

# Haven-Stad, Amsterdam

Haven-Stad Together

25–28 February 2019



# About ULI

The Urban Land Institute is a global, member-driven organisation comprising more than 44,000 real estate and urban development professionals dedicated to advancing the Institute's mission of providing leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific regions, with members in 81 countries.

ULI has been active in Europe since the early 1990s and today we have over 3,400 members across 14 National Councils. We have a particularly strong presence in the major European real estate markets of the UK, Germany, Belgium, France and the Netherlands but are also active in emerging markets such as Poland and Spain. ULI Europe currently has seven Product Councils with the intention to expand in the near future. Across our national and product councils we hold a variety of educational

and networking events, bringing together some of the industry's most influential people while keeping up with the latest trends, changes and progressions made in the real state sector.

The extraordinary impact that ULI makes on land use decision-making is based on its members sharing expertise on a variety of factors affecting the built environment, including urbanisation, demographic and population changes, new economic drivers, technology advancements, and environmental concerns.

Peer-to-peer learning is achieved through the knowledge shared by members at thousands of convenings each year that reinforce ULI's position as a global authority on land use and real estate. In 2018 alone, more than 2,200 events were held in about 330 cities around the world. Drawing on the work of its members, the Institute recognises and shares best practices in urban design and development for the benefit of communities around the globe.

More information is available at [uli.org](http://uli.org). Follow ULI on Twitter, Facebook, LinkedIn, and Instagram.



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# About ULI Europe Advisory Services

The ULI Europe Advisory Services programme leverages the land use expertise of ULI members and urban experts to help communities solve complex land use challenges. Advisory Services allows ULI to deliver our mission while also providing an opportunity for our members to engage and serve. The Advisory Services programme also serves as a cross-cutting platform to explore new urban development ideas and strategic partnerships between cities and countries.

The goal of the ULI Advisory Services programme is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programmes, and policies. Since 1947, this programme has assembled well over 700 ULI-member teams to help sponsors find creative, practical solutions for issues

such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalisation, brownfield redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies. A wide variety of public, private, and non-profit organisations have contracted for ULI's advisory services.

A major strength of the programme is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academics, representatives of financial institutions, and others. In fulfilment of the mission of the Urban Land Institute, this Advisory Services report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

# Acknowledgements

On behalf of the Urban Land Institute, the experts would like to thank the sponsors – the City of Amsterdam – for inviting them to Haven-Stad. In particular, the panel of experts extends its thanks to Pieter Klomp and the City of Amsterdam staff involved in planning and delivery of the Advisory Services workshop. In addition, a special thanks goes to Amanprit Arnold for her support in putting together the briefing materials, managing the workshop, and writing the summary report.

Finally, the panel would like to thank the more than 25 city officials, business and community leaders, and representatives from the city and Haven-Stad who shared their perspectives, experiences, and insights over the course of the week.

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# Executive Summary

In February 2019, the City of Amsterdam invited ULI to convene a three-day advisory services workshop in Haven-Stad. The City requested the experts' recommendations on how to accelerate the redevelopment of Haven-Stad, its ambitious plan to transform 650 hectares of existing docklands into one of the largest inner-city mixed-use residential districts in Europe. The City was also interested in the experts' insights into the different ways to fund and anticipate the infrastructure, as well as how to collaborate with the private sector.

During their time in Haven-Stad, the experts interviewed key stakeholders and evaluated the development strategy for the project. This effort enabled them to present their recommendations and to share relevant best practice examples and interventions from their own experience. The overarching view from the experts was that although Haven-Stad is an ambitious project, as a large consolidated land area close to the core of the city, it presents clear opportunities.

To realise the significant opportunities that Haven-Stad provides for Amsterdam and at the same time successfully deal with the challenges identified, the experts recommend the principle of *Haven-Stad Together*.

This principle applies to three areas:

- Share risk;
- Engage investors; and
- Accelerate development.

The regeneration of Haven-Stad involves many risks, for example those related to the infrastructure and necessary funding needed, the size of the area, the current operations as a port, the different stakeholders involved, and the time needed for the regeneration stretching across different economic and development cycles.

To share and manage these risks appropriately, the experts' key recommendation for Haven-Stad is to organise the leadership and execution of the project under a publicly/privately owned development company, involving all major stakeholders. This proposed development company would provide stable, coordinated governance for Haven-Stad, help accelerate project delivery through better phasing and planning, and keep the development consistent through different economic and political cycles. It would also provide a strong foundation from which to attract private investment, both from international investment and Dutch investors, given the large scale of the project.

