Urban Maestro

New governance strategies
for Urban Design

Actions for Future

online

19•26 November Workshop #4 Report

- Long-term stewardship in the governance of urban design
- Tools that go beyond the traditional scope of urban design
- Well-being of places and their populations

UN HABITAT
UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME

BOUWMEESTERMAITREARCHITECTE

UCL

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement n° 831704

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1. INTRODUCTION

The URBAN MAESTRO workshops aim to bring together private and public European stakeholders (from national, subnational and local levels) and combine institution-based (top-down) with project-based (bottom-up) analysis. Via peer-to-peer learning methods, these actors of innovative urban design practices will contribute to co-creating recommendations to boost spatial quality in cities across Europe. The workshops will further elaborate the knowledge of Europe-wide typologies of innovative urban design governance and will feed into the global urban debate and stimulate a discussion about the role of architecture and urban design in the achievement of the urban dimension of the Sustainable Development Goals, the European Urban Agenda, and the New Urban Agenda.

After identifying an initial list of the most effective and innovative tools of urban design governance, and describing their common principles, approaches, and challenges, the selected case studies are brought forward into a more focused stage of the investigation through in-depth studies and peer-to-peer learning activities. The workshops intend to develop a common understanding of the governance of urban design, share innovative practices, and create the basis for a European learning and reference framework on the innovative urban spatial policy. It also aims to build a long-term network for supporting the discussion on urban design governance and the drive to urban quality across the continent (and beyond).

Workshop themes

Urban Maestro's fourth workshop took place online on the 19th and 26th of November 2020 (due to continuingCOVID-19-related restrictions on travel and gatherings it was impossible to host a physical event as had been previously planned). Titled 'Actions for Future', the workshop examined long-term strategies for achieving and maintaining better quality urban development. It analysed the tools that aim to improve the spatial quality through such practices as land value capture, public private (people) partnerships, with a particular emphasis on innovative financing tools.

The workshop was divided into 2 sessions, each of which focused on a different tool and counter comparing the experiences coming from different contexts:

19th November. **Common Ground for Economy and Design**

- Presenting the findings of expert papers on informal urban design governance tools and supportive financial mechanisms
- Highlighting the urban development partnerships between public and private sector
- Addressing key challenges in real estate economics and architecture

26th November. **Comprehensive Financial and Quality Tools**

- Peer review of 2 case studies of innovative development approaches on the city scale: What tools were employed, and how? Who set them up?
- Questioning: innovation vs. time / private vs. public / design vs. economy / short-term vs. long-term / top-down vs. bottom-up / sustainability aims vs. reality
- Sharing the lessons learned and the unanswered questions

<u>The specific format and tailor-made tools for an on-line workshop (the real event cancelled due to the current travel restrictions in Europe):</u>

- The workshop was divided into two sessions to offer a relevant online event instead of the classic in-presence workshop planned at first. This structure helped to engage a more diverse audience from across the world and made the event easier to attend for those who did not have the opportunities to travel and dedicate a few days in a row for the event.
- Each session presented a number of case studies, introduced by experts who were involved in setting up these approaches, and were analysed directly afterwards in Q&A sessions that enabled active participation of the event participants. The discussions were assisted by invited external experts from a range of disciplines.
- Both workshop sessions were concluded by a closed expert group discussion in order to make sure there are no unanswered questions and there is more direct and critical knowledge exchange allowing to build stronger network around Urban Maestro project.

These new organisational aspects showed their relevance for the project's ability to adapt and reach out to the audience under different conditions and allowed exploring new digital ways of knowledge exchange.

Workshop agenda

Urban Maestro

New governance strategies for Urban Design

Thursday, 19 November 2020

Session 1. Common ground for Economy & Design

9.15	**Registration & welcome**
9.30	**Introduction to the analytical framework of Urban Maestro and financial gaps** Tommaso Gabrieli & Matthew Carmona - University College London
9.45	**Key challenges between the real estate sector and the field of urban design** Paul van der Kuil – TU Berlin
10.15	**Break**
10.25	**1. Milan REFLOW project** – Lucia Scopelliti – Head of Unit, Economic development, Municipality of Milan – Expert at UIA **2. Applying land value capture tools: lessons from Copenhagen and Freiburg** – Nicholas Falk – Executive Director of The URBED Trust – founder of URBED (urban and economic development) **3. The Oslo waterfront as an example of restructuring, culture-led redevelopment and negotiation processes** – Heidi Bergsli – Researcher at Norwegian Institute of Urban and Regional Research **4. La Marina da Valencia redevelopment** – Amparo Adelaida Tarazona Vento – Lecturer at the Department of Urban Studies and Planning, University of Sheffield **5. Places That Make Us: the balance between public and private interest in real estate** – Michiel Van Balen – Architect and Partner of Miss Miyagi
11.25	**Q&A and group discussion** Moderator: Ugo Guarnacci– Project Adviser, European Commission, EASME Invited expert: Herman Pienaar – Human Settlements Officer, Lead Urban Lab at UN-Habitat Invited expert: Loes Veldpaus – Lead researcher and Co-I on H2020 project 'OpenHeritage'
11.50	**Key takeaways and conclusions**
12.00	**The end of the session**

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Urban Maestro

New governance strategies for Urban Design

Thursday 26th November 2020

Session 2. Comprehensive Financial & Quality tools

9.15	**Registration & welcome**
9.30	**Introduction to the analytical framework of Urban Maestro and financial gaps** Tommaso Gabrieli & Matthew Carmona - University College London
9.40	**Case study presentation: By & Havn and the City of Copenhagen** Camilla van Deurs - Copenhagen City Architect Rita Justesen – By & Havn, Head of Planning and Architecture Amanda Ziegler Dybbroe – By & Havn, Project Manager
10.15	**Immediate Q&A and group discussion**
10.30	**Break**
10.40	**Case study presentation: Community Land Trust Brussels** Geert De Pauw – Co-ordinator, CLT Brussels Joaquín de Santos – Manager CLTB European projects, Project Manager SHICC
11.15	**Immediate Q&A and group discussion**
11.30	**Moderated crosscutting reflective discussion** Invited experts: Heidi Bergsli – Researcher at Norwegian Institute of Urban and Regional Research Graham Squires – Associate Head of School of Economics & Finance, Massey University, NZ Hanna Szemző – OpenHeritage Project Co-ordinator, Managing Director Metropolitan Research Institute
11.55	**Key takeaways and conclusions**
12.00	**The end of the session**

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2. Common Ground for Economy and Design, 19th November 2020

2.1. Session introduction

The first workshop session was opened by host and moderator Matthew Carmona, Urban Maestro team member and Professor of Planning and Urban Design at The Bartlett School of Planning, University College London. Along with colleague Tommaso Gabrieli, Associate Professor in Real Estate at UCL, they presented an introduction to the Urban Maestro project and to the relationship or interface between finance and design, the main focus of the day's session.

Matthew summarised the analytical framework developed by Urban Maestro, describing how financial tools form part of the design governance toolkit. Introducing the session's central question, how financial tools can be employed in order to encourage high quality design, he outlined how these tools fit into the framework of mechanisms for improving design quality, highlighting in particular how financial tools have two fundamental dimensions: support and incentive. Based on policy debate and existing research, two particular financial tools seem to be very important:

1) land value capture (LVC) mechanisms can capture private resources and direct them to public urban improvements
2) public private partnerships (PPPs) can coordinate public and private resources towards urban quality

Tommaso added that over the last ten years, there has been a strong push from UN-Habitat, the World bank and other agencies towards the use of LVC and PPPs, since from the economic point of view there is strong evidence that those tools may be important answers to the typical funding gap in urban infrastructures (the conclusions of UNH III 2016 conference in Quito or the UNH Finance for City Leaders Handbook were cited as examples). He clarified that Urban Maestro case-based research shows how both LVC principles and PPPs arrangements do currently exist across Europe, with examples in Denmark, Germany and UK, although they present different shapes and specific features in different countries. For example, both the UK development tax and the German concept tendering are LVC mechanisms, but they are substantially different from one another.

In order to understand better how different LVC and PPPs tools work in practice and learn lessons, the first session of Workshop 4 showcased a number of case studies:

Milan Reflow has a clear element of PPP, the cases of Oslo and Valencia are based on PPPs, LVC mechanisms in Germany and Denmark are also reviewed. Research from those cases concludes that LVC and PPPs are more effective when combined with other tools of design governance. In particular, it appears that including informal tools fostering citizen participation and co-creation may lead to:

1) involvement of intrinsically motivated agents/experts,
2) cost reductions,
3) good and inclusive design outcomes.

2.2. Challenges in Real Estate and Urban Design / Paul van der Kuil

Paul van der Kuil, lecturer in Real Estate at TU Berlin, began by introducing his field of interest, *Investorenarchitektur*, a German term often used by the architecture and urbanism profession and the general public to vilify buildings that are produced by the real estate sector. He then moved on to what he sees as the main challenge in the relationship between real estate and urban design: how to motivate the Real Estate sector (land owners, developers and investors, the most powerful actors) into the centre of shared objectives, motivations and methods: Design, Ecology, Economy, Sociology, Planning.

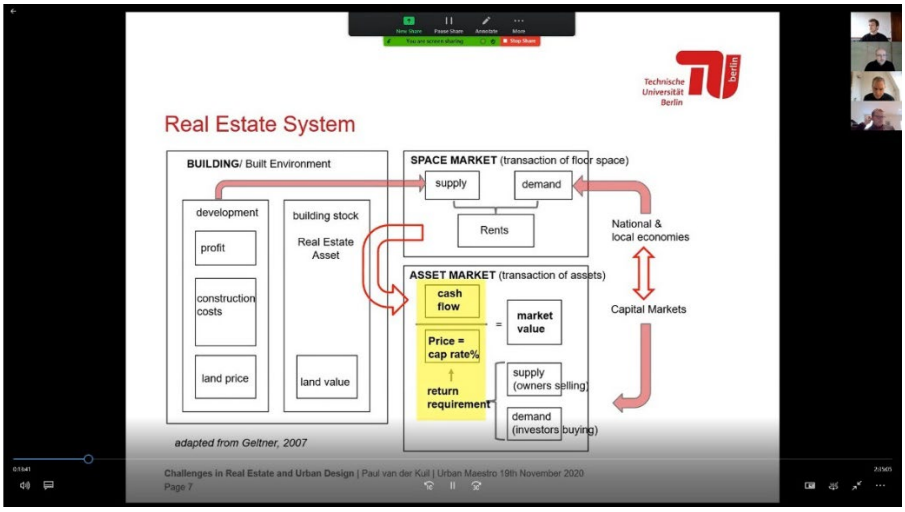
Paul described how the real estate system is active on two markets:

- the space market, where there is a demand coming from national and local economies and a supply provided by the building industry, and
- the asset market, the most important and interesting for real estate, although this is often not realised within the field of urban design

What buildings actually are from the viewpoint of real estate are the producers of cash flow. Real estate actors then trade with these cash flows on the capital market.

