

Land value capture as a method
to involve private developers in
Placemaking projects

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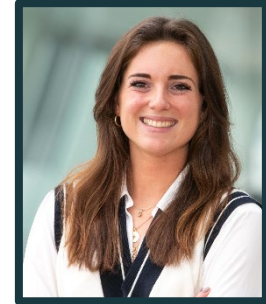
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Preface

From the moment I heard the speech of Sherry Dobbin at the ULI conference about the value and necessity of placemaking in January 2021, I was determined to focus my research on this topic. In my opinion, a project can receive the most support if it not only socially the best option to choose, but also financially. After all, commercial companies have a financial goal to achieve. That is why I decided to investigate the financial possibilities of including private parties in the funding of placemaking. If I could show that placemaking can actually improve the business case and add social value, I can try to motivate the private parties to join the placemaking initiatives. Additionally, I decided to investigate whether LVC is a way to organise the funding so I can provide a path as to how to achieve this private developer involvement.

This is just an explorative research and a lot of further research is required to investigate other possibilities and more case studies, however, I hope I contributed to the field of knowledge about placemaking and the financial methods to finance it. Moreover, I hope this research can serve as a basis for the discussion about financial matters of placemaking in area redevelopment in practice.

I have learned a lot from executing this research and finalizing my years of studies at the Architecture faculty of the TU Delft, but I could not have done it alone. I would like to thank my mentors Ellen and Herman for tutoring me and giving me directions throughout the process. I could not have done it without you and I am thankful that you agreed to meet with me every other week, so we could still check up with each other regularly despite the changing measures of the COVID-19 pandemic. I would also like to thank my mentor from Deloitte Real Estate, Hielke Bos. Thank you for guiding me through the case study and helping me get in touch with the right people for the interviews. Because of your help executing the case study and the interviews was a lot of fun. You also helped me find a way to document the cases and to use the indicative calculations to showcase the chosen financing methods per case. I struggled with the right way to document this and your advise helped me come to this solution. Last but not least I would like to thank my father, Sicco Santema, for advising me on the structure and documentation of the report. We made timelines together and brainstormed about the relations between the main topic of this research, which really helped me find the 'red thread' between all the information.

The last year was an interesting time with a lot of ups and downs, fun, concentration (and lack of) but most of all so many new lessons learned about conducting research. I hope you enjoy reading my master thesis!

Mare Santema

Amsterdam, January 2022

Abstract

Redevelopment of inner-city areas is a complex process involving multiple stakeholders, extensive timelines, and a variety of governance structures and financial mechanisms. The public party is primarily responsible for the quality of public space in the Netherlands. However, the municipalities face increasing financial challenges while private developers gain more land and thus more benefits from a high quality public space. To create those high quality and attractive places, placemaking can be introduced in the area redevelopment. It can be temporary and strategically applied to increase the attractiveness of the area, which results in increased private real estate values while it is publicly funded or subsidized. If private developers engage in placemaking, municipal spending can be reduced and the expenses and benefits of placemaking can be more evenly distributed. Therefore, this research examined a type of financing method, called 'land value capture', that might be utilized to engage private developers in placemaking projects. The research question that is addressed is as follows:

To what extent can land value capture be applied in governance of area redevelopment to involve private developers in placemaking projects in the Netherlands?

Most literature about land value capture methods focusses on the UK or US context, where this funding method is primarily used for infrastructural projects. There is limited knowledge on utilizing land value capture in the Dutch institutional context and with the purpose to finance placemaking projects instead of infrastructural projects. First it is investigated what governance structures are practices in the Netherlands, in order to determine how and by whom land value capture can be structured. There are five primary governance structures ranging from active to facilitative land policy: Public development, PPP Concession, PPP *Bouwclaim*, PPP Joint Venture and a Private development. Afterwards it is determined whether internationally recognized land value capture methods can be applied in the Dutch context as well, resulting in five different types of LVC methods: Benefit sharing, Developers contribution, Development rights, Active land policy (with ground lease) and Exploitation permits. Finally, the various types of placemaking are reviewed, and it is concluded that strategic and temporary placemaking is well suited for LVC because it adds substantial value to the area's redevelopment.

The findings from the literature are evaluated in practice through a case study of four inner-city area development projects in which strategic placemaking was utilized to improve the area's attractiveness. The selected cases are: Waalfront in Nijmegen, Strijp-S in Eindhoven, NDSM-werf in Amsterdam and Piushaven in Tilburg. The financing methods for the placemaking projects in the cases were examined, and it was discovered that a Developers contribution was used in the PPP Joint Venture governance structures, Exploitation permits in the private development and an active land policy with a ground lease in the public development. The findings indicated that LVC methods can be used to finance placemaking projects in the Netherlands, although additional study is necessary to determine the applicability of various governance structures and LVC methods. After all, a customized approach is required for each area redevelopment, as each is distinct and requires a customized finance strategy. This research contributes to the debate over how to involve private developers in placemaking projects in the Netherlands, demonstrating that land value capture is one strategy for doing so.

KEY WORDS: Governance structures, Land value capture methods, strategic placemaking projects, inner-city area redevelopment, economic benefits, land value, Waalfront, Strijp-S, NDSM-werf, Piushaven

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'The absence demonstrates the value of the presence'
Sherry Dobbin (2021)

Chapter 1: Introduction

1. Introduction
2. Problem statement
3. Social and scientific relevance
4. Reading guide

1.1 Introduction

Almost all cultural institutions and public areas were forced to close during the first and second COVID-19 pandemic lockdowns in 2020 and 2021. Social distancing was implemented, and people were urged to work and stay at home as much as possible. Initially, this resulted in deserted streets, parks, and squares. However, as soon as the weather permitted, people gathered in public spaces to meet, despite the government's tight measures (Het Parool, 2021) and demonstrations were organized almost every weekend against the strict measures and social distancing. According to Sherry Dobbin (2021) the absence of places and possibilities to meet each other demonstrates the value of the presence of those places. People need a place to socialize, which is shown in image 1.1.1.



Image 1.1.1: overcrowded Vondelpark in Amsterdam during the COVID-19 lockdown (Het Parool, 2021)

These moments demonstrate that individuals aspire physical contact and need places where they can meet each other. Those places can be created through placemaking, which is the process of creating places and modifying public areas in order to increase the relationship between people and places (PPS, 2007). Together with the known positive effect of placemaking and high quality of public space on property value (Carmona, 2019; Cohen et al., 2018; Hes & Hernandez-Santin, 2019; Oleksandra et al., 2019; Prilenska, 2012; Silberberg et al., 2013; Verheul, 2007) this should provide sufficient incentive for private developers to incorporate placemaking into their business cases for higher values and returns. Whereas a number of countries (for example, the United Kingdom and the United States) have considerable experience involving private developers in (part of) the costs of public space and amenities (Doebele, 2001), the Netherlands lags behind due to its traditional system of direct government intervention in development and land acquisition (Alterman, 2012). Simultaneously, governments increasingly need to find alternative funding methods for the quality of public space and amenities because voters have a growing aversion towards higher tax rates but higher expectations regarding the quality of public space and amenities (Alterman, 2012). The high level

of interest shown by private investors and developers in real estate and area development, combined with the growing public demand for alternative financing, raises the question of whether private actors should contribute a portion of their accumulated wealth to improving the quality of public space, the liveability of the neighbourhood, and the happiness of the community – also known as placemaking – in order to fulfil their social responsibilities, satisfy their tenants and potential buyers, and maximize their profits.

Given that this appears to be a win-win situation for both public and private parties (Urban Land Institute, 2018) and in order to maximize the observable evidence of placemaking's value in a post-COVID world, this research will examine the extent to which private developers can contribute to placemaking funding.

1.2 Problem statement

In the Netherlands, public parties bear (almost) exclusive responsibility for providing a high quality of public space due to the tradition of high government involvement in development and land acquisition (Alterman, 2012). As illustrated in figure 1.2.1. Due to the Dutch government's decentralisation policies, land development is mostly the responsibility of municipalities (Ministerie van BZK, 2012). They are, however, confronted with substantial financial difficulties and uncertainties. Almost eight out of ten municipalities anticipate a deficit of 1.3 billion euros in 2021, ten times the amount of 2018. (BDO, 2021). As a result of COVID-19, the energy transition, pressure on the housing market and increased responsibilities in the social domain, municipalities are compelled to make decisions and, in some situations, to limit themselves to statutory actions. The land holdings of every municipality have been declining for many years and most of the land has already been sold (BDO, 2021). As a result, private parties are gaining ground and becoming more critical to the overall quality of area redevelopment.

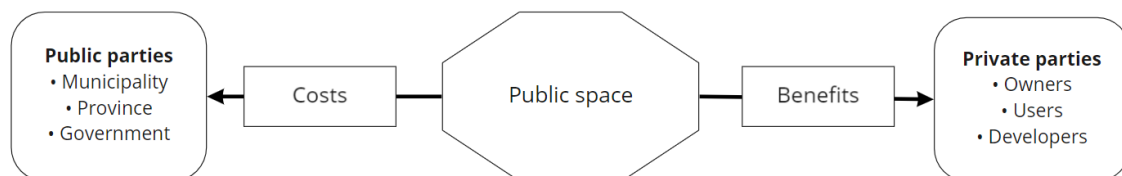


Figure 1.2.1: unfair distribution costs benefits placemaking, (Huisman, 2006)

Placemaking is a comprehensive concept with a broad variety of opinions from different stakeholders. Some consider placemaking projects modest and temporarily while others expect placemaking to be substantial and permanent (Verheul, 2007). Both takes on the concept can be true, depending on what type of placemaking and what purpose is referred to. On the one hand, placemaking can be a bottom-up process in which the local community takes the initiative and shapes it creatively and dynamically. On the other hand, placemaking activities can be implemented from the top down with the goal of attracting talented workers, creating job opportunities, fostering economic growth, and increasing the value of the place and the surrounding property (Verheul, 2007; Wyckoff, 2014). Not only does the purpose of placemaking define the concept, but also the type of placemaking projects. A critical point to remember is that individuals perceive cities from an eye level, and hence the quality of the experience is determined by what happens in that field of view. When tourists' expectations are met or surpassed, they spend more money and stay three times as long as they would in a low-quality neighbourhood (Karszenberg et al., 2012). This field of vision is represented by physical components such as plinths, parks, squares, wide sidewalks, street furniture, green structures, and public services (Lew, 2017). Apart from the physical aspects, placemaking occurs as a result of route and human activity (Besters et al., 2019).

In this research, placemaking is defined as a planned, purposeful and deliberate approach towards creating attractive places from a human being point of view (Besters et al., 2019). Literature shows support for placemaking's beneficial effect on the surrounding property values and attractiveness of a location. For example, in Michigan (US), the number of young college-educated adults increased 77% faster in downtowns with a high-quality live-work, mixed-use development in 2013 than in the rest of the US (Craft, 2014), multiple studies demonstrate that public parks and nature increase housing prices by approximately 15% within a 500-meter radius of the park (Verheul, 2021) and 85% of US residents value proximity to playgrounds, parks, recreation centres, or other open spaces (Urban Land Institute, 2018).

With this support of value creation and large municipal deficits, is it fair that the costs are paid mostly by public parties while private parties receive the benefits?

Primarily in Anglo-Saxon countries, a concept known as land value capture has emerged to hold private developers (partly) accountable for financing public projects that improve the value of surrounding property (Offermans & Van de Velde, 2004). This concept entails a variety of instruments that can be used to capture (some of) the additional value created by public projects (Mathur, 2019), as seen in figure 1.2.2.

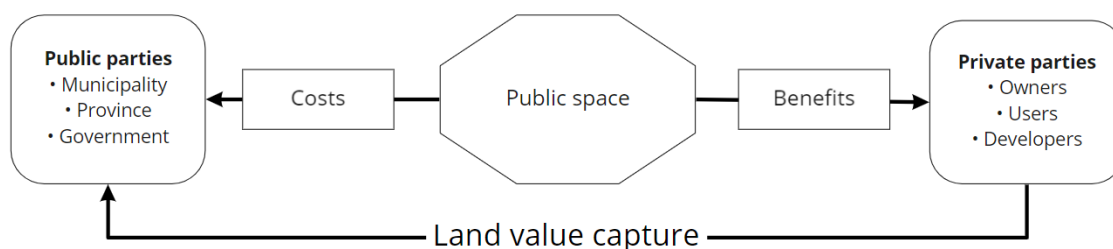


Image 2: Land value capture, own ill. Adopted from (Huisman, 2006)

Land value capture can be utilized as a source of alternative finance to help bridge the funding gap for initial projects; consequently, it is critical to determine when the value capture instrument will be implemented and who will contribute. For instance, if the instrument is applied upon completion and the end users make contributions (e.g., toll payments), this is referred to as direct value capture. However, implementation can occur within the planning phase of the project, allowing it to be utilized to fund the project without requiring a disbursement from a public party. In this case, the private developers generally pay the contribution, which is referred as indirect value capture (Alterman, 2012). The purpose of this study is to determine the extent to which these value capture instruments can be used to support placemaking projects in the Netherlands.

1.3 Scope

This research focuses on redevelopments in inner-city areas. The Netherlands currently has a number of unoccupied inner-city locations. This is due to functional obsolescence, which occurs when older structures are outperformed by newer ones, or changing user demand (Buitelaar et al., 2020). The conversion of these places into mixed-use and live-work environments is accomplished through area redevelopment, which involves a diverse range of stakeholders, including the municipality, landowners, developers, and (future) inhabitants (The world bank, 2015). Several of those unoccupied regions remain undeveloped and await redevelopment. In the selected cases for this research the vacant areas and/or buildings are used for placemaking

projects upon waiting a final development. The financing of placemaking projects is examined, with a particular emphasis on the agreements about the degree and form of cooperation negotiated within the governance structure of area redevelopment. For instance, the municipality may choose to take a leading position in a high-risk endeavour known as public development, or they may choose to collaborate fully with private parties in what is known as a public private partnership (Ten Have, 2017). The financing arrangements are compared to land value capture methods applicable in the Dutch context. Internationally, there are a variety of various approaches for capturing land value, which will be reflected in the Dutch institutional context.

To contextualize the study topics, the next section discusses the concept of placemaking projects.

1.3.1 Placemaking projects

The term placemaking was first used by urban writer and activist Jane Jacobs in her book 'The death and life of great American cities' (Jacobs, 1961). In this book she holds urban planning policies accountable for the downfall of numerous city regions across the United States of America. The rational and modernist urban planners of the 50s and 60s were looking at the city from a practical and rational point of view and thereby overlooked the complexity of humanity. Her idea was to rationally change the way of city planning and shift the focus from buildings and cars towards the human being. She advocated for walkable streets, dense mixed-use development and inviting and safe public spaces from the point of view of the people (Jacobs, 1961). This book is seen as the founder of placemaking, however the term has evolved ever since. Nowadays, placemaking can be anything and everything in the public space in which people are involved. Hes & Hernandez-Santin (2019) state that placemaking is mainly a continuous process from the perspective of a human being to shape places which can create meaningful experiences for people.

According to Lew (2017), there is a significant distinction between place-making and placemaking. Place-making refers to the more ad hoc and spontaneous techniques that naturally occur in communities, whereas placemaking refers to a planned, purposeful and deliberate approach to place creation. The book of STIPO 'Our city?' (Besters et al., 2019) supports this definition. Placemaking is defined in this book as an approach that enables people to co-create economically successful, liveable, and sustainable urban areas. This technique is dependent on the interaction of three critical components: hardware, software, and orgware. The hardware refers to the physical infrastructure that enable placemaking projects, such as buildings, public space, street furniture, and trees. The software consists of the activities and events planned in the area, and how they are used. The orgware are the organisation, processes and networks that are utilized for placemaking such as decision-making, financial operations and maintenance. (Besters et al., 2019). The relationship between the three dimensions is seen in Figure 2.3.1.

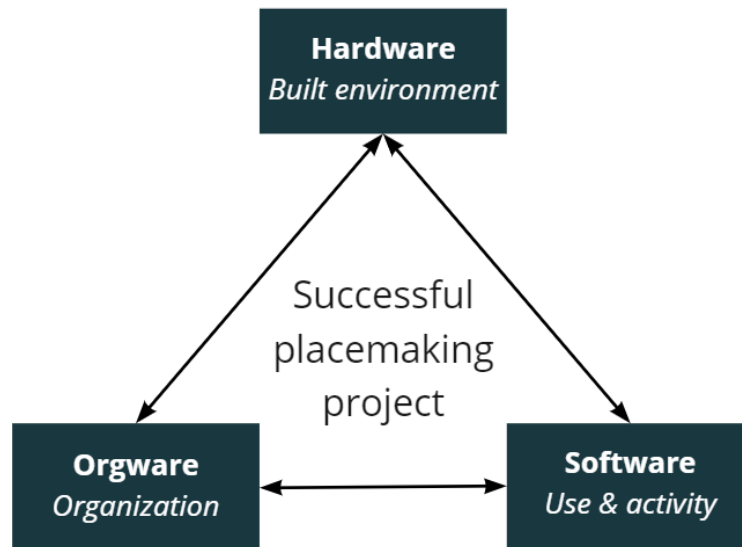


Figure 2.3.1: Successful placemaking project, own ill. Adopted from (Besters et al., 2019)

The basic definition used for placemaking in this research is the planned, purposeful and deliberate approach towards creating attractive places from a human being point of view.

Placemaking results in a number of benefits, such as health benefits, social benefits, environmental benefits and economic benefits (Carmona 2019). The economic benefits are the main focus of this report, since those are the benefits that improve the private developer's business case and can be used for land value capture methods.

The evidence supporting the economic benefits is strongly supported through literature (Carmona, 2019). The benefits include a property uplift in the residential, retail and office sector (Prilenska, 2012), reduced vacancy and depreciation in retail and office sector, viable investments and extended regeneration benefits, reduced public expenditure, higher local tax rate and lower costs of living. The economic benefits can be measured in the employment rate, property values, increased tax revenue, number of businesses, residential and commercial occupancy rates, capital value and land value (Silberberg et al., 2013). Savills (2016) has researched the possibilities to model the land value increase as a result from placemaking, which indicates an increase of land values of approximately 25% as a result of early investments in placemaking. Increasing the investment in an area redevelopment early in the process increases the development risk, which is a limitation for successful placemaking. This risk can be mitigated by sharing these additional investments with a variety of stakeholders (Savills, 2016). A research executed by RICS (2016) supports this statement. Phasing is critical for the effect of placemaking and even though a big investment is necessary to make the placemaking possible early on, the general statement appears to be 'the sooner the better' (RICS, 2016). According to the findings of the study, placemaking adds commercial value. However, there is a significant variance in the magnitude of the premium, ranging from 5% to 50%. This changes according to the type of residence. Greater premiums are possible in places with higher local new-build values. Successful placemaking projects in high-value areas can result in premiums of more than 50%. This may be continued in the long run as the reputation grows. This was shown in major projects that continued to sell new-build housing at a considerable premium during a ten-year construction period, as well as in smaller finished projects that witnessed above-average prices in their re-sales market. Although placemaking was less effective in lower-value regions, the

effect was nevertheless visible, with the most successful project experiencing earning close to 20% increase (RICS, 2016).

1.4 Social and scientific relevance

Literature about the known land value capture methods focuses mostly on their application to public infrastructure projects. Given that the concept of value capture is based on the fact that those initiatives add value to their surrounding areas, which can be captured, this research will examine whether the same instruments can be utilized for placemaking projects, which also add value. It is probable that identifying and quantifying the added value of placemaking will be more difficult, as there are numerous (external) factors influencing property values in the real estate market. Therefore, the placemaking projects considered for this research must be sufficiently large to demonstrate a beneficial effect on property values. Additionally, the majority of research on land value capture is conducted outside of the Dutch institutional environment, as the method is not yet widely used in the Netherlands. The purpose of this research is to contribute scientific information concerning the use of value capture methods to support placemaking projects in the Dutch institutional context, as illustrated in Figure 1.4.1.



Image 1.4.1: Literature gap, own ill

Additionally, the quality of public space and placemaking, the provision of adequate housing options and the current financialization trend are present socioeconomic concerns. The popularity of considering real estate as a financial asset rather than a commodity for human housing rights has quickly risen in the past decades (Blakeley, 2021). This trend is referred to as financialization, and it has the potential to result in an increase in insufficient and costly housing, forcing residents to relocate (Leijten & de Bel, 2020). This trend fuels the current debate about the responsibility of financing public space (Verheul, 2021). The findings of this study may compel private developers to contribute additional funds to address these social concerns and to include placemaking into their business models in order to maximize profitability.

Chapter 2: Methodology

2.1 Research questions

This research will investigate the combination of the aim and the scope to find an answer to the following research question:

To what extent can land value capture be applied in governance of area redevelopment to involve private developers in placemaking projects in the Netherlands?

In order to answer this question, the following sub-questions will be investigated:

- 1a. *Which governance structures are practiced in the Netherlands for area redevelopment?*
- 1b. *Which governance structures are practiced for private developer involvement in placemaking projects in the Netherlands?*

There are multiple types of governance structures for area redevelopment in the Netherlands. Which governance structure to use depends on a variety of factors, such as land ownership, policy and the responsibility for the initiative and risks. These two questions examine the existing governance structures for area redevelopment and the extent to which they are used for private developer involvement.

- 2a. *Which land value capture method(s) from international institutional context can be applied in the Dutch institutional context?*
- 2b. *Which land value capture methods are practiced for private developer involvement in placemaking projects in the Netherlands?*

There are several land value capture methods known in international context. However, since Dutch institutional context differs from other countries it is necessary to find which land value capture methods can be applied in the Netherlands. Afterwards, it is investigated if those land value capture methods are practiced for private developer involvement in placemaking projects.

3. *What types of placemaking is suited for using Land value capture to achieve private developer involvement?*

There are several types of placemaking with different goals and strategies. Since not all types of placemaking generate considerable value for the private developer and are therefore not suited for private developer involvement, it is investigated which types of placemaking are suited.

4. *Which combination of governance structures and land value capture methods are suited for private developer involvement in placemaking projects?*

The goal of this sub question is to combine the findings about governance structures and land value capture methods in the Netherlands and to investigate which combinations are suited for private developer involvement in placemaking projects.

When abstract concepts are used in a research, it is necessary to operationalize those concepts, so they become measurable observations instead of just concepts. This can be done through identifying the indicators, data collection and source of information of the variables (Benders, 2020). This is shown in the operationalisation table in figure 2.2.1 below.

Sub-question	Fixed	Variable	Indicator	Data collection	Source of information
1a and 1b	Area development in the Netherlands	Governance structures: Public development, PPP Concession, PPP <i>bouwclaim</i> , PPP Joint venture and private development	Governance structures	Literature review, case study	Reports, academic literature, books, interviews, additional literature, case documents
2a and 2b	Private developer involvement in placemaking projects	Institutional context, land value capture methods	Land value capture methods: Benefit sharing, developer contribution, development rights, connection fees, active land policy (ground lease), administrative guidance, exploitation permits and development fees.	Literature review, case study	Reports, academic literature, books, interviews, additional literature, case documents
3	Land value capture for private developer involvement	types of placemaking: standard placemaking, creative placemaking, tactical placemaking or strategic placemaking.	types of placemaking	Literature review, case study	Reports, academic literature, books, interviews, additional literature, case documents
4	Private developer involvement in placemaking projects	Combinations of governance structures and land value capture methods	types of governance structures and land value capture methods	Case study	Reports, academic literature, books, interviews, additional literature, case documents

Figure 2.2.1: operationalisation table, own ill.

To use value capture as a method to finance placemaking, there has to be evidence that placemaking is adding value to the area redevelopment. Therefore, a hypothesis is stated:

'placemaking projects increase the value of area redevelopment'

This hypothesis is discussed in the theoretical background.

2.2 Research method

This is an explorative research with the goal to contribute to the field of knowledge about the involvement of private developers in placemaking projects and to what extent land value capture methods can contribute to achieve this involvement. This type of research develops practical scientific knowledge based on known theory (Guest et al., 2013). A qualitative research approach is in place, which is the study of non-numerical data in order to generate knowledge about opinions, experiences or concepts (Guest et al., 2013). As previously mentioned, this research examines how private developers can be involved in placemaking projects through the

use of land value capture methods. The relation between these three topics and the sub-questions are shown the research framework in figure 2.3.1 below.

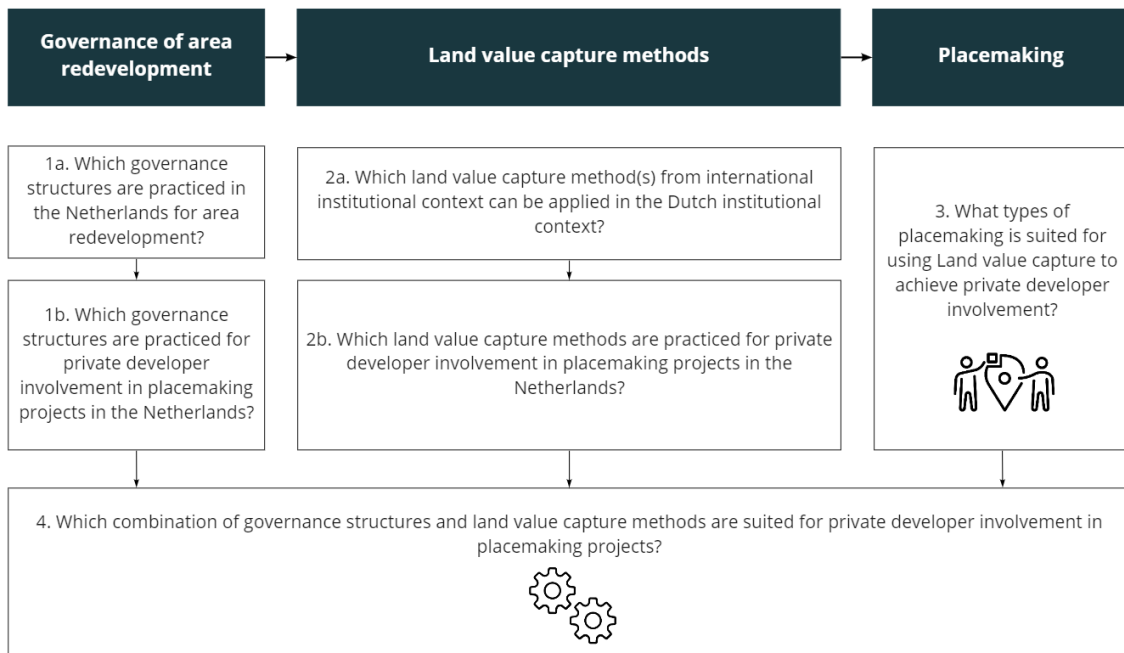


Figure 2.3.1: Research framework, own ill.

The LVC methods that can be utilized in the Dutch institutional context and the known governance structures are evaluated in the case study whether they are suited for private developer involvement in placemaking. The suited type of placemaking is investigated in both literature and practice. Afterwards, the combinations between those suited governance structures and LVC methods are analysis to see which combinations are practices for private developer involvement in placemaking projects in the Netherlands. This process and relation between the main topics and sub-questions is shown in the research scheme in figure 2.3.2 below.

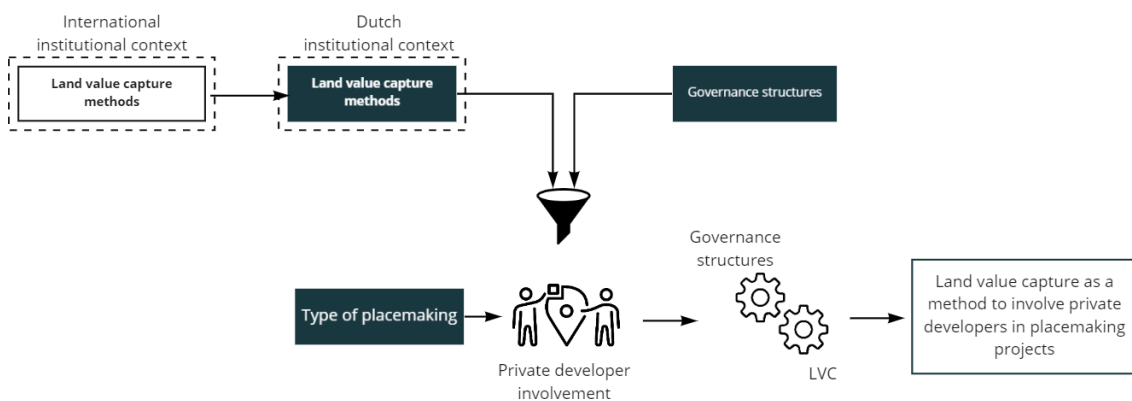


Figure 2.3.2: Research scheme, own ill.

The data of this qualitative and explorative research is gathered through a literature study, multiple case studies and interviews. The case study method is used to gather contextual and in-depth knowledge about a specific topic and helps to find the characteristics, meanings and implications of the case (Merkus, 2021). In order to execute the cross-case analysis four cases are investigated, which is done through in-depth semi structured interviews with involved stakeholders in the case (Mathew et al., 2011). The connection between these methods and the report is shown in figure 2.3.2.

2.3.1 Literature study

A literature review is conducted to obtain insight into the research topic and to ascertain what is already known in the field. A literature review identifies which topics and linkages between them have been thoroughly researched and which require additional research. This results in the research gap, which serves as the foundation for the research (Knopf, 2006). The literature review contains knowledge from academic research, news articles, web pages and practical papers.

2.3.2 Multiple case study

A case study method is unique in several ways. A case study is a type of research in which one or several cases are thoroughly examined. Numerous aspects or features are examined in relation to one another and to the context in which the case is situated (Yin, 2003). A case study research is often in place when there is not sufficient prior knowledge about the topic. When doing a multiple case study, it is recommended to compare three to four separate cases, as this is generally the most number that can be reasonably handled (Schoch, 2016). It is not advised to randomly choose the cases for the analysis, since that can lead to selection bias. There are different selection techniques that can be used depending on the type and goal of the research. In this research a typical method to select cases is applied, which means that the selected cases are typical examples of some cross-case relationship (Seawnght & Gerring, 2008). To identify those typical cases and conduct a cross-case analysis, the following environmental factors about the cases are considered: Country, year, industry, location and project type (D Rwelamila & W Savile, 1994). Additionally, the selected cases should contain temporarily strategic placemaking and multiple stakeholders since that is the scope of this study. The criteria for the case selection in shown in figure 2.3.3.

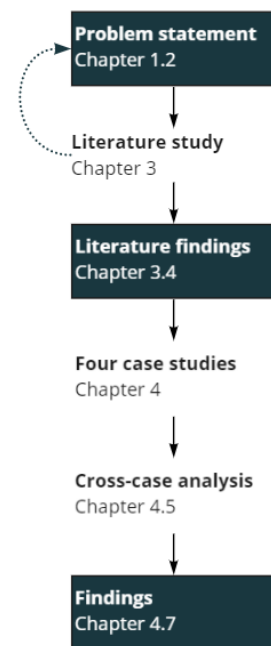


Figure 2.3.2:
Research methods
order, own ill.

Aspect	Criteria	Why?
Country	The Netherlands	To investigate at the possibility of using LVC for placemaking in the Netherlands
Year	The project is completed or in execution phase, initiated after 2000	To conduct a retrospective analysis of the financing of the placemaking project throughout the redevelopment process.
Industry	Urban area redevelopment projects	The scope of the research
Location	The project is located in a G40 city	To investigate placemaking in an urban environment
Project type	Inner-city functional obsolescence building area transformation towards mixed-use live/work environment with 1.000 – 5.000 homes	To investigate area redevelopments with relatively the same size
Specification 1	The project contains temporary strategic placemaking	To investigate the financing of the realized placemaking projects
Specification 2	The project contains multiple stakeholder involvement	To conduct an examination of governance structures including different stakeholders

Figure 2.3.3: Criteria for case selection, own ill.

The real-time area redevelopment map provided by gebiedsontwikkeling.nu, an independent platform and open source of knowledge for professionals, researchers, and students active in area development, serves as the input for this selection criteria. This website promotes information exchange and dialogue between science and practice, as well as facilitates the debate between public and private sector stakeholders. The platform's practical examples and case studies give a lot of empirical data that can be used for study and education (TU Delft, n.d.). The map incorporates the following selection criteria: Urbanity, type of area development, number of residential dwellings, start date, phase and former area type. For the case study selection of this research the following criteria will be selected:

- Urbanity: the G5 and G40 urban areas
- Type of area development: Area redevelopment
- Number of residential dwellings: 1000 to 5000
- Start date: 2000-2019
- Phase: Execution or exploitation
- Former area type: Industry / business park

The criteria input generates a list of thirteen remaining area redevelopments, which are shown in Appendix 1. Following an examination of the presence of temporary strategic placemaking and the involvement of multiple stakeholders, the following cases were chosen for this research:

- Case 1.** Waalfront – Nijmegen
- Case 2.** Strijp-S – Eindhoven
- Case 3.** NDSM-werf – Amsterdam
- Case 4.** Piushaven – Tilburg



Figure 2.3.4: Map with selected cases, own ill.

Data analysis

In-case and cross-case analysis are used to examine the data generated by empirical research in order to develop a hypothesis. The in-case study builds on the available data regarding the case, such as interviews, documents, observations and surveys and provides an in-depth understanding of an organization or individual (Schoch, 2016). First of all, the available data about the cases is gathered and summarized, to provide a clear overview of the cases and to understand which stakeholders were key players in the placemaking projects throughout the redevelopment process. Second of all, selected stakeholders from each of the three cases are interviewed. These interviews are conducted to get information about the means and agreements used to fund the placemaking projects in the cases, and to provide insights on the different perspectives and opinions from the different types of stakeholders. The focus of the interviews lies on the three main topics of this research, which are then cross-case analysed, see figure 2.3.5.

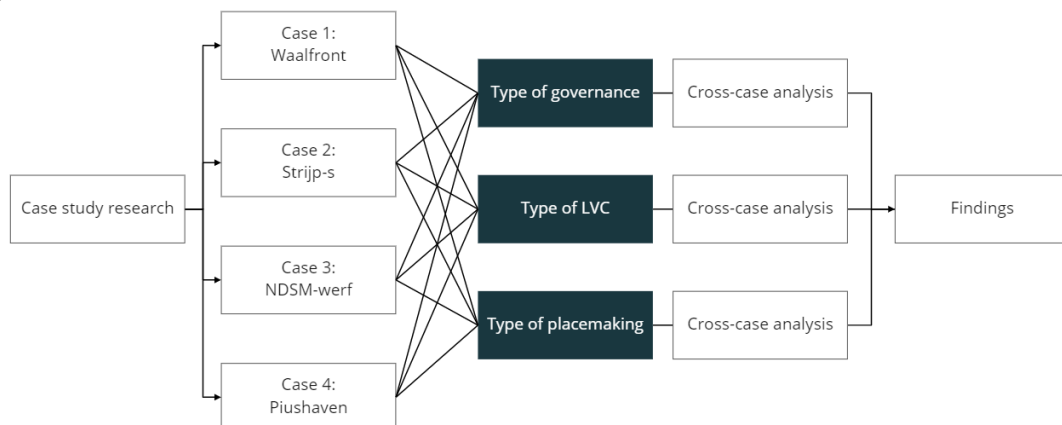


Figure 2.3.5: Cross-case data analysis, own ill.