As mentioned, the development company would be an important means to achieve the necessary risk sharing between public and private sectors that would be needed to successfully execute such a large and important project. This would also help build long-term partnerships with stakeholders, and through a transparent approach, the development company would also help build trust. This could help counter concerns raised by stakeholders during the workshop around lower levels of trust in the City as a business partner because of perceived lack of transparency in the development of the plans for Haven-Stad until now.





Examples from other cities, such as Copenhagen and Vienna, have shown that initial pro-active action by the public sector to pre-fund and anticipate public (transport) infrastructure demonstrate the strong belief and intention of the city in the development area, not only towards investors, but also towards future residents.

Funding mechanisms such as value capture finance or tax incremental finance models can subsequently support profit sharing between public and private sectors of the land value uplift, ensuring the redevelopment area benefits from it. In this respect, the experts

recommended prioritising funding for the extension of the metro's red line, which would provide a direct link to the city centre and enhance support for investors and future residents.

To accelerate development, the experts also made further recommendations to speed up development as a whole, which include being flexible about transitional planning to encourage early temporary and experimental uses to Haven-Stad, as well as encouraging recreational uses in the waterfront.



# Introduction and the Workshop Assignment

The City of Amsterdam has an ambitious plan to transform 650 hectares of docklands into one of the largest inner-city residential districts in Europe. Haven-Stad, which sits on the edge of the capital, offers an opportunity to create vibrant spaces for 21st-century living and working. The City hopes to achieve a new mixed-use, dense, and sustainable urban district with 70,000 homes and 58,000 jobs across 12 sub-areas. On completion, Haven-Stad will be comparable to other medium-sized cities in the Netherlands.





The redevelopment will be a complex project that requires major public and private investment. It also has to overcome a series of obstacles caused by the number of stakeholders involved as well as some existing restrictions on development.

The City requested the experts' recommendations on how to accelerate the transformation of Haven-Stad and how to finance the infrastructure. As part of this work, the experts were asked to share relevant best practice examples and interventions from their own international experience.

Over the course of three days, the experts toured Haven-Stad and interviewed more than 25 stakeholders involved in the district development. This included a cross section of city officials, business representatives, developers, investors, financiers, and consultants. The experts also evaluated the development strategy for Haven-Stad to gain a better understanding of the components of the redevelopment and the roles the private and public stakeholders could play.

The experts came from Copenhagen, London, Rotterdam, Seattle, and Vienna, enabling them to share their international expertise to inform the overall recommendations. Their insights and lessons from other cities are integrated throughout this report.

## The workshop assignment

The key questions that the City of Amsterdam asked the ULI experts to answer were:

*“What are the key ingredients to successfully accelerate the physical transformation of Haven-Stad, assuming a full integration of the infrastructure and real estate development? What international best practice ideas and interventions should be considered to kick-start the development?”*

Supporting questions were as follows:

- How can public and private sectors collaborate and share the risk in a major regeneration project like Haven-Stad?
- What type of private investors and organisations should the City of Amsterdam seek to partner with for the Haven-Stad development? What are the key ingredients for successful partnerships?
- How should the infrastructure and real estate development be combined? How can an anticipated delivery of the active and public transport infrastructure be financed?
- What international best practices exist that demonstrate public and private collaboration on large-scale urban regeneration and infrastructure projects from which the City can learn? What is required to successfully apply them locally?

## Background

Amsterdam has continued to grow because of its increasing appeal to businesses from start-ups to international companies. The capital has seen huge growth in employment with 120,000 jobs created since 2005. However, this appeal has come with consequences; an increasing number of people working, living, and visiting the city has resulted in affordable housing shortages and higher rents and prices.

Amsterdam now has around 822,000 inhabitants; its population has grown by 11,000 people each year since 2015 with no signs of a slowing pace of growth. With innovative companies preferring to locate in mixed-use urban areas such as the already overcrowded Amsterdam city centre, Zuidas, and Arenapoort, demand for office space is increasing.

The continued growth means there is a desperate need for housing, offices, and other facilities in the city, and the large number of people has also put pressure on public spaces and green areas.

