates</i>	Formal sustainable requirements	Lack of commitment
		Indicative plans <i>City sustainability visions, policies</i>	Synchronisation of policies	Lack of imagination/vision
		State/public regulation <i>Planning permissions, building permits</i>	Formal sustainable procedures	Lack of consistent rules
Regulating	Constrain decision environment of development actors by regulating or controlling market actions and transactions	Contractual regulation <i>Tenders, development agreements</i>	Certain development directions	Lack of power/influence
		Direct state action <i>Brownfield land acquisitions</i>	Competitive advantages	Lack of market support
		Price-adjusting instruments <i>Taxes, charges, loans, grants, bonuses</i>	Improvement of cost-benefit ratios	Lack of financial benefits
		Risk-reducing instruments <i>Certifications, measurement tools</i>	Investment in certified buildings	Lack of demand/benchmarks
Stimulating	Expand decision environment of development actors by facilitating market actors and transactions	Capital-raising instruments <i>PPPs, investment funds</i>	Leverage for sustainable investments	Lack of social-eco benefits
		Market-shaping cultures <i>Sustainable behaviour subsidies</i>	Increased responsibility/awareness	Lack of responsibility
		Market-rich information <i>Sustainability best practice promotions</i>	Insight in proved practices	Lack of empirical prove
		Market-rooted networks <i>Business/community networks</i>	Increased participation/innovations	Lack of governance
Capacity building	Enable development actors to operate more effectively within their decision environment and so facilitate the operation of other policy instruments	Market-relevant skills <i>Sustainability education/training</i>	Development of learning skills	Lack of expertise/knowledge

Sustainable Private Sector-led Urban Development Projects

Further steps

Research questions

(Contextual) Institutions:

- Which institutional conditions nudge developer/ investor decision-making to deliver SPUDPs?

Public Policies/Roles:

- What role do local planning authorities play in shaping, regulating, stimulating and facilitating developer/investor decisions to deliver SPUDPs?

Private Strategies/Roles:

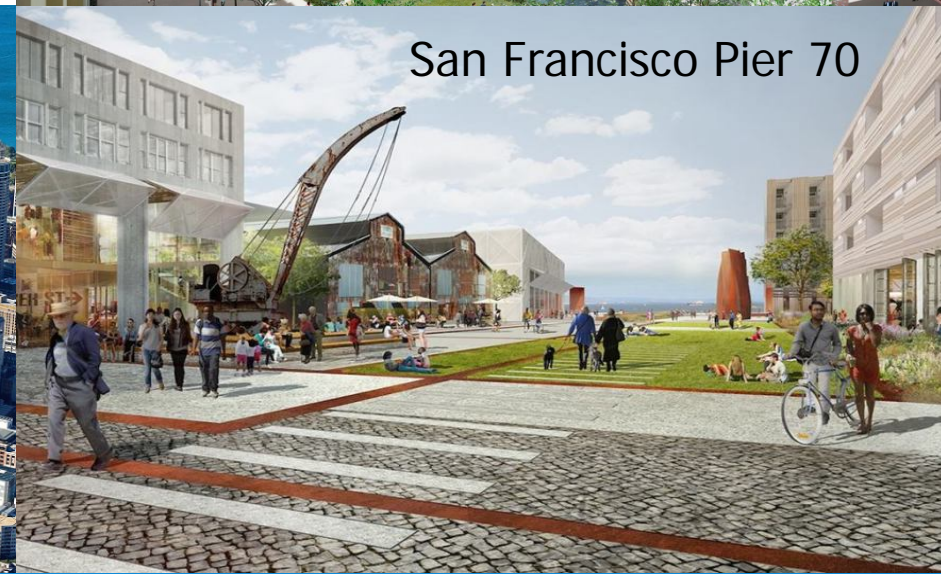
- Which development, investment, partnership strategies do developer/investors deploy when delivering SPUDPs?

Sustainable Private Sector-led Urban Development Projects

Further steps

Research methods

- Public & private actor surveys on institutions
- International best practice comparative case studies



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INTERNATIONAL APPROACHES TO REAL ESTATE DEVELOPMENT

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