2.3.3 Interview approach

The interviews in the case study are semi-structured, which is the most frequently utilized interview type in qualitative research. The interviews are based on a set of prepared questions

about the research topics, however there is room for elaboration or clarification with questions which are not prepared. The prepared interview scheme can be found in appendix II. The interviews are flexible and the prepared questions often are open-ended, so spontaneously occurring issues can be explored (Doody & Noonan, 2013). The interviews are recorded and afterwards summarized according to the discussed topics (the summaries can be requested from the researcher). The interviews were intentionally not transcribed, as a transcript might omit the emotion behind the responses and the interviewee's tone of voice. This can result in a disconnect between the reality of an in-depth interview and the written record, leading to misinterpretation. Additionally, the interviewee can be more careful about the words and responses they choose knowing they are transcribed (Roller & Lavrakas, 2015). The interviewees have given permission for the summaries of the interviews to be used as data for the case study.

Based on literature, the main stakeholders in area redevelopment are the municipality, an area coordinator, a private developer, a housing corporation, a constructor, an investor and the end-users (de Zeeuw, 2018). Additionally, a representative of the placemaking initiative is an important stakeholder, since the focus lies on financing the placemaking projects in the area redevelopment. Given the time and willingness of the stakeholders to participate in an interview, it was decided to interview three to four stakeholders per case. At least the municipality and a private developer should be interviewed, since they are generally involved in the financial matters of area redevelopment. The interviewed stakeholders per case are listed in figure 2.3.6.

Case	selected stakeholders	Abbreviation
Waalfront, Nijmegen	1. Municipality of Nijmegen 2. Private developer <i>BPD</i> 3. Real estate agent <i>Hans Janssen</i> 4. Placemaker <i>De Meesterproef</i>	Mun1 PD1 RA1 PM1
Strijp-S, Eindhoven	5. Municipality of Eindhoven 6. Private developer <i>Interesting Vastgoed</i> 7. Placemaker <i>Trudo</i> ¹ 8. Housing corporation <i>Trudo</i> ¹	Mun2 PD2 <i>n/a</i> HC1
NDSM-werf, Amsterdam	9. Municipality of Amsterdam 10. Private developer <i>BMB</i> 11. Placemaker <i>Stichting NDSM</i>	Mun3 PD3 PM2
Piushaven, Tilburg	12. Municipality of Tilburg ² 13. Private developer <i>BPD</i> 14. Private developer <i>Triborgh</i> 15. Placemaker <i>Stichting Levend Podium</i> ²	Mun4 PD4 PD5 <i>n/a</i>

¹ and ²The same interviewee with two roles/perspectives

Figure 2.3.6: Selected stakeholders for interviews, own ill.

2.3.4 Evaluation and triangulation

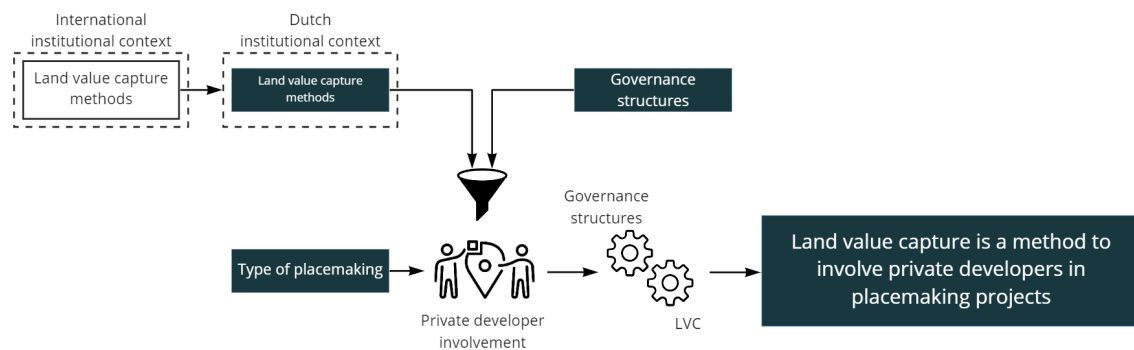
After the case study is executed and the findings are cross-case analyzed between the cases, a process of evaluation and triangulation is executed. A panel of professionals with real estate finance expertise is selected to respond on the findings of this research to contextualize them and determine their generalizability for placemaking in other area redevelopments. The professionals speak from own experience and about what they encounter in practice. Additionally, a placemaking expert is selected to respond to the research findings as well. That way the findings are evaluated from a financial and a cultural point of view.

Moreover, a triangulation method is used to develop a comprehensive understanding about the research topic through the assumptions based on literature and the findings from the case study (Patton, 1999). Triangulation increases the validity of the research, by using multiple sources of

information, in this research literature and case study findings, to make the conclusions more valid.

2.3.5 Research deliverables

The final deliverable of this research is a comprehensive report about the use of value capture for private developer involvement in placemaking projects in the Netherlands, which should provide public and private actors additional knowledge to support the financial decisions made in area redevelopment. Moreover, a recommendation for a suited combination of land value capture methods and governance structures will be made. However, it is important to state that every area redevelopment is unique which requires custom and personalized governance structures and agreements. Therefore, the recommendation can function as a foundation for a further developed governance structure and financing plan, depending on that specific area redevelopment.



Part 2: Theoretical background

2.1 Governance of urban redevelopment

In this section a definition for governance of urban redevelopment is given and the organisation structure is discussed, which consists out of an institutional level, governance level and process level.

2.1.1 Definition governance of area redevelopment

Governance of urban redevelopment refers to how stakeholders plan, manage and finance urban redevelopment projects. It entails a never-ending negotiation and debate over the distribution of social and material resources, as well as political authority. As a result, it is highly political (Devas, 2004). In the governance of urban redevelopment, it is determined how the costs and responsibility are shared and how resources are distributed amongst the different involved parties (Slack & Côté, 2014). The stakeholders involved in the governance of area redevelopment (try to) add value in every phase of the process. After the financial crisis certain changes occurred in the process of area development and value creation. The municipality takes a step back and limits itself more often to the first link in the chain (figure 2.1.1), corporations have adopted a less prominent position in the later stages of the value chain and a new role of 'area coordinator' has been established to oversee the entire area development process. Additionally, there are three causes of delay in the process: Often there is an expected loss of inner-city area redevelopments as a result of a lack of risk-bearing financing in the early stages and the landowner occasionally awaits better financial times, expecting to sell the land for a higher price (de Zeeuw, 2018). The following stakeholders play a role in the value chain (de Zeeuw, 2018):

- **Municipality:** The financial crisis had a substantial impact on the financial position of the municipalities and the question rose whether the municipality should have an active or facilitating land policy in order to mitigate the risks. The goals of the municipality are both financial and social, to create amenities, education, employment and innovation.
- **Area coordinator:** Complex inner-city area redevelopment benefits from coordination between different interests, parties involved, owners, residents, and businesses and new initiatives. An area coordinator improves the coherence, progress, efficiency and support for the entire area development, and can be a separate company or a representative from the municipality.
- **Private developer:** There are different types of private developers, such as area- and project developers, niche developers or fee- and concept developers. The focus of this research lies with area- and project developers. They often invest at own risk and are responsible for the real estate development () in the area. Typical area developers want to participate early in the process so they can have influence on the development.
- **Housing corporation:** Social housing corporations are responsible for building and operating social rental dwelling for low-income households and maintaining the direct surroundings. Only in areas where the corporation is a dominant landowner or where there is not (enough) commercial incentive for the market yet.
- **Constructor:** the construction company who executes the development plans. Some developers are part of a construction concern which provides continuity in construction contracts.
- **Investor:** the goal of an investor is to generate investment returns and increase the value of its invested capital. There are different types of investors such as institutional investors, who are mainly retirement funds or insurance companies, or private developing investors, who often have small projects in portfolio.

- **End-users:** through participation and co-creation the end-users are increasingly involved in the process of project development, however in the area development phase the individual end-users are not heavily present yet.

These stakeholders are shown in figure 2.1.1 below, where the end-users are not mentioned because until now they have little influence in the value chain (de Zeeuw, 2018).

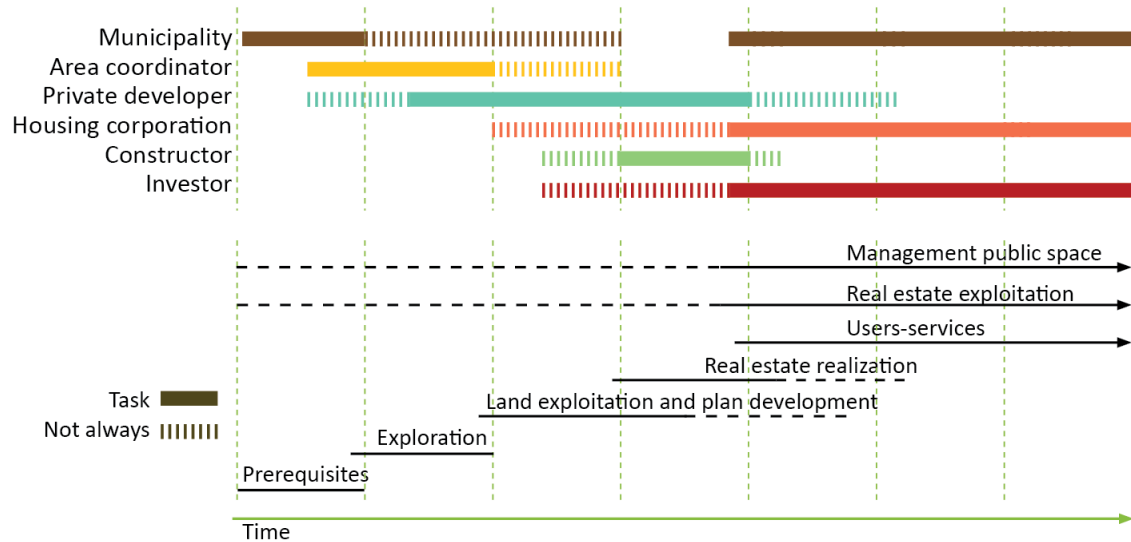


Figure 2.1.1: value chain of area development: who does what (after 2009)? (de Zeeuw, 2018)

This research focusses on the phases where the private developer is involved in the value chain, since the goal is to involve the private developer in placemaking. The placemaking should take place before the private developer's involvement ends. Moreover, the constructor is taken out of consideration in this research because their main focus is real estate realization, not plan development or land exploitation.

2.1.2 Institutional level

Area redevelopment is becoming increasingly complex due to the many stakeholders involved and the increasing scale of the redevelopment projects. Each stakeholder has their own business case with specific motives, goals and timelines, which results in a specific strategic approach towards the organisation structure of area redevelopment. All stakeholders possess different resources, knowledge and information and in order to optimize the redevelopment project, the stakeholders should cooperate with each other. In order to achieve an optimal cooperation, an organisation structure is needed which is known as the tectonic approach towards organisation structures (Winch, 2010). The tectonic approach is divided into three different levels, which are all interrelated with each other. The institutional level influences and is influenced by decisions made in the governance level, the same goes for the governance level and the process level. The interaction between the governance and the institutional level is called the professional system, which contains arrangements about roles, responsibilities and liabilities. Moreover, in the professional system is defined which actors have a proactive role and which actors are reactive (Winch, 2010). The tectonic approach is shown in figure 2.1.2.

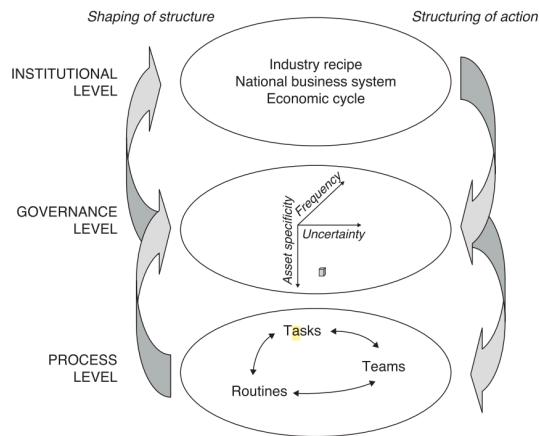


Figure 2.1.2: Tectonic approach (Winch, 2010)

The institutional level consists of the industry recipe, the national business system, the regulatory context and the economic cycle (Winch, 2010). The industry recipe is an industry-specific combination of expert knowledge and knowhow, culture and traditions, which are characteristic for that specific industry (Pooley & Spender, 1989). The national business system consists out of the national context with nation specific strategies and performance requirements and a regulatory context depending on the industry. The course of the economic cycle depends on the global economic trends and multiple industries rely on the economic developments in other industries (Winch, 2010). This is shown in figure 2.1.3. In this research the main focus is on the variety of governance structures in the governance level.

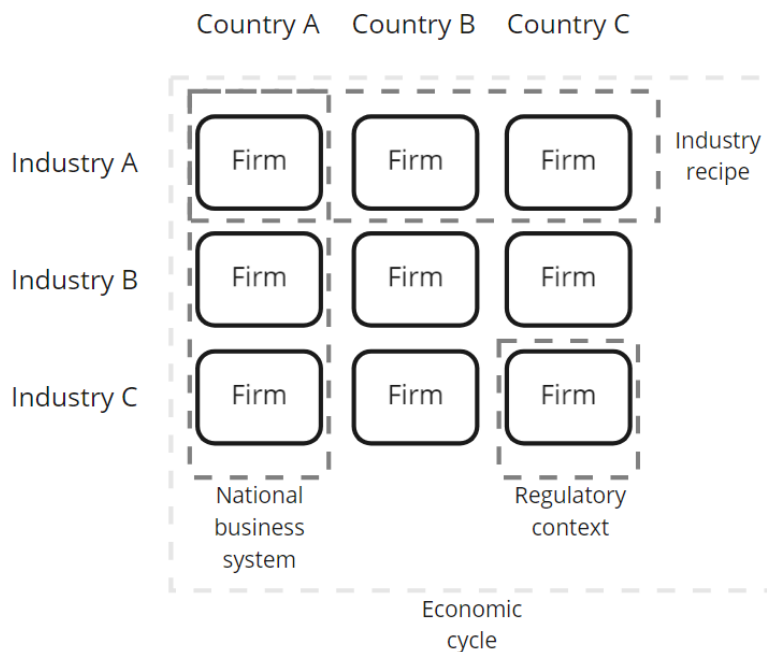


Figure 2.1.3: Environmental influences institutional level, own ill. based on Winch (2010)

The basis of the Dutch institutional social-economic models is called the *Rhineland social model* (Albert, 1993) and is a form of capitalism with the goal to provide security for financiers, entrepreneurs, shareholders, consumers and politicians (Bakker et al., 2005). The main focus of the Rhineland model is on the freedom rights at a collective level and the responsibility of the

public sector. Additionally, the model is based on an active role of the government, the power of collective and social consensus and a long-term horizon (Bakker et al., 2005). The economic market is regulated by the government and the legislation is based on civil law. Due to the Rhineland social model used in the Netherlands, (local) governments have a high influence and responsibility in urban area redevelopment and public space. This is one of the reasons at institutional level that private stakeholders are barely involved in financing projects in public space such as placemaking projects.

Moreover, the regulatory context of area redevelopment in the Netherlands is strict and complex (Ministerie van Infrastructuur en Milieu, 2014). The institutional aspects can be divided into planning systems and spatial planning (Heurkens, 2015). Planning systems contain a set of legal regulations in order to execute spatial planning and regulate land use development. Spatial planning contains a binding land use plan, is a limited-imperative system, has a legal certainty and works with permitted planning (Buitelaar, 2011). Since the new spatial planning act 2008 (Rijksoverheid, 2008) the power and decision-making of area redevelopment shifted from the national government towards the municipalities and provinces. However, the regional and local government still have to submit a 'development strategy' (*structuurvisie*) to the national government. This document is not legally binding, however the top-down planning approach is still widely used and the national government can have a big impact on the local development plans. The only legally binding document is the land use plan, which is submitted by the municipality. Through demands in the content of the land use plan the regional or national government is still heavily impacting the local urban area redevelopment plans (Heurkens, 2015).

Due to this highly complex regulatory context, good and innovative initiatives from private parties are hard to realize because they have to meet all the different demands of all the different laws. This results in a rather slow and time costly process which can even result in cancelation of the entire initiative (Rijksoverheid, 2015). This is another reason at institutional level why private parties are hardly involved in financing public space and placemaking projects.

2.1.3 Governance level

In the governance level the level of cooperation and type of collaboration between involved actors in the area redevelopment is stated (Winch, 2010). Cooperation is based on stakeholders working together in order to achieve a mutual or underlying benefit, rather than competing for selfish gain (Lindenfors, 2017). This cooperation can be based on a variety of underlying agreements which are based on trust or hierarchy. The decision to opt for a cooperation is based on trust, hierarchy or anything in-between and is influenced by three main aspects: Uncertainty, asset specificity and frequency.

There is always some level of **uncertainty** in an urban redevelopment project, the level of uncertainty has a substantial effect on the governance strategy. Uncertainty results in a bounded rationality for the decision-makers, which means that decisions are always exposed to some level of irrational behaviour because the human being is incapable of complete rationality (Nodelman et al., 2018). Due to this bounded rationality it is impossible to write a complete and explicit contract of which the performance can be fully measured (Winch, 2010). The aspect of **asset specificity** describes the degree of specific nature of the project. The more specific the nature of the project, the more limited the options for the owner to find a suited partner. The effect of asset specificity depends on the stage of the redevelopment project in which it occurs. In the case of urban redevelopment projects, the level of project specificity pre-contract depends on the demand of quality, time, materials and originality. The higher demanded quality

or shorter timeframe will narrow the number of suited partners. The project specificity post-contracts also depend on the level of trust between the different involved parties.

The **frequency** affects the governance because parties who repeatedly work together learn about each other's behaviour, strategies and culture which generates trust. When anonymity is lifted between various parties and they are getting to know each other better, the parties are less likely to show opportunistic behaviour and the cooperation will be more successful (Wang et al., 2017). The three aspects of the governance level are shown in figure 2.1.4.

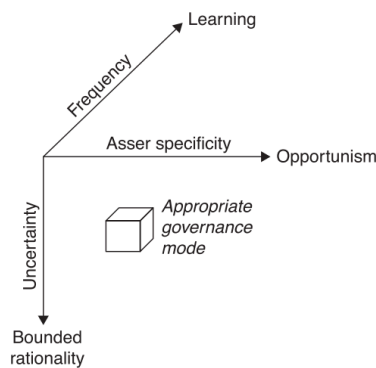


Figure 2.1.4: The governance level (Winch, 2010)

Agreements made in the governance of area redevelopment are executed in the process level with dynamic interaction between a variety of tasks, routines and teams. The tasks formulate what has to be done in order to realise the project mission, which is often done with the help of a work breakdown structure. The routines exist out of known and learned practices which are formed in the industry recipe. They evolve every project and adapt towards a particular redevelopment project. The teams are the people who are related to the project (Winch, 2010). This is shown in figure 2.1.5.

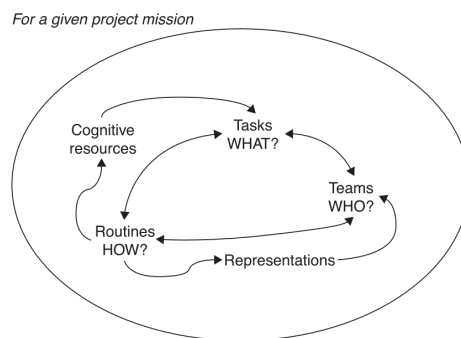


Figure 2.1.5: the process level (Winch, 2010)

The main focus of this research is the governance level (see figure 2.1.4) since the goal is to find suited governance strategies for optimal use of value capture in financing placemaking projects. In the governance level there are a number of different types of collaboration between the involved actors, which are now discussed.

2.1.4 Governance models

The way the organization and cooperation between stakeholders are arranged lies within the governance level and depends on the needs of the particular area redevelopment. There are five governance models known for area redevelopment in the Netherlands: public development, public-private partnership (PPP) concession PPP *bouwclaim*, PPP joint venture and a private development (Gemeente Utrecht, 2017; Ten Have, 2017).

phases of the project and integrated in the design, results in a more sufficient process and quicker delivery of the project, is a big advantage of this model.

PPP bouwclaim

The bouwclaim is the governance model closest to the traditional methods. The municipality procures the land holdings of the private developers, in exchange they get development rights for the planned area. Afterwards, the municipality prepares the building site for construction, and resells it to the private developers for a higher price than for what they bought it. The municipality remains mainly in control, however private parties can have some influence on the main features of the development plans. This governance structure is usually adopted when a lot of private land holdings are in place but the municipality wants to have high control of the area redevelopment (Houtzager et al., 2018). Since the private developers and housing associations carry more development risk than in a public development, the municipality will have to take their business models into account in order to achieve cooperation. Because of this it is important to align the interest of the involved parties (Houtzager et al., 2018; Weerd, 2007).

PPP Joint venture

In a joint venture model, a new and separate legal entity is established with representatives of the involved public and private stakeholders. This can be done through a new VOF, CV or a separate BV (Reitsma, n.d.). In this model, the public and private stakeholders are more equal to each other than in a Bouwclaim model, because they execute the land development together and carry risk and responsibility according to the size of their share in the joint venture. Complete financial transparency is favourable in order for both parties to control the costs and benefits of the joint venture and achieve an optimal result. A joint venture model is highly flexible and there is a lot of legal freedom to make specific agreements for a specific joint venture, as long as all the involved parties concur. Additionally, the holdings who are represented in the joint venture are not accountable in the case of default which makes this model less risky (Kelkar, 2017). The joint venture model is a collaborative model so adequate process management is necessary to make the joint venture successful (Weerd, 2007).

Private development

In a fully private development, (almost) all the land in the area development is already in possession of the private developers. Unless there is only one private landowner in the area redevelopment, the private parties have to cooperate with each other in order to develop the area according to the guidelines of the zoning plan. The cooperation will be guided by a process manager in order to limit conflicts and to keep the timeframe. This model is often used by the government for infrastructural projects since they are less complex than urban redevelopments. Additionally, in an area redevelopment the private parties have to make high investments in the quality of the public space. However, it is difficult to retrieve these investments from the end users, so in a private development model those investments will be kept at a minimum at the expense of the quality (Weerd, 2007). This is an important aspect of the private development model regarding placemaking and value capture since there are different ways to recoup the investments than only directly from the end users (Cohen et al., 2018).

In figure 2.1.7 the different governance structures are given from active to facilitating land policy of the municipality.

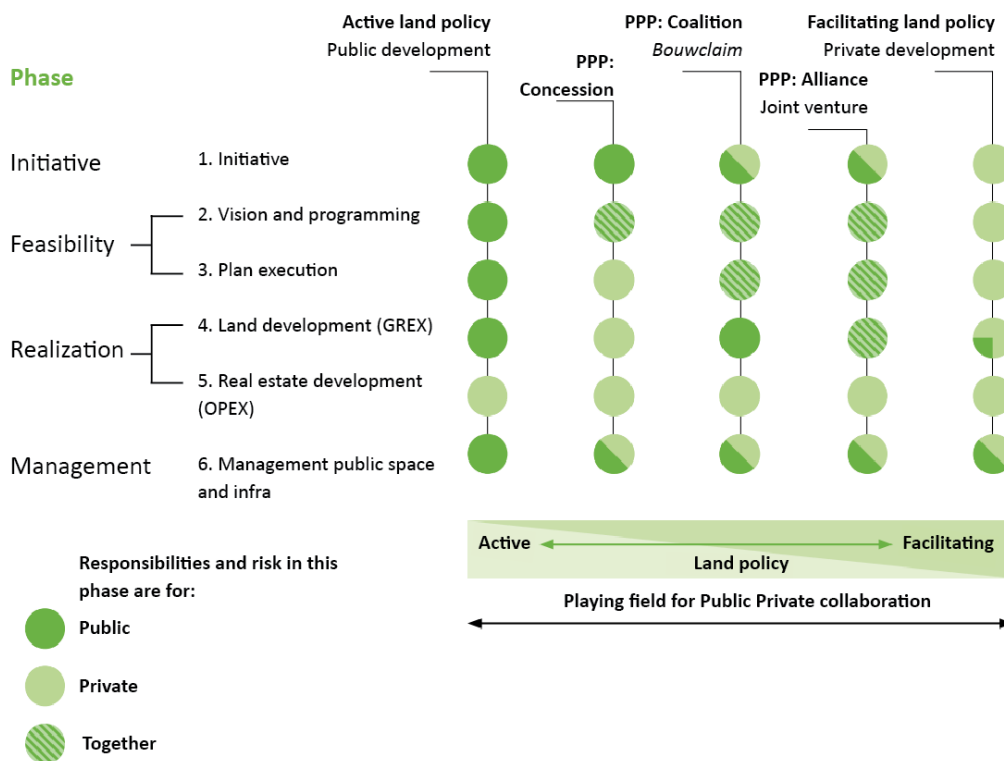


Figure 2.1.7: governance structures (Ten Have, 2017)

The figure also shows the responsibility of the different parties in different phases of the development process. In this research, the focus lies with multiple stakeholder involvement and which model(s) is/are suited for value capture as a land-based tool to finance placemaking. Each of this governance structures is suitable for multiple stakeholder involvement, however in a private development the developer can also be the single stakeholder. This is shown in figure 2.1.8.

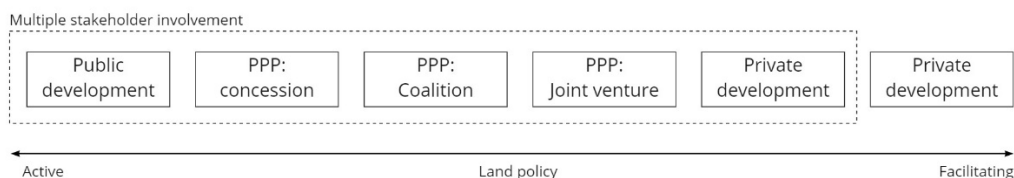


Figure 2.1.8: Multiple stakeholder involvement, own III.

2.1.5 Financing area redevelopment

A private investor invests with the goal to gain profits, which comes with market and process risks. The risk is calculated for, the higher the risk the higher the profit targets. A public party has to make investment calculations as well, not necessarily for financial profits but with the goal to add public and social value. The public party is aware that social benefits come at a costs. For most area redevelopments the land exploitation (GREX) and real estate development (VEX) are used to calculate the feasibility of the business case. The relation between these two aspects is essential for a business case. Basically, the future value of the to be build real estate determines the initial costs of the land. In the VEX calculation the investment costs are deducted from the revenues from the real estate sales. The investment costs include the construction costs, additional costs, general costs, profit and risk and interest costs. After the deduction the residual land value is known. This land value is the basis of the land exploitation (GREX).

Deducting the ground costs leave the land exploitation balance, when it is positive the business case is financially feasible, a negative value showcases an expected loss. The ground costs are the cost of land acquisitions, plan, research and discussion costs, demolish costs and soil remediation, preparing the land for construction and interest costs (de Zeeuw, 2018). This is shown in figure 2.1.9.

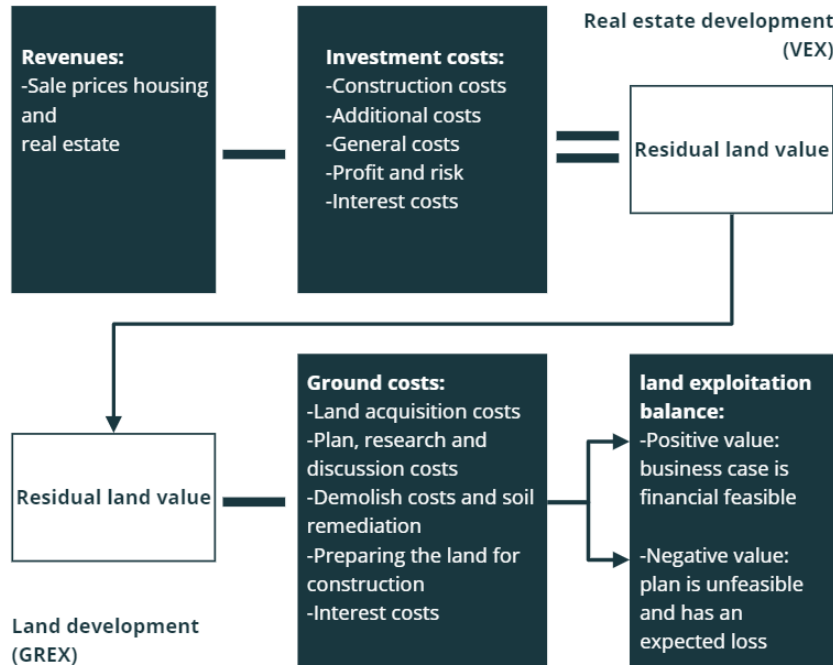


Figure 2.1.9: Relation land & real estate exploitation (de Zeeuw, 2018)

This calculation shows that a private developer, who is responsible for the VEX, has calculated a set percentage of profit and risk. If the sale prices of housing increase as a result of successful placemaking, the residual land value will increase as well but the profit and risk remains the same. This shows the increased value will be retrieved by the municipality through the residual land value.

2.1.5 Conclusion

To conclude, the main involved parties in area redevelopment are the municipality, area coordinators, private developers, housing corporations, constructors and investors. The organisation of an urban redevelopment project consists out of three different levels: The institutional level, in which the industry recipe, economical context and regulatory framework are defined, the governance level, in which the manner of cooperation is defined through different governance models, and the process level in which the tasks, routines and teams are defined. The three levels are interrelated and influence each other. In the governance level there are five different governance models, a public development, PPP Concession, PPP *Bouwclaim*, PPP Joint venture or a private development. The reason to choose for one of the governance models is based on the asset specificity, level of uncertainty and frequency of cooperation and is also influenced by the responsibilities and risks of each stakeholder in the different phases of the area redevelopment. A combination of the governance model and the tectonic approach is shown in figure 2.1.10. If the revenues increase, the land value increases as well which increases the price the municipality receives for the land.

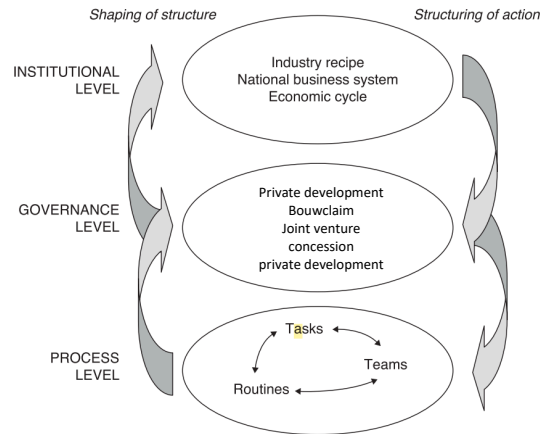


Figure 2.1.10: Organisation structure, own ill. based on (Ten Have, 2017; Winch, 2010)

2.2 Land value capture methods

This section will describe the basics of land value capture and discusses methods which are used in an international context to capture the added value.

2.2.1 Definition of land value capture

As stated in the section about governance of area redevelopment, the responsibility for the quality of the public space mainly lies with the municipality in the Netherlands. Some countries, like the US or UK, have a number of methods in place to involve the private sector in investments which increases the social and financial value of land and real estate. These methods are based on the principle of value capturing and can be a strategy or an instrument. Land value capture is a way of recovering (some of) the increase in value as a result of an investment in a public project, often made by the municipality (Adam, 2019; Nakiboğlu, 2006; Offermans, 2006; Offermans & Van de Velde, 2004). The following aspects of land value capture are important to consider (Nakiboğlu, 2006; Offermans & Van de Velde, 2004):

- Cost/benefits: Should the costs of the placemaking projects be shared by the public and private sector (cost recovery), or are the benefits as a result of a public investment in placemaking projects shared (retrieved benefits)?
- Before/after: Is the private contribution determined before the public investment or after?
- Voluntary/obligated: Are the private contributions based on negotiations and of voluntary nature, or is the private contribution mandatory through legal rules and regulations?
- Existing/new real estate owners: Is value capturing applied on already existing real estate and landowners, or on the new area developments and future property of real estate developers?
- In-kind/cash: Is the private contribution in the form of cash, or can it not be measured in monetary terms e.g., services, goods or time?

There are different types of policy instruments related to value capture such as macro, direct and indirect value capture. Macro value capture is often ingrained in the broader and national context of land policy, and the link between value capture and the macro land-policy regimes has become more remote (Alterman, 2012). Therefore, macro value capture will not be discussed in this research. However, the distinguishing between direct and indirect value capture is discussed below.

2.2.2 Direct and indirect value capture

The difference between direct and indirect value capture is the origin of the captured value. When the value is derived from direct revenue from the use and the users of the project, it is considered direct value capture. However, a public project can also generate additional and indirect value which can be captured with indirect value capture instruments (Adam, 2019). Additionally, the reasoning behind value capturing differs between indirect and direct value capture. Direct value capture is based on the fact that an end-user of the project has to pay to be able to use or access the project. That payment can then be used for a different public purpose which does not necessarily have to benefit the private contributors. Indirect value capture is based on the need to generate revenues or in-kind contributions in order to realize specific public services which also benefit the involved private contributors (Alterman, 2012). These differences will be elaborated below.

Direct value capture

The purpose of direct value capture is to make sure people or parties that directly benefit from the public project return part of their benefits to the public party because they did not take part in the initial investment. These benefits are called windfall gain or unearned increment. In simple examples this can be a toll payment for drivers who use a highway, or an entrance fee for a park. In more difficult examples this can be a tax increase for the landowners whose land value has increased as a result from a public investment (Alterman, 2012). Direct value capture instruments can be divided into different categories, depending on the nature of the value increase. The first is capture of an unearned increment, where the value increased due to other causes than a public investment, such as economic or social trends. This happens through general capital gains tax. The second category is capturing betterment, where the increase in value is a result of a public decision or action. This can be split into two groups: development-rights based betterment, where the value increase is a result of a planning or development decision of the municipality without actually having a physical public investment, and infrastructure-based betterment, where the value increase is a result of a public investment in a physical project such as infrastructure, parks or other amenities (Alterman, 2012). It is important to state that the contributions of the involved private parties do not have to be reinvested in beneficial projects for those parties (Alterman, 2012). Additionally, it is very difficult to find a direct way to let the end users pay for the quality of public space and placemaking projects. A fence can be put around a park, however the sidewalks in a street or a central square for example cannot be fenced and accessed only with an entrance fee (Huisman, 2006). Because of these aspects, direct value capture will not be the focus of this research since the goal is to find value capture methods to finance the initial placemaking projects and not to generate revenue which can be used elsewhere.

Indirect value capture

Indirect value capture, however, does generate the means to finance the initial placemaking project. Sometimes the added indirect value is hard to measure exactly, which is why margins are used in calculating the added value of an investment and it is difficult to capture the entire increase in value (Offermans, 2006). Indirect value capture is often initiated by the local municipality instead of the national policy makers, which makes it less vulnerable for political debate and can therefore resist political changes and the growing resistance to a tax increase. Additionally, indirect value capture is easier to justify against the end users of the project since the project would otherwise be financed from the public budget (Alterman, 2012).

The difference between direct and indirect value capture is shown in figure 2.1.11.