As such, real estate is all about making cash flows and exchanging them on the asset market at a certain rate driven by the capital markets and supply and demand. The building is a resource to produce cash flows with, not an objective, as opposed to the objective of urban design or urban development as a whole.

- Motivation: opportunity for a successful transaction
- Objective: to create and enhance cash flows



Screenshot of Paul van der Kuil's diagram explaining the Real Estate System

The tactical question for the field of urban design is therefore how to motivate the real estate sector to participate in the urban development process, and how to keep them motivated. In answer to this, Paul outlined a number of what he saw as possible, feasible solutions, including:

- the use of incentives;
- innovation in design, which involves training architects better in real estate objectives – this will enable architects and urban designers to understand and communicate better with RE;
- the active management of the development process by authorities, to ensure equal engagement from all parties;
- learning to adopt the language and motivation of real estate

Key questions raised during the Q&A Session

Q: Are we talking here about speculative investment markets (like in the housing sector in the UK)?

- The main driver is the investment market, whether that's speculative or not depends on the way you define the market economy (liberal vs. regulated).

Q: It seems obvious that architects need to be educated to understand real estate dynamics, but is it also necessary the other way round?

- For architects and urban designers, real estate is not an option but something that they have to engage with because it brings the capital, whereas on the side of the real estate sector it's more optional to engage in urban development, since they could simply choose to invest in something else.

Q: What about the increase in the value of land? If this increase in value stays in the hands of investors/developers, the model you have presented will remain in place. For this reason, land value capture has in the last decade or so been emphasised as a way to correct this market distortion and offer a less speculative approach to development.

- Where the money is earned in real estate is not in the monthly cash flow that comes through the bank account, which is just to cover the costs and interest that they have to pay, but in the huge capital gains that can be made over time. If you are able to regulate that more through LVC or at least make it more transparent, the real estate sector will be more motivated to look at the quality aspect, as annual and monthly cash flow will become more important aspects, closely related to the quality of the building, the ability to use it, the way people appreciate it and are willing to pay for it.

Q: Any thoughts on monitoring profit versus quality, how do you weigh up the balance between the two?

- Very difficult, what you could do is make things much more transparent, try to involve developers in discussions about the profits that they are making and reflections on whether it is realistic or not. Setting boundaries on what you can gain maximum is not always realistic, there is the possibility that investors behind the developers might simply no longer be interested, since they can earn higher returns in other sectors.
- It is difficult to discuss with the real estate sector on the returns that they are making, how you might reach them could be by helping them in innovating how they produce their cash flow. Real estate actors think in terms of cost efficiency, so if architects and designers can correct the common misunderstanding that 'quality is costly' and propose new solutions that can convince the real estate sector of the value of quality rather than going for the cheapest, quickest solution, it might be possible to balance the different objectives.

Q: What about the public good component of cities and urban development? How can we incentivise developers to invest in spaces that they don't necessarily extract value from, such as public realm, without privatising wholesale the public spaces of our cities?

- Show them it's in their own interest (renters will appreciate the urban environment of the building more, which will therefore increase its value). The financial investment in the public space needs to be shown into relation to the profitability of the real estate actor's cash flows.
- It's difficult to set up mechanisms that incentivise good design and deliver on the economic goals as well as the design quality goals. Formal regulatory frameworks are not delivering that, which is why UM is examining informal tools as a way of intervening.

2.3. Milan REFLOW project (IT) / Lucia Scopelliti

Lucia Scopelliti, Head of the Economic Planning Unit, Urban Economy and Employment Directorate at the Municipality of Milan, presented the case of the Milanese municipal covered markets, an urban regeneration project that tackles the issue of circular economy through the European Union Horizon 2020 project REFLOW. In order to achieve their aim of speeding up the transition to a circular economy, complex and ambitious, the city of Milan has begun to collaborate with private stakeholders, focusing on three issues in particular: food, fashion and design, and urban metabolism.

The city owns 23 municipal covered markets (MCM) which suffered from high vacancy rates, decaying facilities and declining interest. While these MCMs represented a unique opportunity to transform neighbourhoods, support economic development and promote social integration, the question was how to invent a common revitalisation policy? The city decided to change the managerial and administrative framework of the MCMs in order to increase efficiency, to expand the markets' function (following a hybrid business model where commercial and social functions are combined), and to test a new business model.

They developed a tailor-made financial mechanism in order to support the MCM's regeneration with lower costs, with goals to transfer public assets to private operators, guarantee a balance and positive profitability, and ensure positive social impacts. Under this new model, the municipality dealt with one single

concessionaire per market (rather than hundreds of individual stallholders), who paid a minimum annual fee reduced by the amount of refurbishment works carried out.

In 2019, the municipality of Milan won a Horizon 2020 call with REFLOW, a project focusing on local agri-food products, in which MCMs act as physical and social hubs that co-produce circular solutions and make the food supply system more circular. The pilot MCMs will contribute in co-creating a catalogue of scalable circular solutions through co-design and co-creation processes with trades, innovating with technologies and creating economic impact for local businesses.

Screenshot of Lucia Scopelliti's presentation explaining the lessons learnt

The Milanese formula for urban design governance could thus be summarised as:

- A new management model (PPP)
- A bespoke financial model
- A European project (currently running to end in 2022) to boost innovation and test solutions for a more circular and sustainable urban ecosystem

2.4. Land value capture tools (UK) / Nicholas Falk

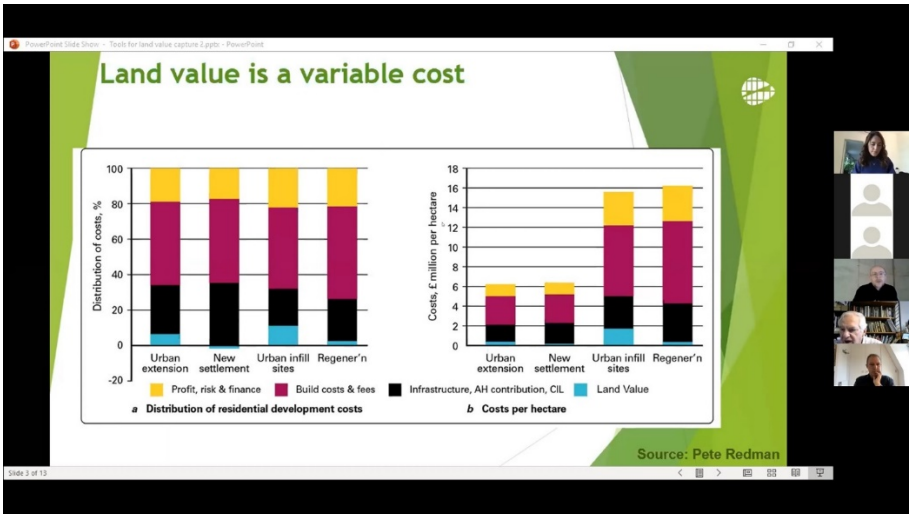
The next presentation was from Nicholas Falk, Executive Director of the URBED Trust, a not-for-profit company set up to promote research into the future of urban areas, and to disseminate best practice, who spoke about applying the tools of land

value capture, based mainly on research previously published by the Town & Country Planning association.

URBED are interested in how communities can harness land value to produce much better places. Different types of land produce very different returns, and the land value return is greatest on urban infill sites and where extensions are being undertaken, whereas in new settlements the costs will be greater than the value generated.

Land Value Capture (LVC) offers a range of benefits, it:

- Reduces sprawl, congestion and pollution (environmental balance)
- Boosts productivity (economic growth)
- Redistributes wealth (social justice)



Screenshot of Nicholas Falk's presentation explaining the land value capture approach

Nicholas described how Copenhagen has regenerated itself over the last 30 to 40 years, with the metro to the new neighbourhood of Ørestad being funded through a combination of pooling public land and applying LVC, with a similar approach applied in the second Danish city of Aarhus. He highlighted other examples such as Frieburg in Germany, where urban extensions and design codes were used to add quality, upgrade the infrastructure and keep the city compact, thereby resisting development on the outskirts which would have weakened the value; the VINEX suburbs in the Dutch city of Amersfoort, where land was pooled and acquired a value that meant it was possible to have a very high quality of public realm and infrastructure; and in the UK, where the London Docklands Development corporation

pooled the land and used it to finance the DLR, which since first opening has been progressively developed and has shifted development East.

A lot of these principles were applied in the Uxcester Garden City scheme in Oxford, which showed that the uplift in land values from the proposed better use and linking of existing railway lines would pay for building a new tramline to service the new neighbourhoods.

Nicholas finished by outlining his ABC of development, a simple formula for achieving quality if you add LVC to the informal soft tools of:

- **Ambition:** local leadership **+** community engagement
- **Brokerage and balance:** public land assembly, entrepreneurial planners **+** co-operatives
- **Continuity and collaboration:** development agencies **+** stewardship of the public realm over time

2.5. La Marina da Valencia (ES) / Amparo Tarazona Vento

Architect and urban planner Amparo Tarazona Vento then presented the transformation of Valencia's harbour as a case study to examine the challenges of Entrepreneurial design governance, in particular the interface between design and financing.

This transformation was linked to the 32nd America's Cup sailing competition, after Valencia was selected in 2003 as the venue for the 2007 competition, and was widely welcomed by politicians, businesses and the general public as it was seen as an opportunity for the physical transformation of the city. Recovering the harbour for the use of the citizens had been a long-time aspiration of the city, so this event was seen as an opportunity to expedite the cession of the inner harbour to the city council, and to receive infrastructural investment from the central government

A consortium formed by local, regional and national governments was responsible for delivering a series of infrastructural works in preparation for the event, namely:

- A new canal
- Docking of mega-yachts
- Team bases

However, the different levels of government could not reach agreement on the

financial model. Since it was a speculative investment, even though the predicted returns were high, no one in the private sector wanted to take the risk, so in the end the public sector agreed to take it on, with an agreement that the central government would provide a bank guarantee for a loan of €500 million from the Official Institute of Credit. It was expected that 70% of investment would be recovered through the exploitation of the inner harbour area once the competition had taken place. This was decided upon to avoid the need for any budgetary allocation, since a loan is another type of asset that doesn't accrue public debt. An alternative financial model, suggested by the Mayor but ultimately rejected due to a change of government, proposed the building of a marina and 4000 new dwellings on lands owned by the port authority, as a way of funding the necessary infrastructure for the competition. One of the main reason for this alternative plan's rejection was the fact that the original agreement had been for the area to be developed as a leisure resource for the citizens, and not for luxury housing.

