



PLANNING, RISK AND PROPERTY DEVELOPMENT

URBAN REGENERATION IN ENGLAND, FRANCE
AND THE NETHERLANDS

NIKOS KARADIMITRIOU, CLAUDIO DE MAGALHÃES
AND ROELOF VERHAGE

Planning, Risk and Property Development

Urban regeneration in England,
France and the Netherlands

Nikos Karadimitriou,
Claudio de Magalhães
and Roelof Verhage



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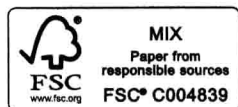
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Planning, Risk and Property Development

Urban regeneration schemes involving a wide range of actors and dependent on private investment are increasingly deployed in Europe's cities with the aim of delivering private, merit and public goods. This book explores the relationships, objectives and strategies of the actors engaging in these schemes in cities of three advanced European economies. It researches the outcomes of actor interactions as these transform under the influence of changing market circumstances and associated risks. The book focuses on the way this change is reflected in the provision of mixed-use developments within a context of increasingly polarised housing markets and urban growth patterns. It argues that although these schemes can and do deliver much-needed dwellings, their exposure to market risks may in many cases cause them to fall short of the desired socio-economically sustainable outcomes.

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Planning, Risk and Property Development

Urban regeneration in England,
France and the Netherlands

*Nikos Karadimitriou,
Claudio de Magalhães, Roelof Verhage*

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Preface

The three decades since 1980 have witnessed enormous social, economic and spatial transformations, with dramatic effects on the ways in which Europe's cities are developing. Urban regeneration as a field of policy and practice emerged in an effort to manage this process and to tackle the undesirable effects of those transformations. However, in spite of the rhetorical similarities, the countries of Western Europe (certainly the three countries examined in this book) display a noteworthy degree of variety in the ways in which urban regeneration is approached and practised.

Our intellectual curiosity was aroused by the new forms of cooperation that have become widespread throughout Western Europe, boosted by the booming property market of the early and mid-2000s. Could it really be the case that such a crucial field of public policy had been co-opted by 'the property market', as some would argue? Or was it the other way around: was 'the state' piggybacking on the profits of property developers? This book reflects an attempt to uncover the complex relationships between private, public and third sector actors in regeneration partnerships. It looks into how these arrangements may affect the physical outputs of regeneration schemes and how public, private and merit goods are provided through such schemes. Finally, it looks at how the different institutional frameworks and configurations of actors engaging in each of six case study regeneration schemes have responded to the prolonged period of economic turbulence that continued apace throughout the time it took to complete the research and write this book.

It is hoped that this book will answer questions of interest to academics and built environment professionals and provide useful insights in so far as the context, content and organisation of urban regeneration in all three countries is concerned. There are many other important areas that the book did not delve into, and it is hoped that future research will do so. Clearly, the six cases looked into have their own specificities, but what their examination reveals could be more widely applicable in many instances. In each of the schemes studied, an intricate pattern of interrelations between public, private and third sector actors emerged. The main purpose of these constellations of actors was to create value through a process of urban regeneration, to monetise it or otherwise capture it

to some extent and to come to an arrangement with regard to its distribution, bearing in mind the risks and uncertainties that each actor was taking on. Apart from a very complex managerial and technical endeavour, this negotiation is an intensely political process, the outcomes of which substantively affect citizen well-being and the citizen–state relationship.