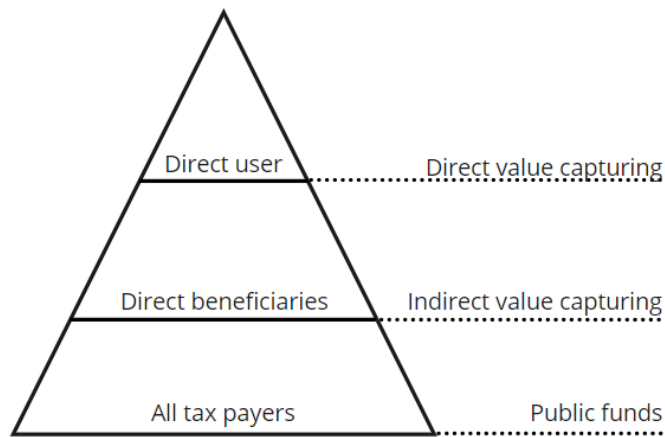


Figure 2.1.11: Direct and indirect value capture (Huisman, 2006)

Now the difference between direct and indirect value capture is explained, in the rest of this research the term 'land value capture' will be used with the following definition: *'Methods to capture the indirect value increase as a result of a placemaking project with the purpose to finance the initial placemaking project which generates the value increase'*.

2.2.3 International Land value capture methods in Dutch context

There are a number of value capture instruments from international context mentioned in the literature. Appendix 2 gives an non exhaustive overview of a number of different value capture instruments from Smolka & Amborski (2000), Doebele (2001) and Offermans (2006). A lot of the value capture instruments mentioned in literature overlap (partly) with each other, therefore Offermans (2006) has made a conclusive overview of the known value capture instruments and from which stakeholder the value is captured, see figure 2.1.12.

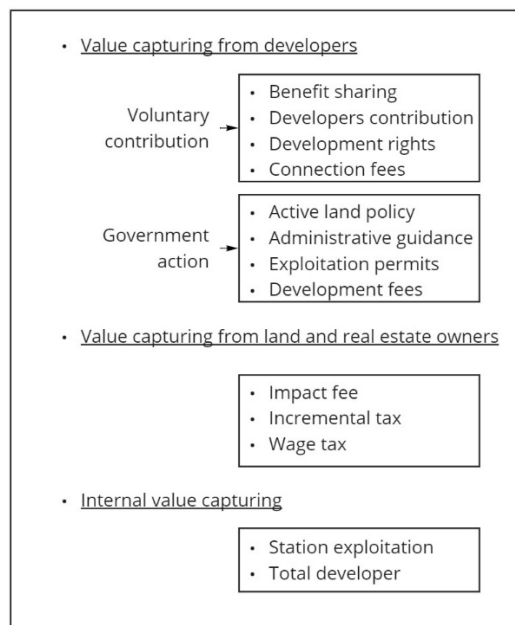


Figure 2.1.12: Overview of land value capture instruments from literature (Offermans, 2006)

The focus of this research lies with the value capturing instruments from private developers. Moreover, it is discussed below whether the instrument is currently used in the Netherlands or if it is possible to apply the instrument in the Dutch institutional context, looking at four different limitations (Offermans & Van de Velde, 2004):

- Financial limitations: Is the instrument effective and efficient enough to apply in the Netherlands?
- Legal limitations: Are adaptations of the current legal system needed to implement the instrument, and to what extent will the use of this instrument hold up in court?
- Social-political limitations: Is there resistance from society or politics towards applying this instrument?
- Organisational limitations: To what extent is the implementation of this instrument succesfull after overcoming the other limitations?

Benefit sharing

Benefit sharing is a complicated form of a voluntary contribution. With this instrument public and private parties make agreements together for the distribution of profits from commercial activities that (partly) result from public investments (Offermans, 2006). They make agreements about the height of the contribution, based on the assumption that private parties may benefit to a certain extent from the investments of public parties without having to do anything in return. For example, it is possible that a private party contributes to the cost of a public park of infrastructure above an agreed yield level or revenue level. By awarding a profit level in line with the market, private parties are not deterred from making the initial investment (Kenniscentrum PPS, 2001a; Offermans, 2006). This is shown in figure 2.1.13.

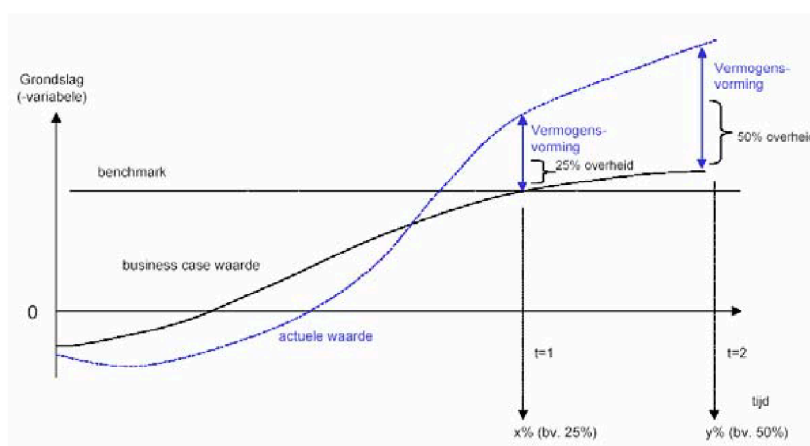


Figure 2.1.13: benefit sharing scheme, (Kenniscentrum PPS, 2001a)

With benefit sharing it is important to determine three different variables (Kenniscentrum PPS, 2001a):

1. What is the basis variable for the agreement? Is it profit, return or revenue?
2. A standard is then linked to this base variable using a benchmark, above which contributions are in place.
3. Agreements about the distribution of the contribution have to be made.

This instrument has been used for smaller projects in the Netherland, on municipal level. In larger projects however, such as infrastructural projects nationwide investments, it is more difficult to use benefit sharing, due to organizational limitations. Benefit sharing is implemented once, to a certain degree, in a big infrastructural project The Hague central station. It was the intention to fully implement the use of benefit sharing, however it was toned down to some private-public agreements regarding the division of possible profits. This was a result of the attempt to minimize the uncertainties in the negotiations, which is an organizational limitation (Offermans & Van de Velde, 2004).

Developer contribution

With developer contribution, private developers are willing to contribute to the placemaking project because they see a positive causal relationship between the value of their property and the temporary placemaking in the area. Because of this, private developers can make a voluntary and often one-off contribution to the development (Offermans, 2006). This value capture instrument is fairly similar to the connection fees, however the property of the private developer does not necessarily have to be adjacent to the placemaking project. It is possible to apply this value capture method in the Netherlands, since there are no contradicting regulations or limitations in the Dutch institutional context. The organisation can be difficult, since it is a voluntary contribution from a developer, who has to decide whether the investment will generate higher returns.

Development rights

This instrument is a zoning approach that redirects development that would otherwise occur on land with conservation value (such as agriculture, community open space, or other natural or cultural resources) to an area designated to support growth and development (Theilacker, 2007). The municipality can use this instrument to financially meet the landowners who have land in the areas where the municipality does not want area redevelopment to occur and offer them development rights on another location under municipal zoning. The development rights on this new plot will be enhanced by for example a higher density or building height, which would not have been possible without this land value capture method (Theilacker, 2007). Moreover, the development rights can be auctioned to create market competition, which can show the expected value increase because developers make an offer related to what they think the future land is worth (Transport for London, 2018). It is possible to use development right as a land value capture method in the Netherlands if the municipality is involved in the process. Through public law they can issue an exception on the zoning plan to support a higher density or housing in an area which was not designated as residential. There are no real limitations using this method in the Netherlands, since the municipality decides by herself whether the redirection of the development is wanted (Offermans & Van de Velde, 2004).

Connection fees

A connection fee is a simple form of value capturing that is based on mutual benefit between the public party that develops the public space or placemaking project and the private developer of adjacent real estate. The value of the adjacent real estate increases because of the improved public space or placemaking initiative, so the private developer contributes with a one-time fee to support the placemaking project (Offermans, 2006). This method is almost never used in the Netherlands since there is a financial limitation, the private actors want to foresee relatively large benefits before deciding to contribute (Offermans & Van de Velde, 2004).

Active land policy (with ground lease)

Governments with active land policies are able to monetize land value increases themselves. An active land policy means that the local government itself issues land which is ready for construction to market parties. Part of the additional profit from the sale, generated by public investments, could be used to cover the initial costs that eventually lead to the value increase (Offermans & Van de Velde, 2004). The municipality can choose to sell the land, or to use ground lease as an instrument to issue the land. With this instrument the municipality will remain the owner of the land which gives them influence over the current and future plans. Moreover, it gives the municipality the possibility to recover (some) of the increase in property value since they can increase the lease price upon completion of the initial lease contract. The ground lease fee is called a Canon and can either be paid every year or for a certain amount of years at once,

mostly 50 or 100 years (Larson & Zhao, 2010; Offermans, 2006). This land value capture method is widely used in the Netherlands, almost 3% of all Dutch land holds a ground lease of which nearly 50% in Amsterdam (Bolhuis, 2020).

Administrative guidance

This value capture method is applied in Japan and is an instrument in which the costs of rail infrastructure to be constructed to reach newly developed areas are paid by multiple actors. The private developers bear half of the construction costs (excluding bridges and tunnels) and transfer the necessary land at its original value (the price before zoning plan changes) In return, both the local and national government each subsidize up to 18% of the construction costs, paid periodically over a period of six years after the opening of the line (Tsukada & Kuranami, 1990).

Exploitation permits

The municipality can use zoning plans and exploitation permits to negotiate contributions from private parties to public investments. In exchange for this contribution, in-kind or financial, the developer receives the right to develop a new location or to develop with a higher density. Moreover, the municipality can use the exploitation permits to set a number of requirements for the quality of the project (Offermans & Van de Velde, 2004). In the Netherlands there is not a law in the spatial planning act which allows the municipality to obligate a private party to contribute to a public expenditure. However, the municipality can use public law for achieving private party contributions (Hobma, 2020).

Development fees

New developments can increase the pressure on the transport network which leads to increased costs for the transportation operator such as maintenance or expansion. For those costs a contribution from the developers is required. This can be a onetime or recurring payment. These fees are often used as a condition for being allowed to develop in the area. Just as with the exploitation permits, the zoning plan can be used to obligate the contribution. the limited applicability and the requirements with regard to accountability make this instrument unapplicable in the Netherlands.

All the mentioned land value capture methods are listed in figure 2.1.14 below in a scheme which it shows which land value capture methods have potential in the Dutch context.

Value capture from developer: voluntary contribution	Potential in the Dutch context	Main limitation*				
		F	L	S-P	O	None
Benefit sharing	++				X	
Developers contribution	++				X	
Development rights	+					X
Connection fees	0/+	X				
Value capturing from developers: government action						
Active land policy (with ground lease)	++					X
Administrative guidance	0		X			
Exploitation permits	++		X			
Development fees	0		X			
*F=financial, L=Legal, S-P=social political, O=organizational limitations						

Figure 2.1.13: Overview of land value capture from developers instruments, given the potential and limitations (Offermans & Van de Velde, 2004)

To conclude, benefit sharing, developers contribution and development rights can be used in the Dutch institutional context as a voluntary contribution. An active land policy (with ground lease), and exploitation permits can be used by the government to oblige private developer involvement in the Dutch institutional context. These five land value capture methods will be used in this research.

2.3 Placemaking projects

In this section the definitions of placemaking given in literature will be discussed, as well as the components of placemaking, benefits of placemaking, different types of placemaking, successful placemaking, and how that value can be measured. Additionally, this section will check whether the hypothesis that *placemaking projects increase the value of area redevelopment* is correct.

2.3.3 Type of placemaking suited for using land value capture

As mentioned before, land value capture is a way of recovering (some of) the increase in value as a result of an investment in a public project, often made by the municipality (Adam, 2019; Nakiboğlu, 2006; Offermans, 2006; Offermans & Van de Velde, 2004). Therefore, the placemaking project needs to achieve significant economic benefits so the value can be captured.

There are a number of different types of placemaking, which can be categorized into four different types of urban design placemaking: Standard placemaking, Creative placemaking, Tactical placemaking and Strategic placemaking (Wyckoff, 2014):

Standard placemaking

Standard placemaking is a universal term for placemaking which includes coordinated and uncoordinated improvements which are made over time in a neighbourhood. Often the other types of placemaking are part of standard placemaking.

Creative placemaking

The focus of creative placemaking is mainly on the creation of vibrant and artistic places which include mural paintings, street sculptures or large public art monuments. The software in creative placemaking are activities like art studios or cultural events. Creative placemaking mainly occurs in neighbourhoods that are already inhabited and the initiative comes from the local residents.

Tactical placemaking

Tactical placemaking often has a short term and low-cost commitment since the goal is to experiment with short term activities and small projects. It takes a long time before the impact of tactical placemaking is notable, however it can improve the quality of a neighbourhood.

Strategic placemaking

Strategic placemaking is focussed on achieving a particular goal besides creating quality places. It has the intention to boost a neighbourhood which can result in additional investments and higher quality and value (Shaw & Montana, 2016). The main target group of strategic placemaking are knowledge workers and cultural and crafts entrepreneurs who can live anywhere due to their skills, and therefore look for opportunities in low rent prices and a space to develop their enterprise. Additionally, they favour the presence of other talented workers. The targeted activities and projects are temporarily and often have a large scale and a timeframe of 5 – 15 years which makes it interesting for the private sector as well. It was stated before that strategic placemaking should be initiated early on in the redevelopment project and results in

an above market-average value increase (RICS, 2016; Savills, 2016). The timing and value increase of strategic placemaking is shown in figure 2.3.2.

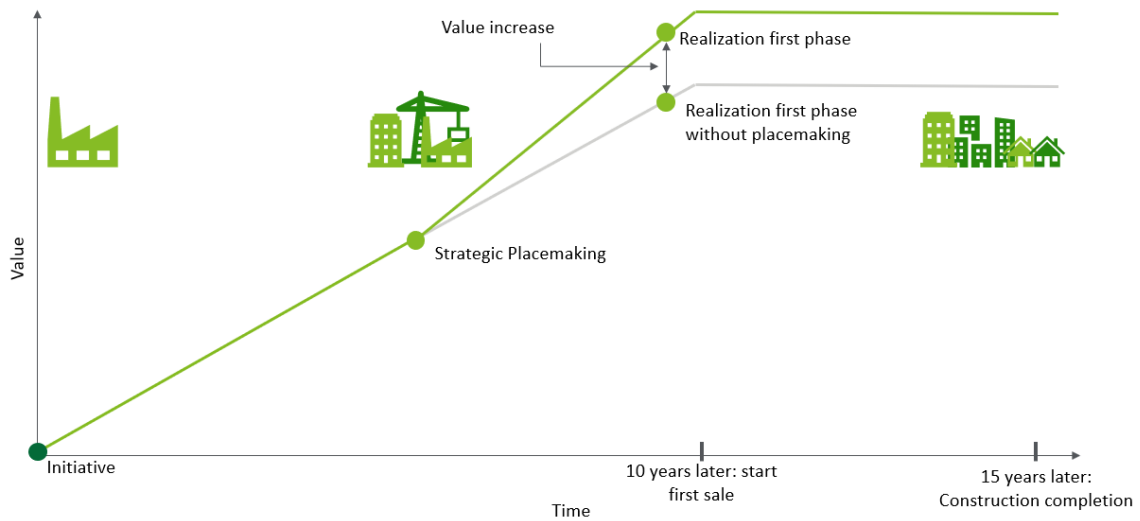


Figure 2.3.2: Timing strategic placemaking, own ill adopted from (de Zeeuw, 2018)

Initially, development of existing areas is not necessarily aimed at realizing large cash flows. It is primarily concerned with developing new programs, events, activities, and functions in a specific area, also known as strategic placemaking. Functions are developed with minimum resources and, if successful, generate cash flow slowly but steadily. This way, the development of the area grows step by step (Stauttner, 2017). When the development starts, traditional forms of construction, property development, and capital are displacing placemaking and dominate the area. As a result, all of the energy that has been invested in these areas has been squandered. According to Stauttner (2017), it is a waste of the value of these placemaking projects if they are not persevered. The placemaking project should get a permanent allocation in the area redevelopment.

These four different types of placemaking can be organised in a scale from a top-down towards a bottom-up approach. Since the research focusses on placemaking in area redevelopment with the goal to boost the value of the redevelopment and to attract future residents to the area, the top-down approach is of main interest and the focus will lie on strategic placemaking. See figure 2.3.3.



Figure 2.3.3: Scale of approach, own ill.

2.3.4 Conclusion

The theoretical background gives an overview of literature about placemaking and makes it applicable for this research. Placemaking is defined as the planned, purposeful and deliberate approach towards creating attractive places from a human being point of view. It exists out of hardware, software and orgware and all three aspects should be present in order to achieve successful placemaking. Once the placemaking is successful, it results in above market-average land value increases. The top-down approach called strategic placemaking is the focus in this research, in which placemaking is used as a temporarily (5-15 years) attraction to uplift the

popularity and accessibility of the to be redeveloped area. Once the area redevelopment starts to take off, permanent allocation should be provided for the placemaking projects. The hypothesis that *placemaking projects increase the value of area redevelopment* is correct.

2.4 Conclusion theoretical background

The theoretical background is concluded by addressing the findings about the three main topics.

2.4.1 Governance structures

Governance of area redevelopment refers to how stakeholders plan, manage and finance urban redevelopment projects. The main stakeholders are the municipality, area coordinator, private developer, housing corporation, constructor and the investor. The decision to choose a certain governance structure is based on the level of uncertainty, asset specificity and frequency of the project, and on the level of power and interest of the different stakeholders. There are five governance structures practiced in the Netherlands, varying from an active to a passive land policy of the municipality: Public development, PPP Concession, PPP *Bouwclaim*, PPP Joint Venture or private development.

In a public development the municipality is the leading party and initiator of the development. Often the municipality owns (most of) the land in the area and searches for development parties who want to do the real estate development according to the municipalities guidelines and vision. The municipality will prepare its land for construction before selling or leasing it to the private developer. In a PPP Concession the municipality owns most of the land which they issue through a tender to private parties, who become responsible for the entire design and physical construction. The municipality solely gives out some preconditions. This is also referred to as a 'turnkey' contract, and the municipality has very little impact during the entire process. In a PPP *Bouwclaim*, the municipality procures all the land in an area from the private developers at an agreed discount. They prepare the land for construction and make a program and a vision for the entire area. Afterwards, the land is resold to the private developers according to arrangements made beforehand. This governance structure is usually adopted when a lot of private land holdings are in place but the municipality want to have high control of the area redevelopment. In a PPP Joint Venture a new and separate legal entity is established with representatives of the involved public and private stakeholders. They agree upon a division of risks and responsibilities throughout the redevelopment process. This is a highly flexible governance structure and complete transparency is favourable to achieve a pleasant cooperation, since a JV is often a long-term commitment. In a private development (almost) all the land in the area development is already in possession of the private developers. Unless there is only one private landowner in the area redevelopment, the private parties have to cooperate with each other in order to develop the area according to the guidelines of the zoning plan.

Assumptions case study research

Since the goal is to involve private developers in placemaking projects, they should be represented in the governance structure so they have a say in the development of public space as well. If their influence is limited to their own plot, it will be complicated to involve them in placemaking project in the area redevelopment.

In a public development, housing associations and private developers have limited influence on the spatial relationship between living, working, shopping and social facilities. The sole influence they have on the development is the architecture and programming of their own appointed plot, as long as the guidelines of the municipality are maintained. Because of this, the quality of the

public space will be fully determined by the municipality and it is hard to involve the private developer in placemaking projects. Therefore, a public development is not expected to be practiced for private developer involvement in placemaking projects. Private developers are represented to a certain degree in the other governance structures so based on theory they can be practiced for private developer involvement.

2.4.2 Land value capture methods

Land value capture is a way of recovering (some of) the increase in value as a result of an investment in a public project, often made by the municipality. In this research the focus lies with indirect value capture methods, in which the value is captured from the private developers and used to (partially) fund the initial placemaking project that generates the value increase. Land value capture methods are mainly applied in the UK and US, and therefore in other national institutional contexts than the Dutch context. The main known land value capture methods to capture value from developers in international context are benefit sharing, developers contribution, development rights, connection fees, an active land policy, administrative guidance, exploitation permits and development fees. This list is non exhaustive. The financial, legal, social-political and organisational limitations in the Dutch context of these methods are assessed. There are five land value capture methods that can be applied in the Dutch institutional context. Benefit sharing, which is a complicated method to share the profits from commercial activities between the public and private parties. A developer contribution, which is based on voluntary contributions from private developers to the initial placemaking project. The height and frequency of the contribution is discussed between the involved parties. Development rights, which is a voluntary method where the municipality can offer a private developer rights to build on another plot than its own, because the municipality wants to stimulate growth on the other plot for example. The new plot can be densified to make it more attractive for the private developer. An active land policy is a method that can include a ground lease system. The municipality keeps full control of the area redevelopment and makes all the decisions by themselves. Exploitation permits can be used by the municipality to set requirements for a development without owning (almost) any land in the area. Through public law the municipality can deny approval of a zoning plan change, which is required to initiate a residential development, if a private development does not comply with certain requirements of the municipality. Those requirements are stated in a framework agreement, and all the developers need to comply.

Assumptions case study research

In order to use value capture methods to involve private developers in placemaking, (some of) the increased value has to be retrieved by the private developers. Otherwise there is no private value increase to capture.

Since an active land policy is used by the municipality to keep full control of the area redevelopment and to make all the decisions by themselves, it is not a favourable land value capture method for private developer involvement. Apart from the fact the private developer is not involved in the decision making about the placemaking projects, the increased value is not retrieved by them either. The increased property values increase the residual land values, and because of a ground lease system these values are retrieved by the municipality. The private developer only receives the profits which are taken into account in the business case. Based on theory, the other four land value capture methods can be practiced for private developer involvement.

2.4.3 Placemaking

Placemaking is the planned, purposeful and deliberate approach towards creative attractive places from a human point of view. In order to use land value capture for placemaking, the placemaking project should significantly increase value, otherwise there is no value to capture. Moreover, in order to involve the private developer, the increased value should be (partly) received by the private developer. Placemaking has social and financial value such as health benefits, social benefits, environmental benefits and economic benefits. Since the goal of a private developer is to maximize their profits, the placemaking should specifically have economic benefits. In literature it is stated that placemaking has a significant influence on the value of an area redevelopment, differing from 5% to 50% depending on location and dwelling type. There are different types of placemaking such as standard placemaking, creative placemaking and tactical placemaking. However only strategic placemaking has the goal to boost a neighbourhood and attract future residents to the area, and results in the most economic benefits. Strategic placemaking should be initiated early on in the redevelopment to generate the highest value increases. In order to mitigate the additional risk of a higher initial investment in the area, the costs of placemaking should be shared between the involved stakeholders. Strategic placemaking is often temporary with a duration of 5-15 years. Afterwards the placemaking is discontinued to make place for the permanent development. Theory states the placemaking should get a permanent allocation in the definite plans, in order to keep the generated quality. It is expected to find strategic placemaking in the Netherlands during the field work, since it is a widely used strategy to attract future residents to an area.

2.4.4 relation between the main topics

The relationship between the three main topics is explained by an intervening variable, which is an underlying variable that explains the outcome of two other variables, the dependent and independent variables (Emanuel, 2021). The researcher modifies the independent variable in order to determine the effect on the dependent variable (Zach, 2020). Benefit sharing, developer contribution and development rights are voluntary whereas exploitation permits are based on obligation from the municipality. Since benefit sharing, developer contribution and development rights are voluntary, it should be discussed between the public and private parties and result in a mutual agreement. Therefore the voluntary methods are expected to be used in a PPP governance structure. In theory, they can be used in a fully private development with multiple developers as well. then it would be favourable to hire a process manager to guide the discussion. The exploitation permits are expected to be applied when the municipality has no other way of having influence in the area, such as in a private development. In a PPP or a public development it is not necessary for the municipality to use public law to demand a contribution, because the municipality has a stake in the area and governance. In the PPP there are mutual agreements about the cooperation and in a public development the municipality already has full influence. This theoretical framework is shown in figure 2.4.1 on the next page.

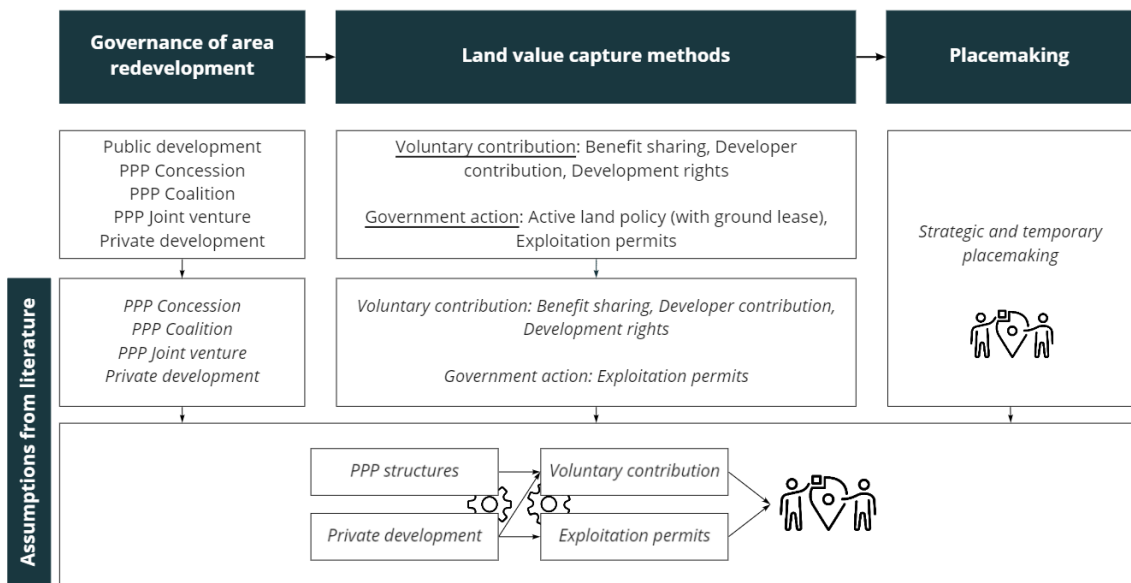


Figure 2.4.1: Theoretical framework, own ill.

Part 4. Empirical research

4.1 Reading guide

In this chapter the four cases from the case study research are described and cross-case analyzed. The cases will be described according to the following aspects:

Introduction

The cases will be introduced with some background information about the area redevelopment and the city. A timeline is given with important milestones to show the time frame and duration of the area redevelopment.

Placemaking

The placemaking projects present in the different cases are discussed according the present hardware, software and orgware (Besters et al., 2019).

Governance

In the governance section the stakeholders are described and mapped according the stakeholder interest and influence (Grégoire, 2020). Stakeholder mapping is valuable for stakeholder management and the maps are used in the cross-case analysis in section 4.6. Figure 4.1.1 shows the used template for stakeholder mapping, moreover the interviewed stakeholders are underlined.

Additionally, the governance structure of the case is described using output from the interviewees and quotes to substantiate the findings. A organizational structure showcases the structure used in the particular case. The responsibilities per phase will be shown in figure 4.1.2, which concludes in a certain governance structure used in the case.

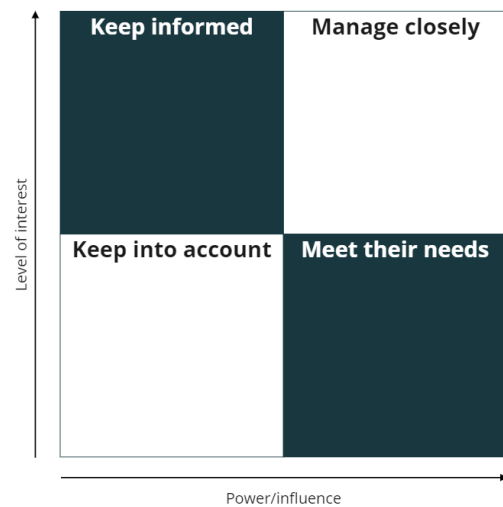


Figure 4.1.1: Dummy stakeholder mapping in placemaking (Grégoire, 2020)

	Multiple stakeholder	1. Initiative	2. Feasibility		3. Realization		4. Management	Governance structure
	No. stakeholders	Initiative	Vision and programming	Plan development	Land development (GREX)	Real estate development (OPEX)	Management open space	Governance structure
CASE								

○ Private ● collective ● Public

Figure 4.1.2: Dummy table governance, own ill.

Value increase

This sections describes the increased value as a result of placemaking in the area redevelopment according to the interviewees. An indicative calculation is made with all the known numbers based on interviews and additional market research. It is important to state that these calculations are indicative and entail a number of assumptions, the numbers and values are not definite. The main goal of the calculation is to showcase the process and financing method used in the particular case, so it can be compared to the known land value capture methods from literature. The indicative calculations are showcases used pie charts, see figure 4.1.3.

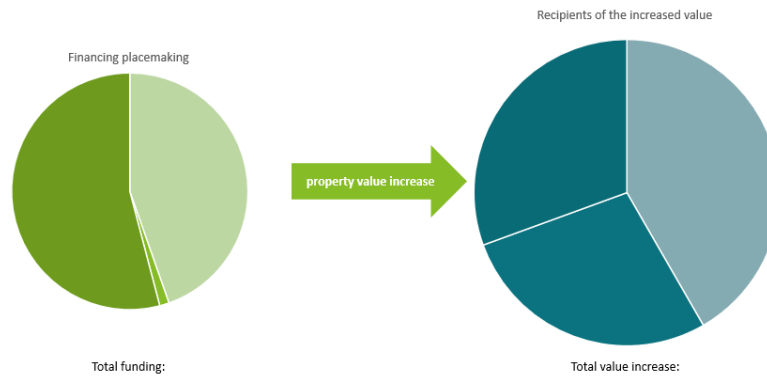


Figure 4.1.3: Dummy pie chart for indicative calculation, own ill.

Land value capture

This section describes what part of the increased value is captured and by who. A comparison with the known land value capture methods from the theoretical background is made, and the process is shown in the dummy pie chart of 4.1.4 again. The type of land value capture methods from literature which is most similar to the financing of placemaking in the case are indicated in figure 4.1.4.

CASE	Voluntary contribution			Governmental action	
	Benefit sharing	Developers' contribution	Development rights	Active land policy	Exploitation permits

Present
 Semi-present
 Not present

Figure 4.1.4: dummy table for land value capture method, own ill.

Conclusion

In each case description a short conclusion is stated, and the tables with information about the placemaking, governance structure and land value capture method are shown again.

Cross-case analysis

After the four case descriptions are given, they are used for input of the cross-case analyses. The differences and similarities between the cases are analyzed, to discover which cases had successful placemaking and which governance structures and land value capture methods have involved the private developer in the placemaking projects in the cases

Conclusion case study

A conclusion is provided through answering the following sub-questions:

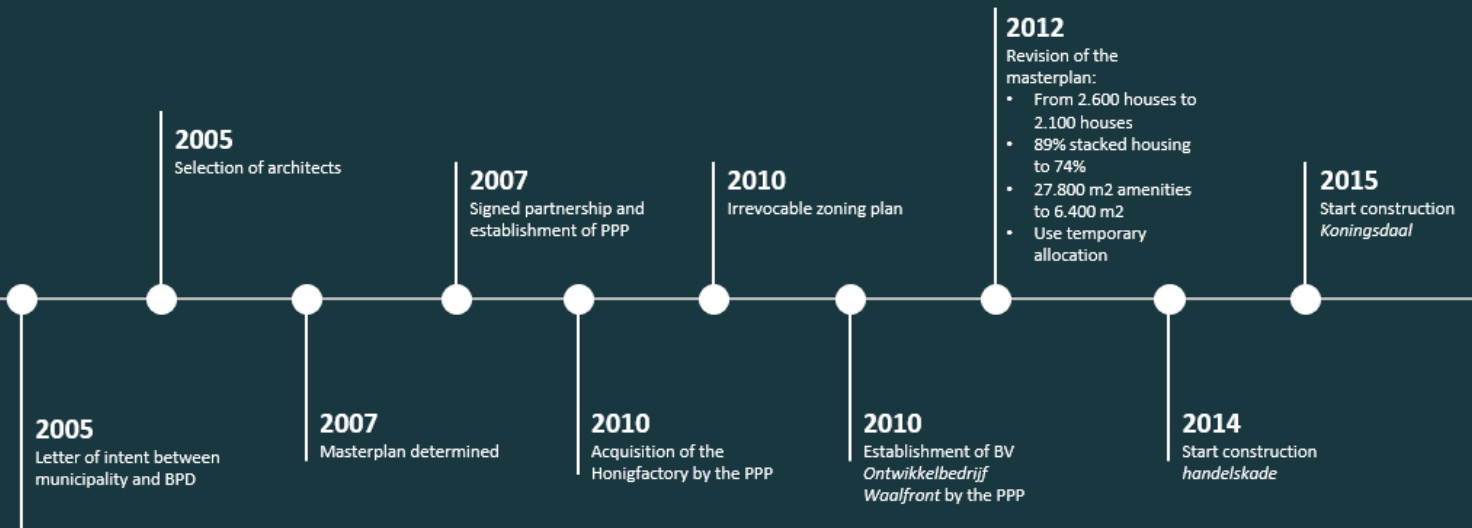
- 1b. Which governance structures are practiced for private developer involvement in placemaking projects?
- 2b. Which land value capture methods are practiced for private developer involvement in placemaking projects?
3. What types of placemaking is suited for using Land value capture to achieve private developer involvement?
4. Which combination of governance structures and land value capture methods are suited for private developer involvement in placemaking projects?

4.2 Case: Waalfront

Nijmegen

Waalfront is an old industrial area alongside the river Waal and is located directly next to the historic city center of Nijmegen. Since the floods of the river Waal in 1993 and 1995, the city has been struggling with the river and the protection of its riverbanks. Therefore big steel walls were placed separating the river from the city. With the overarching river project 'Nijmegen embraces the Waal', the problem of water safety has been converted into an improvement of the city's spatial quality. The transformation will revitalize the riverfront of Nijmegen (Janssen, 2020).

One of the five projects of 'Nijmegen embraces the Waal' is the area redevelopment of Waalfront, with the goal to transform the industrial area to a mixed work/live area with 2.100 dwellings. The Waalfront redevelopment has to contribute to solving the housing shortage in Nijmegen. The municipality of Nijmegen and area developer BPD joined in a PPP with a signed agreement in 2007. In the heart of the industrial area the former Honig factory is positioned, which was bought by the PPP in 2012 from Heinz. The factory was built there in 1914 which attracted a lot of workers to the area, however when Heinz decided to leave and sell the factory the area became functional obsolescence and was not attractive at all. (Geschiedenis Waalfront, n.d.)





Indoor volleyball (NijmegenActief, n.d.)

Multifunctional use of Honig factory outside area (Hetgoeieleven, n.d.)



The first restaurant in the factory 'Meesterproef' (Nijmegenactief, n.d.)



4.2.1 Placemaking

Hardware

The Honig factory was built in 1914 for soup and vermicelli production. The owner (Heinz) decided to move the production elsewhere and to sell the factory, which left a large functional obsolescence factory in the area. The factory is transformed into a multiple use placemaking hub and houses over 150 cultural and crafts businesses including a bakery, flex offices, an indoor volley-ball court and multiple restaurants (PD1, personal communication, 2021). Because of the factory, the hardware is fully present in this placemaking project.

Software

When the project started, the Honig factory quickly became a vibrant area with a lot of different activities and attractions. Even people from the Randstad came to Nijmegen to visit the factory (Nijtmans, 2021). Therefore the software is present. The interviewed placemaker mentioned the following:

“The placemaking in the Honig factory is successful, the restaurant and other entrepreneurs are often used as a hotspot of Nijmegen (PM1, personal communication, 2021).”