Land value provided a lucrative speculative business – plots of land were sold to a real estate group, the expectations of the buyers being that the land would double in value after the regeneration, but the bursting of the property bubble in 2007 meant that in the end, this didn't happen. In terms of economic returns, while the event was considered a success, the exploitation of the harbour failed to generate enough returns to pay back the loan. Even though the infrastructures were paid for with public money, ACM (America's Cup Management) retained the exclusive right to exploit inner harbour for the duration of the regattas. Once the event was finished, the area was deserted and failed to generate any further income. By 2009, the public consortium declared a loss of around €60 million, while the ACM declared a similar amount of net surplus benefits.

In 2018, it was decided that the central government would pay off the outstanding balance of the loan, while the remaining private debt was paid by the central, regional and local governments, since this debt was an obstacle to the realisation of the area's potential.

Looking at the design outcomes, while the financial model made the transformation of the waterfront area possible, it also impacted on the ability of the consortium to deliver urban quality because:

- they were dependent on the financial returns from the hosting of the America's cup, which led them to prioritise the needs of the competition rather than the long-term needs of the city or the urban quality of the area
- since they were tied to paying back the loan, they prioritised the projects that were most profitable rather than better in terms of quality

Screenshot of Amparo Tarazona Vento's presentation on the economic returns of La Marina de Valencia

This changed once the loans were paid off in 2018, allowing the city to focus on high quality design, since the objective had shifted from meetings the needs of the competition and paying off the loan, to generating a sustainable and inclusive urban public space

In suggesting lessons for other cities, Amparo highlighted the many mistakes that were made, including:

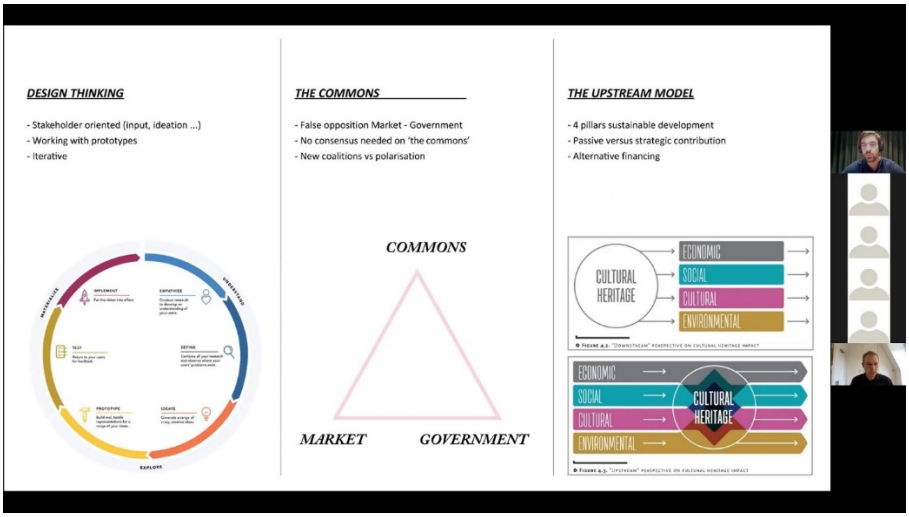
- financial model was dependent on speculative returns and whoever owned the rights to the America's Cup competition
- prioritisation of the needs of the event over the needs of the city
- short term planning
- urban quality as an afterthought
- linking strategic development of an important city space to an ephemeral event
- handing over the planning of an important part of the city to an external agent

The current financial model employed in Valencia might be more sustainable, not least because the scale is more suited to the needs of the city, but the municipality remains saddled with the huge task of dealing with the disastrous legacy of the America's Cup in terms of public space and infrastructure.

2.6. Miss Miyagi (BE) / Michiel Van Baelen

Michiel Van Baelen, co-founder of Miss Miyagi, a collective of architects and urban designers turned real estate developers, gave a presentation on the balance between public and private interests in real estate. Miss Miyagi is a real estate developer specialising in the launch and coordination of bottom-up, repurposing projects with social benefit. They aim to develop exemplary real estate projects, in order to prove to policy makers and end users that real estate can be done a way that does not simply seek to maximise profit, but meet the needs of its users and inhabitants.

Miss Miyagi also develop governance models, since they believe that the difference in real estate these days is not only in the development of the architecture, but also in the governance of these spaces. For example, they have developed a business model where people can take out a membership to access different areas and spaces, also co-operative models of ownership where the end building is owned by a consortium of entrepreneurs. For the past four years, Miss Miyagi have been co-ordinating the adaptive reuse of many industrial and religious buildings, from the concept and business model right up to the construction site.



Screenshot of Michiel van Baelen's presentation drawing the parallels between design thinking, the commons, and the upstream model

The three theoretical models that they use in their practice are:

1. **Design thinking** – very much user oriented, incorporating input and experience from users throughout the entire process

2. **The Commons** – focus on the centre of the Commons – Government – Market triangle model by engaging civil society in the development of real estate and building new coalitions between the different actors, finding the right coalition for the right project.
3. **The Upstream Model** – interesting in terms of cultural heritage, if you look at what is specific about your building and how this specificity can contribute to the four pillars of sustainable development in order to access funding that was not necessarily conceived with that particular type of project in mind.

A project that exemplifies the Upstream Model is Hal 5 in Leuven. An abandoned protected monument, since no commercial real estate agents were interested in redeveloping it, Miss Miyagi convinced the city to grant them a 5-year financially self-sustainable temporary use free of charge, in order to activate the site at no cost to the city. The city agreed, and launched a call, which Miss Miyagi answered and won. Now it is a multi-use site, with a food court, social grocery shop with double pricing system, neighbourhood organisations, bakery, coffee roaster, urban farming, sports and event spaces.

Hal 5 was almost completely financed by the neighbourhood; citizens could invest in the project by giving a simple loan. Miss Miyagi is now working on scaling this up to develop a co-operative funding model, where tenants or people from the neighbourhood can invest in projects to make them work, as a way to try to change the model of real estate and real estate investment.

2.7. The Oslo Waterfront (NO) / Heidi Bergsli

Dr. Heidi Bergsli, a researcher in human geography at the Norwegian Institute of Urban and Regional Research, gave a presentation about urban development in Oslo based on her thesis, *Waterfront development as an example of restructuring, culture-led urban redevelopment and negotiation processes in Oslo and Marseille*.

Heidi studied the Fjord City, a large project, which evolved as a vision for the restructuring of the harbour from previous industrial sites after the closure of large shipyards in the 1970s. It was combined with a focus on people and their recreational needs and wants, rather than cars and transport infrastructure as elsewhere at that time. Various architecture and landscape associations, along with

Oslo heritage society, took the initiative in the beginning of the 1980s to organise an architectural concept competition, collaborating with the municipalities, private banks and shipping companies to bring about a new vision for the city and its waterfront. Several municipal plans for the waterfront were made throughout the 1990s, a range of experimental and analytical tools were used by the planning authorities during the 2000s that secured a shared vision for the Fjord City and increased competence amongst stakeholders about quality urban development prior to the adoption of the municipal Fjord City plan in 2008.

The eleven sub-areas of the plan share principal qualities such as a demand for a large area of public space, connected by a harbour promenade, 20 metres in width, street grids and parks would connect them to the neighbouring districts, 'the city behind', but there is also emphasis on diversity between these 11 sub-areas.

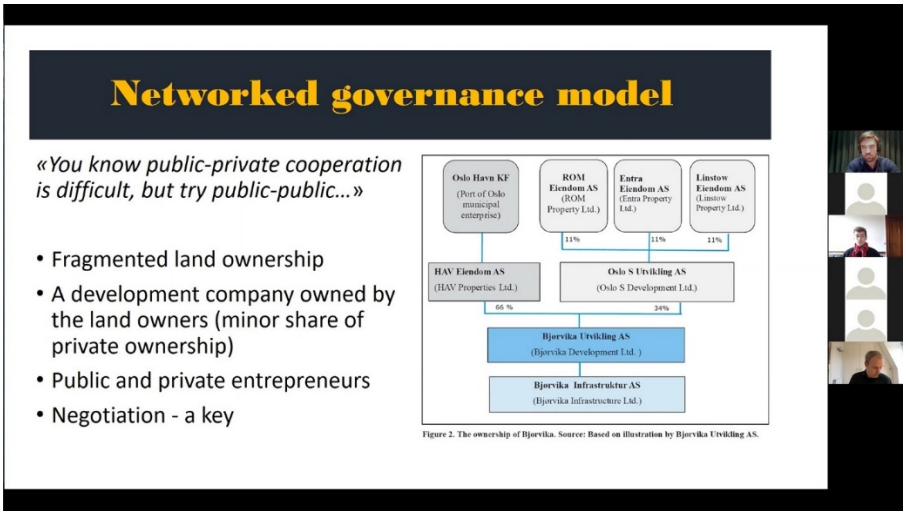
An example of the use of soft tools is Vision Planning that aims to draw scenarios of the future that assemble public and private agents around a common direction. Oslo planning authorities organised a multi-disciplinary workshop on vision planning for Bjørvika, in which public participation was not the goal but rather bringing together external architectural and other competencies in exploring future possibilities. By using these kinds of soft tools, the Oslo planning authorities established a quality culture.

Heidi outlined the vision of a Fjord City as a basis for building scenarios on 3 topics:

1. An international metropolis
2. A networked and connected city
3. A green city

The city development of Oslo still draws upon these scenarios, and together with art intervention, cultural programming and architectural competitions, the use of these soft tools built competences and shared knowledge among the stakeholders involved.

The Networked governance model selected in Bjørvika was based on substantial negotiation, with the municipality of Oslo and national government in the lead. Public development/real estate companies developed the proper estates, but a common development company was established to develop the public spaces, roads and technical infrastructure and ensure a holistic development.



Screenshot of Heidi Bergsli's presentation on the networked governance models

There is an interesting connection when we build cities today between the competitive drives characterising entrepreneurial or market-led redevelopment processes in European cities, and the competences held by professionals and planners and also by the developers themselves. These tensions are reduced in Bjørvika due to the combination of political control, negotiations and networked governance formalised by legal tools, one of which is a contract signed between the stakeholders in 2003 assuring delegation of responsibilities: the municipality provides the social infrastructure (schools etc.), while the landowners fund the physical infrastructure, such as public space.

The combination of formal and informal quality delivery tools used in Bjørvika strengthens the quality of design:

1. the city council included a range of quality guidelines in the 2003 regulation plan, ensuring a large share of public space and encourages quality by instructing developers to provide guidance tools
2. planning authority built competences among the stakeholders through continuous provision of additional guidelines, workshops with professionals and arenas for debate

So the soft tools used informed stakeholders about urban design quality and its value to the built environment.

The political engagement and negotiation typical of the networked governance model resulted in higher quality public space; developers have increased their return on investment in public space, which has made them more eager to invest further in its development, whereas previously they were not so eager to contribute. The presence of several public cultural institutions testifies to the will of municipal and national authorities to invest in urban development and to provide institutions that

serve as public arenas, and results from bold political decisions that contributed to securing investment in the area.