Nikos Karadimitriou, Claudio de Magalhães and Roelof Verhage
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Abbreviations

ANRU	Agence National pour la Renovation Urbaine
AWF	Amsterdam Waterfront Finance
BID	Business Improvement District
BNG	Bank Nederlandse Gemeenten
CABE	Commission for Architecture and the Built Environment
CDC	Caisse des Dépôts et Consignations
CIL	Community Infrastructure Levy
CT	Community Trust
DETR	Department for the Environment, Transport and the Regions
DoE	Department of the Environment
EP	English Partnerships
EPF	Etablissements Publics Foncier
GOL	Government Office for London
GSB	Grote Steden Beleid
HCA	Homes and Communities Agency
HC	Housing Corporation
HMR	Housing Market Renewal
ISV	Investeringsbudget Stedelijke Vernieuwing
LEP	Local Enterprise Partnership
LOV	Loi d'Orientation pour la Ville
MCC	Manchester City Council
MMHG	Manchester Methodist Housing Group
MUURS	Mixed Use Urban Regeneration Scheme
MXD	mixed-use development
NAO	National Audit Office
NDC	New Deal for Communities
NEM	New East Manchester
NRF	Neighbourhood Renewal Fund
NWDA	North West Development Agency
OBR	Ontwikkelings Bedrijf Rotterdam
ODPM	Office of the Deputy Prime Minister
PAE	Programme d'Aménagement d'Ensemble

PFI	private finance initiative
PLAI	Prêt Locatif Aidé d'Intégration
PLH	Programme Local d'Habitat
PLS	Prêt Locatif Social
PLUS	Prêt Locatif à Usage Social
PPP	public-private partnership
PRP	Paddington Regeneration Partnership
PSPA	Paddington Special Policy Area
PWP	Paddington Waterside Partnership
RDA	Regional Development Agencies
RSL	Registered Social Landlord
SCOT	Schema de Cohérence Territoriale
SEM	Société d'Economie Mixte
SERL	Société d'Equipement du Rhône et de Lyon
SEU	Social Exclusion Unit
SRB	Single Regeneration Budget
SRU	Solidarité et Renouvellement Urbains
TfL	Transport for London
TfP	Time for Paddington
UDC	Urban Development Corporation
URC	Urban Regeneration Company
UTF	Urban Task Force
<i>Vinex</i>	<i>Vierde Nota over de Ruimtelijke Ordening Extra</i>
WCC	Westminster City Council
WELPUT	West End of London Property Unit Trust
WEQ	West End Quay
ZAC	Zone d'Aménagement Concerté

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Chapter 1

Urban transformations and policy responses in Western European cities

Introduction

This book discusses on-going changes in the way in which demand for what could broadly be defined as merit and public goods, particularly but not exclusively for non-market housing,¹ has been met in three Western European countries in the context of urban regeneration schemes. These schemes point to structures and mechanisms of provision that differ markedly from those that were established in the early post-war years. Where once this provision was closely associated with the duties of the (welfare) state, it is now increasingly contingent upon the outcomes of a much wider array of processes and actors. Moreover, whereas non-market housing, in particular, used to be part of strategies for coping with the growth pressures of manufacturing-based cities and national economies, it now often is a key element of efforts to regenerate declining urban areas in the internationally more porous economies of Western Europe.

Kemeny (2001) points out the four main pillars of welfare provision, namely housing, education, health and social security. He notes that housing is the most capital intensive of the four, which makes it rather unique and, in our view, hints at why it was linked to private property development via urban regeneration. He also argues that the state plays a complex role in the provision of housing that is difficult to untangle from the role of market actors. What also makes housing rather unique, as compared to the other three pillars, is the higher level of commodification and market involvement in its production (Harloe, 1995). Although this difference is less striking today than it was in 1995 it does indeed pose some difficulties in defining and researching housing within the context of welfare provision.

The effort of governments to achieve public policy goals whilst increasingly relying on market mechanisms and private actors for the provision of merit and public goods, typical of regeneration policies of the last 30 years or so, was based on specific assumptions about the role of private actors and the role of the state, as well as about the way they can pool resources in order to achieve public policy goals. Depending on the extent and scope of the partnerships that emerged, novel risk-/return-sharing arrangements between private, public and third sector

actors have appeared that make the concept of public–private partnership a rather diffuse one (Miraftab, 2004).