Orgware

The Honig factory was bought by in 2012 the PPP (municipality and BPD development) for €70 million. Since the Waalfront area was not an attractive and accessible area yet, the PPP decided to use the purchased factory for temporary strategic placemaking and attract people to the area (Mun1, personal communication, 2021). A placemaking expert was hired to come up with a concept for the temporary use of the Honig factory and was in charge of the placemaking in 2013 and 2014. When the expert had left, a local tenant of the factory continued managing the different placemaking projects in the factory. Because there was no formal entity established besides the local tenant for the organization of the placemaking, the orgware is semi-present in this case.

The PPP decided to establish temporary contracts with the tenants including less facilities in the building and a lower rent price. The temporary contracts are expiring in 2022, after which the redevelopment of the factory starts and 2/3 will be demolished (PD1, personal communication, 2021). The PPP wanted the placemaking project to be break even, so it would not have to be taken into account in the GREX or in the VEX. The additional necessary investments to make the building operational for tenants are estimated at €4 million in the course of 8 years (Mun1, personal communication, 2021). That meant that the total rent income had to be €4 million as well, resulting in a rent price between €25 and €50 per square meter per year. From the developers’ perspective, This rent price was not competitive with a market rent (PD1, personal communication, 2021).

	Type	Successful placemaking			Economical benefits
	Type	Hardware	Software	Orgware	Property value
Waalfront, Nijmegen	Strategic	●	●	◐	+ 5% / + 10%

● Present ◐ Semi-present ○ Not present

4.2.2 Stakeholders

There are different types of stakeholders involved in the placemaking project of the Waalfront redevelopment. They are categorized in public, private, end-user and expert stakeholders and

are listed in figure 4.2.1 below. The last column indicates whether the stakeholder is interviewed in this case study.

Stakeholder type	Function	Description	interviewed
Public	National government <i>Rijksoverheid</i>	In charge of spatial planning and development law in the Netherlands and provides a framework for the municipalities	-
	Provincial Government <i>Province of Gelderland</i>	Responsible for regional spatial planning and development	-
	Municipality of Nijmegen	In charge of local economics, spatial planning and environmental quality	Interviewed
Private	Area developer <i>BPD ontwikkeling</i>	International area developer associated with the Rabobank	Interviewed
	Other active developers <i>25% of VEX</i>	Other real estate developers in the area	-
End-user	Tenants of Honig factory <i>Oa Meesterproef</i>	Creative and crafts businesses and restaurant owners who operate in the Honig factory	Interviewed
	Future residents	The target group who needs to be attracted with placemaking	
Expert	Real estate agent Hans Janssen	Local real estate agent with knowledge about the real estate market of Nijmegen	Interviewed

Figure 4.2.1: Stakeholder overview Waalfront, own ill.

The involved stakeholders are mapped according to their level of power/influence and level of interest in the placemaking project. The municipality and BPD hold land position in the area and have high influence on the placemaking project, since it is their land and property. Other developers, the tenants of the Honig factory and the future residents have a high level of interest in the placemaking because the placemaking is organised by and for them. However they do not own any land or buildings. This shown in figure 4.2.2. The stakeholders who need to be managed closely are interviewed because the placemaking could not have been initiated without them, they are underlined in figure 4.2.2. Additionally, a tenant of the Honig factory is interviewed because he represents the stakeholders

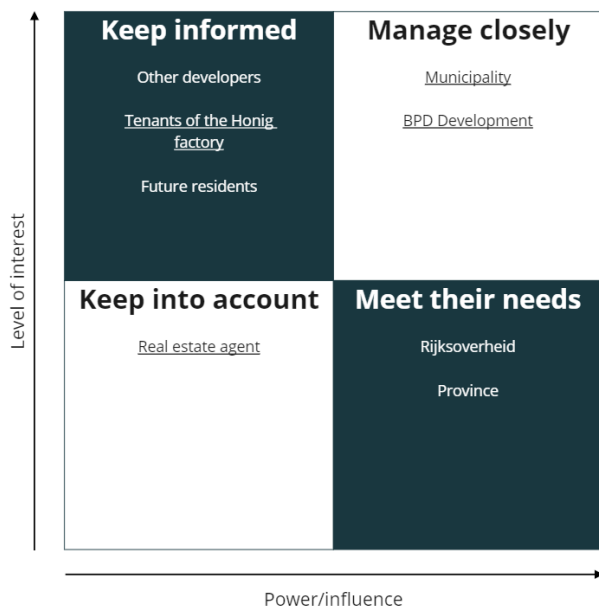


Figure 4.2.2: Mapped stakeholders in placemaking , own ill.

who have made the placemaking happen. Lastly, the real estate agent is interviewed because he has expert knowledge about the real estate market and values in Nijmegen.

The interviewed stakeholders are introduced below:

- **Private developer (PD1):** Senior development manager BPD development and representative of BPD in the PPP, interviewed on the 29th of September 2021.
- **Municipality (Mun1):** Director of the PPP on behalf of the municipality of Nijmegen, process manager regional program Arnhem and Nijmegen, interviewed on the 14th of October 2021.
- **Placemaker (PM1):** Owner of the ‘Meesterproef’ restaurant, first tenant of the Honigfactory, interviewed on the 14th of October 2021.
- **Real estate agent (RA1):** Director of real estate agent Hans Janssen, interviewed on the 11th of October 2021.

4.2.3 Governance

The municipality initiated this redevelopment because it had to contribute to solving the housing shortage in Nijmegen due to the high housing demand (ABF Research, 2021). Because of the magnitude and financial risks of the area redevelopment there was a lot of uncertainty which is why the municipality decided to establish a PPS (Mun1, personal communication, 2021). The municipality mentioned this as follows:

“We always wanted to establish a PPP, it was necessary because the book value of the GREX exceeded €300 million. That is a risk the municipality can’t take alone, and we needed a financial partner.” (Mun1, personal communication, 2021)

BPD area development won the tender because of the amount of risk they wanted to be responsible for and the fact that they are affiliated with the Rabobank, which made it less risky to join in a new entity for a long term area development (PD1, personal communication, 2021). A new **Joint Venture** called ‘*Ontwikkelbedrijf Waalfront*’ was established in 2007 where the risks and responsibilities were divided 50/50 between the municipality and BPD. The PPP was responsible for the **vision documents, programming** of the area, **plan development** and the **GREX** (Mun1, personal communication, 2021). It was agreed that BPD was going to develop 75% of the **real estate**. The other 25% was to be tendered to other developers for a degree of competition (PD1, personal communication, 2021) . See figure 4.2.3.

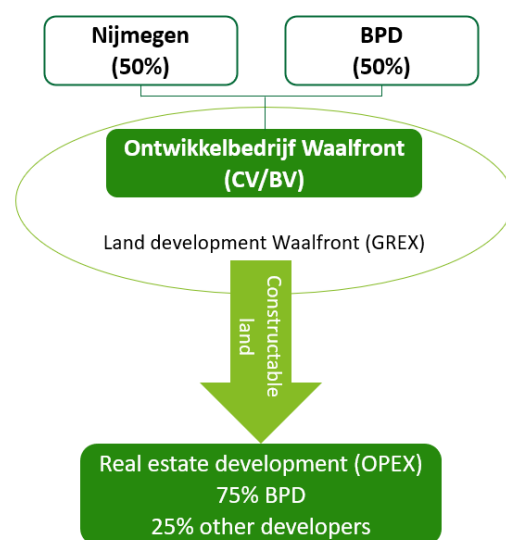


Figure 4.2.3: Organization structure of the PPP (PD1, personal communication, 2021)

The municipality (2021) states that the mutual transparency in financing worked well because of the continuity of involved people, the mutual trust of both parties and the flexibility to change. The developer is satisfied with the Joint Venture as well, since the municipality can accomplish certain decisions using public law which results in a smoother and faster process. This would not have been possible if the area

redevelopment was completely private (PD1, personal communication, 2021), because financial transparency is important in order for a joint venture to be successful (Weerd, 2007).

Since a Joint venture is highly flexible and there is a lot of legal freedom (Weerd, 2007), the private developer (personal communication, 2021) would have preferred to incorporate some more prenuptial conditions in the initial agreement. Sometimes the establishment of a PPP is rushed without thinking carefully about certain scenario's which can occur in the future. He states the following:

“A PPP is like an arranged marriage, the wedding is amazing but afterwards the usual marital problems starts. However, you need a PPP to execute an area redevelopment”. (PD, personal communication, 2021)

To conclude, the responsibilities of the involved parties are shown in figure 4.2.4.

	Multiple stakeholder	1. Initiative	2. Feasibility		3. Realization		4. Management	Governance structure
	No. stakeholders	Initiative	Vision and programming	Plan development	Land development (GREX)	Real estate development (OPEX)	Management open space	Governance structure
Waalfront, Nijmegen	6	●	◐	◐	◐	○	●	PPP: joint venture

○ Private ◐ collective ● Public

Figure 4.2.4: Responsibilities of the involved parties, own ill.

4.2.4 Value increase

All the interviewees claim there is a property value increase of between 5% - 10% as a result of placemaking in the area, which they mentioned as follows:

- *“Placemaking is about the beginning of an area redevelopment, to make the place popular. There is a higher increase of property values in Waalfront in relation to the city of Nijmegen. I think the increase is around 5% - 10% and is mainly generated from the moment people start to see the area as their residence.”* (RA1, personal communication, 2021)
- *“The effect of placemaking on property values is probably around 5%-10% and is mainly generated through accidental success of the placemaking project.”* (PD, personal communication, 2021)
- *“It is difficult to know what the exact effect of placemaking is on real estate values. The costs have to be made way before the benefits are shown. I would say that placemaking increased the property values with 10%.”* (Mun1, personal communication, 2021)
- *“There is really good placemaking in this area and my business is thriving. The Honig factory is often used as hotspot for Nijmegen. I would say it increased 10% of the real estate value* (PM1, personal communication, 2021).

When the property value increases, the land value increases as well (de Zeeuw, 2018). The land is owned by the PPP until it is sold to the developer, in this case BPD, so the land value increase will return to the PPP via the land price. In order to showcase the value increase as a result of

placemaking in the Waalfront, an Indicative calculation is made. The numbers used in the calculation are solely based on the interview input and are therefore **indicative and not definite**. The goal of the indicative financial calculation is to showcase the process and finance, and to compare the used finance method to the land value capture methods from literature.

Indicative calculation value increase Waalfront

1. Financing of the placemaking project

As mentioned before, the agreements about financing placemaking are part of the orgware section of the placemaking project. The PPP had to buy the Honig factory in order to keep full influence in the area, however it was not ready to be redeveloped yet. The PPP decided to hire a placemaking expert to come up with a strategy for the Honig factory, and decided to make the exploitation break even (PD1, personal communication, 2021; Mun1, personal communication, 2021) The following numbers are used to estimate the financing costs of the placemaking project.

- The gross salary of the placemaking expert is estimated at €4.000 p/m (Nationale vacaturebank, n.d.) for 2 years, which is a total of €96.000.
- The total rent income from the placemakers is estimated at €4.000.000 over the course of 8 years and is equal to the total exploitation costs (Mun1, personal communication, 2021).
- According to NVM (2015) competitive commercial rent price in 2013 and 2014 was between €100 and €125 per sqm per year in NL. The PPP decided to rent out the property at lower rates (PD1, personal communication, 2021). Since the rented out spaces have a temporarily status, the quality is not up to standards of a commercial lease so the PPP could not charge a full competitive rent price. For indicative calculation purposes the rent discount is set at €25 per sqm per year. The total gross floor area of the Honig factory is approximately 33.000 sqm (PD1, personal communication, 2021), it is assumed that 50% is rented out. This means the total rent discount was €3.300.000 over the course of 8 years. This discount is used as an indicative investment in placemaking.

2. Recipients of the value increase

- It is stated that the property values have increased with 5% to 10% as an effect of placemaking (PD, personal communication, 2021; Mun1, personal communication, 2021; RA1, personal communication, 2021; PM1, personal communication, 2021). For calculation purposes the increase is set at 7,5%.
- The average housing price in Nijmegen in 2013 was €205.000 per house (CBS, 2014). The low-cost house are assumed to have had a value of €160.000. There are 2225 houses currently sold and built or in construction, see figure 4.2.5. This results in a total of 1308 houses used in the calculation.
- With a 7,5% increase the value increase in the total area is €13.033.725.

	Aantal Woningen	Aantal Goedkoop (Koop/ Huur)	Percentage Goedkoop
Handelskade	534	257	48%
Koningsdaal Noord <i>Incl. park</i>	230	75	32%
Koningsdaal Zuid	224	19	8%
Dijkkwartier Oost	320	250	78%

Figure 4.2.5: No. of houses built in Waalfront (PD, personal communication, 2021)

The financing of placemaking and the recipients of the increased value are shown in figure 4.2.6. below.

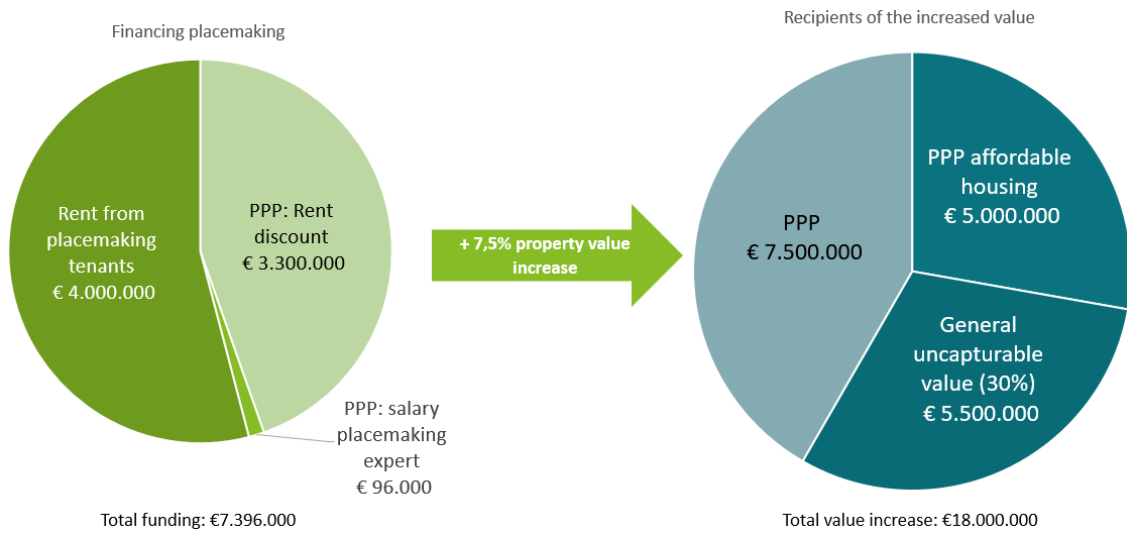


Figure 4.2.6: Increased value of placemaking, own ill

4.2.5 Value capture

Given the Indicative calculation, the placemaking has been financed by the end-users of the placemaking project and the PPP through the rent and a discount. The increased value as a result of the placemaking project is mainly received by the PPP and a part of it is uncapturable. When considering the five different types of land value capture given in literature, the method used in this case is similar to the developers contribution. According to the calculation the investment of the PPP is equal to 27% of the received value. Since the PPP did not actually invest this amount of money in the placemaking project but gave a discount for the placemaking tenants, this is an in-kind contribution. The LVC is shown in figure 4.2.7.

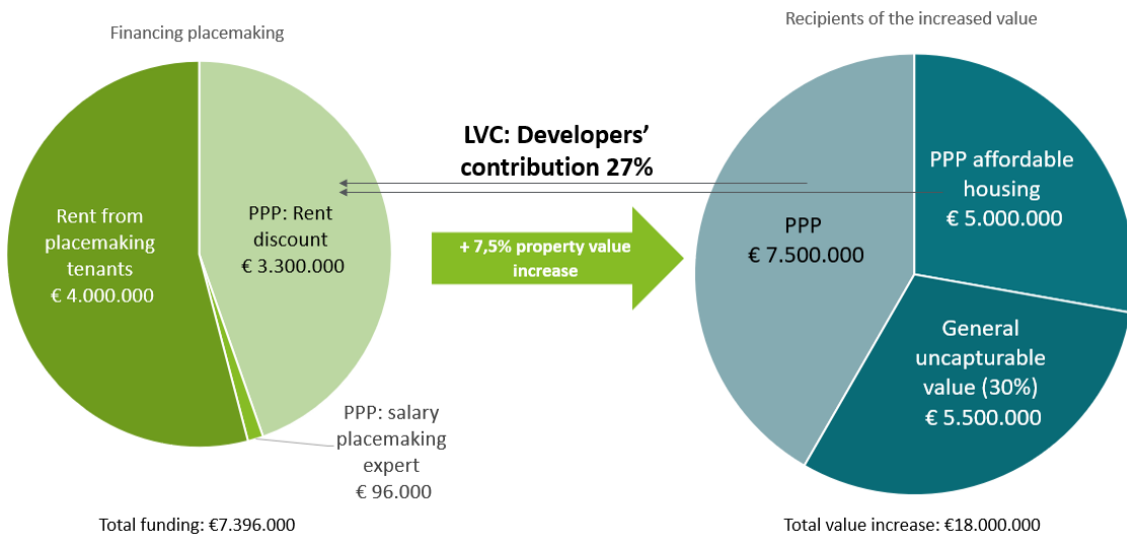


Figure 4.2.7: LVC in this case, own ill.

The tenants did not receive any of the increased real estate value, which makes sense since the placemaking tenants do not poses any real estate in the area. Their investment did give them the opportunity to start and grow as a business, which might not have been possible with a competitive rent as is stated by a placemaker in the following quote:

“I seriously doubt if I would have started my business if I had to pay a competitive rent price. In hindsight it would have been possible because my business became so successful.” (PM1, personal communication, 2021)

The PPP did not take the future value increase into account in considering their investment, because it can be very risky to calculate with future values. Because of this they decided to make the placemaking project break even. If the project turned out to be unsuccessful, the PPP would not have lost any money because it was a discount, not an actual investment (PD1, personal communication, 2021). Therefore, there is unintentional use of land value capture in this case and the future value did not affect the initial investment, as the developer says:

“We decided to make the placemaking break-even and to keep it out of the business case, because it contains a lot of risks and you never know if it is going to be successful. The effects of the housing market or the location are way higher, and our main point of focus.” (PD1, personal communication, 2021)

4.1.5 Conclusion

	Multiple stakeholder	1. Initiative	2. Feasibility		3. Realization		4. Management	Governance structure
	No. stakeholders	Initiative	Vision and programming	Plan development	Land development (GREX)	Real estate development (OPEX)	Management open space	Governance structure
Waalfront, Nijmegen	6	●	◐	◐	◐	○	●	PPP: joint venture

○ Private ◐ collective ● Public

	Voluntary contribution			Governmental action	
	Benefit sharing	Developers' contribution	Development rights	Active land policy	Exploitation permits
Waalfront, Nijmegen	○	●	○	○	○

● Present ◐ Semi-present ○ Not present

	Type	Successful placemaking			Economical benefits
	Type	Hardware	Software	Orgware	Property value
Waalfront, Nijmegen	Strategic	●	●	◐	+ 5% / + 10%

● Present ◐ Semi-present ○ Not present

Figure 4.2.10: Placemaking, own ill.

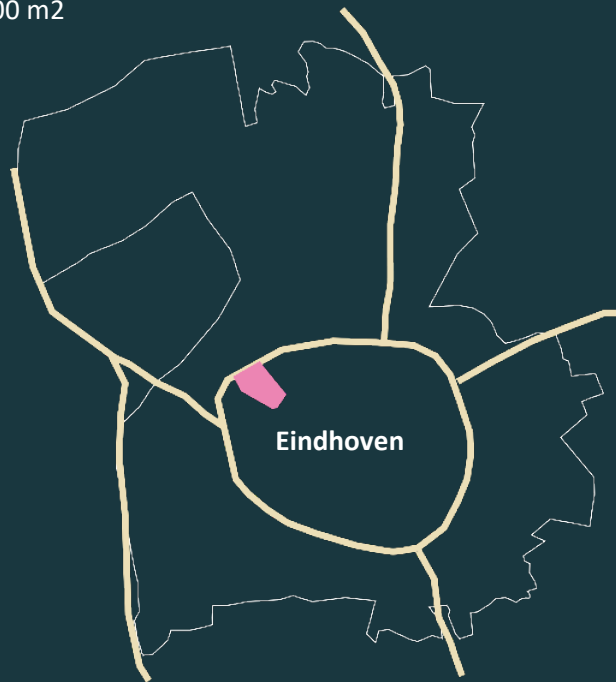
4.3 Case: Strijp-S

Eindhoven

Strijp-s is located in close to the city center of Eindhoven, next to the historical center. In 1916 the first factory of Philips was built in Strijp-s. the area attracted thousands of workers to the city of Eindhoven where they were educated, housed and employed by Philips. During the 90's Philips started to withdraw its production from the factories in Strijp-s and in 1997 the company decided to relocate its headquarters towards Amsterdam, leaving a completely empty and functional obsolescence industrial area behind.

This area was called the 'forbidden city' because it was not freely accessible and not connected with the surrounding neighborhoods. In 2000 plans were made to transform Strijp-s into a mixed-use residential area with a creative and dynamic living environment. In total the plan contains around 2.750 dwellings, from social housing to high segment housing. The programming is divided as follows:

- Living: 285.000 m²
- Offices and workspace: 90.000 m²
- Commercial facilities and culture: 30.000 m²
- Optional: 30.000 m²



2001

Intention agreement signed between municipality and VolkerWessels

2002

Municipality bought the area from Philips and resold it to VolkerWessels

2005

Land release planning and scheme made by the PPP

2006

Establishment of PPP Park Strijp-S beheer

2006

Start phase 1

2008

Establishment of Cultuurfonds Strijp-S

2010

Irrevocable zoning plan

2010→

Start construction of developments



Open cinema event in the public space (Reijnen, 2017)

Indoor skate hall Area 51
(Beers, 2011)



The 'Leidingstraat' iconic heritage
(Strijp-s, n.d.)



4.3.1 Placemaking

Hardware

After Philips left Eindhoven, the vacant buildings became available for placemaking of redevelopment in Strijp-S. The buildings have a rough and industrial exterior, which has proven to be very attractive for the target group of the area redevelopment. The different buildings of Strijp-S house restaurants, over 450 workspaces for creative and crafts industry, an indoor skate hall for urban sports and lots of open spaces for events and activities. The main placemaking takes place in the 'Driehoek', the monumental center of Strijp-S (HC1, personal communication, 2021; Mun2, personal communication, 2021).

Software

From the start there has been a lot of drive towards a multifunctional and mixed city, in which the existing buildings and the social structure have been handled with a lot of respect and creativity. With major events such as the GLOW light festival and the Dutch design week the location has caught the eye of national and international audiences, which has a big impact on the city and region as a whole (NEPROM, 2019). The area even won the NEPROM area development prize of 2019, and the Gulden Feniks in 2013.

Orgware

The involved stakeholders in the area agreed that as soon as the last Philips activity had left the area, it had to become publicly accessible for visitors. VolkerWessels, the municipality, Trudo, Woonbedrijf and Spoorzone decided to establish a cultural foundation called 'Cultuur fonds Strijp-S' in 2008. Each stakeholder invested €100.000 per year in this foundation until 2016 except Spoorzone, who invested €50.000 per year. This resulted in €450.000 per year to finance placemaking in the area (HC1, personal communication, 2021; Mun2, personal communication, 2021; PD2, personal communication, 2021). This foundation was used to finance events, local initiatives, early adapters, cultural expressions and creating workspaces for creative and crafts businesses (Mun2, personal communication, 2021).

Upon cancellation of the cultural foundation in 2016, Trudo housing corporation decided to continue with placemaking in the area. They used their own method 'slimmer kopen' to cover the additional costs. Trudo also renovated a lot of their existing buildings towards creative workplaces with a rent price of €30 to €90 per sqm, depending on the level of quality. Solely the exploitation costs were covered with this rent (HC1, personal communication, 2021). Another example is the 'Leidingstraat' which is renovated by Trudo for €2 million, because its cultural heritage had to be persevered and it's increased the quality of public space.

4.3.2 Stakeholders

There is a number of different types of stakeholders involved in the placemaking project of the Strijp-S redevelopment. They are categorized in public, private, end-user and expert stakeholders and are listed in figure 4.3.1 below. The last column indicates whether the stakeholder is interviewed in this case study.

Stakeholder type	Function	Description	interviewed
Public	National government <i>Rijksoverheid</i>	In charge of spatial planning and development law in the Netherlands and provides a framework for the municipalities	-
	Provincial Government <i>Province of North-Brabant</i>	Responsible for regional spatial planning and development	-
	Municipality of Eindhoven	In charge of local economics, spatial planning and environmental quality	Interviewed
Private	Area developer <i>VolkerWessels</i>	VolkerWessels is a building concern with international operations.	Interviewed
	Other active developers <i>Credo development, Interesting vastgoed, Spoorzone</i>	Other developers active in the area. Both <i>Interesting vastgoed</i> and <i>Spoorzone</i> are owned by Toon de Koning.	Interviewed
	Social housing cooperation <i>Trudo</i>	A housing corporation and is owner of all the real estate it rents out or sales. Trudo values placemaking and the quality of the environment of their tenants highly.	interviewed
	Social housing cooperation <i>Woonbedrijf</i>	A housing corporation which owns over 31.000 dwellings in Eindhoven and the surroundings.	-
	Urban designer <i>West8</i>	An international office for urban design and landscape architecture. They designed the urban plan for the entire area.	-
End-user	Stichting cultuur fonds Strijp-S	The cultural foundation is established by the PPP, Trudo, <i>Woonbedrijf</i> and interesting Vastgoed.	Interviewed
	Future residents	The target group who needs to be attracted with placemaking	
Expert	Real estate agent Maas Makelaars	Is active in the city of Eindhoven and knows the market of Strijp-S	-

Figure 4.3.1: Stakeholder overview Strijp-S, own ill.

The involved stakeholders are mapped according to their level of power/influence and level of interest. The municipality and VolkerWessels hold land position in the area and have the most influence on the placemaking project, since it is their land and property. Other developers, Trudo, and *Woonbedrijf* have a high interest in the placemaking because they are going to develop real estate in the area, and high power because most of them have already acquired the land they are going to develop before the placemaking project. *Cultuurfonds Strijp-S* and the future residents have a high level of interest in the placemaking as well because the placemaking

is organized by and for them. This shown in figure 4.3.2. The stakeholders who need to be managed closely are interviewed because the placemaking could not have been initiated without them. Additionally, Trudo is interviewed because they highly value placemaking and have initiated a lot of extra placemaking projects besides the *cultuurfonds Strijp-S*. Moreover, Trudo has a long term stake in the projects because they hold their developed property in portfolio. The interviewee who represents VolkerWessels is also part of *Cultuurfonds Strijp-S* and develops in the area as well.

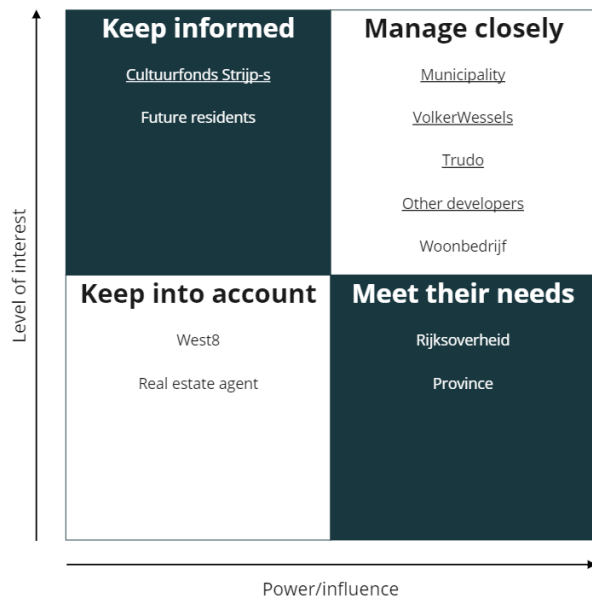


Figure 4.3.2: Mapped stakeholders in placemaking Strijp-s, own ill.

The interviewed stakeholders are introduced below.

- **Private developer (PD2):** Former director of VolkerWessels, and representative of VolkerWessels in the PPP, founder of SDK vastgoed, board member of stichting cultuurfonds, Director Interesting Vastgoed. Interviewed on the 19th October 2021.
- **Municipality (Mun2):** Program manager municipality of Eindhoven, representative of municipality in the PPP. Interviewed on 15th September and 19th October 2021.
- **Housing corporation (HC1):** Director of Trudo housing corporation, director of stichting cultuurfonds. Interviewed on 29th September 2021.

4.3.3 Governance

'Park Strijp beheer' was established in 2007 by VolkerWessels and the municipality of Eindhoven. The risks and responsibilities were divided 50/50. The PPP was responsible for the **vision documents, programming** of the area, **plan development** and the **GREX** (HC1, personal communication, 2021)(HC1, personal communication, 2021). It was agreed that VolkerWessels was going to develop 90% of the **real estate**. The organization structure is shown in figure 4.3.3. Moreover, every project needed to be offered to a construction company of the VolkerWessels holding, which provided a continues flow of construction orders for the VolkerWessels, as is stated in the quote below:

"The main incentive for VolkerWessels to enter the PPP was to have 20 years of construction orders for their subcompanies. As long as the GREX remained zero, they were happy with this construction continuity." (HC1, personal communication, 2021)

The PPP started with one masterplan and one GREX for the entire redevelopment, before involving the developer partners. Because of this in some developers had an expected loss in their land calculations and could not start with the redevelopment. Trudo for example, initially had to build an underground parking garage underneath their buildings in the ‘Driehoek’ area, which was their allocated part of the redevelopment. The PPP thought that was possible because they considered the entire area as one redevelopment, whereas Trudo could not make their sub-area redevelopment profitable because of the underground parking garage (HC1, personal communication, 2021). The housing corporation gives an example to illustrate this in the quote below:

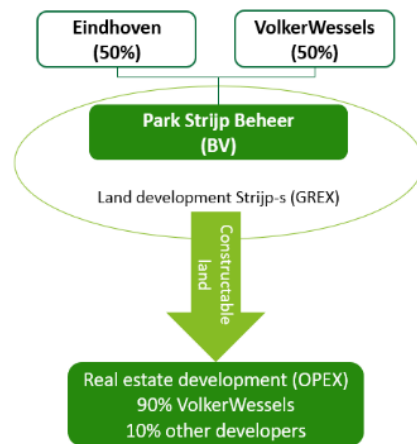


Figure 4.3.3: Organization structure of the PPP (HC, personal communication, 2021)

“Imagine, one parking spot costs €40.000 to build. The PPP expected 2000 parking spots in the garage which would cost a total of €80 million. Those parking spots would only generate around €20 or €30 million, which results in an unprofitable business case.” (HC1, personal communication, 2021).

Trudo decided to hire a urban planner who made some adjustments to the original urban plan of West8. The main change was that the building blocks became smaller and more dynamic, which made it easier to divide the project into smaller phases and to allocate the buildings which are not being used yet for temporary placemaking (HC1, personal communication, 2021; Mun2, personal communication, 2021). The difference between the original plan and the adjustments is shown in figure 4.3.4 below. This was an important change to the plan, since it contributed to the success of placemaking (HC, personal communication, 2021).



Figure 4.3.4: Original urban plan with big building blocks vs. new plan with dynamic shapes (HC1, personal communication, 2021)

To conclude, the responsibilities of the involved parties are shown in figure 4.3.5.

	Multiple stakeholder	1. Initiative	2. Feasibility		3. Realization		4. Management	Governance structure
	No. stakeholders	Initiative	Vision and programming	Plan development	Land development (GREX)	Real estate development (OPEX)	Management open space	Governance structure
Strijp-S, Eindhoven	9	●	◐	◐	◐	○	●	PPP: joint venture

○ Private ◐ collective ● Public

4.3.4 Value increase

The municipality and housing corporation claim there is a value increase of between 5% - 10% as a result of placemaking in the area, which is shown in the following quotes:

- *“Our buildings Anton and Gerard had a value of €2400 per sqm in 2012, and today it’s €5000 per sqm. Not all this value can be allocated to placemaking, but I would say placemaking has increased the value with 5% c- 10% (HC, personal communication, 2021)*
- *“If I look at the VON price development of houses in the city of Eindhoven vs. houses in Strijp-S, it can be concluded that placemaking generates a 5% - 10% increase on the property values” (Mun2, personal communication, 2021)*

The private developer in this area claims that 40% of the value increase can be allocated to placemaking, which is a lot higher than the other interviewees claim. The developers said: *“our first buildings were sold for €2850 per sqm and now for €5500 per sqm, which is almost double the price in 8 years. I would say 60% of this increase is a result of the housing market and popularity of Eindhoven, and 40% increase can be allocated to placemaking” (PD2, personal communication, 2021)*

For the Indicative calculation of the placemaking in Strijp-S this outlier percentage is taken out of consideration, which will be discussed in the discussion chapter.

After the establishment of the PPP, VolkerWessels and the municipality quickly decided to attract additional partners for the area redevelopment: Trudo, Woonbedrijf and Spoorzone/SDK vastgoed. After completing the masterplan, the lands were sold to the allocated developers. Therefore, the land value increase is received by the private developers.

In order to showcase the value increase as a result of placemaking in Strijp-S, an Indicative calculation is made. The numbers used in the calculation are solely based on the interviewees input or assumptions based on market research and are therefore **indicative and not definite**. The goal of the indicative financial calculation is to showcase the process and finance, and to compare the used finance method to the land value capture methods from literature.

Indicative calculation value increase Strijp-S

1. Financing of the placemaking project

- The Cultuurfonds Strijp-S existed from 2008 up until 2016 (PD2, personal communication, 2021), VolkerWessels, the Municipality, Woonbedrijf and Trudo all contributed €100.000 per year and Spoorzone/SDK vastgoed €50.000 per year (Mun2,

personal communication, 2021), which is a total of €450.000 per year. Over 8 years this gives a total contribution in placemaking of €3.600.000.

- It is stated in the annual report of Stichting Cultuurfonds (2015) that the foundation subsidizes on average 50% of the total budget of the placemaking project or event. Therefore the other 50% costs of the projects are financed through other funding or exploitation proceeds, which is also €3.600.000 in 8 years.
- These costs add up to a total sum of €7.200.000 funding costs for placemaking.

2. Recipients of the value increase

- The interviewees claim the property values have increased with 5% to 10% as an effect of placemaking. For calculation purposes the increase is set at 7,5%.
- The average housing price in Eindhoven in 2009 was €245.000 per house (CBS, 2021).
- Woonbedrijf sold their apartments for starters for €160.000 per apartment (Woonbedrijf, 2008). For calculation purposes this price is adopted as the housing value for the social houses of Trudo and Woonbedrijf.
- Spoorzone/ SDK vastgoed has built 692 houses so far. Trudo has built 624 houses and Woonbedrijf has built 600 houses.
- It is assumed that the developers already acquired the land for their development before or during the placemaking, and therefore retrieve part of the increased value upon selling their development project. The uncapturable value is set at 30%.

The value received by Trudo and Woonbedrijf is uncapturable, since they are social housing corporations and can therefore not increase the rent according to the value increase.