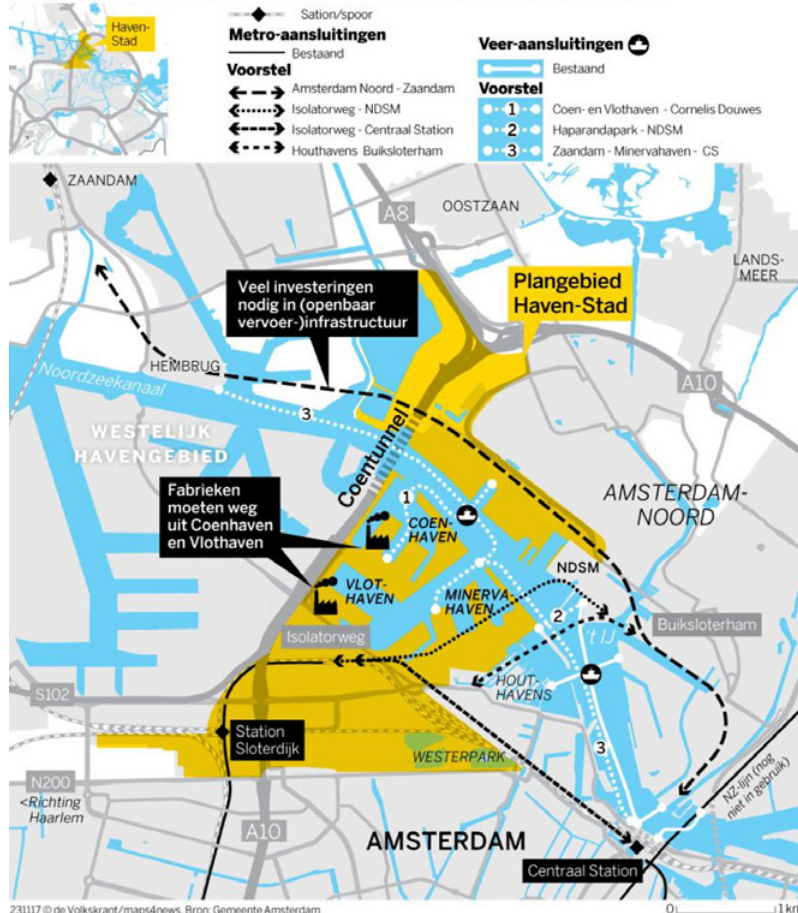
## Haven-Stad vision and development strategy

One solution to address the housing shortage challenge and need for more mixed-use districts has been the City's vision for Haven-Stad. Its central ambition is to build 40,000 to 70,000 homes and 45,000 to 58,000 jobs in a truly urban, mixed working and residential environment. The site is almost equivalent in size to the city centre of Amsterdam, covering an area (excluding water) of 650 hectares. It stretches across both sides of the IJ, from Sloterdijk Station (south-west) to the Northern IJ waters (north-west) and from Westerpark (south-east) to the Cornelis Douwes business park (north-east).

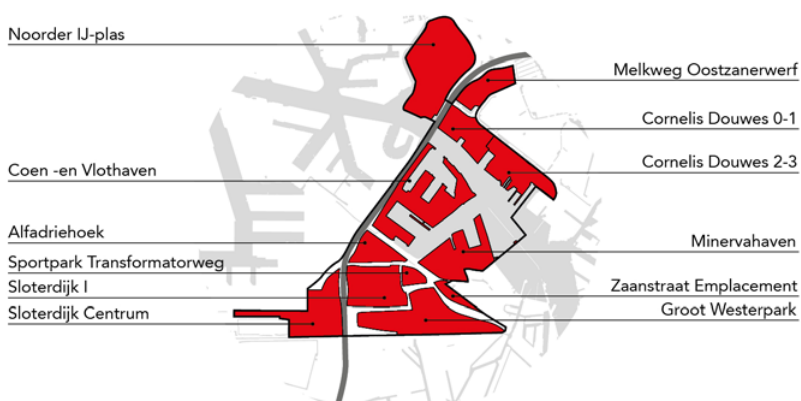
When Haven-Stad is complete, it is envisioned that more than 150,000 people will live and work in its 12 sub-locations. With improved infrastructure in place, most of these areas will be no more than a 10-minute bike ride from the city centre, and with better infrastructure, Haven-Stad will be easily accessible by public transport and bike from all directions.

## Map of Haven-Stad with connections. Highlighted in yellow is the planned development.

### HAVEN-STAD: ONTSluiting EN INDUSTRIE ZIJN KNELPUNT



## The 12 planned neighbourhoods in Haven-Stad.



Concept Ontwikkelstrategie **Haven-Stad - de 12 deellocties**

# The Opportunity

According to the experts, Amsterdam is an extraordinary globally relevant city with strong civic values. The redevelopment of Haven-Stad offers the City an opportunity to continue to reflect those civic values as Amsterdam expands.