The logic of the public–private partnership arrangements that gained momentum in the last few decades in all types of welfare provision suggested that the involvement of the private sector would offer increased effectiveness and efficiency gains, whereas state involvement could lower risk premia and thus would allow projects to be financed at rates closer to sovereign debt rates without necessarily expanding state expenditure. Arguably, however, offloading those liabilities from the state’s balance sheet is not the same as not expanding state expenditure.

One has to note here that the dichotomy between planning and markets can be rather misleading when taken as anything other than an analytical device. In several Western European countries, for example, the third sector played a crucial role in the delivery of public services throughout the post-war years and the concept of the social market economy draws on ideas which first appeared in Germany in the intra-war period. It is thus more illuminating to focus any inquiry on which governance mix could or should be chosen (Alexander, 2001). Insofar as welfare systems are concerned, this point has been iterated by Hamnett (1998) or Marcuse and van Kempen (2002), who argue that as the state continues to be ever present in the processes of urban transformation, the changes in its role with regard to welfare provision are as much an outcome of local political processes as they are a consequence of global restructuring and market forces.

Concerns about the potential consequences of the public–private partnership approaches to welfare provision pursued in the last three decades or so, especially so far as housing is concerned, have been raised throughout the period in question (for example, see Iglesias, 2009). These concerns obviously extend to the provision of public goods, like amenities and the public realm, which are crucial ingredients in place making and for human well-being. The crisis in the financial markets that started in 2007 and the subsequent downturn in many property markets provided a stark reminder of what these consequences may be and how likely the associated risks are. At the very least, the public–private risk/return arrangements underpinning regeneration schemes throughout Western Europe have had to be rethought and adjusted. In many cases, this adjustment has resulted in the partial or complete withdrawal of private sector actors from schemes and/or increased state intervention and expenditure in the name of social cohesion.

This chapter situates the transformations discussed above in the context of the recent socio-economic evolution of many Western European cities. For that, we introduce themes and concepts that underpin the book’s approach to the relationship between urban regeneration schemes and merit and public goods provision in Western Europe. We present a brief historical overview of the range

of factors that has led to current forms of provision through urban regeneration schemes and summarise our understanding of the emergence of urban regeneration as an important field of policy. We also focus on changes in the practice of urban regeneration that reflect new forms of public–private cooperation away from the New Public Management approach (see for example Brandsen and Pestoff, 2006).

The argument pursued throughout the rest of this book highlights how these processes of production of the built environment mesh public policy objectives and the delivery of merit and public goods with the logic and the priorities of property developers and investors, especially linking them with the risks and uncertainties embedded in the property development process. The resulting forms and types of urban quarters in turn create path dependencies that further affect the achievement of public and private objectives and priorities. It is interesting to note that in each of the countries that the book looks into, the roles and ambitions of the actors engaging in the process, especially the roles of public sector actors, differ markedly between them. These differences highlight the deeply embedded cultural and ideological factors that affect the behaviour and worldview of the agents engaging in the regeneration process, as well as the institutional framework within which they operate.

The rise and decline of the European industrial city

In most of the world, and certainly in the three countries examined in this book, the process of industrialisation has led to massive growth of cities. In some cases, this has meant the rapid emergence of large urban centres where previously there were small towns, whereas in others it had led to the transformation of former merchant or administrative cities into industrial metropolises and sites for the transport infrastructure that accompanied industrial production. For many cities, it has meant the replacement of the pre-existing physical fabric with one more suited to the dynamics of manufacturing and its labour force. For others, particularly in European countries which industrialised late, it had meant the accretion of industrial suburbs to the pre-existing urban tissue. Thus, during the nineteenth and early twentieth centuries the needs of an industrial society were inscribed in the physical structure of many contemporary cities. Concentrations of manufacturing plants, workers' housing, warehousing and transport infrastructure came to define a considerable proportion of a city's fabric.

The problems that accompanied that spatial logic were acknowledged very early on. The insalubrious mix of industry and housing; the very low quality of much of the housing stock; the appalling environmental conditions in which the fast-growing numbers of industrial workers lived; all this came to form the