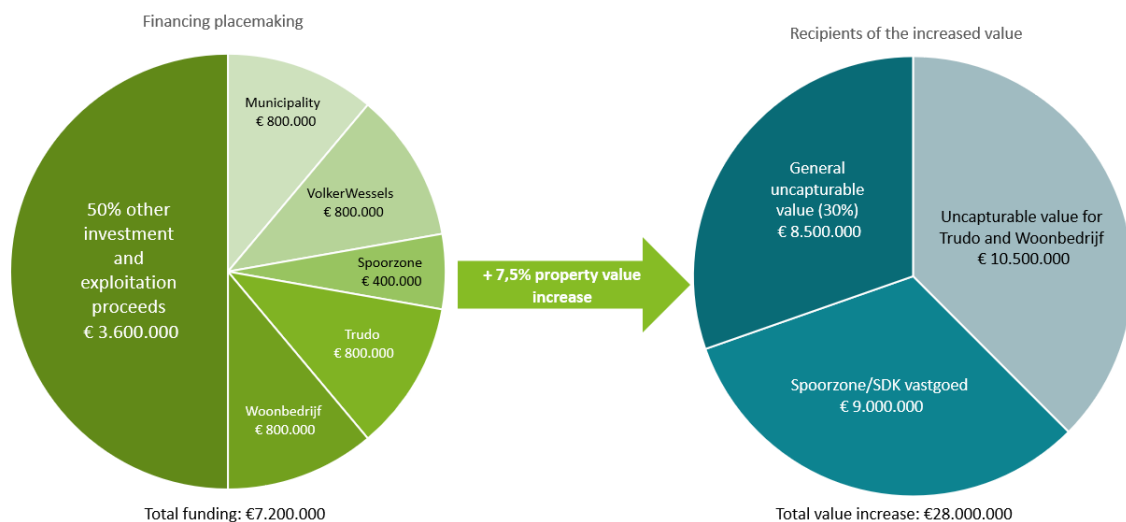


Figure 4.3.6: Increased value of placemaking, own ill

4.3.5 Land value capture

Given the Indicative calculation, the placemaking has been financed by the PPP and its partners, each making a yearly contribution. This contribution accounted for half of the placemaking budget, the other half came from other investments and exploitation proceeds. The increased value as a result of the placemaking project is received by the private developer Spoorzone/SDK vastgoed and Trudo and Woonbedrijf. Since they are social housing corporations the rent price cannot increase with the value, therefore this part of the value increase is uncapturable. When considering the five different types of land value capture given in literature, a small part of the

placemaking budget is funded similar to a developers' contribution. According to the calculation the investment of the private developers is equal to 4% of the received value.

Trudo corporation established a separate concept called '*slimmer kopen*'. This system allows social tenants to buy their house from Trudo with a market discount, as long as they resale it to Trudo upon leaving the area with a share of the decreased/increased market value. This way Trudo and the buyer share the risks and profits, and can Trudo retrieve part of the increased risk. This is illustrated in a fictive calculation in figure 4.3.7 below.

Example value increase		Example value decrease	
Market value at purchase	€250.000	Market value at purchase	€250.000
Discount at purchase 33%*	€82.500	Discount at purchase 25%*	€62.500
Purchase price k.k.	€167.500	Purchase price k.k.	€187.500
Market value at resale after 5 years	€275.000	Market value at resale after 10 years	€220.000
Share of value increase (50,5%* of €25.000)	€12.625	Share of value increase (62,5%* of €30.000)	€18.750
Buyer receives (€167.500+€12.625)	€180.125	Buyer receives (€187.500-€18.750)	€168.750
Value increase for Trudo (49,5% of €25.000)	€12.375	Value decrease for Trudo (37,5% of €30.000)	€11.250
* The discount rate and share of value increase differ per type of house. The higher the discount, the lower the share of the buyer.			

Figure 4.3.7: Example calculation of '*slimmer kopen*' (Trudo, 2021)

Both methods are shown in figure 4.3.8.

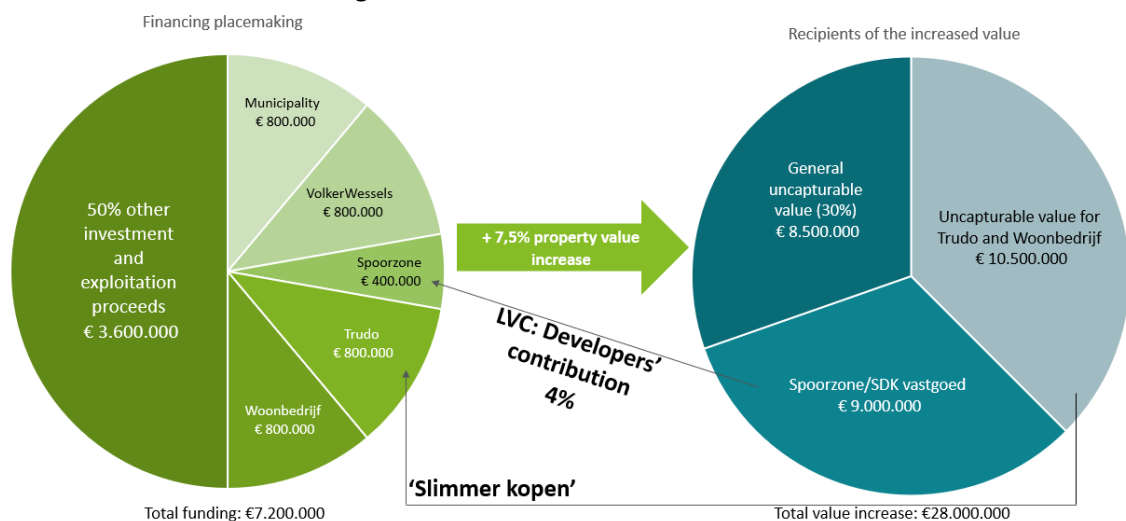


Figure 4.3.8: LVC in this case, own ill.

The involved parties in *Stichting cultuur fonds* mainly contributed because they agreed Strijp-S needed to become an open and attractive area (PD2, own communication, 2021). The municipality states: "We determined not to focus on short-term happiness, but to make Strijp-S accessible and attract creative people." (Mun2, own communication, 2021). The partners did not take the possible future value increase into account in the decision to participate in *Stichting Cultuur fonds*, because it is too risky the developer mentioned the following:

“The future value is 100% theoretical, you can’t operationalize it. There are always unaccounted influences on the future. Like politics.” (PD2, personal communication, 2021)

Trudo did use their ‘*slimmer kopen*’ system to turn a business case with an expected loss towards a profitable one. Trudo said the following: “Half of the Trudo tower will be converted towards ‘Slimmer kopen’ which will result in a more diverse resident composition. Through selling half of the houses the business case becomes profitable” (HC, own communication, 2021). Additionally, about the increased value he mentioned: “It does not mind to spend a lot of money in placemaking, as long as it has an upward effect on real estate values. I do want that value to be retrieved by Trudo, we are not Santa clause.” (HC, personal communication, 2021).

4.3.6 Conclusion

To conclude, a PPP Joint venture is established for the area redevelopment Strijp-S. The placemaking project in the Strijp-S case contains hardware, software and orgware and is considered to be successful. The increased value was mainly received by the private party, since the social housing corporation could not retrieve the increased value through a higher rent price. The partners were involved in placemaking through a yearly financial contribution. Trudo established a separate system called ‘*Slimmer kopen*’ so they could still retrieve part of the increased value. The findings of this case are shown in figures 4.3.9 to 4.3.11 below.



Figure 4.3.9: Governance structure, own ill.

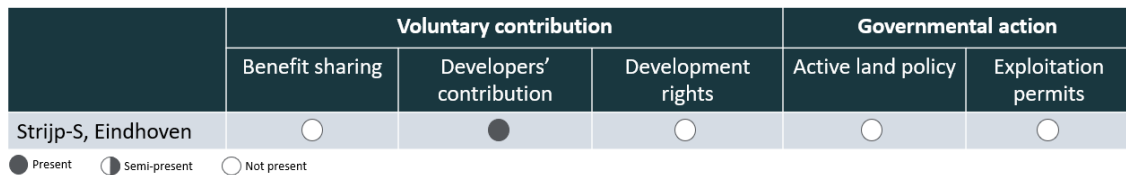


Figure 4.3.10: Land Value capture, own ill.

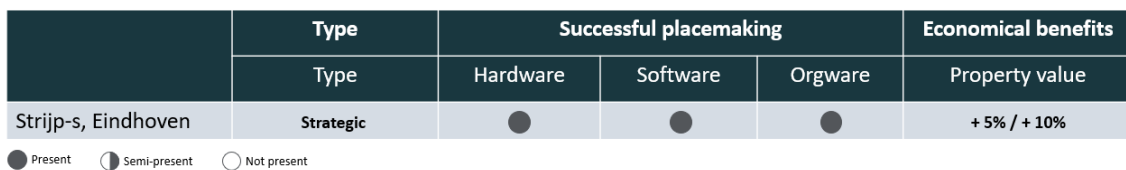


Figure 4.3.11: Placemaking, own ill.

4.4 Case: NDSM-werf

Amsterdam

The NDSM-werf was one of the world's largest shipyards from the 1920s to the 1980s. After the discontinuation of these activities, this huge site – with its imposing backdrop of crane tracks, warehouses and a giant ramp – became a home for creative pioneers. Local artist, musicians and crafts entrepreneurs settled on the area (Tuin & de Jong, 2016). The housing demand in Amsterdam started to increase, and at the beginning of the 2000s the municipality of Amsterdam decided to start redeveloping the area towards a mixed work/live environment. The NDSM werf is divided into two areas, at the west side there will be a total from 4.000 to 5.000 houses build. The east side mainly entails monumental buildings, and is allocated for cultural and creative industries. Most of the placemaking activities take place on the east side of the area.



2000

Concrete plans of municipality to redevelop the NDSM werf

2012

Municipality made a definite investment plan, division of NDSM in North and East with their own land exploitation

2020

Municipality actualized the investment plan from 50/50 live work to 80/20

1980

Discontinuation shipyard activities

2009

Establishment of stichting NDSM

2016/17

Initiated a building acceleration because of housing shortage

2030

Plan completed

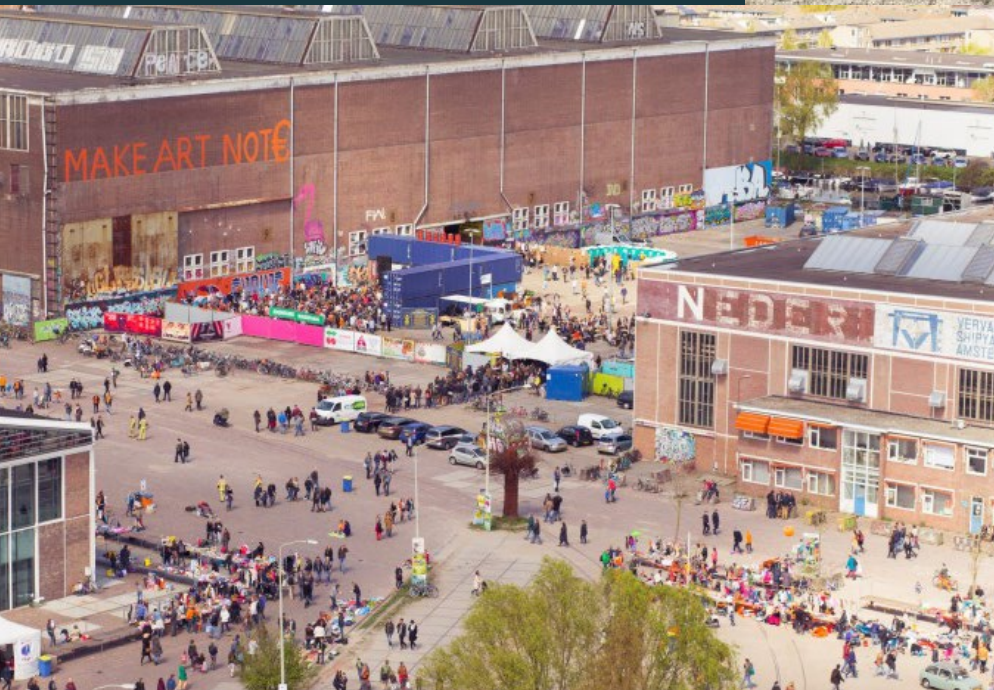


Public beach at restaurant 'Plek'
(Globehopper, n.d.)

Restaurant Noorderlicht (NDSM, 2020)



Use of public space (NDSM, 2020)



4.4.1 Placemaking

Hardware

After the discontinuation of the shipyard, one for one the buildings on the area became vacant and functional obsolescence. In the 90s the area became an incubator for creative and cultural entrepreneurs, who started to settle in the vacant buildings. A number of the buildings received a monumental status and can therefore not be demolished. The public space between the buildings is also used for placemaking, mainly for events (PM2, personal communication, 2021). There are two well-known restaurants called *Pllek* and *Noorderlicht*, which are located in temporary constructions.

Software

There are a lot of events organized on the NDSM-werf which attracted over a million visitors every year (Mun3, personal communication, 2021). The municipality allows for 67 small, medium and large events (days) per year to be organized in the area. Since the placemaking became more successful and well-known, the number of ferries going to and from the NDSM-werf started to increase because of the high visitors number (PM2, personal communication, 2021). *Pllek* became so successful that people did not want the restaurant to leave. A petition was signed by visitors to keep the restaurant, resulting in an extension of the lease contract.

Orgware

The vacant buildings on the NDSM-werf were already occupied by creative and artistic pioneers since the 1990s. Once the municipality decided to redevelop the area towards a mixed live/work environment, the focus was to keep the creative industries and use it as a concept for the rest of the area. NDSM east was not ready to be developed yet, so the municipality decided to offer temporary contracts to the pioneers (Mun3, personal communication, 2021). A foundation called *Stichting NDSM* was established in 2009 to maintain, facilitate and program NDSM east. The foundation is mainly funded by the municipality. Some tenants are already located on the NDSM-werf for 15-20 years but still have a temporary agreement. The impatience on the wharf starts to grow and the current tenants want to receive a more permanent position in the area. The placemaker says:

“Nothing is as permanent as temporality. After 20 years it makes sense the placemakers want to have a vote in the decision-making.” (PM2, personal communication, 2021)

Currently, the municipality froze the zoning plan for NDSM east until 2028, which means that the placemaking can continue in the area (PM2, personal communication, 2021). Because of this and the exclusion of the private developer in decision-making, the orgware is semi-present.

4.4.2 Stakeholders

There is a number of different types of stakeholders involved in the placemaking project of the NDSM-werf redevelopment. They are categorized in public, private, end-user and expert stakeholders and are listed in figure 4.4.1.

Stakeholder type	Function	Description	Interviewed
Public	National government <i>Rijksoverheid</i>	In charge of spatial planning and development law in the Netherlands and provides a framework for the municipalities	-
	Provincial Government <i>Province of North-Holland</i>	Responsible for regional spatial planning and development	-
	Municipality of Amsterdam	In charge of local economics, spatial planning and environmental quality	Interviewed
Private	Real estate developer <i>BMB ontwikkeling</i>	BMB is a local real estate developer and a sub-company of the VolkerWessels holding	Interviewed
	Other active developers <i>Lease holders</i>	Developers who already poses a lease hold in the area	-
End-user	Stichting NDSM	A foundation established by the municipality to organize the placemaking	Interviewed
	Other placemakers	Placemakers who operate in the area such as PLeek and <i>Noorderlicht</i>	
	Future residents	The target group who needs to be attracted with placemaking	-

Figure 4.4.1: Stakeholder overview placemaking in Waalfront, own ill.

The involved stakeholders are mapped according to their level of power/influence and level of interest in placemaking. The municipality owns all the land in the area and sells it to developers or investors through ground lease (Mun3, personal communication, 2021), which gives them high level of power and interest. The placemaking initiatives in the NDSM-werf have such a long-term involvement in the area and have proven to be so successful that people have signed a petition to save certain placemaking projects. Therefore they have high power and influence as well. The stakeholder map is shown in figure 4.4.2.

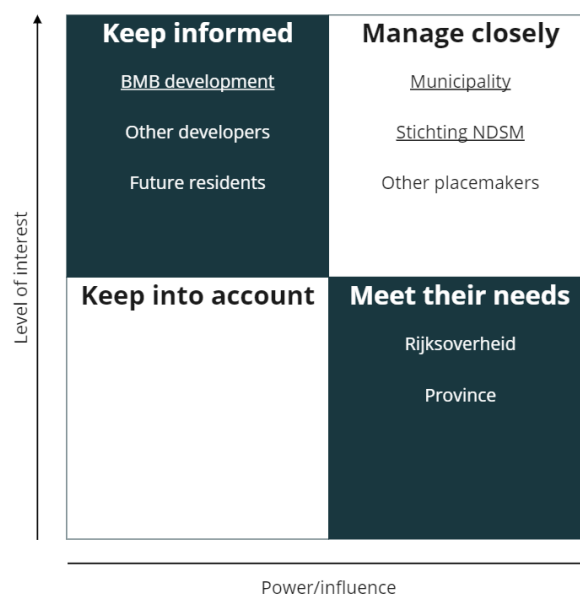


Figure 4.4.2: Stakeholder mapping of placemaking project, own ill.

The interviewed stakeholders are introduced below.

- **Private developer (PD3):** Project developer BMB, interviewed on the 8th of October 2021.
- **Municipality (Mun3):** Senior project manager area redevelopment NDSM-werf Amsterdam, interviewed on the 13th of October
- **Placemaker (PM2):** Director of Stichting NDSM-werf, interviewed on the 30th of September 2021.

4.4.3 Governance

The municipality of Amsterdam holds ground lease on almost all land of Amsterdam since 1896. The municipality made an agreement with BMB development to give them first priority over other developers. The municipality first has to offer the plots to BMB before offering it to the market. In this agreement is stated how many and what type of houses the municipality wants BMB to build, the timeline for construction and other quality demands. Only when BMB does not comply with the rules and acceptations of the municipality, they would not receive the plots (PD3, own communication, 2021) The organization structure is shown in figure 4.4.3.

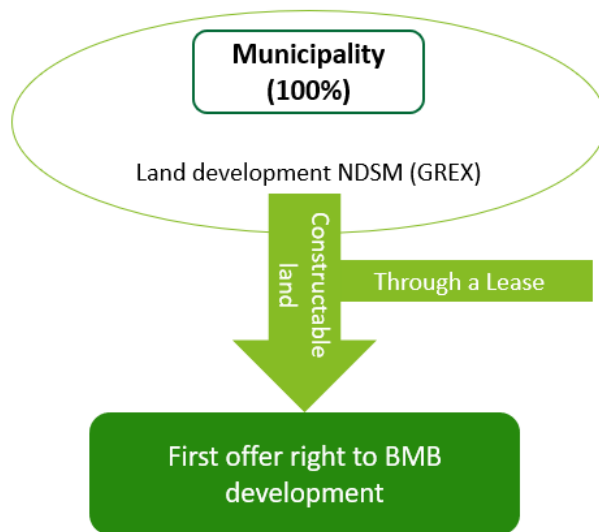


Figure 4.4.3: Organization structure NDSM (Mun3, personal communication, 2021, 2021)

The frequency of two parties working together affects the governance (Winch, 2010). BMB and the municipality have been working together for approximately 10 years now, and the developer confirms that it is very important to keep close and good contact with the municipality since they both have long-term commitments towards each other. She also states certain dissatisfactions about the governance structure in this area. As a result of growing demands from the municipality towards the quality and programming of the developments, it becomes increasingly hard to have a positive business case (PD3, own communication, 2021). Moreover, BMB development would have liked to have more control about the public space, which is not possible due to the ground lease system. The developer says: *“the consequence of ground lease is that the developer only gets to say something about its own plot and the municipality solely decides everything about the public space. The IJ-banks for example, are very harsh at the moment whilst they have so much potential. We would really like to make them less harsh but we don’t have any influence”*. (PD3, own communication, 2021)

In literature this is referred to as the principle-agent problem (Anderson, 2011). The principle, being the municipality, wants the agent (the developer) to do as much as possible for the smallest budget possible. The agent however, wants to make the highest possible profit. This results in a conflict of interest and over time a growing dissatisfaction in the cooperation, which has happened in the NDSM-werf redevelopment as well. The municipality wants to keep full control in the area, which results in a hierarchic structure and affects the cooperation.

To conclude, the municipality is responsible for every phase in the development process except the real estate development since a public party is never responsible of this phase. This is shown in figure 4.4.4.

	Multiple stakeholder	1. Initiative	2. Feasibility		3. Realization		4. Management	Governance structure
	No. stakeholders	Initiative	Vision and programming	Plan development	Land development (GREX)	Real estate development (OPEX)	Management open space	Governance structure
NDSM-werf, Amsterdam	8	●	●	●	●	○	●	Public development

○ Private ● collective ● Public

Figure 4.4.4: Responsibilities of the involved parties, own ill.

4.4.4 Value increase

The private developer and the placemaker argue that the property values in the NDSM-werf have increased with 5% - 10% in relation to an area redevelopment without placemaking. They state:

- “Without taking the north-south metro and the real estate demand of Amsterdam into account I would say the value has increased with 10% or even more. It is hard to say if the stichting NDSM is solely responsible for that, but the NDSM is clearly more expensive than Overhoeks or Buiksloterham.” (PD3, own communication, 2021)
- “Placemaking increases the real estate values with 10%, can you imagine you want to live next to an undeveloped and vacant area for 8-10 years? For the same price?” (PM2, personal communication, 2021)
-

The municipality attributes less value increase to placemaking, he says:

- “I would say the effect is limited to 2% or 3% value increase. The value of other developments alongside the IJ is more or less the same, however the NDSM is less accessible.” (Mun3, personal communication, 2021)

Since the municipality is typically a little more risk averse than developers, this is not an unexpected estimation.

In order to showcase the value increase as a result of placemaking in the NDSM-werf, an Indicative calculation is made. The numbers used in the calculation are solely based on the interviewees input or assumptions based on market research and are therefore **indicative** and not **definite**. The goal of the indicative financial calculation is to showcase the process and finance, and to compare the used finance method to the land value capture methods from literature.

Indicative calculation value increase NDSM-werf

1. Financing of the placemaking project

- The exploitation proceeds of Stichting NDSM are approximately €400.000 per year. Since it already exists for 12 years, the total proceeds are around €4.800.000 (PM2, personal communication, 2021).
- The municipality pays the foundation €300.000 per year for maintaining, facilitating and programming NDSM east. Which is a total of €3.600.000 so far (PM2, personal communication, 2021).

- The municipality also owns a separate and non-political organisation called Amsterdam foundation for Arts. This foundation is funded by the municipality and contributes €380.000 to the Stichting NDSM each year, resulting in a total of €4.560.000 over 12 years (PM2, personal communication, 2021).

2. Recipients of the value increase

- The interviewees claim the property values have increased with 2% to 10% as an effect of placemaking. For calculation purposes the increase is set at 5%.
- The average housing price in Amsterdam-North was €192.000 in 2010 (CBS, 2021). This results in a total value increase of €14.640.000
- 30% of the value increase is uncapturable due to different phasing in the project development. The municipality can only determine the ground lease price the moment they sell the land, so it is possible that not all the increased value is taken into account in the ground lease price yet.
- BMB has developed 1524 houses so far (PD3, own communication, 2021).
- All the value is received by the municipality because they own all the land in the area (Mun3, personal communication, 2021)

The financing of placemaking and the recipients of the increased value are shown in figure 4.4.5 below.

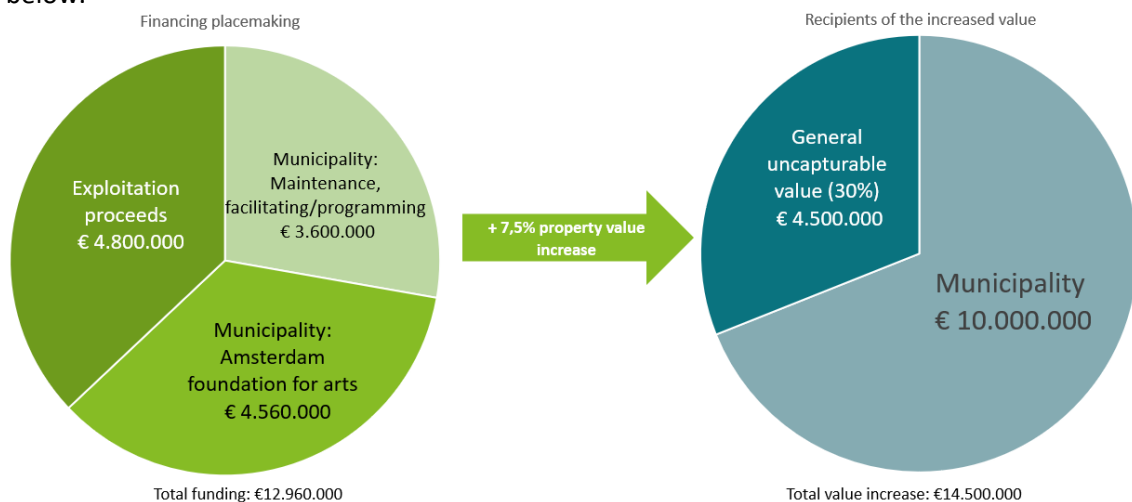


Figure 4.4.5: Increased value of placemaking, own ill

4.4.5 Land value capture

All the increased value is received by the municipality through ground lease, which is a governmental action and used in active land policy. The developers' calculated returns remain the same, but the ground lease price increases (Larson & Zhao, 2010). The municipality of Amsterdam collects all the revenue from the ground lease sales in one 'vereveningsfonds' and allocates the revenues according to needs towards developments in the entire city. The fund is not just used for placemaking, but for other expenditure as well such as social housing or infrastructural projects. This means the increased value of the placemaking in the NDSM-werf does not necessarily have to be reinvested in the area (Mun3, personal communication, 2021). The municipal contribution in placemaking is 82% of the increased value. An active land policy

with a ground lease structure is mentioned in literature as a land value capture method, which is shown in figure 4.4.6 below.

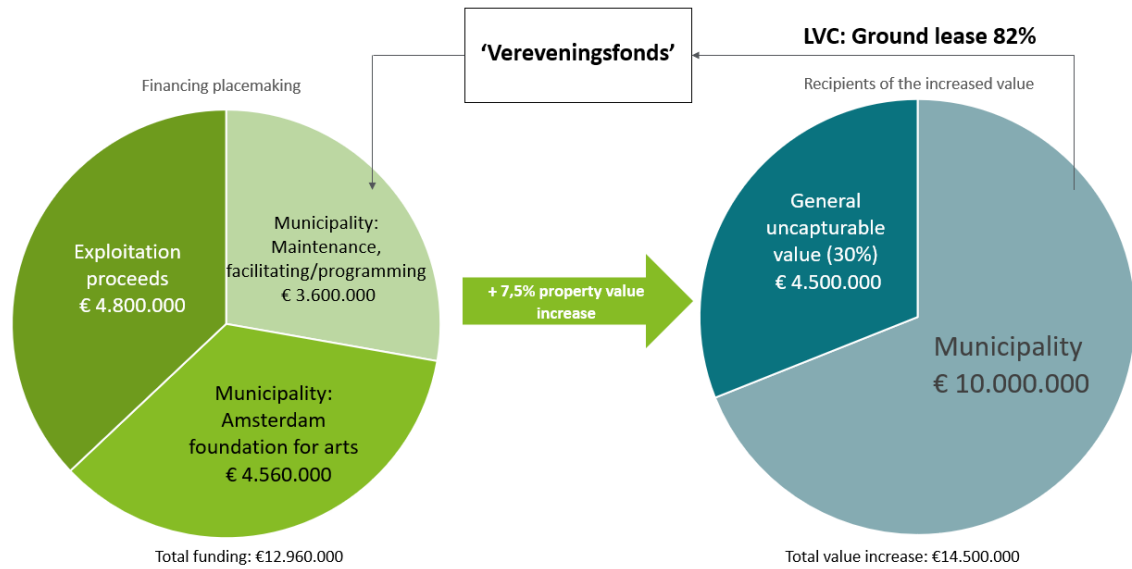


Figure 4.4.6: LVC in this case, own ill

4.4.6 Conclusion

To conclude, the NDSM-werf is a public development with a very active land policy and the use of ground lease. The placemaking contains hardware, software and orgware and has proven to be successful. Petitions were started for some of the placemaking projects to give them a permanent status, even though the contracts are temporarily. The placemaking started as creative and organic placemaking, however once it was decided to redevelop the area the placemaking was used strategically and became the main concept of the redevelopment. The increased value was solely received by the municipality through ground lease. The findings of this case are shown in figures 4.4.7 to 4.4.9 below.

	Multiple stakeholder	1. Initiative	2. Feasibility		3. Realization		4. Management	Governance structure
	No. stakeholders	Initiative	Vision and programming	Plan development	Land development (GREX)	Real estate development (OPEX)	Management open space	Governance structure
NDSM-werf, Amsterdam	8	●	●	●	●	○	●	Public development

○ Private ● collective ● Public

Figure 4.4.7: Governance structure, own ill.

	Voluntary contribution			Governmental action	
	Benefit sharing	Developers' contribution	Development rights	Active land policy	Exploitation permits
NDSM-werf, Amsterdam	○	○	○	●	○

● Present ● Semi-present ○ Not present

Figure 4.4.8: Land Value capture, own ill.

	Type	Successful placemaking			Economical benefits
	Type	Hardware	Software	Orgware	Property value
NDSM-werf, Amsterdam	Creative/strategic	●	●	●	+ 2% / + 10%

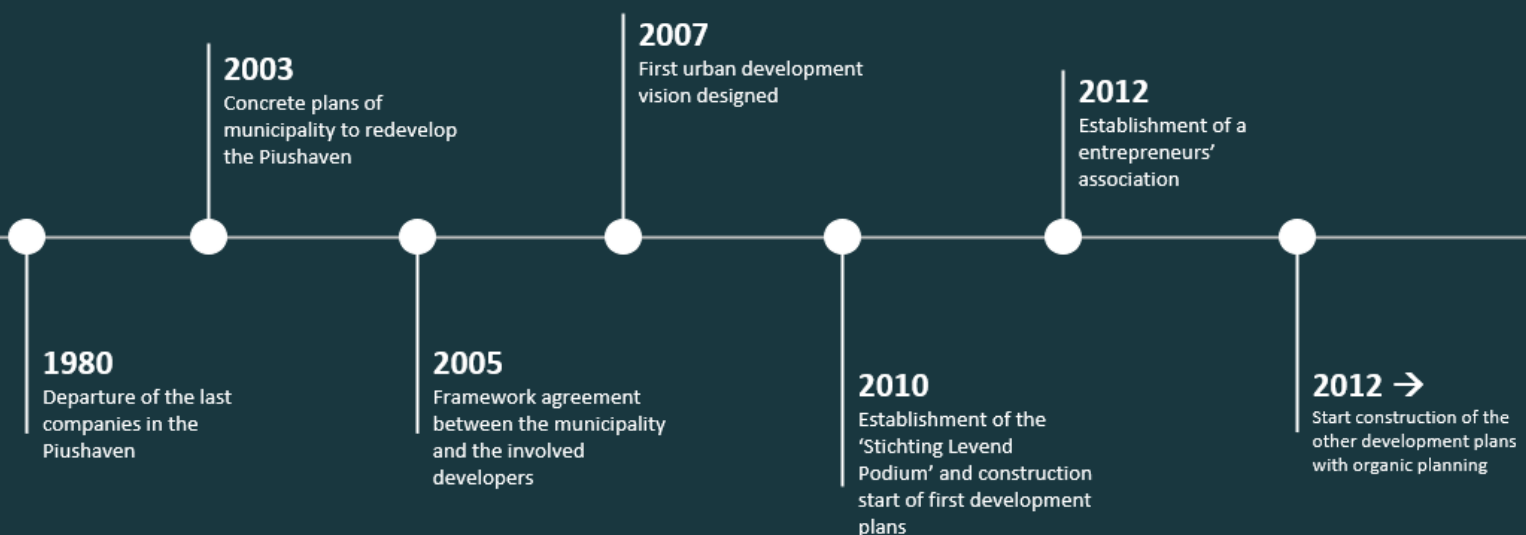
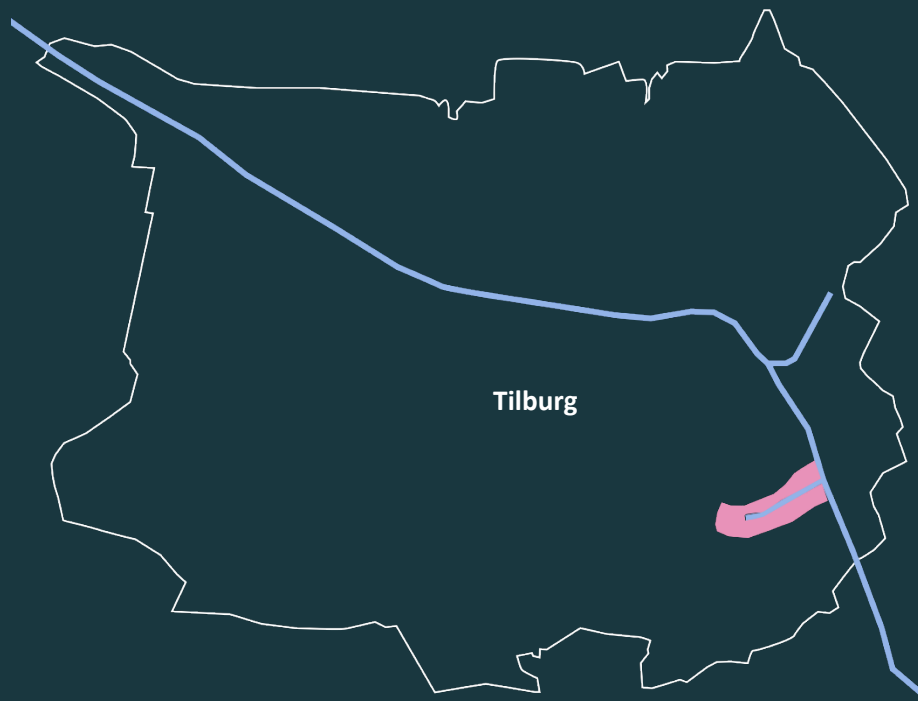
● Present ● Semi-present ○ Not present

Figure 4.4.9: Placemaking, own ill.

4.5 Case: Piushaven

Tilburg

In the 1920s the Piushaven was constructed as a branch of the Wilhelmina Canal. It was intended for industry that made use of transport over water. However, in the 50s truck became increasingly popular which did not fit through the narrow streets in the Tilburg harbor area. The companies moved away and by 1981 most of the area was vacant and became functional obsolescence. In the early 2000s the municipality designed a plan to redevelop the Piushaven towards a residential area with 2.500 houses and a high quality of public space. This plan changed towards 1.500 houses after the financial crisis. The municipality hardly owned any land in the Piushaven so they decided to cooperate with the local developers who did own land and entered into an agreement with them in 2005 (Prins & Wijkhuijs, 2016).