The experts applaud the ambition and the courage of Amsterdam to take on a comprehensive project the size of Haven-Stad. For any city globally, this would be a challenging project. However, the consolidated piece of land close to the core of the city, held under relatively few ownerships, means the site also provides a unique

opportunity to undertake a major transformation for the city. As land values continue to rise, outdated docks and physical characteristics such as the waterfront at Haven-Stad are valuable assets that complement the city. In addition, the historic side of the port is equally attractive for real estate developers and investors.

Despite the challenges and uncertainties that Haven-Stad faces, this large redevelopment is well placed to meet the needs of a growing Amsterdam.



# The Challenges

The experts outlined two sets of challenges for Haven-Stad. The first set is a number of structural challenges, and the others came to light during the workshop.

## Structural challenges

### Infrastructure funding

Cities across the world face increasing demands for infrastructure at a time when public resources are under enormous pressure. This is no different for Amsterdam and the redevelopment of Haven-Stad. In addition, the city has set ambitious mobility goals aimed to maximise car journeys at 15 per cent of the total journeys. To achieve this change in behaviour, having the infrastructure available early on in the regeneration process is important, and to achieve that, the City is encouraged to find alternative funding routes or mechanisms or to build a framework of private investment at Haven-Stad that strengthens the argument for public funding.

### Affordable housing targets

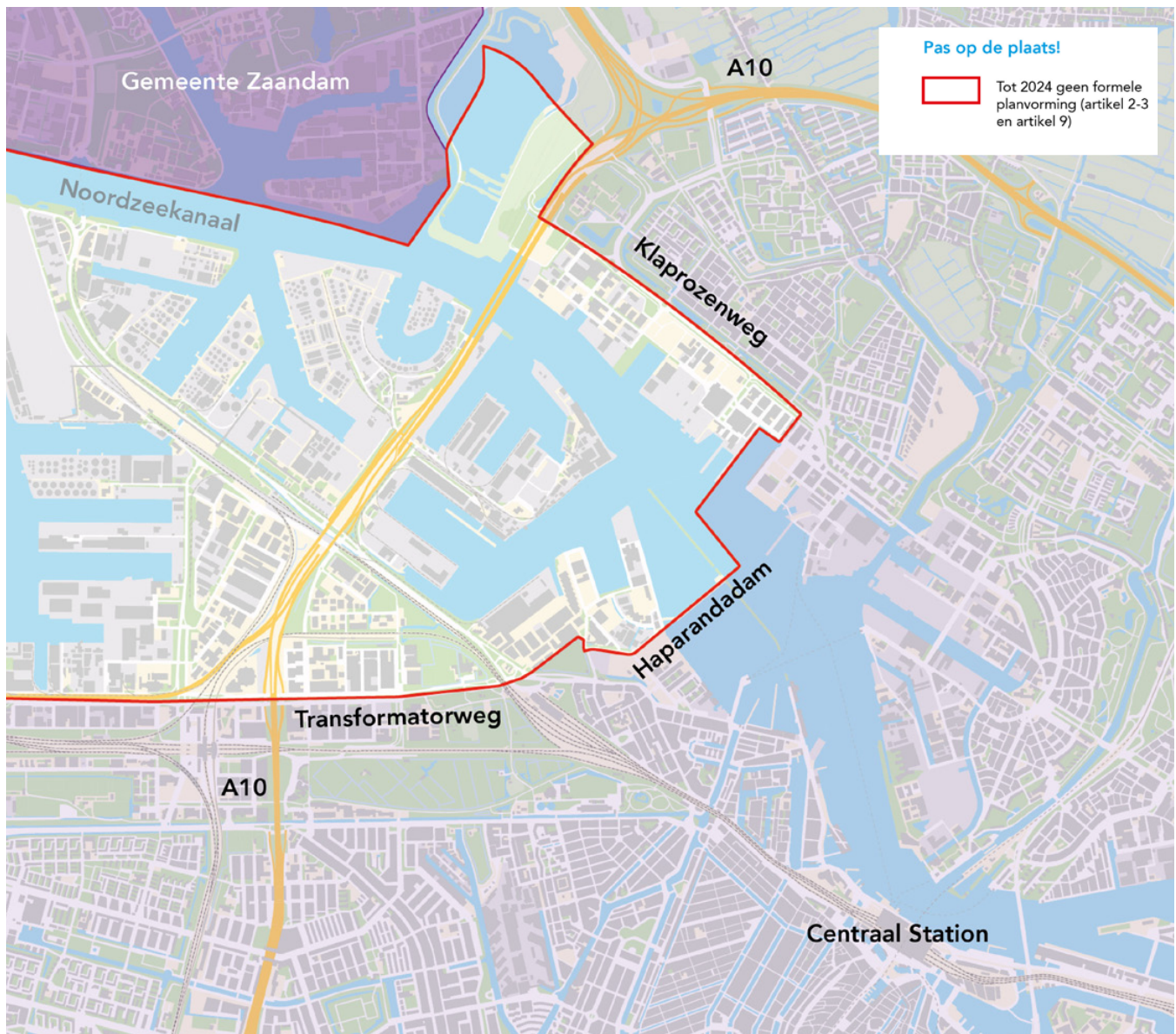
Amsterdam has firm affordable housing targets, which apply to Haven-Stad. Any residential building programme should consist of 40 per cent social housing and 40 per cent mid-priced rental houses (maximum of €1,000) with only 20 per cent free market, whether that is owner occupied or rented. In central city areas such as Haven-Stad, a debate is needed about how the public and private sectors can work together to achieve these targets. As the market value of apartments will be high, this could lead to developers, housing corporations, and the municipality accepting a substantial loss of theoretical profit.