Heidi identified one negative aspect of the development as insufficient public participation: the local inhabitants didn't see how the rising buildings could benefit neighbouring districts and their own desires, the area is quite exclusive with a lack of focus on social diversity, and the architecture is generic and based on market demand, so public spaces and arenas have really been key to supporting social diversity in Bjørvika.

2.8. Final discussion: key challenges in the relationship between economics and design

The final discussion was moderated by Ugo Guarnacci, Project Advisor with the European Commission Executive Agency for Small and Medium-sized Enterprises (EASME). Ugo reflected on how the session had begun with a mainstream market-based perspective on Land Value Capture, then went further to look at a number of examples of related issues such as circular economy, the soft tools needed for continuity and maintenance, followed by a look at the negative aspects and unsuccessful financial models, then heritage and the economic aspect of adaptive reuse, and finally how to manage to increase financing in public space when developing real estate projects.

Before opening up the discussion to the floor, Ugo introduced two invited external experts, Herman Pienaar, Human Settlements Officer with Urban Lab at UN-Habitat, and Loes Veldpaus, Lead Researcher and Co-I on the H2020 project 'OpenHeritage'. They were asked to share their thoughts on what had been presented during the session, framed through the question of **how to deal with financial mechanisms and the issue of inclusion, gentrification and the inherent conflict in the fact that communities are not monolithic entities?**

Loes: I don't have any kind of financial background, but from a social science and heritage & adaptive reuse perspective my first question would be whether anyone is doing any kind of ethnography to try to understand the assemblages of people, policies and processes that are interacting with each other in these developments, to understand what motivates people (inhabitants, users, stakeholders…)? A lot of people involved in these processes are very passionate, and yet we still don't seem to be creating the urban quality that we should be. My advice would be to really understand those motivations, to understand what these processes are doing to and

in the built environment and how people experience these processes. For me these are really intriguing questions, so it's research like this in the context of the broad sense of governance that I would be interested to see, and that I am trying to do myself on a municipal level.

Ugo, to Michiel: what kind of ethnographical study do you do when starting work with communities at a local level, and what is the return on investment, not just in the classic sense but also in terms of people, different people with different abilities and access to finance?

Michiel: In our practice, we start from asking people what they want – for example, by launching an open call on social media asking for people's ideas, opportunities, ideas and partnership can rise from here. For example, we did this with a former brewery in Antwerp for which there was no programme, and a local health organisation was interested in taking over half of this space, so we applied together using Miss Miyagi's funds to buy this brewery. We will develop half of it in collaboration with the health organisation and for the other half we will try to create a programme that will work in partnership with the health function, talking to the local school and to local entrepreneurs.

There is a lot of polarisation in the debate, but in reality, all the actors are connected (inhabitants, investors…), the most important thing is therefore to show these connections so people start to become aware of them. When we talk about circular economy, yes it is about reusing materials, but it is also about closing the loops and showing how people are connected; for example, adaptive reuse connects people by showing them the great value in heritage buildings. Therefore, for me, it is not about architecture, but about facilitating transitional economical change in the behaviour of people. Architecture, urban planning and real estate has the power to make these societal transitions concrete and visible, and this is something we should really work on.

Ugo, to Amparo: A key question regarding the case of Valencia, on the role of public authorities acting not only as a regulator but also as an agent that can disturb the market by favouring certain real estate investors. How can we make sure that public authorities do not fall into the trap of corruption, taking into account the political economy debate that often lies behind some of the key issues that we have been discussing today?

A difficult question – in the case of Valencia, the government was acting as a mediator between different interests: the local developers, the America's Cup Management and others who also had business interests in the development of the harbour as a tourist area and were investing in that. Then in contrast to that again were the aims of the port authority. The local and regional authorities dealt with

these competing interests by distributing incentives between each of the interest groups.

Q: What was the bottom-up response, the citizen reaction to what happened in Valencia?

Apart from environmentalist groups and some of the poorest neighbourhoods in the vicinity of the harbour area, at the time the population as a whole was happy with what was happening, because the America's Cup generated a sense of local pride, so it wasn't until much later that the population realised the true situation. That still hasn't stopped the municipal authorities in Valencia from basing their economic development model on these kinds of ephemeral events, since a few years later they knocked down some of the infrastructure created for the America's Cup in order to develop a circuit for an F1 tournament.

Herman: Looking at things from a city perspective more than from individual developments, these are very complex processes that differ as well from context to context. Part of the key question is how do we change the process of development, in order to make it more inclusive? As the presentations today have shown, when the process is more inclusive, this delivers better results for everyone. I find that in a lot of agreements that get struck with governments, the advantages favour the few but the costs rest on the many - Valencia is a typical example. Where we can create a better balance when we have a collaborative effort and understand that it is a long-term gain, I think that real estate often doesn't understand that kind of equation, that city-building is a long-term gain. These large projects are often developed and realised in a bubble since they are easier to manage like that, but the smaller incremental processes by which cities also evolve are the ones that we also need to manage, getting the public involved and getting them a stake in the project. Ultimately, the one thing that binds both the real estate/investor sector and the public sector at large is creating urban value, which ensures financial, social and environmental viability. Those three issues should be tackled during the development process as an entry point, concentrating on the ways in which the process is managed and who drives it at what point.

Ugo, to Nicholas: You spoke in your presentation about the need to include soft tools when approaching Land Value Capture, could you elaborate a little more on that? How can we ensure that we include soft tools to address some of the issues around social inclusion and gentrification?

Nicholas: You have already heard me stress how the development of major sites should be led by the public sector In my view, unless you get land assembly with the local authorities having a real stake in it, you will always lose out as the developer will have much more knowledge and much more power than the community. So you've got to set the process up properly from the beginning,: the time to assemble

the land is when nobody recognises it as having any value, when its seen as just obsolete old buildings – the example of Miss Miyagi illustrates how once you have done the development everyone can see the value, beforehand they can't.

We can learn from Valencia, that it was a mistake to think that they could do it all themselves – local authorities do need to get proper advice, and that should come in at the stage of raising money. Rather than local authorities trying to underpin the entire financing themselves, it is better to use bonds to use the market to test whether the scheme will pay off over the long term. It is always difficult because you are talking about a 20 or 30 year period and nobody can predict the future with any accuracy. You can achieve a lot of safeguards by breaking big sites up into smaller parts, that way you can ensure that some land goes to, for example, people who want to establish a co-operative, and you can achieve the diversity that creates a great place and makes the city healthier as a whole.

Ugo: The need for Public Private People Partnerships is at the core of the Urban Maestro project and framework, but looking at how local communities and cities work together, how can we deal with conflict?

Loes: Of course there is always conflict, especially behind the scenes. In a heritage context it's interesting because we explicitly think about what is valuable in these projects and this can be very different for different people, with highly explicit ways of talking about what should be done with these buildings, what values should be highlighted, which parts should be kept etc. So while this is perhaps not a solution, it is an interesting way of thinking about it and it's interesting to follow these processes to see how these different interests/points of view are made more explicit and talked about more explicitly. To have the conversation around that conflict is important, also to realise that involving civic society in these processes doesn't necessarily always make them good. Keep an understanding of the whole process and be honest about your goals.

Herman: Perhaps the only thing is add is the importance of local government or city government in these processes, I think they have a far greater role to play, almost as a broker making sure that the public interest is upfront during the whole process, and if the deal is not a good deal for the public, don't make the deal. They need to be independent and to be transparent about how they take decisions, it needs to be a far more pivotal role that they play in terms of achieving a negotiated outcome that ultimately benefits the common good.

2.9. Main session takeaways

1. Paul van der Kuil reflected on the relationship between real estate and architecture, framing both within their systems of inquiry/schools of thought, trying to define discrepancies and common grounds that can contribute to discussions on governance. He clarified that real estate profits come from two sources:
    1) Asset value increase (mostly from increased land value); and
    2) interest deriving from the cash flow (as a rent, or indirectly as a return on investment).

    He also discussed how not everyone agrees that there is a possibility to raise the real estate industry standard (creating a culture of quality within the real estate sector) as long as financial incentives are not pushing in that direction. However, national and international institutions could play a role in setting these standards (for example through SDG certification).

2. The case of Milan shows a case of well-managed municipality-driven case of regeneration of public markets through ideas around circular economy and citizens' participation. It highlights the impact of partnerships with other cities, where H2020 funding and knowledge exchanges appear to be key-factors for the existence of the initiatives. It shows that for the case of public markets urban improvements can potentially be achieved even if the focus of the project is on the economic activities. Unpacking the nature of PPP arrangements, it appears that although possible in principle, the involvement of profit-focused private investors might be challenging given their target returns. In this respect it appears that convincing real estate partners to invest in (longer-term) public good (public space) requires demonstrating the reality of its return, and convincing them requires creating space for discussion, negotiation which cannot be all regulated by formal tools. Moreover, socially-motivated investors might find such investment attractive, therefore it also appears that a key-role that the municipality must play is de facto about facilitating a viable and effective PPP involving socially motivated investors and also citizens-led associations and initiatives.
    The business model works because it guarantees a return that, while lower than in other markets, is enough to attract investment (6%). It is boosted by the H2020 project acting as a soft-power persuasion/motivation tool.

3. Although very different when compared together, the cases of Oslo and Valencia offer related lessons for major PPP projects. In essence the need for the municipality to bail out the project in the case of Valencia shows the risk of a large exposure of the public partner. It also appears that in general

LVC should be used in such major PPP projects as the main mechanism to ensure the allocation of some private resources to socially motivated investments. Maestro expert papers show that the involvement of the community appears to be a key-factor the success of the initiative, especially in terms of use of the space.

4. Lessons from Freiburg and Copenhagen show that successful LVC mechanisms need to rely on a formal mechanisms that is able to capture enough resources from the private developer and give to the overall project a specific strategic direction and plan through formal mechanisms of land assembly. Both formal tools seem to be missing in the prevailing UK discretionary model of developers' contributions, although successful elements can be found in major regeneration schemes (Docklands and King's Cross) where the municipal government took a major strategic role. Moreover, it appears that together with the involvement of communities and citizens' led initiatives (e.g. coops), soft powers of brokerage and negotiation are key-factors leading to good and inclusive design. Together those appear to positively contribute to ABC: Ambition (combining top-down and bottom up), Brokerage and Balance between competing interests, Continuity (therefore stewardship of urban places).

5. The case of Miss Miyagi presented by Michiel Van Baelen shows once again that a market where public land can be sold or leased to socially motivated investors can foster a lot of interest and proposals on "good" real estate projects. Applying the same logic to private land, one can conclude that as long as land prices allow for financial returns that are viable, there can be many socially- motivated investors with good proposals on real estate projects. In general, preventing highly speculative land prices should be a key object of policy makers. In its principles, LVC has the double intention to prevent speculative prices while channelling part of the private investment towards social investments and public and goods. Taxes and incentives on capital gains and more broadly incentives towards corporate social responsibility should also be naturally considered when considering quality and social outcomes of real estate activities. Also in this case it appears that together with the involvement of communities and citizens' led initiatives, soft powers of brokerage and negotiation in the policy making are key-factors for the involvement of socially-motivated investors.