'Waterjump' city beach
Piushaven (Anguilla, 2016)

Waterfront (Eindhoven, 2020)



Freedom festival in the Piushaven
(Hannink, 2016)

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4.5.1 Placemaking

Hardware

The main placemaking projects take place in the public space of the Piushaven. In the streets, alongside the canal or on the water there are a number of activities organized each year. There are a number of vacant warehouses and factory buildings on the Piushaven as well, which house a variety of restaurants, a bed & breakfast and a hairdresser for example. In 2013 a real beach of 4000 sqm was constructed on a future building plot of Triborgh development which was called 'Waterjump'. (Prins & Wijkhuijs, 2016). Additionally, a foundation 'Het Werkt' has established a vegetable garden on the plot of the former launderette Lips.

Software

The 'Waterjump' was very successful, it attracted at least 100.000 visitors each season. People came there for BBQs or to dance at the silent disco. The vegetable garden became so successful, that people start to talk about making the vegetable garden a permanent project in the Piushaven. The success of the Piushaven was proven during the COVID-19 pandemic, whenever the weather was good there were so many visitors that the municipality had to take additional measures to keep the crowd under control (van der Vliet, 2021).

Orgware

To organize all the placemaking activities in the area, the 'Stichting Levend Podium' was established in 2010. This was a foundation funded by the private developers and the municipality and lasted until 2018. The municipality and the private developers arranged a meeting four times a year, to discuss the expenses and decisions of the foundation. This way the organization was transparent and the involved parties knew what had happened with their financial contribution. The urban designer Riek Bakker made a plan for the area, and together with the local residents she established a quality team which checked the quality of every development plan in the area. Approval was needed for the developers to continue with their development (Mun4, personal communication, 2021). All the agreements were documented in a Framework agreement from 2005, a document which is currently still in use. A private developer says:

"It is extraordinary that the basic document for the framework agreement has been the same since 2005, even during the financial crisis. It is a very strong document." (PD4, personal communication, 2021)

4.5.2 Stakeholders

There are a number of different types of stakeholders involved in the placemaking project of the Piushaven redevelopment. They are categorized in public, private, end-user and expert stakeholders and are listed in figure 4.5.1 below. The last column indicates whether the stakeholder is interviewed in this case study.

Stakeholder group	Function	Description	Interviewed
Public	National government <i>Rijksoverheid</i>	In charge of spatial planning and development law in the Netherlands and provides a framework for the municipalities	-
	Provincial Government <i>Province of North-Brabant</i>	Responsible for regional spatial planning and development	-
	Municipality of Tilburg	In charge of local economics, spatial planning and environmental quality	Interviewed
Private	Real estate developer <i>Triborgh</i>	Triborgh development is a local developer with 7 shareholders, being local contractors and 2 housing corporations	Interviewed
	Real estate developer <i>BPD development</i>	International area developer associated with the Rabobank	Interviewed
	Real estate developer <i>Van der Ven</i>	Local real estate developer and contractor. Sub-company of VolkerWessels holding	-
	Real estate developer <i>Van der Weegen</i>	Local real estate developer	-
	Housing corporation <i>WonenBredurg</i>	Social housing corporation which operates in Breda and Tilburg	-
	Real estate developer <i>Orion</i>	Local real estate developer	-
	Housing corporation <i>Tiwos</i>	Social housing corporation which operates in Tilburg	-
	Real estate developer <i>Krens Ten Brinke</i>	Local real estate developer	-
End-user	Stichting Levend podium	A foundation established by the municipality and private developer	-
	Future residents	The target group who needs to be attracted with placemaking	
Expert	Real estate agent <i>MTB real estate</i>	Is active in the city of Tilburg and knows the market of the Piushaven.	-

Figure 4.5.1: Stakeholder overview placemaking in Waalfront, own ill.

The involved stakeholders are mapped according to their level of power/influence and level of interest in placemaking. Even though the municipality does not own any land itself, they have a high level of power because they can approve and disapprove development plans from private developers with public laws. The municipality is chosen to be interviewed because of their

influence and power. The developers do own land in the area redevelopment, and there have high power and interest in the placemaking as well. Triborgh and BPD are interviewed to represent the private developers. The *Levend Podium* foundation is not in charge of any lands but it does have a high level of interest since it organizes the placemaking. The stakeholder map is shown in figure 4.5.2.

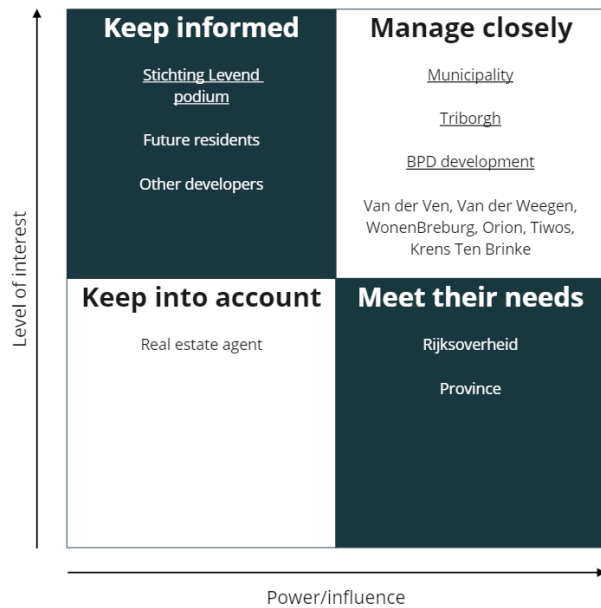


Figure 4.5.2: Stakeholder mapping, own ill.

The interviewed stakeholders are introduced below.

- **Private developer (PD4):** Project developer Triborgh, interviewed on the 20th of September 2021.
- **Private developer (PD5):** Director sale and area branding, project developer BPD development, interviewed on the 3th of November 2021.
- **Municipality (Mun4):** Project manager municipality of Tilburg, interviewed on the 14th of October 2021.

4.5.3 Governance

The municipality possessed a few plots at the beginning of the area redevelopment, but decided to sell them to private parties and generate revenue for the budget of the Piushaven. Moreover, the municipality made a one-time contribution of €20 million for the entire area redevelopment (Mun4, personal communication, 2021). The municipality and the private developers **initiated** the area redevelopment together because the housing demand in Tilburg started to increase (Mun4, personal communication, 2021). Even though the municipality did not own any land, they still wanted to have influence in the area and therefore decided to create a framework agreement with the private parties. In 2005 the representatives from the municipality and private developers all came together to listen to each other's needs and expectations. Together they thought about the **feasibility** of the redevelopment, and it was decided not to make a strict phasing planning but to start with the development whenever the developer wants (Mun4, personal communication, 2021; PD4, personal communication, 2021; PD5, personal communication, 2021). This resulted in a continuity in building projects. The municipality says:

“There was no phasing in the plans, which has been very valuable because development is a natural process. Because of this there have always been active construction sites, even during the financial crisis.” (Mun4, personal communication, 2021)

After the municipality and the private developers have negotiated, a framework agreement was established which entailed arrangements about quality, placemaking and programming. Every

developer that wanted to develop a plot in the Piushaven had to sign the framework agreement, otherwise the municipality would not change the zoning plan from industrial to residential and the development can't take place (Mun4, personal communication, 2021). This type of governance is also known as Develop Apart Together (DAT) (Hobma et al., 2019). DAT involves coordination between public and private investment, however there is not a heavy governance structure created. The parties involved recognize that cooperation across plots is necessary to achieve the desired quality and density in the area, The better this understanding, the more promising the strategy.

This is shown in figure 4.5.3 below.

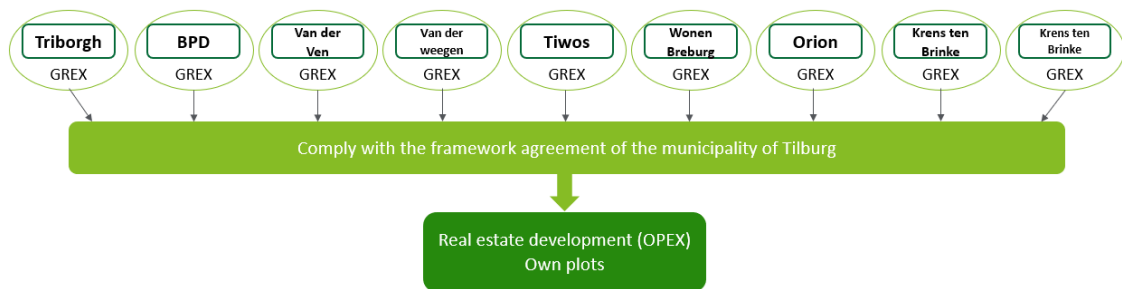


Figure 4.5.3: Organization structure Piushaven, Own plots.

To conclude, the responsibilities of the involved parties are shown in figure 4.5.4.

	Multiple stakeholder	1. Initiative	2. Feasibility		3. Realization		4. Management	Governance structure
	No. stakeholders	Initiative	Vision and programming	Plan development	Land development (GREX)	Real estate development (OPEX)	Management open space	Governance structure
Piushaven, Tilburg	14	●	●	●	●○	○	●	Private development (DAT)

○ Private ● collective ● Public

Figure 4.5.4: Responsibilities of the involved parties, own plots.

4.5.4 Value increase

The interviewees all three agree on a significant value increase as a result of placemaking in the Piushaven. Their estimations differ from at least 5% to 20%. They stated the following:

- “I think there is even more than 10% of value increase as a result of placemaking, it might even be 20%. It also caused stakeholders to think more strongly about the positioning of the development, which matters for the target groups.” (PD5, personal communication, 2021)
- “I don't use the property values as a reason for placemaking, however if I have to make an estimation I would say placemaking increases the values with at least 5%.” (Mun4, personal communication, 2021)
- “Placemaking can also be used as a marketing instrument to reach the target group, not just for value increase. Placemaking is accountable for a value increase of 10%.” (PD4, personal communication, 2021)

In order to showcase the value increase as a result of placemaking in the Piushaven, an Indicative calculation is made. The numbers used in the calculation are solely based on the interviewees input or assumptions based on market research and are therefore **indicative and not definite**.

The goal of the indicative financial calculation is to showcase the process and finance, and to compare the used finance method to the land value capture methods from literature.

Indicative calculation value increase Piushaven

1. Financing of the placemaking project

- In the framework agreement it is stated that each developer involved in the Piushaven has to contribute a onetime fee of €200 per house for the Stichting Open Podium (Mun4, personal communication, 2021). The amount paid per developer is shown in figure 4.5.5 below.

Developer	No. houses	Contribution
Triborgh	414	€82.800
Van der Weegen	340	€68.000
Tiwos	125	€25.000
Van der Ven	135	€27.000
Krens ten Brinke	18	€3.600
BPD	49	€9.800
Total	1081	€216.200

Figure 4.5.5: Developed houses and onetime fee Piushaven, own ill.

- The municipality decided to contribute the same amount of money as the private developers combined to the *Stichting Levend Podium* (Mun4, personal communication, 2021), which is €216.200 as well.

2. Recipients of the value increase

- The average housing price in Tilburg in 2010 was €218.000 (CBS, 2021), the social houses had an estimated value of €160.000.
- The interviewees claim that the property values have increased 5% - 20% as a result of placemaking (Mun4, personal communication, 2021; PD4, personal communication, 2021; PD5, personal communication, 2021). For calculation purposes the increase is set at 12,5%.
- 30% of the value increase is uncapturable due to different timing in the project development. Some develops might have sold their project before it experienced a full value increase.
- The value increase for *Tiwos* housing corporation is uncapturable since it cannot increase the rent price according the value increase.

The financing of placemaking and the recipients of the increased value are shown in figure 4.5.6 below.

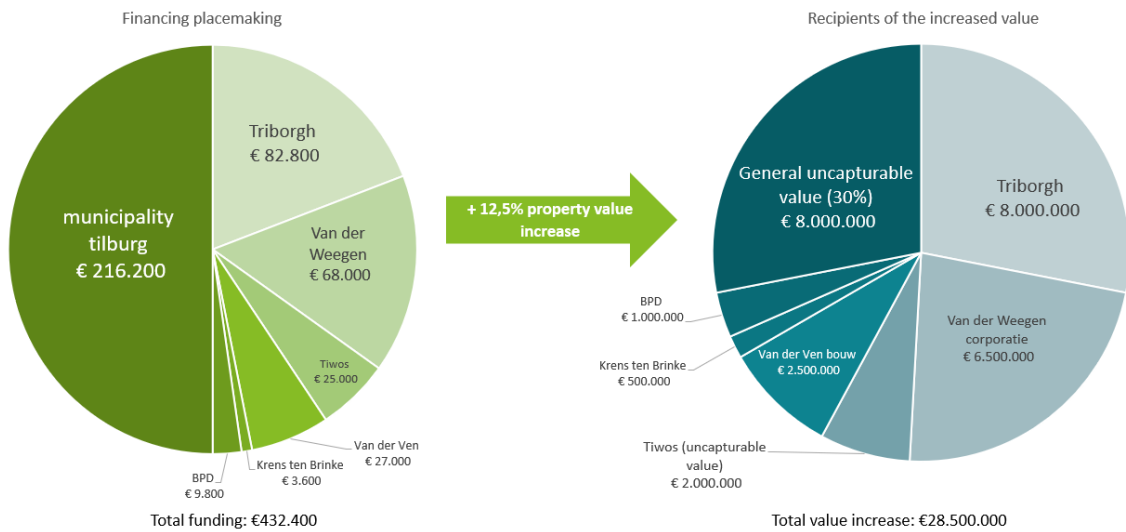


Figure 4.5.6: Increased value of placemaking, own ill

4.5.5 Land value capture

Even though the municipality does not pose any land in the Piushaven, it managed to have influence through the use of public law. The municipality created the framework agreement and used input from the private developers. Every private developer needs to sign this agreement and comply with the framework, otherwise the municipality won't change the zoning plan towards a residential use. The current status of the undeveloped plots is 'industrial area', which means the developer can't develop houses on those plots yet. This way the private developer had to contribute the one-time fee for Stichting Open Podium (Mun4, personal communication, 2021). Given the five Land value capture methods which can be applied in the Dutch context from literature (Offermans & Van de Velde, 2004), the method used by the municipality of Tilburg is very similar to the exploitation permits. The type of LVC used in this case is shown in figure 4.5.7 below.

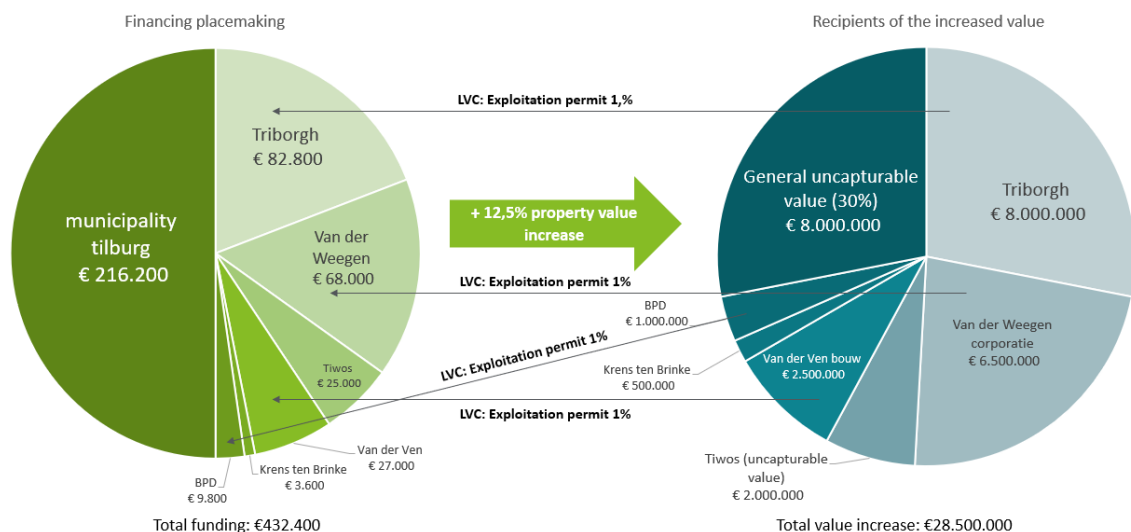


Figure 4.5.7: LVC in this case, own ill

4.5.6 Conclusion

To conclude, the Piushaven is a public development and used a Develop Apart Together strategy to achieve a comprehensive and coherent area development, even with a lot of different developers involved. The placemaking contains hardware, software and orgware and has proven

to be very successful. There are even talks about giving the vegetable garden a permanent place in the area. The increased value was received by the private developers who were also obliged to contribute to the placemaking project. This methods is similar to the exploitation permits mentioned in literature. The findings of this case are shown in figures 4.5.8 to 4.5.10 below.

	Multiple stakeholder	1. Initiative	2. Feasibility		3. Realization		4. Management	Governance structure
	No. stakeholders	Initiative	Vision and programming	Plan development	Land development (GREX)	Real estate development (OPEX)	Management open space	Governance structure
Piushaven, Tilburg	14							Private development (DAT)

Private
 collective
 Public

Figure 4.5.8: Governance structure, own ill.

	Voluntary contribution			Governmental action	
	Benefit sharing	Developers' contribution	Development rights	Active land policy	Exploitation permits
Piushaven, Tilburg					

Present
 Semi-present
 Not present

Figure 4.5.9: Land Value capture, own ill.

	Type	Successful placemaking			Economical benefits
	Type	Hardware	Software	Orgware	Property value
Piushaven, Tilburg	Strategic				+ 5% / + 20%

Present
 Semi-present
 Not present

Figure 4.5.10: Placemaking, own ill.

4.6 Cross-case analysis

This section focusses on the similarities, differences and cross-case findings between the cases. With this findings the sub questions can be answered. Figure 4.6.1 shows the findings from the case studies in relation to the literature. Each section of the research framework is discussed in this chapter.

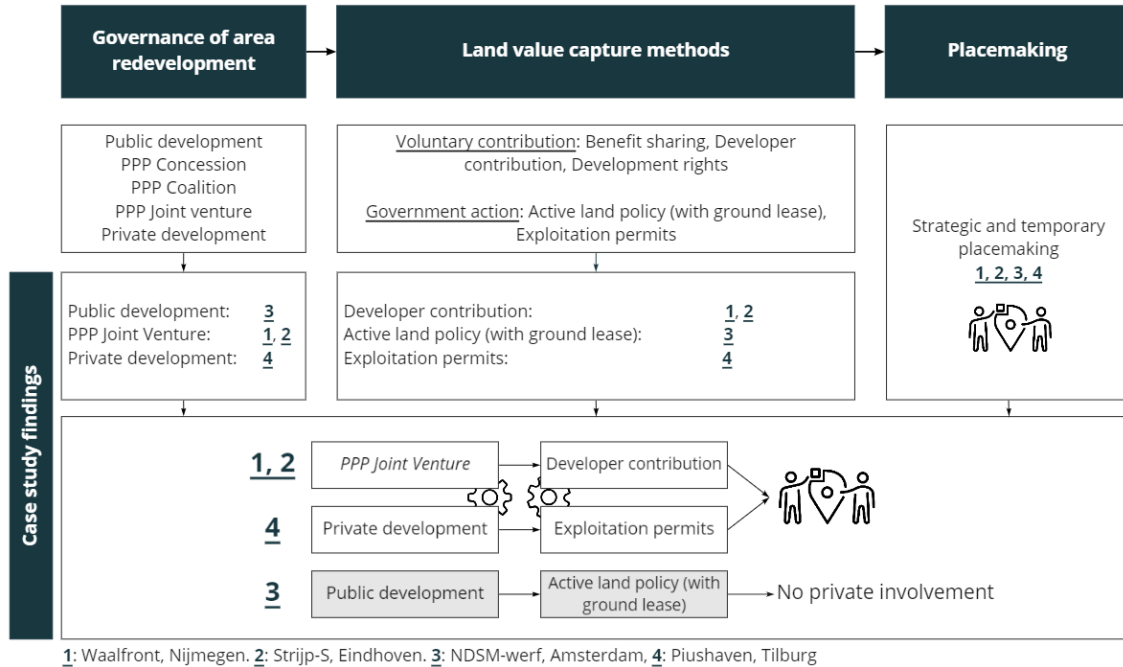


Figure 4.6.1: research framework, own ill.

4.6.1 Governance

The involved stakeholders in the area redevelopment and the placemaking, and the governance structures of the four cases are compared below.

Stakeholder management

In all four cases there are multiple stakeholders involved, which are mapped according level of power and interest in placemaking and shown in the case sections. See figures 4.6.4 to 4.6.7.

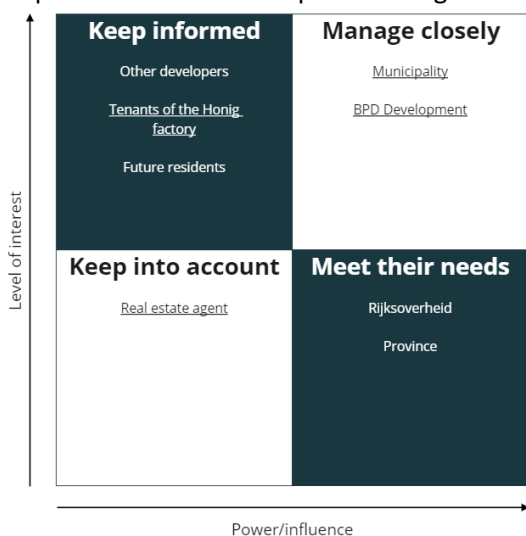


Figure 4.6.4: Mapped stakeholders Waalfront, own ill.

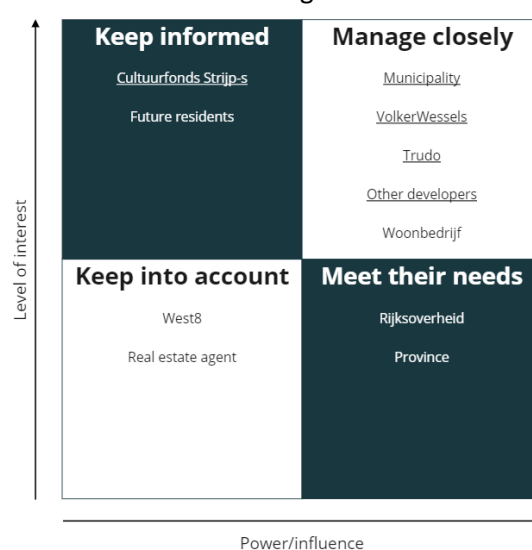


Figure 4.6.5: Mapped stakeholders Strijp-s, own ill.

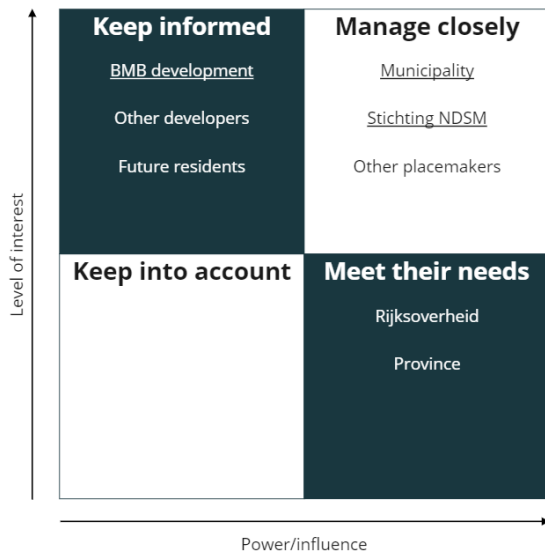


Figure 4.6.6: Mapped stakeholders NDSM-werf, own ill.

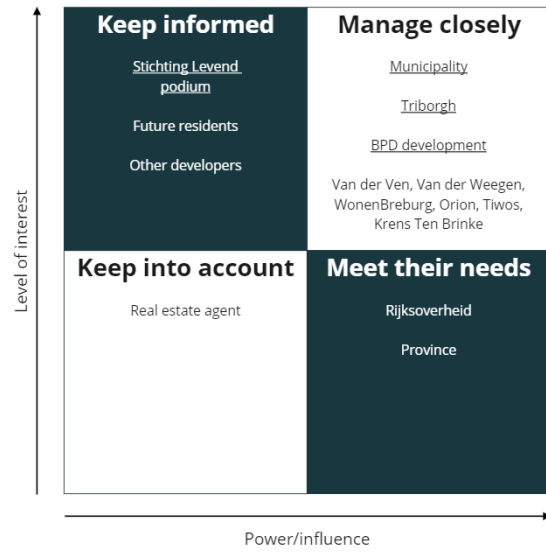


Figure 4.6.7: Mapped stakeholders Piushaven, own ill.

The NDSM-werf is the only case where the placemakers not only have high interest, but high power as well. It was once a functional obsolescence area after the discontinuation of the shipyards, however 30 years later when the *Stichting NDSM* was established the area already had been given a new function, which was being an incubator for creative entrepreneurs and pioneers. The placemaking was already organically happening in the area, the foundation was simply established to facilitate, maintain and program this placemaking and use it as a strategic concept for the area redevelopment towards a mixed-use residential area (PM2, personal communication, 2021, 2021). In 2009 the municipality decided to freeze the zoning plan of NDSM east until 2028 and to temporarily keep the spaces available for placemaking (Mun3, personal communication, 2021, 2021). As a result, some of the placemaking initiatives have already been established in the area for 10 to 20 years and became indispensable to the character of the NDSM-werf (PM2, personal communication, 2021, 2021). Take restaurant 'Plek' for example, it is established in 2012 and the temporary contract was supposed to expire in 2022. The zoning plan is frozen to 2028, however the discontinuation of Plek (on this location) would allow new temporarily placemaking initiatives to settle on this prime location alongside the IJ. The interviewed placemaker thinks this is reasonable, saying: "The location of Plek is temporarily withheld from public space by the municipality and has a cheap rent price with the purpose to experiment with pioneers and develop new ideas, not to host a permanent restaurant. Plek has shown a best practice and track record, and should now make room for new initiatives." (PM2, personal communication, 2021, 2021). Amsterdam citizens and the owner of Plek do not agree and have started a petition to extend the contracts until 2028. They collected more than 5000 signatures and achieved an extension until (at least) 2025 (Het Parool, 2020). This example shows how the placemakers moved from keep informed to manage closely in the stakeholder mapping if they are involved a long time, assuming that it is successful (if it was not successful it would not have been able to exist for so long). See figure 4.6.8.

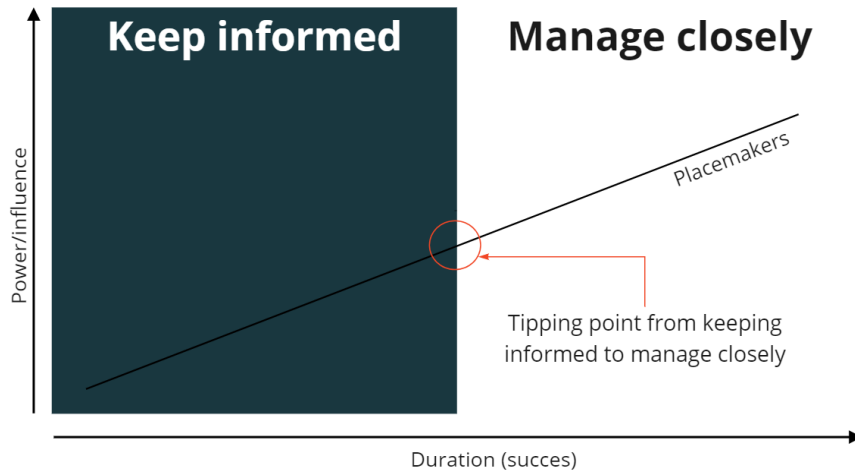


Figure 4.6.8: tipping point of power of the placemaking project, own ill.

In a research about the business case of placemaking, Stauttner (2017) states that the value of the placemaking is not the effect of the placemaking on the land value, but the value of the placemaking itself. The placemakers have put a lot of energy into making their own business a success, and a discontinuation of the placemaking would mean that the value of the project itself is lost. According to that research, this tipping point is not a bad thing. However, the fact that the power of placemakers in the orgware is increasing is not favorable for all the other stakeholders. The land or buildings that are occupied by the placemaking projects actually belong to the municipality or the developers, who have future development plans for the occupied location. The power of the placemakers can interfere with those plans (Mun3, personal communication, 2021, 2021). If a temporarily placemaking project becomes permanent, the hardware cannot be demolished or transformed towards the original building function such as residential or commercial. This can have major effects on the business case of the owner. Similar effects of placemaking have been experienced in the other cases as well.

Example Strijp-S

In Strijp-S, the former machine factory of Philips was transformed towards a temporary skate-hall called 'area 51'. Initially, the municipality of Eindhoven decided to give the skaters who were causing disturbance in the city center of Eindhoven a temporary space where they could make their own skate-hall. The skate-hall was planned for demolition in 2014, however the hall became so successful and attracted international interest, so it was decided to give the hall a permanent place in the area redevelopment (Mun2, personal communication, 2021). The owner of the hardware was Trudo, who decided to build their original plans on top of the hall instead of demolishing it, see image 4.6.1 below.

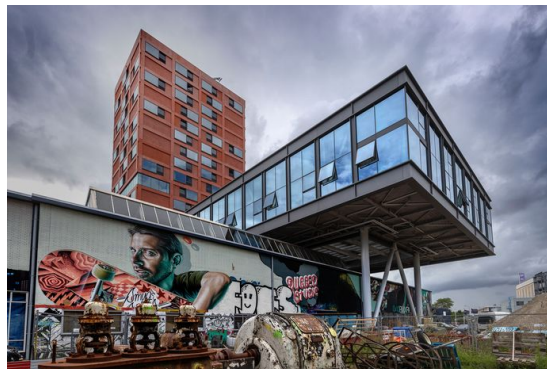


Image 4.6.1: Haasje over Strijp-S, (Martens/DCI Media, 2021)

Trudo used their 'slimmer kopen' system to justify the extra costs that were associated with this redesign (HC1, personal communication, 2021). Since the skate-hall started as temporary use, the quality of the complex was not up to requirements and investments had to be made to improve the hardware. This investments partly came from the Province, the municipality and Trudo. After the renovation area 51 did have to pay a higher rent price (Mun2, personal communication, 2021) Jack Hock gives the following advice: *"Make sure you don't alienate the creative pioneers from the area once the redevelopment is nearly done. Keep some undesignated space in the zoning plan for activities that don't necessarily generate a lot of money"* (HC1, personal communication, 2021). When comparing these findings to the Honigfactory in Nijmegen, a similar situation happened. 5 years ago the placemaking in the Honig factory had become so successful that the city council wanted the placemaking to become permanent in the Honig factory, which was a politically driven decision (the people wanted this). This would have serious consequences in the residential programming and business case of the area, so BPD decided not to react directly (PD1, personal communication, 2021). He states: *"successful placemaking is about the magic in the area, which is generated by temporality, newness and the rough context. In 5 years those aspects will be gone, and the opinions changed."* (PD1, personal communication, 2021). He was right, the public opinion changed and a only a third of the factory will not be demolished and remain available for creative tenants. However this part will be less rough and have a competitive rent price. The placemakers in the area agree with this statement, and are grateful for the opportunity to experiment and grow their business (PM1, personal communication, 2021, 2021). The same applies to the Piushaven. People were sad to see a number of placemaking activities make place for the final redevelopment, however they did understand it and even some complaints started about nuisance (PD4, personal communication, 2021).

Given the insights from the cases about stakeholder management, it is wise to make clear agreements in the orgware between the governance of the area redevelopment and the placemakers about the temporality of the placemaking project. If the placemakers get too much power and all want to extend their temporary contracts, the continuation of the area redevelopment can be disrupted. When the placemaking in the area has matured, the governance and the placemakers should discuss if it is possible to keep the placemaking project in the area in more permanent hardware and for a competitive rent. This is illustrated figure 4.6.9 below.

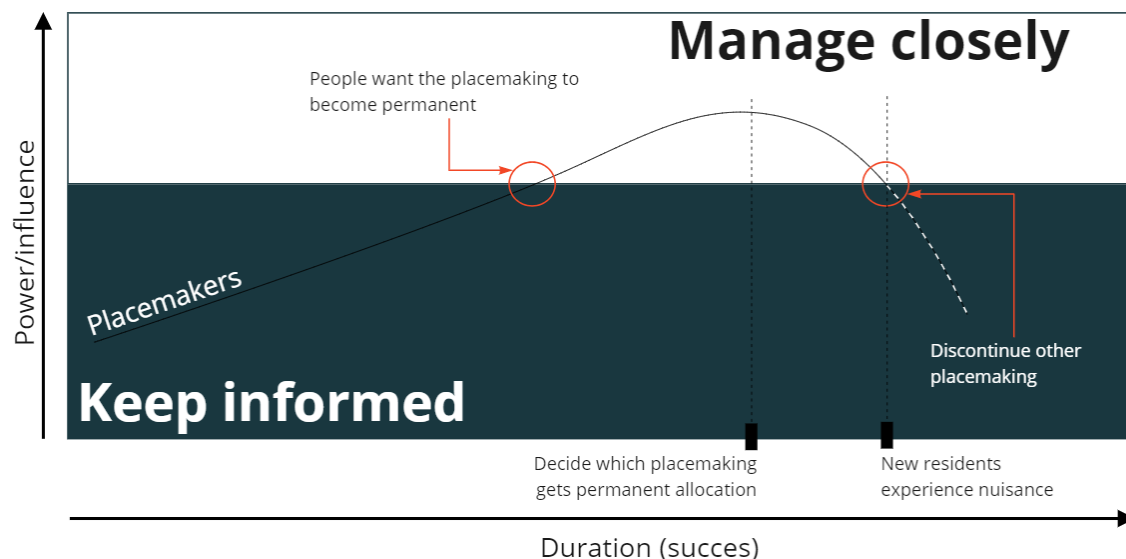


Figure 4.6.9: Placemakers influence over time, own ill.

Governance structure

The governance structure of each case has been discussed in the case sections, and are shown in figure 4.6.10 below.

	Multiple stakeholder	1. Initiative	2. Feasibility		3. Realization		4. Management	Governance structure
	No. stakeholders	Initiative	Vision and programming	Plan development	Land development (GREX)	Real estate development (OPEX)	Management open space	Governance structure
Waalfront, Nijmegen	6	●	◐	◐	◐	○	●	PPP: joint venture
Strijp-s, Eindhoven	9	○	◐	◐	◐	○	●	PPP: joint venture
NDSM-werf, Amsterdam	8	●	●	●	●	○	●	Public development
Piushaven, Tilburg	14	◐	◐	◐	◐●	○	◐	Private development (DAT)

○ Private ◐ collective ● Public

Figure 4.6.10: applied governance structures in the cases, own ill.

None of the cases have used a PPP *Bouwclaim* or a PPP concession, which are mentioned in literature as possible governance structures (Ten Have, 2017). The concession model is not the most suited for complex area redevelopment projects due to the long durations of the redevelopment and the absence of flexibility in this governance structure (Ten Have, 2017). Also, the contract would become too complicated because of the complexity and the risk management too difficult (Gijzen, 2009). After agreeing upon a concession agreement, the public party has little opportunity for control and adjustment in the area redevelopment (Gijzen, 2009). Because of this reasons the concession model is relatively uncommon on the Netherlands, which explains why it is not represented in the case selection.

PPP *Bouwclaim*

With a PPP *Bouwclaim* model the municipality procures all the land in the area from the private land owners, designs one masterplan and prepare the land for construction. Once the land is ready for the development, the municipality resales a predetermined part of the redevelopment back to the initial developers (Hobma et al., 2019). Since the financial crisis, the use of this type of governance reduced. Financial banks became reluctant to finance an entire area redevelopment. Moreover, the acquisition costs of inner-city land and buildings are relatively high, which makes inner-city transformations relatively expensive (Hobma et al., 2019). The *Bouwclaim* has a public land exploitation and therefore all the financial risk lies with the municipality, which is not favorable for private stakeholder involvement (Ten Have, 2017). The municipality of Tilburg could have decided to use a *Bouwclaim* model for the Piushaven because there are a lot private land owners in the area, however the municipality of Tilburg prefers to have an open-minded and collaborative attitude and being fully responsible for the GREX would have been too risky (PD5, personal communication, 2021). The *Bouwclaim* model is especially well suited for outer-city areas, such as Vinex-locations, where the financial risk is manageable, there are not too many land owners and the land is often undeveloped (Hobma et al., 2019). This explains why this type of governance is not represented in the case selection.

Strategy vs. structure

The Develop Apart Together structure is not one of the five governance structures listed by Ten Have (2017), because it is more like a strategy than a structure based on land-policy. The five governance structure mentioned in the theoretical framework are based on an active or facilitating land-policy by the municipality, in those terms the Piushaven is a private development. However, it does involve coordination between public and private investments.

There is a light organization for actions that affect the entire area. The parties involved also recognize that cooperation across plots is necessary to achieve the desired quality and density in the area. The better this understanding, the more promising the strategy. Therefore, among other things, a joint global area vision is established by the public and private parties. The private parties will (re)develop their own plot within the framework of prior agreements (Hobma et al., 2019). There are three other strategies to deal with fragmented landownership: Plot development, Organic development and merging of ownership (Hobma et al., 2019).

Conclusion governance

To conclude, It is wise to make clear agreements about the duration and the conditions of the contracts for temporarily placemaking. If a placemaking initiative exists for a long time its power in the decision making increases, which can disrupt the continuation of the area redevelopment. When (most of) the placemaking initiatives have matured in the area, discuss which initiatives want a permanent allocation in the redeveloped area in hardware that is up to quality standards and has a market conform rent price. Discontinue the other placemaking projects before the new residents in the area experience nuisance and the placemaking loses its temporality, roughness and newness. It is favorable to make flexible planning agreements in the area redevelopment. This way the stakeholders can anticipate unforeseen events, the placemaking can mature and it causes a continuation of construction projects.

Additionally, a PPP *Bouwclaim* or concession model is not favorable for inner-city area redevelopment due to the complexity and long timeframe. Whenever the municipality owns all the land in the area and wants to keep full control with an active land policy, the situation is not favorable for private developer involvement in placemaking. When (most of) the land is owned by a private party, they will probably seek to join into a PPP because of the high risks affiliated with a large area redevelopment. When (most of) the land is owned by multiple private parties, the municipality can either chose to let them lead the redevelopment, or to actively use public law to have more influence and an active position in the area. This strategy is called Develop Apart Together.

4.6.3 Land value capture

In each case description an Indicative calculation is made about the financing of the placemaking and the recipients of the value increase. Even though this calculation is Indicative and has a lot of assumptions, it showcases the financials of placemaking which are compared to the types of Land Value capture methods found in literature. The use of a developer’s contribution, active land policy and exploitation permits are recognized in the financials of the different placemaking projects. See figure 4.6.11 below.

	Voluntary contribution			Governmental action	
	Benefit sharing	Developers’ contribution	Development rights	Active land policy	Exploitation permits
Waalfront, Nijmegen	○	●	○	○	○
Strijp-s, Eindhoven	○	●	○	○	○
NDSM-werf, Amsterdam	○	○	○	●	○
Piushaven, Tilburg	○	○	○	○	●

● Present ◐ Semi-present ○ Not present

Figure 4.6.11: LVC methods practiced in the cases, owl ill.

The funding of placemaking in the cases do not showcase any similarities to the benefit sharing method or the development rights, which are both voluntary contributions from the private developer.

Benefit sharing

Benefit sharing is a complicated form of land value capture (Kenniscentrum PPS, 2001a) which is used to divide the benefits as a result of a public investment or subsidy between the private and public party. Kenniscentrum PPS (2001) wrote a manual about benefit sharing which explains how, when and by who to use this type of value capture. A decision tree is mentioned in the manual, which shows when it is favorable to use benefit sharing. See figure 4.6.12. The goal of this research is to explore if land value capture can be used to involve private developers in placemaking, with a focus on urban transformation projects towards a mixed-use residential area.

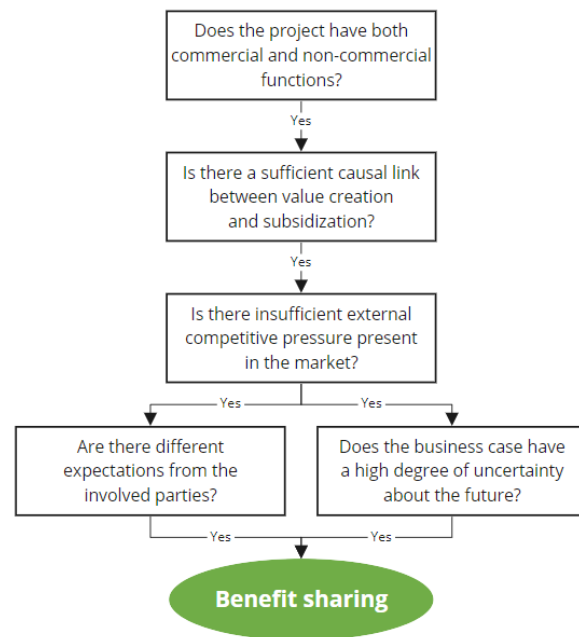


Figure 4.6.12: Decision tree benefit sharing (Kenniscentrum PPS, 2010)

Therefore the project has both commercial and non-commercial functions. It is proven in literature (RICS, 2016) that placemaking has a sufficient causal link between value creation and subsidization, which is confirmed by all the interviewees of the cases. It is case specific whether there is insufficient external competitive pressure present in the market. The studied cases in this research all four involve area exploitation, which makes it hard to create sufficient external competitive pressure. When private developers already have landownership in the area, the municipality is bound to do business with those parties that already have an interest in the area. This will make it difficult for the municipality to obtain sufficiently reliable market information (Kenniscentrum PPS, 2001b). Because of this, the NDSM-werf, Waalfront and Strijp-S cases do not qualify for benefit sharing. Question 3 of the decision tree is not an issue in those cases because the land is fully owned by the governance. In the Piushaven, private developers did own land when the municipality initiated the redevelopment which according to the Kenniscentrum PPS (2001) results in insufficient external competitive pressure. A long-term area development always has a lot of uncertainties about the future. The average duration of an entire area redevelopment is 15 to 20 years, which exceeds the conjunction movement (Fleurke, 2021). Moreover, the developers in the Piushaven have different expectations than the municipality. In terms of the decision tree (Kenniscentrum PPS, 2001b) benefit sharing would have been a suited option for the Piushaven to achieve private developer involvement. However, as stated in literature (Offermans, 2006) this type of value capture is only used for smaller projects in the Netherlands and it is the most complicated form of a voluntary contribution (Offermans, 2006). Another option for the municipality of Tilburg to involve private developers in the placemaking in the Piushaven was to use public law. The Piushaven was originally destined for industries, so if a developer wanted to redevelop their plot in the area they needed a zoning plan change (Mun4, personal communication, 2021). This was a means for the municipality to set a number of conditions for the redevelopment before changing the zoning plan. As mentioned in the case section of the Piushaven, this is the method the municipality of Tilburg used and is similar to the exploitation permits. Using public law as a municipality is less complex than introducing a new benefit sharing system, which motivates the decision to choose the exploitation permits.

Development rights

The use of development rights to capture the additional value of placemaking is not represented in the case studies either. The municipality can use development rights to involve a private developer in a placemaking project, in return the developer can build with a higher density or on municipal land (Kranenbarg, 2014). A key prerequisite for using development rights is public land ownership (Offermans, 2006), which makes this land value capture method unusable in the Piushaven, Strijp-S and Waalfront. The municipality does not possess any land in the Piushaven, and Strijp-S and Waalfront have a shared land exploitation between public and private parties. As mentioned before, the municipality of Amsterdam has a ground lease system since 1896, so there was no necessity for them to introduce another value capture method to finance placemaking.

Own company of Trudo

Trudo, the housing corporation in the Strijp-S case, used their own value capture system 'slimmer kopen' to justify the placemaking investments in their business case (HC1, personal communication, 2021). The dwellings they are planning to sell are transferred from the DAEB stock to the non-DAEB stock. In order to sell the houses the corporation has to comply with the requirements of the government (Ministerie van BZK, 2021). A housing corporation has a long-term stake in an area redevelopment, because it keeps the developed real estate in portfolio. This makes it possible to sell and buy back their houses, which is shown in figure 4.6.13 below. A developer sales 70% of the development to investors or private individuals before starting construction, to mitigate the risks (PD2, personal communication, 2021). Therefore, A developer is involved a shorter period of time than a corporation (or a developing investor) and cannot use a system similar to 'slimmer kopen' as value capturing.

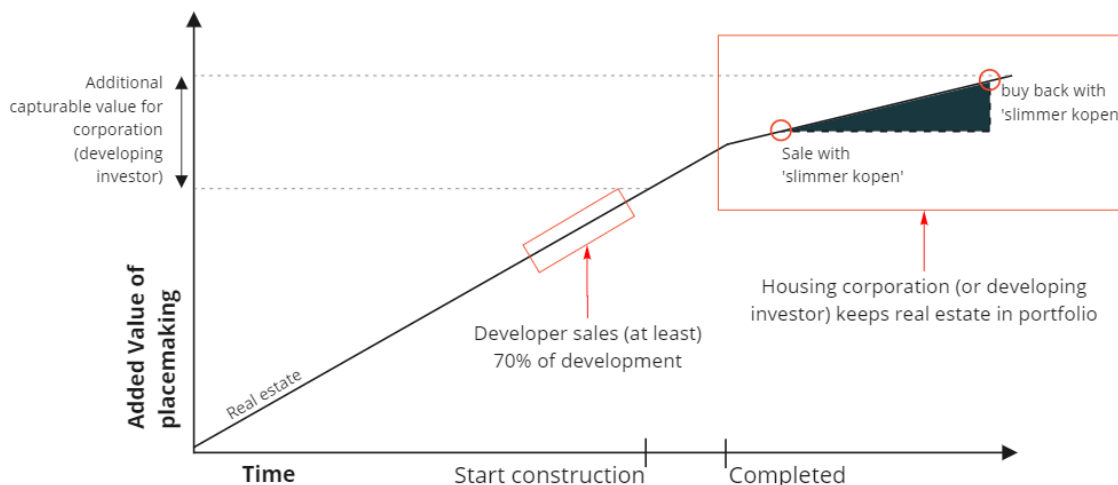


Figure 4.6.13: short-term involvement of developer vs. long-term of a corporation, own ill

Indicative calculations

Indicative calculations of the financials of placemaking in each case show the (theoretical) value generated by the investments. The financing methods are compared with the land value capture methods from literature. Each case uses practices similar to a land value capture method. However, the stakeholders in the cases did not consciously used this land value capture method to justify the original investment. The main arguments were:

- It is too risky to use a monetized future value increase as a reason to make the current investment, since it is an estimated and currently unreal value (PD2, personal communication, 2021; PD4, personal communication, 2021; PD5, personal communication, 2021; PD1, personal communication, 2021; PD3, personal communication, 2021)
- The main goal of placemaking is to brand the area and show people the area is being redeveloped, not to increase the real estate value (Mun2, personal communication, 2021; Mun4, personal communication, 2021; Mun1, personal communication, 2021; Mun3, personal communication, 2021, 2021)

The results from the Indicative calculations are shown in figure 4.6.14.

	Total costs financing placemaking	Total value increase*	Total capturable value increase*	LVC method	Total % of capturable value captured	Private developer involvement
Waalfront, Nijmegen	€7.396.000	€18.000.000	€12.500.000	Developers' contribution	27%	YES
Strijp-S, Eindhoven	€7.200.000	€28.000.000	€9.000.000	Developers' contribution	4%	YES
NDSM, Amsterdam	€12.960.000	€14.500.000	€10.000.000	Ground lease	82%	NO
Piushaven, Tilburg	€432.400	€28.500.000	€18.500.000	Exploitation permits	4%	YES
* Rounded and Indicative						

Figure 4.6.14: cross-case finance and value increase of placemaking, own ill.

Figure 4.6.14 shows that the private developer is not involved in both the costs of placemaking as the increased value in the NDSM-werf development, because of the ground lease method used. This method can be frustrating for the developer if they would like to participate in the orgware of placemaking. In the NDSM redevelopment, multiple placemaking entrepreneurs reached out to the developer for a collaboration, however the developer had to decline the initiatives because they are not involved in the placemaking (PD3, personal communication, 2021). The developers says: *"I would really like to provide a permanent place for those initiatives in our development but it will be hard to pay the rent."* (PD3, personal communication, 2021). Moreover, the developer would have preferred to develop the public space together with the municipality, there is a lot of knowledge and expertise to share between the two parties which are not utilized with a ground lease method (PD3, personal communication, 2021).

The results from the Indicative calculations also show a significant difference between the costs and value increase of placemaking in the different case studies. In the Piushaven the costs for the placemaking were the lowest and the increased value the highest, whereas the NDSM has made the costs with the least value increase. The calculations are based on a number of assumptions and estimations from the interviewees, which is why this is solely a fictive indication of the financials of the placemaking in each cases. The results are plotted in figure 4.6.15 below.

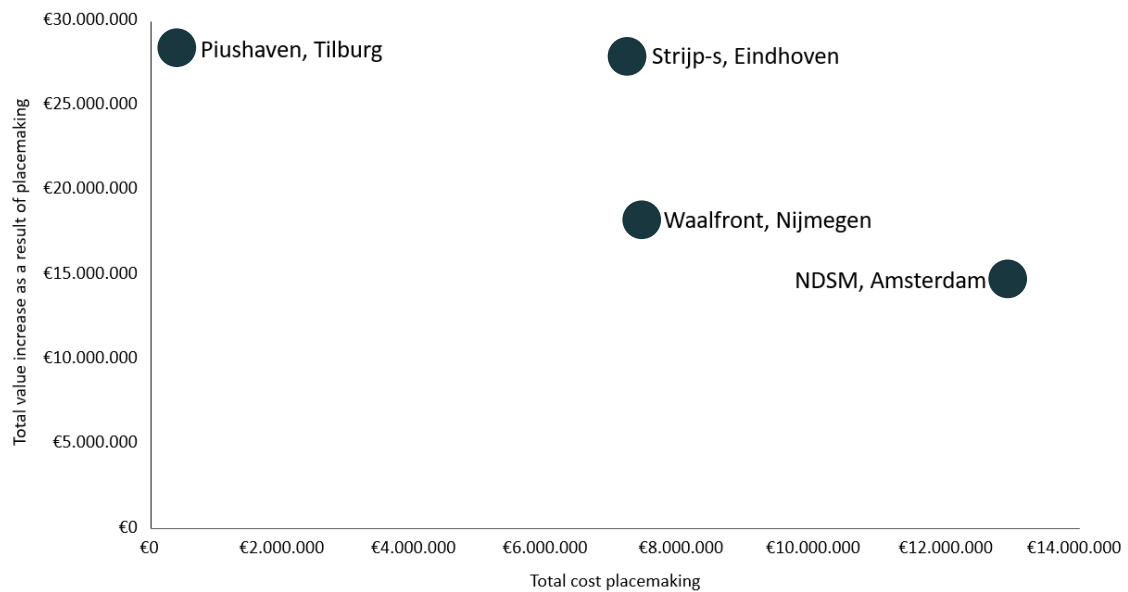


Figure 4.6.15: Scatter plot of placemaking costs vs. value increase, own ill.

The durations of the placemaking projects differ between the cases, as well as the number of residential dwellings and magnitude of the different area redevelopments. These discrepancies may slightly blur the comparison between the cases, however it is clear that the Piushaven development has the most successful cost/value ratio. The developer of the Piushaven did mention that the €200 one-time contribution was somewhat limited, saying: *“From experience I would recommend a financial contribution of €500 per house. However we were pioneering which made it hard to have a solid multi-year plan”* (PD5, personal communication, 2021). Setting the in-kind contribution to €500 per house would result in a little over €1.000.000 costs of placemaking, which is still significantly less than the other cases. In the next section it is analyzed why the costs of placemaking can differ between the cases. Aside from the amount of the private developer contribution, the distribution factor between the private stakeholders should be discussed as well (PD5, personal communication, 2021). BPD development as a company has a way higher budget than a local developer such as Triborgh. Since BPD only developed 49 houses, their contribution was almost 1/10th of the contribution from Triborgh, who has built 414 houses. Even though Triborgh eventually receives more of the increased value through their development sales, the height of the initial contribution can be relatively high comparing to the company budget (PD4, personal communication, 2021; PD5, personal communication, 2021). BPD development did contribute a lot of extra time and knowledge in the process (PD5, personal communication, 2021).

Conclusion

To conclude, the benefit sharing method can be used for private developer involvement in placemaking, only if there is insufficient external competitive pressure present in the market. This happens when a lot of private developers already own land in the to be redeveloped area. However, the benefit sharing method is not represented in this case studies, is still a very complex and rarely used method and needs further research to properly investigate. The development rights method can also be used for private developer involvement in placemaking, only when the municipality has some landownership and chooses not to have an active land policy. The development rights are not represented in this case studies because it is not very common in the Netherlands yet, and needs further research to properly investigate. The difference between value capturing with short-term and long-term involvement in the area is

significant. When involvement is long-term, the stakeholder can use different value capture methods to retrieve the increased value, such as a ‘sale and buy back’ method. Ground lease is not a suited value capture method for private developer involvement. The combination of a Develop Apart Together governance strategy and the use of exploitation permits has shown to achieve the best cost/value ratio. The combination of a Joint Venture structure and a voluntary developers’ contribution has shown most of the increased value invested in the initial placemaking. It is wise to discuss the distribution factor of the contribution between the involved private parties when choosing the exploitation permits method.

4.6.4 Placemaking

In the stakeholders section it has been analyzed and substantiated why the placemaking should be temporarily and strategic, and how stakeholders of placemaking should be managed. The findings in de case-studies are shown in figure 4.6.16 below.

	Type	Successful placemaking			Economical benefits
	Type	Hardware	Software	Orgware	Property value
Waalfront, Nijmegen	Strategic	●	●	◐	+ 5% / + 10%
Strijp-s, Eindhoven	Strategic	●	●	●	+ 5% / + 10%
NDSM, Amsterdam	Creative/strategic	●	●	◐	+ 2% / + 10%
Piushaven, Tilburg	Strategic	●	●	●	+ 5% / + 20%

● Present ◐ Semi-present ○ Not present

Figure 4.6.16: Cross-case findings placemaking, own ill.

In the placemaking in all four cases the hardware and software are fully present. However the orgware is only semi-present in the placemaking of Waalfront and the NDSM-werf. In the Waalfront case, the PPP did not set up a separate entity which would be responsible for maintaining, operating and facilitating the placemaking, even though the placemakers would have really liked to have a collective organization and strategy. The placemaker states; *“I would have liked to have a strong collective organization, now some parts of the Honig Factory are not accessible and the tenants do not apply the same closing times, which is not favorable for the livability.”* (PM1, personal communication, 2021, 2021). In the NDSM case a foundation was established to maintain, facilitate and operate the placemaking in the area. However the private developer was not involved in this initiative and could therefore not contribute to any of the placemaking (PD3, personal communication, 2021). In literature it is stated that all three elements should be present in the placemaking project in order to be successful (Besters et al., 2019). However, the placemaking in the NDSM case and the Waalfront are still considered to be very successful. It is plausible that good orgware makes the placemaking even more successful, but if it is not fully present the placemaking can still succeed. After all, the success is measured by the amount of people who visit the placemaking and whether they are satisfied (Carmona, 2019). Since the orgware is the ‘back-office’ of placemaking, it is not visible to the visitors and can have less significant impact on the success of placemaking than hardware and software.

As mentioned before, the placemaking of the Piushaven had a significant smaller budget than the other placemaking project. Since all the placemaking projects had different durations, figure 4.6.17 shows the average costs of placemaking per case per year.

Average costs of placemaking per year	
Waalfront, Nijmegen	€924.500
Strijp-S, Eindhoven	€900.000
NDSM, Amsterdam	€1.080.000
Piushaven, Tilburg	€108.100

Image 4.6.17: Average costs of placemaking per year, own ill.

This table shows that even if the different durations are taken out of consideration, the placemaking in the Piushaven still has significantly lower costs than the other placemaking projects. As stated in the case sections, the hardware of the Piushaven mainly exists out of the public space and a couple of redundancy buildings. Maintaining public space is relatively low-cost, since there are no building demands. The placemaking in Waalfront and Strijp-S is mainly settled in the buildings which require exploitation costs such as small renovations, fireproofing, safety measures, heat and power payments etc. (HC1, personal communication, 2021; PD1, personal communication, 2021). This explains the higher placemaking costs in those cases. The placemaking budget of NDSM is mainly used for the culture sector, which is a sector that always needs external funding or subsidies to operate because it hardly makes revenue itself (PM2, personal communication, 2021, 2021). Additionally, the events and festivals organized on the NDSM-werf are significantly larger and reach a larger audience (Mun3, personal communication, 2021, 2021; PM2, personal communication, 2021, 2021), which requires a larger budget. The attracted audience by the placemaking projects is shown per case in figure 4.6.18.



Figure 4.6.18: Attracted audience to the placemaking per case, own ill.

Conclusion

To conclude, It is favorable, but not absolutely necessary, to have a well-structured orgware in the placemaking project. However mainly the hardware and software are visible for the visitors and therefore determine their satisfaction. By establishing a separate organization for maintaining, facilitating and operating the placemaking projects, the orgware is fully present as well and even more success can be achieved. It is wise to discuss the target group of the placemaking carefully before making investments, since a greater reach can result in higher expenses which might not be necessary.

4.7 Conclusion case study

The case study is concluded by answering the following sub-questions:

4.7.1 Governance structures

The cases have shown a public development, two PPP joint venture structures and a private development with the use of a develop apart together strategy. In the NDSM-werf the municipality of Amsterdam chose for a public development structure. The municipality of Amsterdam claims to be a financially healthy municipality and due to the magnitude of the city the municipality has a fairly large budget. The municipality of Amsterdam does not consider it necessary to join into a public private partnership. Moreover, they want to keep a high level of influence and power in the area redevelopment, and stay in charge of all decisions. Because of this, it is hard to achieve private developer involvement in placemaking projects when having a public development structure. Even if the private developer would want to contribute to placemaking, it is solely responsible for its own plot and the municipality has the possibly to decline all requests from the private developer. A PPP joint venture structure can be used for private developer involvement. The public and private party decide to establish a separate entity and agreements are made about the share of responsibility and risk in the project. The parties have a shared responsibility for the land exploitation, which makes this governance structure very suitable for private developer involvement. The economic benefits as a result from placemaking are shared according to the distribution of risks, which gives the private developer significant incentive to be involved in the placemaking project. The private development has also shown to be suited for private developer involvement, since (almost) all the land is owned by private developers. An investment made in placemaking to increase the land value will benefit the landowner, which in this case is the private developer. This gives the private developer enough incentive to get involved in placemaking projects.

4.7.2 Land value capture methods

The cases have shown the use of a developer contribution, an active land policy and exploitation permits. The developer contribution is based on a voluntary agreement, which makes this method suitable for private developer involvement. The private developer has to see enough incentive to contribute to the placemaking, so the developer contribution can solely be used if the private developer experiences economic benefits from the placemaking project. The degree of involvement depends on the agreements about the size, timing and frequency of the contribution. It can be a one-time or recurring payment, an in-kind or financial contribution, and it can depend on the number of houses the developer is going to build, the size of the plot or even the size of the development company. Clear agreements about the distribution key need to be made as soon as possible in the initial phase of the development. An active land policy with the use of ground lease is shown in the cases as well, however the cases showed this is not a suitable method for private developer involvement. All the increased value in the area as a result of placemaking will be retrieved through the residual land value and the use of a ground

lease. Therefore this land value capture gives little incentive for the private developer to contribute to the placemaking. Even if the private developer wishes to contribute, this method won't allow it since the private developers do not own any land and can't contribute outside of their designated plot. The exploitation permits have shown to be a very suited method for value capturing. If the municipality wants to keep influence to a certain degree in the area, using public law is a well suited way to do so and to involve the private parties. It is favorable to involve the private developers in establishing the framework agreement and design the demands for placemaking and the contribution together. That way the private developers are more engaged and the process might be smoother and quicker. The practiced and suited land value capture methods are shown in figure 4.7.2.

4.7.3 Placemaking

The focus of this research is involving private developers in strategic placemaking, since that adds significant value in the area redevelopment. This was a criteria for the case study selection and all four cases have shown a significant value increase as a result from strategic placemaking. The areas became more widely known and the quality increased. The placemaking contributed to achieving an interesting and diverse composition of entrepreneurs, pioneers and residents. Without the strategic placemaking the cases would have possibly become mono functional with a lack of diversity and little attractiveness for the target audience. This type of placemaking has shown a value increase of 2% to 20%, depending on regional differences, which activities were organized and reach of audience. The hardware and software were present in all four cases. However the orgware was slightly less regulated in two of the four cases. One case did not establish a separate organization to maintain, facilitate and operate the placemaking. The other case did not involve the private developer at all in the organization of the placemaking even though they indicated several time they would like to participate. The orgware of placemaking benefits from establishing a separate entity for the organization.

4.7.4 Combination of governance structures and LVC methods

In the answers of the previous sub-questions it is stated that a public development governance structure is not suited for private developer involvement in placemaking, which goes for an active land policy with a ground lease as a land value capture method as well. The combination of a public development and an active land policy can result in successful placemaking, however the private developer is not involved and therefore this option is not suited. The PPP joint venture structures have used a developer contribution on a voluntary basis. This is a suited combination for private developer involvement since it provides enough incentive for the private developer to be involved in placemaking. Moreover, the increased value as a result of placemaking will be retrieved by the private developer and the public party since the PPP is the landowner in the area. In the private development the municipality used exploitation permits to involve the private developer in the placemaking projects. This combination is suited for private developer involvement as well since all the increased value is received by the landowner, which in this case is the private developer. Apart from the fact that an exploitation permit is obligatory and a private developer has to cooperate in order to start their development, this combination provides enough incentive for the private developer to want to be involved in the placemaking projects.

5. Discussion and conclusion

5.1 Evaluation

5.1.1 Introduction

In this section the evaluation process and its outcomes are discussed. The findings of the research are externally evaluated by a panel of professionals and a placemaking expert to contextualize them and determine their generalizability for placemaking in other area redevelopments. The panel consists of four colleagues from Deloitte with a focus on area (re) development. These colleagues consult on financial matters and challenges in the real estate sector. The panellist are not involved in any of the cases, and are aware of the concept of placemaking. The following professionals have been selected for the panel:

Professionals	Role
1	Partner
2	Director
3	Senior manager
4	Senior consultant

Figure 5.1.1: Professionals selection, own ill

Sherry Dobbin is selected as the placemaking expert. She is a cultural strategist and producer who has extensive experience working in the public realm. As Managing & Cultural Director, Sherry establishes the delivery framework and oversees the portfolio's cultural congruence. She works directly on initiatives including cultural infrastructure, programmatic development, public-private partnerships, designing for arts delivery, and advising on the public realm integration of arts and digital media. I met Sherry Dobbin during a seminar on the 7th of January 2021 and she agreed to be an evaluator to my work. She is not involved in any of the cases.

Expert	Company	Role
Sherry Dobbin	Futurecity UK	Partner

Figure 5.1.2: Placemaking expert selection, own ill

5.1.2 Panel of professionals

The panel discussion took place on the 16th of November 2021. A presentation was given with a brief explanation of the main topics of the research and the methodology, followed by the main findings of the literature research and the case studies.



Summary of the discussion with the panel

The four selected professionals from Deloitte Real estate all have a lot of experience in area (re)developments, public-private partnerships, financial challenges and advising on complex real estate challenges in the entire domain of real estate development. After finishing the presentation the conversation started about the concept of placemaking. Professional 1 spoke from experience that in practice people frequently perceive placemaking as a 'small on-the-side intervention' when there is any unused space in the business case or physical area. It is viewed primarily as a cost, not as an investment. If it can be supported that placemaking adds value to the business case, the question how that value can be captured is a relevant and a present day issue. Professional 3 has seen cases in practice where there is a more direct value gain from placemaking, instead of waiting for the effects to show in the long run. In one case, visitors to placemaking initiatives were encouraged to give their contact information if they expressed an

interest in relocating to the region once the redevelopment was complete. This 'potential buyer database' was provided to the developer, which facilitated and accelerated the sales process, resulting in immediate value for the developer. This example shows the effect of providing direct and tangible products that generate value increase to the developer, which can stimulate the decision to get involved in the placemaking project in the first place. Professional 1 was surprised that LVC is mostly utilized for infrastructure projects in foreign countries, given that placemaking accelerates the transformation of an unlivable industrial region into an attractive residential area, making it at least as useful as infrastructure projects. He agrees that LVC can also be used to finance placemaking.

Professional 4 noticed in practice that placemaking has a tipping point. Once the placemaking becomes too successful or permanent, it can actually have a negative effect on the area. This raises the question of when to end placemaking projects and at what point the value is captured. Additionally, it is desirable for the developer to have significant influence over future redevelopment plans, as this allows them to maintain influence on what happens on their site. This supports the idea that stakeholder management is required to avoid conflict between placemakers and developers.

Professionals 1 and 3 recognized the LVC methods from the research in practice, the five LVC methods are deployed in the Netherlands are frequently utilized for financing matters in area redevelopment, however not necessarily for placemaking. It remains a challenge to ensure that the captured value is reinvested in the originating initiative that resulted in the value gain. Professional 2 stated that she questions the governance structure's relevance to the funding of placemaking.

Finally, the panelists acknowledged that validating the conclusions from just four examples with practical experience is difficult. They all agree that placemaking adds value to an area's redevelopment and accelerates the overall transformation process. Additionally, it is possible to finance placemaking initiatives using LVC methods; however, additional research into the specific sorts of LVC methods is necessary to confirm the specific application. Area redevelopment is seen as a tailored process with numerous variations between projects.

5.1.3 Placemaking expert

The conversation with the placemaking expert, Sherry Dobbin, took place on the 23th of December 2021. A presentation was used to discuss the findings of the research. The focus of this conversation was on placemaking and the effects of placemaking on the value of the area.



Summary of the conversation with the placemaking expert

The conversation began with a debate on the definition of placemaking.

This research used the definition of Besters et al (2019): *'The planned, purposeful and deliberate approach towards creating attractive places from a human being point of view'*. Sherry strongly reacted on this definition. While she recognized that placemaking encompasses a variety of approaches, she believes that this description refers to the place branding or marketing effect of of placemaking, which for her is only a part of the phenomenon. Her frequently used definition of placemaking is as follows: *'Intentionally leverages the power of the arts, culture and creativity to serve a community's interest, while driving a broader agenda for change, growth and transformation, in a way that also builds character and quality of place (Dobbin, personal communication, 2021)'*. This is a similar definition to creative or cultural placemaking (Wyckoff, 2014). She argues that a project cannot be fully called placemaking if it is only temporary in nature in order to attract visitors and future residents. If, however, the initiative receives permanent support and the objective remains creative and cultural for the community, it is by

her referred to as placemaking. These two different views of the concept of placemaking demonstrate the need of sharing knowledge and educating each other about the concept of placemaking before the conversation about the content is beneficial. Sherry believes this is because academic definitions differ from organizational definitions. She would rather adopt an organizational definition, as this is what practice has taught her, rather than what has been researched in the literature. A significant distinction between the two definitions is the distinction between identity and branding. Placemaking can be used to establish a long-term, permanent identity for an area. Place branding is the process of developing a marketing and branding plan for an area in order to boost its popularity and value.

Additionally, when asked about the possible value gain associated with placemaking, Sherry stated that it is no longer a matter of debate in practice. Everyone in the industry with whom she works recognizes the beneficial effect that placemaking has on the surrounding value. The question is not whether or not placemaking should be included in an area's redevelopment strategy, but how much, when, what type, and who funds it. It should be incorporated into each stakeholder's business model, however current practice shows that when a (financial) plan becomes too tight, placemaking and branding are stopped and removed from the equation. This is unfavorable for the profits in the long run, and therefore it would be wise to assign a priority to placemaking, branding and marketing in a business case so it can endure some financial setbacks. She emphasized the importance of flexibility of both the business case and the placemaking plans to achieve a successful result.

5.1.4 Conclusion

To conclude, the panelists and the placemaking expert approach the concept of placemaking differently. The professionals with financial background agree with the report's stated definition. However they experience in practice that placemaking is also viewed as 'a little project on the side' whenever there is available space and/or funding. The placemaking expert with cultural background adds to the research's definition that a temporary project to attract future residents is not placemaking but rather place branding. The visions on the definition demonstrate the need of establishing a clear concept and an open dialogue about which definition to use when discussing placemaking projects.

Additionally, both parties support that placemaking has a positive effect on the area redevelopment by increasing its value. The placemaking expert even advocates that this should not be a matter of discussion anymore, only about how, what, and when to introduce placemaking in the project and who funds it. The panelists recognize the five different types of LVC methods from practice and agree that they are well suited to use as finance methods for placemaking projects. However, which method to apply is highly case dependent, and it is difficult to validate the optimal method based on the four case studies of this research. Additional research is required before drawing any broad conclusions regarding which types of LVC are suited for financing placemaking projects and which other types of LVC have potential. Figure 5.1.3 summarizes the statements of the panelists and the placemaking expert.

This evaluation is based on the personal professional opinions of five individuals, and other professional stakeholders may have a different perspective on the research findings. As a result, this part elaborates the study topic within the broader context of area redevelopment and placemaking, but should not be interpreted as validation or confirmation of the research findings. Further research is needed to arrive at a validated end result.



Team of professionals

- ✓ Support the used definition
- ✓ Support the value increasing effect of placemaking
- ✓ Support the need for stakeholder management between the developer and the placemakers
- ✓ Support the use of LVC to finance placemaking projects

Further study required:

- Which other types of LVC are suited for financing placemaking
- Influence of governance type
- More case studies are needed for a validation process

Other remarks:

- A direct value gain can help motivating developers to invest in placemaking



Placemaking expert

- ✗ Disagrees with the used definition (should be place branding/marketing)
- ✓ Support the value increasing effect of placemaking
- ✓ Supports the need to incorporate placemaking in the business model of every stakeholder
- ✓ Supports the need for flexibility in the project and process

Other remarks:

- Placemaking should have a high priority in the business case so it can endure financial setbacks or delays

Figure 5.1.3: Evaluation of professionals and placemaking expert, own ill.

5.2 Discussion

In this section the findings are related to the original problem statement in section 5.2.1 and to the literature findings in section 5.2.2. This is shown in figure 5.2.1.

5.2.1 relation between findings and problem statement

The problem statement states that the funding gap for public investment in placemaking is becoming an increasing problem as the municipality faces an increasing number of financial challenges. To address this, local governments are increasingly selling their land to private developers. In three out of the four instances, the municipality does not own any land in the area redevelopment. The municipality of Amsterdam argued in the case study that it is financially stable and does not face the challenge of funding gaps. Because the other municipalities in the case study did not initially own the land for the area's redevelopment, they were not required to decide whether to sell it to a private developer. In the two cases where the municipality chose to enter into a PPP with a private developer, they did so to maintain a high level of influence in order to protect social values and requirements. In the Piushaven case in Tilburg, all land was already held by private parties, which minimized the possibility of a budget deficit for the municipality.