3. Comprehensive Financial and Quality Tools, 26th November 2020

Host and moderator Matthew Carmona, Professor of Planning and Urban Design at The Bartlett School of Planning, introduced the second workshop session with a recap of the previous week's which had looked at the relationship between design and finance, in particular Land Value Capture and Public Private (People) Partnerships. He outlined how this second session would take a deeper dive into those themes while also extending out to others, particularly the relationship with sustainable development, by examining two major initiatives, one in Copenhagen and one in Brussels. Tommaso Gabrieli, Associate Professor in Real Estate at UCL, then presented a brief introduction to the Urban Maestro project and its findings so far regarding the relationship or interface between finance and design.

3.1. Case study presentation: By & Havn and the City of Copenhagen (DK)

Camilla van Deurs, Copenhagen city architect, began the presentation with an overview of the Copenhagen approach to sustainable urban development, followed by a presentation of the case study of the Northern Harbour from Rita Justesen, Head of Planning and Architecture at By & Havn and Amanda Ziegler Dybbroe, Project Manager at By & Havn, the Copenhagen City & Port Development company (CCPD).

Camilla explained some of the background to the story of Copenhagen's recent development, outlined the financial development of Copenhagen stemmed from the bankruptcy of the city in 1994, when it was put under public administration by the national government, a result of massive de-urbanisation, an elderly population and the subsequent poor tax income. A raft of national legislation and financial initiatives were launched aiming to kick start the urban redevelopment of the city, something which is key to understanding the financial structure of the city and port development.

The connection to southern Sweden and the city of Malmo was a major driver, so the first national infrastructure that was adopted was Oresund bridge linking Copenhagen to Malmo and starting this idea of a Medicon Valley, a greater Scandinavian region of financial development centred mainly around universities and life science industries, with the bridge becoming an important physical and economic link.

This was followed by the construction of an airport, which became one of the busiest international links in Scandinavia in terms of business. And also the development of the metro that connects all of the inner-city boroughs as well as the new neighbourhoods: key infrastructure for financial ecosystem of the city. She stressed how land-fill as a model for economic development has long been part of the history of the development of Copenhagen, part of the city's urban heritage since the early 12th century.

One of the projects that really linked this new strategy was the competition for Ørestad in 1994, a neighbourhood close to the airport where the first metro line ran. It served as a blueprint for future development, many lessons have been learned and the city is continuously evaluating these neighbourhoods that were built in the early 90s and 2000s in order to refine them in the newer neighbourhoods currently being developed.

The link to Sweden and to the airport was the main selling point in the beginning, stressing the international connection and linking Copenhagen to the rest of Europe. Also crucial was the investment in moving the university to this district, as well as the National TV & Radio service and concert hall.

Screenshot of By & Havn presentation

In the city centre, the strategy to reconnect the city to the waterfront – 'City by the water' – became a new engine for development. Heavy investments were required – a new library, new theatre, new opera house, a lot of cultural institutions were placed along the harbour. The reinvention of the previous warehouse district of Islands Brygge to become the highlight of Copenhagen's urban development epitomises the transformation of Copenhagen from an industrial city to a recreational and very liveable city. The symbol of being able to swim in the now-clean water is actually a testament to the huge amount of heavy duty and expensive investment behind it.

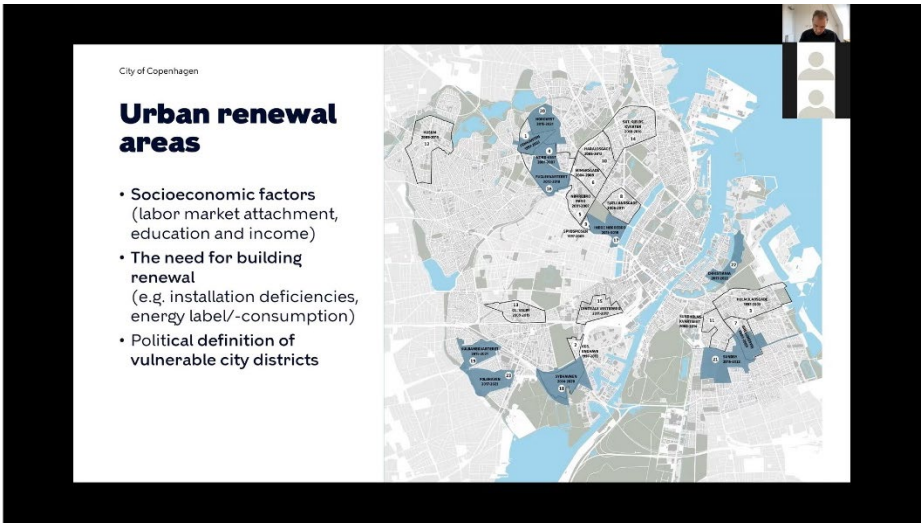
All of the neighbourhoods around the city centre have been transformed into primarily housing over the last 30 years. Initially, there was a push to try and change the housing pattern, with the introduction in the 90s of a rule that all new houses and apartments had to have an average floor area of 95 m^2, a transformative piece of legislation that led to a change in the demographic patterns and meant more families started to stay in the city.

As well as creating new neighbourhoods, the municipality is also occupied with ensuring that the existing city reaches the same level of quality. Since the 1996 national law of urban renewal, initially funded by national government but now almost exclusively by the city of Copenhagen, whole neighbourhoods have already been renewed and they continue to work on others, representing an investment of €0.5 – 1.5 billion over 5 years. This includes mix of landmark projects and small, everyday interventions in public space.

The city also partners with private owners of rental co-housing properties, who can apply for funding of 25% for renovation projects, as a way to upgrade the quality of the existing housing stock. COVID has reinforced the importance of access to amenities: for example, it is difficult for the 3000 homes in Copenhagen without a toilet or the 22000 without bath to exercise social distancing.

In terms of retrofit strategies for the existing housing stock in terms of energy efficiency, the city is working with the architectural heritage while updating the energy cycle of the city. Some key policies include turning courtyards from grey to green, a verdurisation to improve biodiversity, and a public space initiatives that aims to tie the new neighbourhoods to the old.

Copenhagen is currently the fastest growing city in Europe in terms of percentage, with 10,000 new inhabitants every year, and also a change in population profile, with a much younger demographic now than 30-40 years ago. This is mostly due to young people staying in the city and having children, which has also led to a large financial shift. The city is now developing a public investment plan over 10 years – 50 years, in order to see what new infrastructure is necessary – schools, day care, retirement homes, parks – based on the projected demographic changes and how the city can work strategically to ensure the desired synergy and quality.



Screenshot of By & Havn presentation

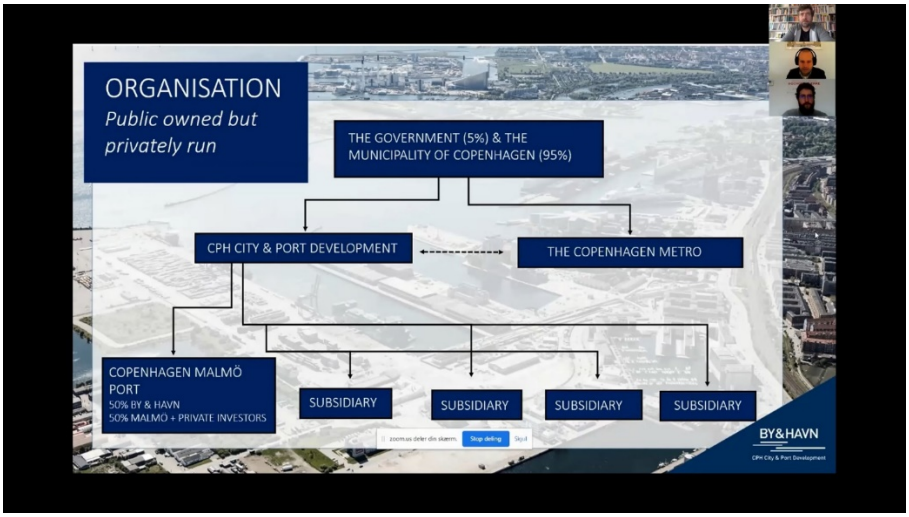
One of the challenges faced is more extreme weather conditions: a very large flood in 2011 led to the development of a cloudburst management plan, with 300 projects all over the city. Everything underground is financed by the water company (paid for via the water bill of citizens), while everything overground is paid for by the city. Exemplary cases can be found in the 'climate quarter', where the water crisis is driving quality in terms of providing a new type of public space with more blue and green spaces, the city acting as a testbed to develop new solutions.

The focus on Copenhagen's green, biodiversity strategy, with plans to build 7 new parks, has been reinforced by COVID and the need for access to quality outdoor spaces. Camilla then introduced how the development of the Northern Harbour is in part driven by a desire to protect the city from rising sea levels, by creating a new landfill island that will provide new homes and new workplaces but also function as a water barrier.

Presenting next, Rita Justesen and Amanda Ziegler Dybbroe from By & Havn, the Copenhagen City & Port Development company, then went into more detail on the financial model behind this scheme.

Having been once a very busy industrial and harbour city, during the 1980s and early 1990s it fell in to a steep decline as the city found it was unable to compete with other cities in Europe. A lot of factories and businesses closed or relocated, at the same time people with money fled the city for the suburbs, so Copenhagen became impoverished, leading to the bankruptcy that Camilla already mentioned.

The efforts to reverse this trend began in earnest in 1992 when the national government invested in the development of high-end public transport, the construction of the metro system.



Screenshot of By & Havn presentation

Rita summarised mechanism of The Copenhagen model, which in essence works by developing land in order to finance the development of the metro to serve these newly-created neighbourhoods:

- National and local government transfer assets By & Havn, CPH City & Port Development (CCPD) are given land for free by the national government in order to develop them
- Local government rezones the land
- The land increases in value
- CCPD borrows loans based on the increased land value
- Capital is either
    - Transferred to finance the metro construction, or
    - Used by CCPD to pay for local infrastructure
- CCPD are in charge of land sales and lease agreements
- Yield of land is used to service debts

In terms of organisation, CCPD is publicly owned but privately run. Originally it was owned in equal parts by the national government and the municipality of Copenhagen, but this ratio is now 5%/95%, with the government much less involved but retaining a seat at the table.

Their process for developing sustainable urban areas is:

- CCPD programmes a masterplan competition and selects the winner on the basis of the qualities and sustainable aspects of the project. The City of Copenhagen acts as an advisor in this process
- The City of Copenhagen elaborates the district plan
- CCPD are responsible for all infrastructure (roads, pavements, green areas etc.)

- CCPD are responsible for establishing and operating parking in multi-storey parking facilities
- CCPD ensure the framework for a liveable and sustainable district, with a mix of houses and workplaces, that has access to blue and green areas
- CCPD work holistically in terms of sustainable development, with a focus on economic, social, environmental and technical aspects
- CCPD sell building rights to developers or work in co-operation with private partners

Amanda then detailed the vision for the development of the Northern Harbour (Nordhavn), which aims to provide 3,500,000 m^2 of space for 40,000 inhabitants and 40,000 workplaces. The scheme is based on expansion of the area via landfill and the development of a metro line extension to serve the new neighbourhood. A very long-term development that will work its way along the extension of the metro line as it works its way from the inner to the outer harbour. Alongside this, they are developing a further project, Lynetteholm, which will be a whole new island next to the Northern Harbour created through landfill. This will function as climate protection, provide 60 hectares of green landscape along the east coast and create a new urban district with room for 35,000 inhabitants, served by an extension of the metro system.

Q&A group discussion

Moderated by: Matthew Carmona (UCL)

Q: How does CCPD work as a company structure, how is it run and managed, does it have to deliver a profit margin back to the city and the government?

Rita: Even though CCPD are publicly owned, they work as if there were a private development company, so like any other developer they work together with the city and the state, both as owners and as planning authorities. When talking with planning authorities the focus is on quality, when talking to their owners the focus is on economics, ensuring that it is possible to finance all these new infrastructural projects. CCPD has an advisory board with members from the city and the state. CCPD own the land, but the city and the state own the company.

Q: What about the risk dimension? Usually large infrastructure projects carry a high degree of risk and uncertainty. What is your secret to being able to deliver high quality and remain financially sustainable in terms of risk? What is the typical conversation between the chief city architect and the head of finance, and how do you strike the balance?

Rita: Being owned by the state means we can take out loans with more advantageous conditions than other developers can, because the state secures the loans. Also CCPD work on the long term, having been working for almost 30 years since starting out in 1992, and with all of the projects currently in development will be working for at least another 30 years. While it is impossible to predict financial crises, the support from the state and the municipality allows CCPD to weather such difficult periods better than private development companies might do. Being able to insist on quality and sustainable developments increases the value of the land and makes the newly-created districts attractive and ensures that they are successful.

Camilla: We also have the possibility now under national legislation to insist on 25% affordable housing within these new districts, which helps to level out the fact that the development process has been pushing up prices and ensures that the new neighbourhoods are achievable.

Q: From a Hungarian perspective, running a project successfully for 30 years is quite an incredible achievement. Have there been major changes or re-planning processes during that period? Even with the state supporting CCPD, we are now going through the second major crisis in those 30 years, so have there been bumps along the way or has everything been running smoothly since 1992?

Rita: No, it hasn't been smooth all the way through. When we started in 1992 with Ørestad, a new neighbourhood on the periphery of the city with space for 25,000 inhabitants and 60,000 workplaces, there was a huge discussion on whether there would ever be a need for such a new district. Many people - architects, city planners and politicians - thought the idea was wrong, that even with the metro, people would never move to live and work in that area, but today out of 3,000,000 m^2 developed, 2,500,000 m^2 has been sold.

It's also important to reiterate what Camilla has already said, that with the projects for the metro, the bridge and the airport, the government and the authorities showed that they believed in Copenhagen. Also it is very popular all over Europe at the moment to live in the historic cities. CCPD were also lucky in the sense that any government changes did not make a difference to political support for city development projects.

Camilla: There is currently some debate at the moment over this model, where the municipality of Copenhagen are asking the national government to contribute more to the development of the metro, since the entire country benefits from this investment in the capital city where is driving so much heavy development. So there are also discussions about this model. Also, since the model is established and has proven successful, the city has been able to push for higher and higher quality, in

terms of building and sustainability. The city can pursue a sustainability and quality agenda by putting it into the land sale agreements in CCPD.

Q: Regarding the demographic projections that you are using in your planning, in Brussels we also had for some time the forecast that every year there would be 10,000 new inhabitants, so many developers used these figures to push for new developments in all kinds of areas, mostly aiming for a higher end or middle class demographic. How do you monitor this development, and how would you deal with the outcome if the projections you are planning for don't come to pass?

Camilla: We look at this quarterly, we have a big co-ordination meeting with all the different departments of the municipality where we look at the demographic statistics. Right now, the trend is that 7 to 8 out of 10 new inhabitants are children, which has implications for the schools and day cares that we are building So those numbers are adjusted quarterly: in terms of the budget negotiations, fine-tuning is very important: is the school for 1000 or 1200 pupils? And of course we don't know what will happen in terms of COVID.

Another demographic change that we are seeing is that there are many more single people, so this initial rule from the 90s were the average size of all housing units had to be 95 m^2 has now been changed so that 50% of the housing stock can now be around 50m^2, both to try and increase the population urban density in terms of sustainability and using less resources, and in response to changing demographic patterns to ensure affordability of rent for single income homes.

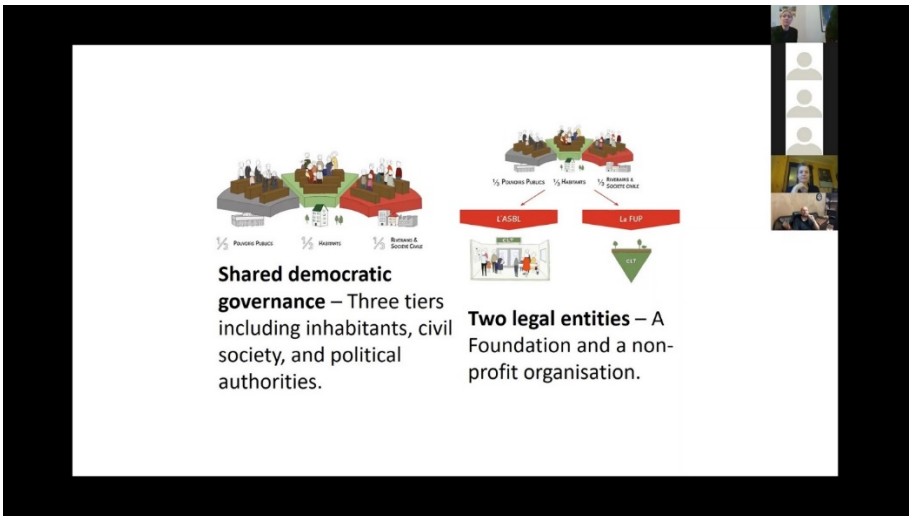
3.2. Case study presentation: Community Land Trust, Brussels (BE)

Geert De Pauw, co-founder and co-ordinator of Community Land Trust Brussels introduced the project and also spoke about how they are expanding throughout Brussels and even Europe, while Joaquim de Santos elaborated more on managing and co-ordinating their European projects, including the Interreg Sustainable Housing for Inclusive and Cohesive Cities (SHICC) project, and the European Union Urban Innovative Action Care and Living in Community (CALICO) project.

Geert explained that CLTB is a small and young non-profit organisation that has been developing affordable housing for low-income families in Brussels since 2013 with the support of the Brussels-Capital Region. He began outlining the principles of the Community Land Trust model, which has been applied all over the world

The philosophy and the economic thinking behind the CLT model was inspired by a 19th century thinker Henry George – land value is created through public and community investment but it is the private owner who benefits and creates wealth from this, a system that creates a lot of inequality and injustice. CLTs want to invert the logic by bringing land ownership to the community thereby also sharing this wealth within the community

First CLT was created in Albany, Georgia in the rural south of the United States at the beginning of the 1970s as part of the Civil Rights movement by people close to Martin Luther King, who taught that in order to obtain real equality for the black farm workers, it was important for them to have ownership of the land. New Communities was the name of the first CLT. Since then it has been developing first in the USA, then around 10 years ago in the UK, and now also in other countries in Europe.



Screenshot of CLTB presentation

In a nutshell, a community land trust is a non-profit organisation that owns and manages land for the benefit of the community, builds perpetually affordable housing as well as other functions on this land, and is a democratically-governed organisation. CLTs use an innovative model of tenure, in which the land ownership is collective but the home ownership is individual (an individual person, co-operative or association), using long term lease contracts to separate the ownership of the land from the ownership of the buildings. CLTs try to mirror the community in the way that the association is governed: all the stakeholders are involved in the governance model. CLTs are typically open membership organisations in which all the people living on CLT land automatically become members, but the governance model also includes people living in the wider environment, (neighbours, associations etc.), as well as the local authority. In this way, they try to establish a balance between the interests of the community and the individual homeowners

Lasting affordability is another important element of the CLT model. Homes are made affordable by the fact that people buying them don't have to buy the land, which is subsidised in the case of CLTB by the Brussels-Capital Region. What is more innovative is that homes are not only affordable for the first buyers but remain affordable forever, thanks to a resale formula that controls the resale price. This means that people cannot sell their home to the highest bidder for the highest price, thereby avoiding land and real estate speculation and ensuring the homes remain affordable for low income families, resale after resale.

Until the beginning of this century in Brussels, house prices had been very affordable compared to other European cities, but between 2000 and 2010 average house prices doubled, and they have continued to rise ever since. Also in comparison with other European cities, Brussels has a very low percentage of social housing, so when house prices started to rise, there was no alternative available. In this context, housing activists and neighbourhood associations started to think of alternative ways to develop affordable housing in which the community would have a central role

After campaigning for a few years, CLTB were recognised by the Brussels region and received funding for their first operations at the end of 2012, working mainly with subsidies from the region. Their target group are people eligible for social housing, mainly the poorest half of the Brussels population, representing a very diverse group, the large majority of whom were born outside of Belgium, mainly in Africa.

Going into more detail on the financial model, Geert outline described how subsidies from the Brussels-Capital Region go into buying the land, while part of the building is also subsidised in order to make it affordable (30-50%), and the rest is paid by the households through mortgages (50-70%). In order to make the homes affordable to all, different price categories are used according to income, with the idea that everyone should be able to buy a home without paying more than one third of their income for the mortgage.