The fact that all municipalities' land holdings are declining results in a more dominating role for private developers. This leads to the second problem statement: *“an unfair distribution between the costs and benefits of placemaking”*. This issue is addressed in the case study as a motivation for the municipality to make an attempt to involve private developers in the funding process. This was not a point of debate in any of the cases studied. All private parties concerned agreed that the municipality and private parties should share costs and benefits equally. They all contributed actively to the funding of the public space and the placemaking projects, except for the private developer in Amsterdam. This party was interested in participating in placemaking efforts and offered numerous suggestions for improving the quality of public space. Regrettably, they were excluded from the funding and decision-making processes for placemaking projects. Indirectly, through the *vereveningfonds*, the private developer did contribute financially, however they would have preferred to actively participate as well. The case study shows that the involved private developers are not resisting a more fair distribution between the costs and benefits of placemaking.

5.2.2 Triangulation between findings and literature

The expectations from theory and the case study findings discussed in chapter three and four are summarized in figure 5.2.2.

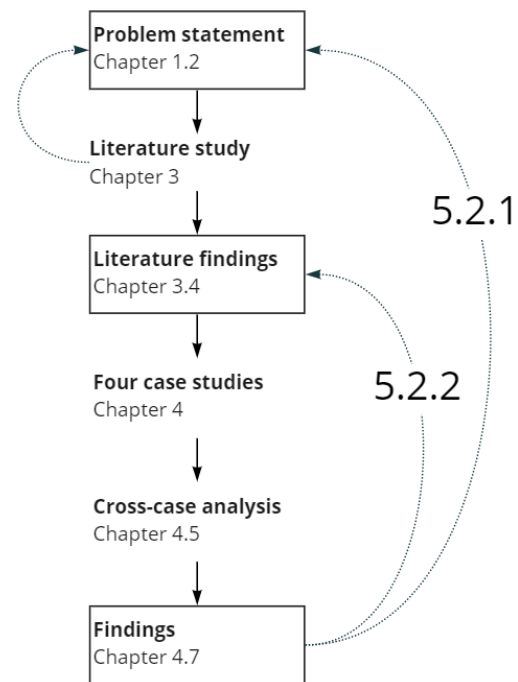


Figure 5.2.1: relation between findings and literature ill.

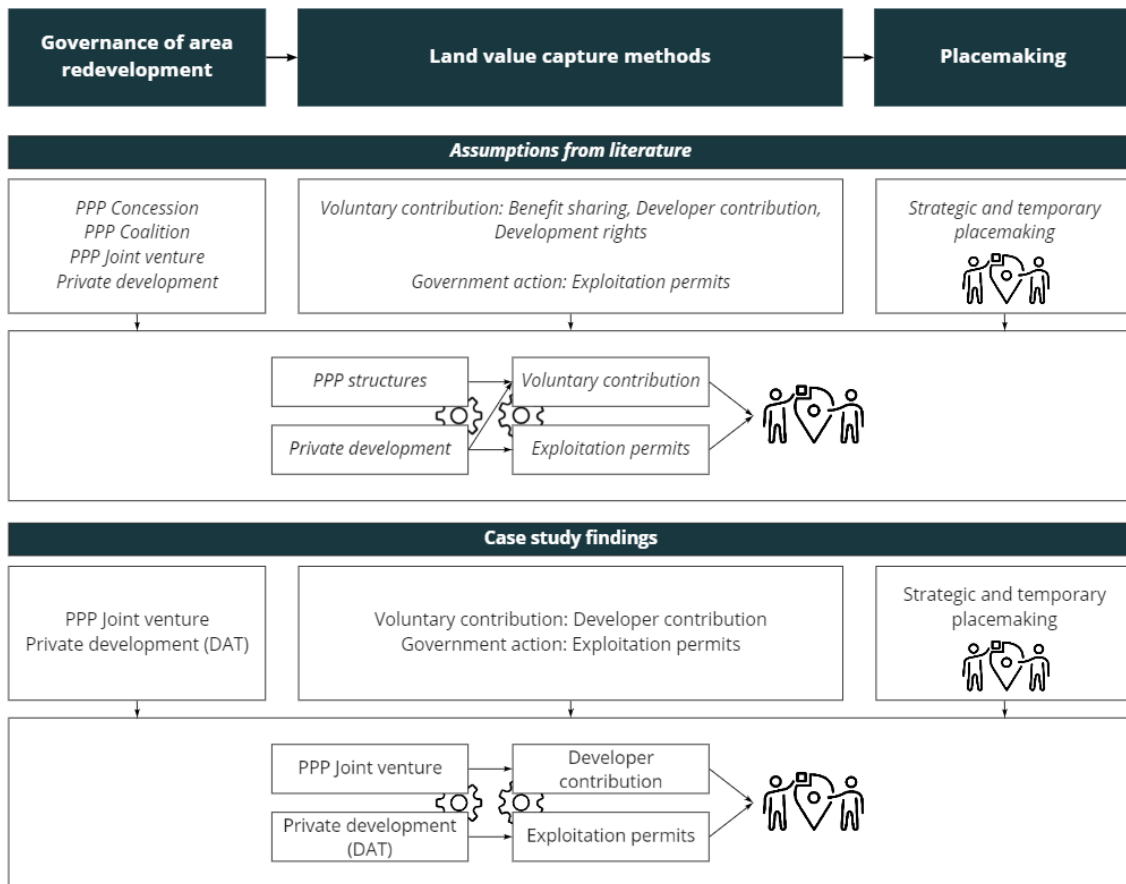


Figure 5.2.2: Assumptions from literature and case study findings, own ill.

Similarities

No private developer involvement in a public development with an active land policy

According to theory, a public development combined with an active land policy is unfavourable for private developer involvement. The case study findings support this assumption. The municipality of Amsterdam uses a ground lease system because it wants to maintain complete control over the area's redevelopment, even if this means denying the involvement of a private developer. The municipality will recoup the value increase achieved by placemaking through the ground lease. Private developers' available knowledge and resources, as well as their desire to contribute, are not utilized in this scenario. By utilizing a different governance structure, these benefits can be incorporated. Further research is necessary to determine whether a public development structure can involve private developers through a different way of land value capture.

Joint venture with a voluntary developer contribution

Two of the four cases showed a joint venture structure with a voluntary developer contribution. This is supported by theory. Since the public and private parties have formed a separate company for the redevelopment of the area, risks, responsibilities, and decision-making are shared. They choose to implement a voluntary contribution system for placemaking. If the municipality demands a contribution on the private developer by public law, this could jeopardize mutual agreements and respect in the governance. Additionally, the private party involved in the PPP and therefore in the GREX would be able to indirectly recover (part of) the contribution.

Private development with DAT and exploitation permits

The last governance structure that has been implemented is a private development with the utilization of exploitation permits. It's important to see that a sub-strategy, Develop Apart Together (DAT), was adopted for this governance structure. This was not mentioned in the theoretical framework on governance structures since it is a sub-strategy rather than a governance structure based on land policy. This technique is appropriate when the area's landownership is fragmented, as was the case in the Piushaven. DAT establishes a collaborative area vision between public and private stakeholders, as both recognize that cooperation across plots is necessary to achieve the desired level of quality and density in the area. Three other sub-strategies exist for private development with fragmented landownership: plot development, organic development, and ownership consolidation. Despite the municipality's lack of landownership in the area, they were able to achieve their goals through the use of exploitation permits. They demanded that the framework agreement includes a contribution to placemaking; otherwise, they would not change the zoning plan. While this combination of governance structure and land value capture method is suitable for private developer involvement, additional research is needed to determine whether the other strategies can also use land value capture methods to engage private developers in placemaking. additional research whether benefit sharing, developer contribution, or development rights are also applicable in a private development is needed as well.

Successful placemaking and value increase

The introduction states the hypothesis that placemaking efforts increase the value of area redevelopment. This was supported by the theoretical background, which stated that if placemaking is successful, it can result in value improvements of up to 50%. The case study data support this idea as well; each interviewee claimed a value increase ranging from 2% to 40%. The case study demonstrated that having good orgware is not necessarily important, as the hardware and software are visible to the people and the orgware is back-office. However, when orgware is fully implemented, it enhances the success of placemaking.

Differences

PPP Concession and Bouwclaim models not included in case study

Four cases were selected, implying that not all five governance models can be represented in the case study. The PPP concession and PPP *bouwclaim* were not addressed in the case study. However, those governance frameworks are theoretically well-suited for private developer participation in placemaking projects. Additional research and expert feedback revealed that the concession model is unsuitable for complicated projects, such as inner-city area regeneration, due to the structure's inflexibility. The contract must be set up in advance, which is complicated given the long- term and unforeseeable effects on the area's transformation. Additionally, the municipality has limited control and adjustment capabilities. Due to these factors, the concession model is rather unusual in the Netherlands for redevelopment of inner-city areas, which explains why it was not included in the case study.

The municipality acquires all land with a PPP *bouwclaim* structure. Since the financial crisis, this strategy has been phased out due to the high costs and risks for the municipality. This structure is occasionally used in new-built areas outside of cities (Vinex), where acquisition costs are lower than in an inner-city location. This explains why the *bouwclaim* structure is not included in the case study either. Further research is required to see whether those governance structures can also benefit from land value capture.

Benefit sharing and development rights not practiced in case study

According to literature, benefit sharing and development rights are other possible methods for including private developers, however they were not used in the case study. Additional research indicated that benefit sharing is a highly complicated method of capturing land value that is currently uncommon in the Netherlands. The Piushaven case was the only example one in which benefits sharing was a feasible option, as the market lacked significant external competitive pressure as a result of private landownership. However, benefit sharing is currently reserved for smaller projects, and the municipality of Tilburg decided to involve private developers in placemaking through public law. As long as the municipality has some landownership in the region, they can also exercise development rights. Further research should be conducted to determine whether benefit sharing and development rights are appropriate methods for land value capture for private developer involvement in placemaking.

5.2 Limitations

The limitations of this research are now discussed, since they influence the findings and conclusions.

Limitations of theoretical background research

The theoretical background is generated from a variety of academic papers, websites, books, and publications related to the discussed subject. It is possible that important references to a particular subject miss from the theoretical background because they were not discovered during the literature search.

Transferability and validity of the empirical research

This study covers four cases of land value capture of placemaking in area redevelopment. These four studies' qualitative data offer an in-depth evaluation of the use of land value capture to involve private developers in placemaking projects. However, case study research has the risk of reflecting on a specific process, limiting the researcher from broadening the scope of the theory. The study's focus on inner-city real estate development means that the findings are particularly applicable to this industry. The findings regarding the types of land value capture that can be used in the Netherlands, as well as the insights into the various methods, may be applicable to other projects as well. As long as a specific project results in an increase in the private developer's value, land value capture methods can assist in involving private developers in the project. For instance, the effect of a green façade on the value of real estate or mobility hubs. However, additional research is needed to determine the impact of those projects on land values and whether they are also beneficial to a private developer.

Even though the four cases were selected using case selection criteria, the risk of researcher bias exists. The cases were selected using gebiedsontwikkeling.nu; however, this website may not contain information on every area redevelopment in the Netherlands. Additionally, the research investigated the 13 cases (that remained after selection) for multiple stakeholder involvement and temporary strategic placemaking. It is probable that some details about the instances were overlooked, making some cases 'false negative', meaning that they should have been included in the case study. I have checked for this effect, and have not found reasons that the choice making process missed criteria, but this does not fully exclude the researcher bias.

In each of the four cases, the funding for placemaking and the increased values have been demonstrated through an indicative calculation based on interviewee input and additional market research. The calculations' purpose is to demonstrate the procedure and methods

employed in the specific cases, not to imply that this exact value increase occurred and was recovered by the parties concerned. Calculating future value increases is extremely difficult, and all respondents strongly discourage doing so. Additionally, the indicative calculations are made so that the financing of placemaking can be cross-case analyzed to identify similarities and variances. Because the numbers utilized are highly indicative and theoretical, the calculation is quite sensitive and should be treated accordingly.

Validity and reliability of the executed interviews

Firstly, a pilot interview is conducted to test whether the interview questions are accurate and necessary and that no questions are missed. However, conducting interviews to collect data has the drawback of introducing 'demand characteristics' and 'observer bias'. This first limitation occurs when respondents become aware of the study's aim and modify their behaviour in their response. This second limitation arises when the researcher makes assumptions that have the potential to affect the subject. During the interview, the interviewer may pick up on a certain direction and steer the subject in that direction in order to acquire the desired study results. Additionally, 15 interviews were conducted by one researcher for this study. The interviewer may have become less responsive and more prejudiced as a result of the frequent interviews. This could lead to a reduction in the number of detailed and follow-up questions. Additionally, due to the amount of interviews, detailed summaries were chosen over exhaustive transcripts. The downside of a summary is that it is less transparent than a thorough transcript.

Second, the interviewees' personal histories and affiliations have a significant impact on their perceptions of placemaking. For example, the private developer of Waalfront remarked that he lives on a farm outside of any major city and hence does not experience any social benefits from placemaking. So the personal living situation of this respondent might have influenced his professional judgement.

Thirdly, an inner-city redevelopment project is a long-term operation in which stakeholders and representatives will inevitably shift over time. For example, the director of the Stichting NDSM has been involved since 2019, despite the fact that the foundation was founded in 2009. The newly involved representatives may have differing perspectives on some issues or may be under-informed about a certain subject. This can lead to missing information regarding the case study input.

Fourthly, in the interview scheme a range of percentages is proposed to identify the percentage of value increase as a result of placemaking. The given range was as following:

- 1 = No effect (0% value increase)
- 2 = Little effect (1/2% value increase)
- 3 = Limited effect (5% value increase)
- 4 = Substantial effect (10% value increase)
- 5 = Large effect (>10% value increase)

Almost all interviewees indicated that placemaking had a limited to a substantial effect on property value, their estimations are nearly identical. This is remarkable because each stakeholder has a unique perspective and interest in placemaking projects. This can be a result of a scale being used that unintentionally steers the estimation in a particular direction.

Finally, the interviews were held in Dutch and afterwards translated into English. As a result, an unintentional misinterpretation could have occurred.

5.3 Conclusion

The conclusion of this research is given through answering the main research question:

To what extent can land value capture be applied in governance of area redevelopment to involve private developers in placemaking projects in the Netherlands?

In order to use land value capture to involve private developers in public projects such as placemaking, the project must create value for the private developer. Otherwise there is no incentive nor value to capture. Placemaking has a direct positive effect on land values, as supported by both literature and practice. As long as the private developer recovers a portion of this value, land value capture can be used to involve the private developer in placemaking projects in the Netherlands. The method used is determined by the governance structure. Certain international LVC methods are applicable in the Netherlands, as illustrated in figure 5.3.1.

Voluntary contribution	Benefit sharing
	Developer contribution
	Development rights
Government action	Active Land policy (with ground lease)
	Exploitation permits

Figure 5.3.1: LVC methods applicable in the Dutch institutional context, own ill.

All of these methods have the potential to be employed by area redevelopment governance to involve private developers in placemaking initiatives. This case study research included three of these methods: developer contribution, active land policy, and exploitation permits. The developer contribution is utilized in cases where a PPP joint venture governance structure has been established through mutual PPP agreements. In the public development, an active land policy with a ground lease structure was adopted. This case demonstrated that the combination of this LVC approach and governance structure is unfavorable for private developer involvement. Additional research is needed to determine whether a public development using a different LVC method does involve a private developer. Another case shows the use of exploitation permits in a private development has demonstrated to be an effective way to engage private developers in placemaking while allowing the municipality to maintain sufficient control over the redevelopment without acquiring any land. The findings throughout the research process are shown in figure 5.3.2 on the next page.

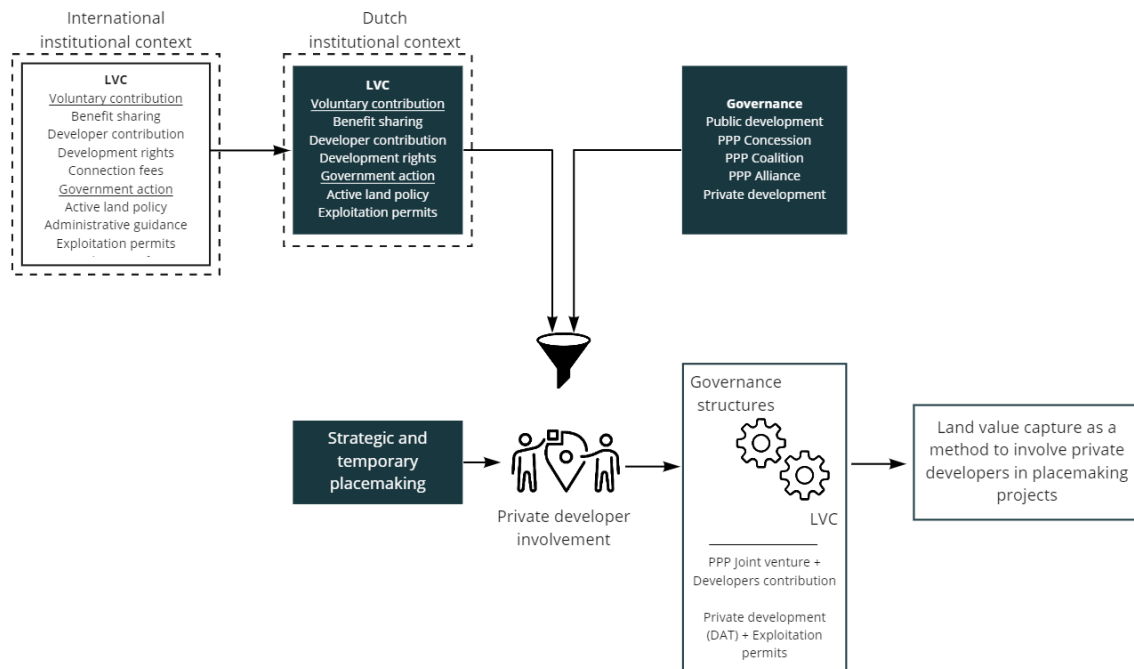


Figure 5.3.2: Findings throughout research process, own ill.

5.4 Recommendations

This section provides recommendations for both further research and practice.

5.4.1 Recommendations for further research

private developers' involvement in placemaking initiatives and the extent to which land value capture methods can assist in achieving this involvement is a complex challenge. Additional research is necessary to broaden the understanding of this subject and to make the findings more general. It is recommended to have a large case study size, in order to validate the findings. Additional research questions for consideration include the following:

- *To what extent can LVC be used in a PPP concession model to involve private developers in placemaking projects?*
- *To what extent can LVC be used in a PPP Bouwclaim model to involve private developers in placemaking projects?*
- *To what extent can benefit sharing be used to involve private developers in placemaking projects in the Netherlands?*
- *To what extent can development rights be used to involve private developers in placemaking projects in the Netherlands?*
- *To what extent should placemaking receive a permanent allocation in an area redevelopment?*
- *What strategies can be used in a private development to achieve private developer involvement in placemaking? (Developing apart together, plot development, organic development or merging of landownership)*

5.5.2 Recommendations for using LVC for placemaking projects

When the governance structure is decided, it is recommended that the focus in the initial phase of the project lies on the following components of land value capture and placemaking.

LVC

- Upon discussing the financing of placemaking in the area, pay attention to the period of commitment of the different stakeholders. Map stakeholders from short-term to long-term stake and discuss if this influences the height of the contribution of the private parties.
- Discuss if the contribution type is going to be in-kind or financial, and a onetime fee or periodic.
- Discuss the views of involved stakeholders on a distribution factor. Is the contribution per house, m², company size or else?

Placemaking

- It is wise to make clear agreements about the duration and the conditions of the contracts for temporarily placemaking. If a placemaking initiative exists for a long time its power in the decision making increases, which can disrupt the continuation of the area redevelopment.
- When (most of) the placemaking initiatives have matured in the area, discuss which initiatives want and can afford a permanent allocation in the redeveloped area in hardware that is up to quality standards and has a market conform rent price.
- Discontinue the other placemaking projects before the new residents in the area experience nuisance and the placemaking loses its temporality, roughness and newness.
- It is favorable to make flexible planning agreements in the area redevelopment. This way the stakeholders can anticipate unforeseen events, the placemaking can mature and it causes a continuation of construction projects

5.5 Reflection

This is an explorative research with the goal to contribute to the field of knowledge about the financial involvement of private developers in placemaking projects and to research to what extent land value capture methods can contribute to achieving this involvement. I adopted a qualitative research method to examine real examples of placemaking in area redevelopment and to discover how and by whom placemaking was financed. My goal with this research was to make the conclusions on the finances behind placemaking more tangible.

The results are particularly relevant to the four case studies examined in this study. Ultimately, placemaking in the redevelopment of inner-city areas is a highly complex subject. Particularly when the emphasis is on financial concerns. Each case is unique and will very certainly require a customized strategy and finance solutions. This research serves as a foundation for discussion about private developer involvement in placemaking and, ideally, raises awareness about the extent to which the public and private sectors participate in inner-city area redevelopment.

So, my final conclusion is:

Land value capture ~~is~~^{is} a method to
involve private developers in
placemaking projects

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Appendix

1. Elaboration case study selection

After inserting the following criteria:

The map leaves 13 area redevelopments.

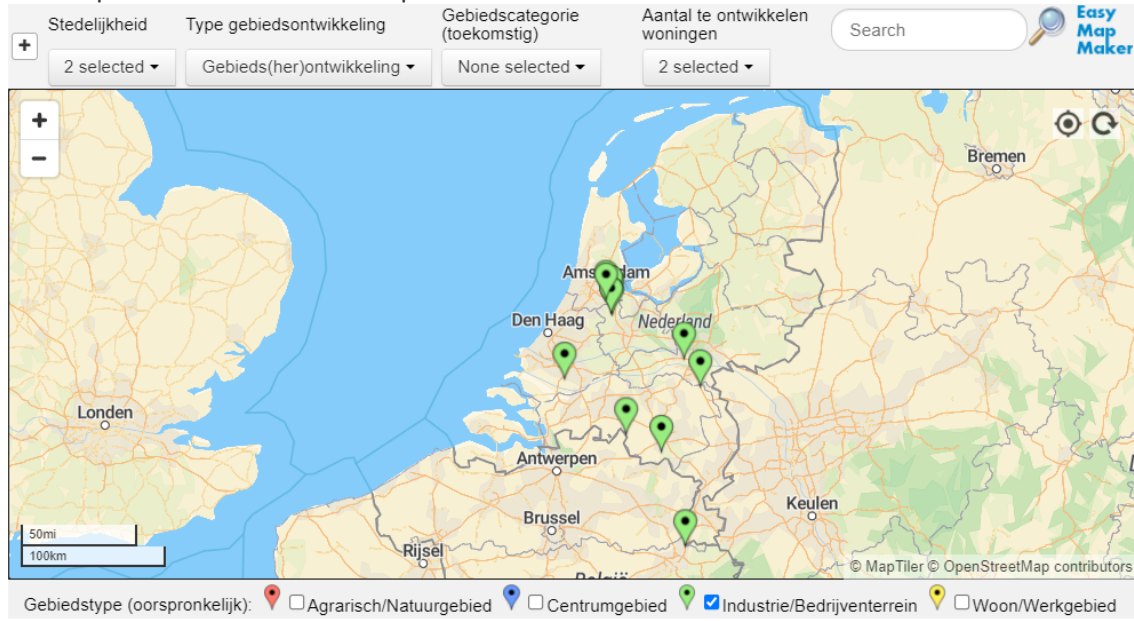
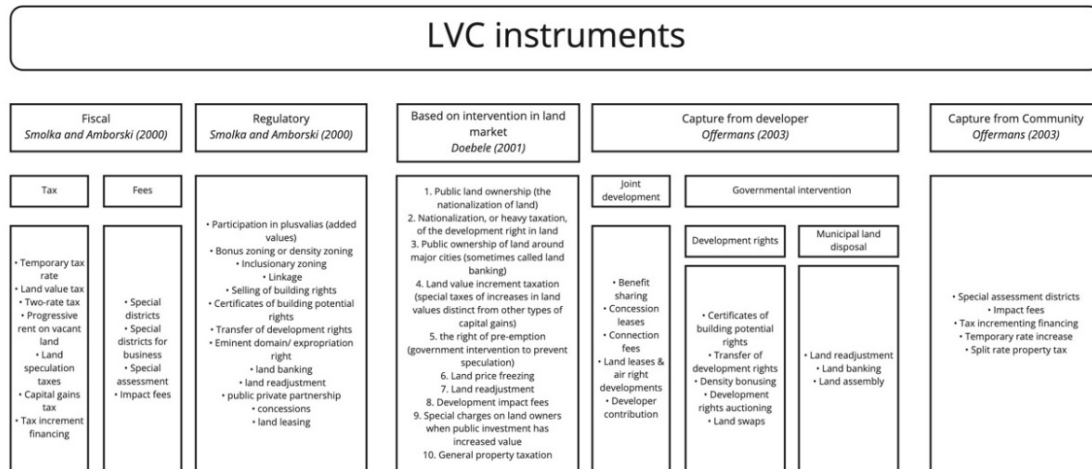


Figure 1: Map with 13 area redevelopment after set of criteria (www.gebiedsontwikkeling.nu, 2021)

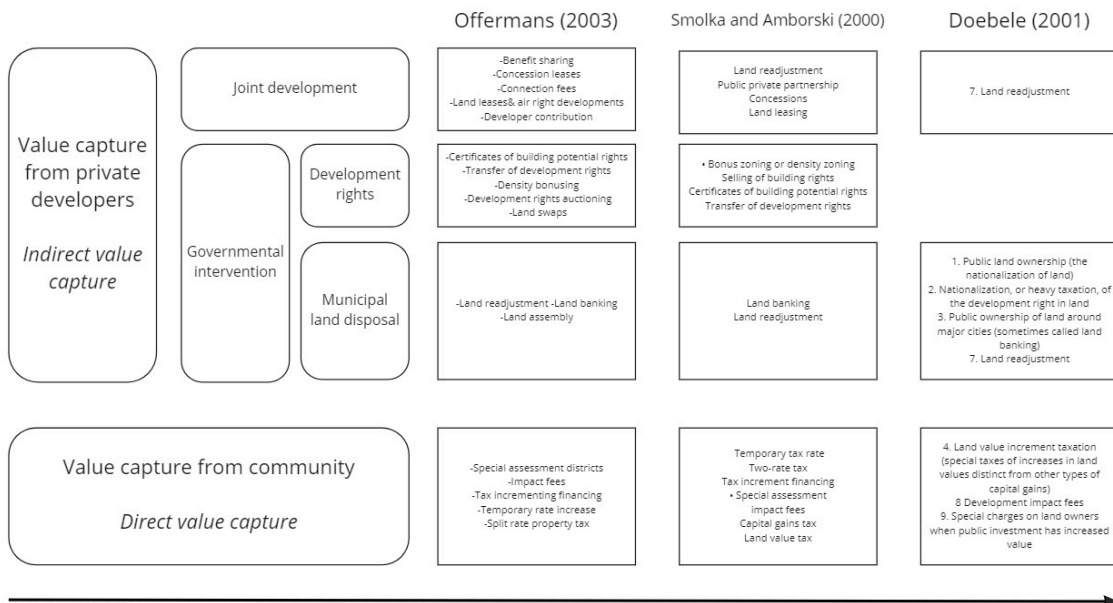
Area redevelopment	City
Sphinxkwartier	Maastricht
Piushaven	Tilburg
Waalfront	Nijmegen
Strijp-S	Eindhoven
Katendrecht	Rotterdam
Enka terrain	Ede
Ourdomain Southeast	Amsterdam
Science park	Amsterdam
NDSM werf	Amsterdam
Buiksloterham	Amsterdam
Overhoeks	Amsterdam
GWL terrein	Amsterdam
Oostenburgereiland	Amsterdam

2. LVC instruments



summary of land value capture instruments in literature, own ill. Adopted from (Doebele, 2001; Offermans, 2006; Smolka & Amborski, 2000)

As shown in image 19 there are a lot of different ways according to the literature for value capturing, and there is a lot of overlap between the instruments in the different literature. Since the focus of this research is on the contribution of private developers and indirect value capture, this scheme of value capture instruments is rearranged accordingly in image 20.



land value capture instruments according to priority, own ill. Adopted from (Doebele, 2001; Offermans, 2006; Smolka & Amborski, 2000)

3. Interview scheme

Het doel van het onderzoek

Het onderzoek heeft tot doel inzicht te verkrijgen in het gebruik van 'Value Capture' bij de financiering van placemaking om private partijen te betrekken. Hierbij wordt gekeken naar de **organisatiestructuur** van de gebiedsontwikkeling (voorkeur gaat uit naar een vorm van PPS) en hoe de **financieringsafspraken** gemaakt zijn in deze organisatie.

Aanleiding

- Nederland heeft ten opzichte van Angelsaksische landen (bijv. VK of VS) een traditioneel systeem met **direct overheidsingrijpen** in vastgoedontwikkeling en grondaankoop en een relatief actief grondbeleid. Dit brengt financiële risico's voor de gemeentes met zich mee. In de literatuur is bewezen dat succesvolle **placemaking** in een gebiedsontwikkeling een **positief effect heeft op de vastgoedwaarde**, wat veelal terecht komt bij de private partijen. Dankzij het traditionele systeem wordt placemaking echter vaak (deels) gefinancierd door de gemeente, de provincie of het Rijk (bijv. subsidies, impulsen, kortingen). Deze **onevenwichtige verdeling** tussen de kosten en baten van placemaking is een aanleiding voor dit onderzoek.
- Verstedelijking en de verdichting van steden zijn belangrijke trends van deze tijd. Steeds meer mensen verhuizen naar de stad wat de druk op de stedelijke woningmarkt nog groter maakt. Hierdoor richt het onderzoek zich op **binnenstedelijke transformatie gebiedsontwikkelingen**.

Definities

- Placemaking: Placemaking heeft in de literatuur een grote variatie aan definities en toepasbaarheid. Zo is er **strategische placemaking**, wat duidt op geplande en doelbewuste placemaking in een gebied met doel om de waarde, populariteit en aantrekkingskracht te verhogen en zo toekomstige bewoners naar het gebied toe te trekken. Ook is er creatieve placemaking, wat duidt op dynamische en lokale initiatieven van bewoners om de kwaliteit van de buurt te verbeteren, of strategische placemaking. De strategische vorm van placemaking wordt gebruikt in het onderzoek en creatieve placemaking wordt buiten beschouwing gelaten. Specifiek ligt de focus op placemaking in de **initiatief/start fase van de ontwikkeling**, waar (tijdelijk) gebruik wordt gemaakt van het terrein voor placemaking voordat de bouw is gestart. (Denk aan skateparken, evenementen, stranden, brouwerijen, horecagelegenheden, cultuurattracties).
- Value Capture: In het Nederlands **waarde vangen, afromen of terugploegen**. Dit is een methode die veelal in de VK of VS wordt gebruikt om private partijen te betrekken in de financiering van een project wat waardevermeerdering oplevert. Dit kan toegepast worden door middel van bijvoorbeeld een verplichte bijdrage, bepaalde belastingregels, luchtrechten, erfpacht, ontwikkelrechten, etc. Directe Value Capture zou de eindgebruiker belasten, bijvoorbeeld door het invoeren van tol op een weg of een toegangsprijs voor een park. In dit onderzoek ligt de focus op indirecte Value Capture, waar de vastgoedontwikkelaar financieel bijdraagt aan het placemaking in initiatief omdat de waarde van het te ontwikkelen vastgoed hierdoor stijgt.

Onderzoeksvraag

In hoeverre kan 'Value Capture' toegepast worden in de organisatie van gebiedsontwikkeling om private partijen bij de financiering van placemaking te betrekken in Nederland?

2. Interview

Hoofdthema: Private financiering van placemaking

Algemeen

1. Kunt u een korte introductie geven over wie u bent, wat uw functie is (geweest) in deze gebiedsontwikkeling, en vanuit welke organisatie(s)?
2. Wat zijn voor u de belangrijkste kwaliteiten van deze gebiedsontwikkeling?
3. Kunt u een beknopte beschrijving en tijdlijn geven van de gebiedsontwikkeling?

Organisatie en samenwerking:

4. Wat is de organisatiestructuur van de gebiedsontwikkeling en met welke partijen?
 - a. Denk aan een PPS concessie, PPS bouwclaim, PPS Joint venture of een faciliterend grondbeleid
5. Hoe zijn de volgende kenmerken en afspraken van de organisatievorm ingevuld op het gebied van:
 - a. Financiering, risico- en winstdeling
 - b. Verantwoordelijkheden, besluitvorming, dagelijkse leiding
 - c. Mijlpalen en deadlines
 - d. Specifieke kenmerken/afspraken
6. Als u de samenwerking opnieuw had kunnen opstellen, wat had u anders gedaan?

Placemaking:

7. Welke (tijdelijke) placemaking projecten zijn er (geweest) in het casegebied?
8. Door wie zijn deze geïnitieerd? En wanneer?
9. Zijn in een eerdere fase alternatieve placemaking projecten in beeld geweest en waarom zijn die afgefallen?
10. Wat was de investering en hoe is de financiering van deze projecten georganiseerd? Wie zijn er betrokken geweest?
11. Wat zijn de directe effecten (bijv. exploitatieopbrengsten, huuropbrengsten) en indirecte (bijv. stijging vastgoedwaarde) van de placemaking projecten? En hoe groot was dat effect?
12. Als u de afspraken omtrent de financiering van de placemaking opnieuw had mogen maken, wat had u anders gedaan?

Waarde en Value Capture:

13. Er zijn twee verschillende variabelen waarin de waarde kan worden uitgedrukt:
 - a. **Kostenreductie en/of opbrengstenverhoging:** De businesscase van placemaking kan geoptimaliseerd worden door de kosten te verlagen en/of de opbrengsten te verhogen. Dit kan bijvoorbeeld door ingrepen met een

minimale output uit de businesscase te halen, of bijvoorbeeld door (meer) toegangsgeld te vragen voor het placemaking project.

- b. **Meervoudige waarde creatie:** Een investering kan meerdere vormen van waarde creëren, maatschappelijke waardes zoals leefbaarheid, gezondheid, veiligheid, economische groei en bereikbaarheid, maar ook financiële waardes zoals een waardevermeerdering van het vastgoed als gevolg van deze maatschappelijke waardes.

Zijn deze variabelen meegenomen in de financieringsgesprekken van de placemaking? Zo ja, lag de nadruk op kostenreductie/opbrengstenverhoging of meervoudige waarde creatie? Waarom?

14. Staat uw bijdrage aan de financiering gelijk aan de baten die placemaking voor u oplevert? Waarom wel/niet?
15. Hoe veel effect heeft/hebben de placemaking activiteit(en) in dit gebied gehad op de vastgoedwaarde, ten opzichte van een scenario voor dit gebied zonder placemaking?
- c. Schaal van 1 tot 5:
- 1 = geen effect (0% waardevermeerdering)
 - 2 = Nihil effect (1/2% waardevermeerdering)
 - 3 = Beperkt effect (5% waardevermeerdering)
 - 4 = Substantieel effect (10% waardevermeerdering)
 - 5 = Groot effect (>10% waardevermeerdering)

Waarom dit cijfer?