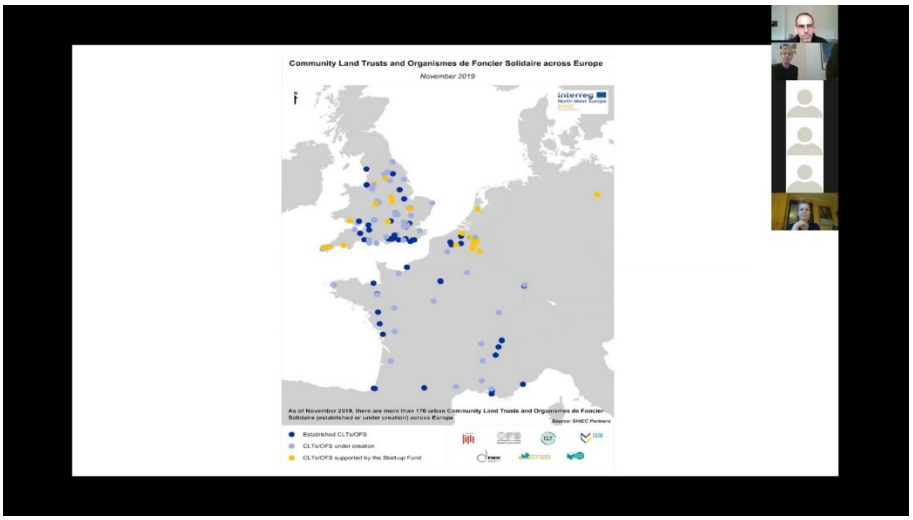
Regarding the resale formula, if a household after a few years would like to sell their home, CLTB re-estimate the value of the house and set the maximum resale price at the part of the overall cost that has been paid by the homeowner when they originally bought the home, plus 25% of the estimated increased value. Applying this formula over a 30 year period in longer-established CLTs in the US has been proven to keep house prices in line with the index, and even become relatively more affordable each time they are resold.

Another important part of the work of CLTB is community building. CLTB functions as two legal entities, a foundation and a non-profit organisation. The foundation owns the land and does nothing more than preserve it, while the non-profit is in

charge of all the operational aspects. Both bodies are governed by a tripartite board, one third of which is composed of residents, one third members of the wider community and civil society, and one third representatives of the regional government

Participation and co-creation are very important in the operational aspect of CLTB. Typically when they buy land to start a new project, they begin by organising architectural and design workshops in which they include the CLTB members, the neighbours and the associations of the neighbourhood where they want to develop housing in order to evaluate the needs of the residents and of the neighbourhood. Based on this analysis, they then integrate certain elements in the public tender. CLTB enlist the help of the Brussels bouwmeester maître architecte (BMA) for this process. Until lately they worked with external developers and other housing associations, but since 2018 CLTB are now themselves the developer of the homes, which gives more flexibility to integrate these aspects in the way they develop the homes. Future residents are also involved throughout the building process, meeting every other month to follow the progress of the project and also start collective saving funds. It is important that the future residents understand the way the homes are built, since they will be in charge of managing and maintaining them.

As a way to prepare their arrival in a new community, a group of future residents organised a flea market and festival outside the building site every month for two years before the building was completed. These kinds of temporary uses are an important part of how they develop sites, inviting the neighbourhood to find meanwhile uses before the final project is realised. CLTB also try to integrate community space on the ground floor as much as possible in their developments.



Screenshot of CLTB presentation

Care and Living in Community (CALICO), a project for 32 homes is different from standard CLTB projects in that it uses European funding, being financed partly by the Urban Innovative Actions (UIA) programme. = In addition to the classical model of development, there is a strong focus on community solidarity, intergenerational living and the gender dimension of housing, with integrated housing for both birth and end-of-life, to create a home-like environment within the community for these two life stages.

Joaquín de Santos, CLTB manager for European projects, then explained what was happening in terms of CLT organisations across Europe. In addition to the UIA CALICO project, CLTB were also the initiators of the Interreg Northwest Europe project titled Sustainable Housing for Inclusive and Cohesive Cities (SHICC), which aims to raise awareness and promote the CLT model as a feasible answer to many of the housing challenges that European cities face, such as rising house prices, gentrification, and the privatisation of public land. The four pilot projects of SHICC alongside CLTB are Community Land Trusts in London, UK and Ghent, Belgium, and the City of Lille in France. Since the project was launched in 2017, they have seen a major uptake of the model across Europe, with so far around 170 CLTs established or currently under creation. This progress was recognised by the 2020 REGIOSTARS awards, which demonstrate excellence and new approaches in regional development, with the SHICC project winning the category 'Citizens' engagement for cohesive cities'.

Looking forward, Joaquín outlined the future prospects that CLTB are focusing on in Europe at the moment, which include:

- Scaling up
- Exploration of additional funding sources
- Community financing models (land co-operative to attract private and citizen funding) and fundraising
- Legal framework
- Strengthening community/emphasis on occupied housing projects
- Expansion to other types of housing (rental, intergenerational,…) or non-housing (community centres, social economy companies,…)

Q&A group discussion

Moderated by: Cecilia Bertozzi (UN-Habitat)

Q: CLTB projects always try to include a complementary function, besides the residential one, to create a link with the neighbourhood in which the project will be developed. This link is created in advance by involving the future inhabitants in the definition of this function and sometimes also in its future management, which is closely related with the idea of 'urban commons', joint management and community involvement. In this context, it would be interesting to know the importance and impact of these types of actions and their impact, both in the Brussels context and from a wider perspective.

Geert De Pauw: In CLTB projects, future residents and owners and people living in the neighbourhood are always very excited to have the opportunity to have a stake in the development of the neighbourhood, and to provide input and influence the project definition: they are really the driving force behind all these projects. Of course, it is very important to have good professionals in our organisation and in our partner organisations, but it is the residents/owners who are in fact the key partners and who will have the ongoing role to manage its common spaces. So in that respect, participation is not just a political or social ideal, it is a necessary condition for the projects to be able to function in the long term. The community spaces provided in the CLTB projects are mainly used by associations for their daily working operations, and residents can use these spaces in the evening periods, which is a good way of financing them and using them in an optimal manner.

Q: Who resources CLTB, what skills are needed, who is on your team, and where do you get your financing and support?

Geert: We have a team of 15 people, some of them, like Joaquín, working on European projects and European funding, then in our core team we have architects whose role has become more important because now we are developing the homes ourselves, we have community workers, people working on the finance and economics, the legal side, so different backgrounds. Half of our funds are from the regional government, the rest is project-based – a lot of European funding but also charity money.

Q: Land value and the tendency of landowners to seek the maximum price is a crucial point, which applies to both private and public owners. We should all be copying the Danish model of pooling public land, but the problem is how to give co-operative groups a fair chance when private developers may always outbid them. A way of balancing this, you might need to look at compensation codes or how you set prices, and also to allocate a proportion of the land to

social and co-operative enterprises. How can Urban Maestro share good practice on this, because it seems that we have the models for how to develop good places, we just don't develop them on anything like the scale required.

Geert: You are absolutely right, for us this is one of the most important issues in the coming years. For instance, there is not so much public land in Brussels anymore: up until a few years ago, the strategy was to sell the land to the private sector, so with so much demand for affordable housing and community-led projects etc, it is crucial that the previous logic is overturned and that there are rules that give priority to co-operative projects, affordable housing, etc. Up to now, something like that doesn't exist, but we feel that slowly the mindsets are changing and some ideas that a few years ago were considered radical we now see more and more in official documents.

3.3. Cross-cutting reflective discussion

Moderated by: Frédéric Saliez (UN-Habitat)

Frédéric Saliez, Programme Officer at UN-Habitat Office for Europe and European Institutions, then moderated the closing discussion, which aimed to examine both case studies side-by-side and reflect on what lessons could be learned from a confrontation and comparison of the two. He was joined by three invited external experts: Heidi Bergsli, Researcher at Norwegian Institute of Urban and Regional Research; Graham Squires, Associate Head of School of Economics & Finance, Massey University, NZ; and Hanna Szemző, OpenHeritage Project Co-ordinator, and Managing Director Metropolitan Research Institute.

Frédéric noted that both models (By & Havn and CLTB) are very successful in creating a virtuous circle between increased land value capture and retrofitting higher quality development. There are nonetheless several differences between the two models, mainly that one is operated by a public authority development company, and the other by a non-profit NGO and foundation. Frédéric led with a question for CLTB, asking **how important it is that the CLTB model is operated by an NGO and foundation, rather than say by a local government entity; is it crucial to the model?**

Joaquín de Santos: The fundamental principle of a Community Land Trust (CLT) is that the community is in charge of the management and ownership of the land. This is crucial for the empowerment dimension of the CLT, so that the people involved

may have a minimum power of influence in defining what the CLT's long-term interests are. Nonetheless, local authorities are technically involved in the CLT governance arrangement. In Brussels, the CLT projects have a democratic governance model, where the decisions are shared between local authorities, residents/owners and local community. Across Europe there are several variations of this model, where in some cases local authorities are the main promoters of the CLT.

Frédéric: So what we would call soft power governance mechanisms are also key to the success of the model. How different is it in Copenhagen, is the local authority doing something similar?

Camilla van Deurs: While we would love to do something like CLT in Brussels, right now we don't have any of these micro-incentives for building communities, although there is a lot of political focus in trying to find suitable models.

Frédéric, to Heidi: How do these two cases inspire you, as a comment or a question?

Heidi Bergsli: The two cases seen together represent two very different development and planning approaches: a top-down model in Copenhagen and bottom-up model in Brussels. One of the lessons of Copenhagen is that the long-term, publicly-owned planning process can ensure spatial cohesion and connectivity. In addition, the public responsibility for long-term strategical approach is a very important aspect in ensuring the provision of social and technical infrastructure.

One of the lessons of CLTB is its participative dimension, which is a component that is missing in most large-scale public projects. Although it is a micro-scale development, this aspect allows for more inclusiveness and citizen-based initiatives, which in turn leads to the diversity that make cities more interesting and liveable. So, the question is how to assure development and financial models that combine the two approaches and lessons from the two cases.

Frédéric, to Graham: From a financial perspective, how important do you see this additional aspect of community building in the process, is it a critical ingredient from the financial or economic point of view?

Graham Squires: I had five key points or questions on these two cases, one of them directed at CLTB relates with the expectation of individual wealth growth, in terms of land for those who get involved in the scheme. Because land is the most valuable part of the CLTB financial model, does this aspect restrict anyone who may want to get engaged in the model, or is it designed only for a certain segment of a community. Although it is aimed for the most disadvantage, from a financial point of

view, does CLTB projects guarantee enough financial return or it is better to invest in homes offered by the open market.

Secondly, although both cases were based in urbanistic principles and urban growth, if we look at affordable housing for example, it may be a double disadvantaged for housing built in poor-quality lands, such as contaminated lands or environmental poor conditions. Thirdly, does the financial models work well in terms of growth or decline. Land value capture is all about growth models, not only in city level but also in sub-city level, that includes both poor and rich areas. Are these financial models an interesting component for different areas?

Fourthly, in terms of connection, mostly in the Copenhagen example, it would interesting to know if there are any barriers in terms of deporting finance across the city through transport and infrastructure (ability of allocating money across the city or restrictions in terms of governance). Finally, there was no much explanation about land banking, for example, problems in purchasing land, the quantity of land available, the timing of when it is available, monopolisation of land prices, etc.

Frédéric, to Hanna: With Urban Maestro, we try to focus on the relationship between what we call these soft power interventions and the financial model, but taken from an OpenHeritage project perspective, do you see a critical connection there between the use of all these additional instruments and the set-up of the financial model?

Hanna Szemző: What occupies me a lot in OpenHeritage when I think about these cases are two questions: how this soft power is being executed or, in other words, what is the role of informality in these processes. There are two ways in which informality can play, it can support a project to succeed, or it can kill it. We often study the successful cases, or moderately successful cases, but we don't study the failures, which is what I actually have in mind to do, to study those that didn't go through. So I think this is where all these set-ups and financial models come into question, and all of this is very closely linked to transparency. This for me is a very important topic, it is transparency that makes or breaks to what extent these models can be transferred elsewhere. I was amazed at the Copenhagen model, but it needs to be very transparent because it plays with money, between public and private, and so for the Danish model to work in another country, you would need to have the legal and judicial system of Denmark. For example, with OpenHeritage we have cases and labs all over Europe, and it is a very similar situation with our German lab, where it is easy to see how public, private and co-operative money flow in together to produce high quality and provide security for housing. However, for this to work it also needs the institutional pre-requisites that Germany provides.

Frédéric: An interesting question with regard to the replicability of these projects, what are the preconditions for these models to work successfully?

Both of the projects we have seen are based in a capital city, but what about replicability outside of capital cities?

Camilla van Deurs: We have seen similar structures in four or five other Danish cities, where the local authority has been the driving force, establishing a local development company together with a big philanthropy foundation 'Realdania', using a very similar land development model.

Frédéric: Do either of our presenters have any reflections or comments that you would like to share with everyone, or would you like to react to some of the comments that were made?

Geert De Pauw: In answer to the comment on wealth-building for individuals in the CLT model, the result of the 2008 financial crisis for low-income families has been very well-documented, those who bought on the private market compared those who bought CLT homes. Very often people think that people who buy on the private market have the possibility to build wealth and in the Community Land trust it is not possible, when in fact it was the opposite. A very low number of CTL residents in the US had to sell or leave their homes compared to those on the private market, which demonstrates that the CLT model offers a much lower risk compared with the open market. This means that it allows very low-income families to achieve economic growth in the long term.

Rita Justesen: Currently, there is a huge debate going on in Copenhagen about gentrification and if the city is only for middle class and rich people or if it is possible to create the conditions for people with low incomes to live in the city as well. Is it enough that we build a lot of new homes, that we will have a lot of new housing projects, is that enough to keep prices down and make housing affordable, or do we need to have other initiatives. Many associations are currently busy investigating this, one of which, the International Foundation of Housing and Planning is researching models for building a city that is still accessible for everybody. While the CLTB model is inspiring, it is a very small scale example, so I think we need to find other alternative models for Copenhagen. Although we currently have legislation that states that in all new districts, at least 25% of all housing must be for affordable houses, in practice they tend to be cheaper but not affordable enough to attract low income families, so we need to find new models.

Frédéric then thanked the invited experts and all the contributors to the discussion, before handing back over to host Matthew Carmona, who thanked all the guests, speakers and attendees, and mention the upcoming Policy Dialogue event, before formally closing the session.

3.4. Main session takeaways

Both the examples of Copenhagen and Community Land Trust Brussels seem to have succeeded in **setting up a virtuous circle**. In short:

- Control on land ownership (through land creation, deindustrialisation, subsidised acquisition)
- Project development with high quality and social values (high quality of service and spatial features in Copenhagen, high affordability and intensity of community life in Brussels)
- Gains from future land value increase (land value increase is a consequence of the public/private project development that benefits both parties involved, LCT can capture land value increases on their own projects)
- No approaches are without negative consequences e.g. the Copenhagen model is leading to higher house prices and negative ecological impacts in the areas being reclaimed
- Both top-down and bottom-up governance mechanisms can be successful in design and development terms but operate across different scales. The key question is how to combine such approaches.

4. Session conclusions and key messages

Virtuous combination of formal and informal

- Among the various financing tools identified, Land Value capture (LVC) and Public-(People)-Private Partnerships (PPP) are considered very relevant and interesting by international agencies. LVC is often associated with the financing of major urban transport infrastructure in developing economies, but it can also be effectively used as a fundamental tool to deliver urban quality and affordable housing for the wide society in many European countries. LVC and PPP do not generate urban quality themselves. They shall be properly designed and combined with (formal and informal) tools for urban planning and design for them to achieve the desirable outcome.

- Combining soft-tools with LVC or PPP can be virtuous when the financial mechanism empowers stakeholders that are motivated by reasons that are not limited to making profit only (like being a user of the urban space or infrastructure that is created or upgraded, or the achievement of a higher value objective such as the protection of cultural heritage, the enjoyment of a more convivial urban life, the protection of biodiversity, the promotion of a circular economic model, or even of a democratic model, social equity, etc). It leads to the involvement of intrinsically motivated agents and experts, cost reductions and a better and more inclusive design outcome.

Capacity Gap, interdisciplinary approach, breaking of silos

- There is a need to bridge the capacity gap between real estate and design. Better training of architects and planners is needed as their understanding of the real estate dynamic is poor. Local authorities could be more active players but their capacity (and therefore self-confidence) is limited.

Financial incentives and the dangers of financialisation

- One can conclude that as long as land prices allow for financial returns that are viable, there can be many socially- motivated investors with good proposals on real estate projects. But not everyone agrees that there is a possibility to raise the real estate industry standard (creating a culture of quality within the real estate sector) if financial incentive do not push in that

direction. National and international institution could play a role in setting these standards (through SDG certification for example).

- In general, preventing highly speculative land prices should be a key object of policy makers. In its principles, LVC has the double intention to prevent speculative prices while channelling part of the private investment towards social investments and public and goods.
- Taxes and incentives on capital gains and more broadly incentives towards corporate social responsibility should also be naturally considered when considering quality and social outcomes of real estate activities. Constraining capital gain (e.g. tax on short term land speculation) may contribute to push investors to focus more on longer term objectives and longer-term financial returns.
- Convincing real estate partners to invest in (longer-term) public good (public space) requires demonstrating the reality of its return. Convincing them requires creating space for soft powers, i.e. discussion, negotiation, which cannot be all regulated by formal tools. Also in this case it appears that together with the involvement of communities and citizens' led initiatives, soft powers of brokerage and negotiation in the policy making are key-factors for the involvement of socially-motivated investors.
- Bypassing traditional real estate markets, there is an appetite of socially-motivated (local, small, individual) direct investors for projects that come with moderate return but good societal added value. Question is whether this can be generalized and developed at scale, or if it is condemned to remain a niche opportunity.

Strategic public vision in land-based policies

- Stimulating a public debate on site-specific development (through vision planning, various scenario, co-creation, etc) does not only benefit the project outcome but also contributes to quality culture. Land value capture requires a positive dynamic on the land market. This can be secured through a spatial growth plans (constraining land offer and urban sprawl), but also through making sure that urban value is created (e.g. creating a waterfront, or developing a mobility infrastructure).
- Keeping control on land value is key. In most cases it requires having control on assembling land (and preferably do it when nobody sees there is a hidden or unrevealed value potential). Engaging in land value capture strategies is not without risk. Public authority shall mitigate such risk. Involving local stakeholders is not a sufficient safeguard to ensure a project success.
- The role of local/national government can be seen as a broker and a protector of public interest. Discussion evolved from technical matters to more general

governance matters, up to the question of whether it is possible to change substantially the quality outcomes with a real estate model based on the capitalist system.

A long-term culture

- A learning culture is required in which lessons from earlier projects are continually re-visited and new approaches are refined.
- Fundamental change can only occur if investment processes are maintained over long periods e.g. Copenhagen's investment both in new and existing areas since the 1990s
- Fundamental change requires attention across different scales, from small scale everyday interventions to large scale strategic projects. Underpinning these scales are careful strategic planning, smart infrastructure investment, and ongoing investment in the public realm
- A long-term approach can help delivery vehicles to ride development waves and crises of all sorts and remain confident about delivery, but different approaches will be required in a context of decline (as opposed to growth).

Public sector-led quality ambitions

- Concepts of quality in Copenhagen appear to be more centred on the provision of urban features and services (mobility, access to green and blue, mix housing/work/others, schools, etc) without explicit policy to activate community or neighbourhood social dynamics. In CLT Brussels, quality seems to be more focused on affordability and conviviality, with secondary consideration for spatial quality.
- Taking a 'quality-led' approach (both in the provision of up-front infrastructure and in aspirations for place quality) from the start can help to maintain values over the long-term, reduce risk and provide confidence to up-front investors (notably government)
- If they maintain a controlling interest, then over time public authorities can ride a rising wave of value and increasingly push for greater quality, rather than selling land and leaving the market to deliver by itself
- Strong and consistent political support is key as well as a transparent financial model

Bridging the funding gap

- The financial sustainability of both cases are dependent on the land market dynamic and state intervention (if only to provide initial access to land, provide political certainty to the vision, build initial infrastructure, etc). Risk is mitigated in Copenhagen by the long-term backup of the state, and the strong narrative of the success of previous experience. Risk is limited in CLT, it appears that the foundation can benefit from future land value increases, but perhaps it is not clearly identified if future land value increases might make land too expensive for the model to work or pose too much risk for future land acquisitions. Both models naturally require high expertise on finance and land-based policies.
- Land value capture generates resources following development, but requires access to up-front funding to bridge the initial funding gap. A key-factor for the success of a PPP approach is that vesting land in a publicly owned delivery vehicle can provide it with the collateral to raise funding on favourable terms.
- Community land trusts need to be able to purchase land on favourable terms in order to deliver their public value objectives, and mechanisms are required to ensure that private developers don't always outbid public or community actors

Scale, replicability & democracy

- In Copenhagen the model is monopolising, urban development options at city or metropolitan scale, leading to concerns over the possibility for other models, other stakeholders to emerge. In Brussels CLT, ambition is to upscale at the highest possible level, but concerns were expressed about the democratic legitimacy of CLT foundations/associations if it had to grow at city scale (who represents "civil society"? If CLT grows, could the democratically elected municipality be on the driving seat?)

Soft powers

- The transversal replicability question is fundamentally one of "How to persuade local/national governments to engage in processes through which they do not maximise the short-term financial return from land ownership? (to the profit of both spatial/social quality and longer-term return)." With this respect CLT relies on soft-power to identify business opportunities as well as to create the needed social dynamic. Copenhagen uses soft-power to build trust on the narrative on the city's future.

The value of community engagement

- There appears to be a great risk of gentrification in Copenhagen, although the success of the process has allowed for recent inclusion of a safeguard that 25% of new housing shall be "affordable". In Brussels, affordability is guaranteed by the CLT mechanism (land value increase is not transferable and homeowners are constrained on individual added-value gains), but apparently there is no specific mechanism for ensuring social diversity.
- Community land trusts can assist in resisting gentrification. They need to exist within a formal legal framework to legitimise the ownership structures, but operations can occur within the informal tool categories
- The real value comes in engaging communities in their future housing choices, rather than in simply providing social (rented) housing

Citizens assemblies are being experimented with as a means to better engage citizens more fully in development choices