### Covenant and existing companies

Haven-Stad also has a legal issue that currently hinders residential development in parts of the regeneration area. Because of existing noise zoning around the port industries, housing development is prohibited in most of the Haven-Stad area. At present, housing can be built in only three of the 12 sub-locations.

In the past decade, the municipality, the Port authority, and three large industrial companies in the Coen and Vlothaven have signed a covenant stating that no new houses can be added in a part of the western docklands until 2024 (the area outlined in red on the map below). The three companies – Eggerding, Bunge, and ICL – all have leases on the land until 2040. These companies understand the importance of the overall Haven-Stad development vision and have said they would be willing to relocate to an alternative location in the port area that guarantees business continuity and enables the City to kick-start the regeneration sooner. However, this comes at a cost and the City so far has not taken any action to negotiate with the companies. This obstacle affects not only housing in the area but also the broader redevelopment.





## Other challenges

### Leadership structure

After consultation with stakeholders, the experts highlighted concerns about the leadership structure. It was not clear which organisation would be responsible for the delivery of Haven-Stad. Failure to implement a coordinated leadership creates a lack of transparency over how the project will be carried forward and who would be able to guarantee progress to current and potential investors.

### Lack of differentiation

The experts also noted that the development plans for each of the 12 neighbourhoods were generally homogenous with each parcel having many of the same ingredients. This similarity reflects a lack of socio-economic and housing mix in Haven-Stad with the whole redevelopment coming across as uniform. Given the size of this district and recognising the existing diverse nature in some of the neighbourhoods, the experts felt more diversity would be valued and deemed more attractive.

# Recommendations

To realise the significant opportunities that Haven-Stad provides for Amsterdam and at the same time successfully deal with the challenges identified in the previous section, the experts recommend the principle of *Haven-Stad Together*.

This principle applies to three areas:

- Share risk;
- Engage investors; and
- Accelerate development.

## Share risk

The regeneration of Haven-Stad involves many risks, for example related to the delivery of new infrastructure and necessary funding needed for that, the size of the area, the current operations as a port, the different stakeholders involved, and the time needed for the regeneration stretching across different economic and development cycles.

In order to manage these risks appropriately, it is important to share the risks among the different stakeholders involved. A transparent risk-sharing approach will help build confidence among the various stakeholders and credibility for the ambitions of the project. This can be done while maintaining control over delivery and providing comfort for investors so as to attract the necessary funding for the development.

Part of sharing risk is also the management of risks that remain. Here, the experts recommend a number of conditions needed to manage risks successfully for a complicated project such as Haven-Stad:

- Achieving a competitive market housing programme as part of true mixed-use, dense communities;
- Building trust between the City and stakeholders, for example, the Port and investors;
- Making investment available on time for the metro; and
- Being able to relocate the three industrial companies to a good alternative location where financially possible or being prepared for expropriation to regain the site.

## Establish a development company

A key way to manage and share risks among different stakeholders is to set up a development company. Based on evidence from other cities, such as Hamburg, Copenhagen, and Vienna, the experts' key recommendation is for Haven-Stad to organise the leadership and delivery of the project under a development company.

A development company or corporation is established by a national or city government to take responsibility for the development of large-scale urban redevelopments. In most cases, development companies take control of public-sector land in the development area and take on planning powers for the zone.

For Haven-Stad, the experts recommend a publicly/privately-owned and privately-run organisation that could take overall responsibility for providing stable, coordinated leadership for the redevelopment over the long term. Through specialised knowledge and expertise, the development company can generally take on more complicated, mixed-use developments, moving faster and with more flexibility than a government developer. This will increase certainty and confidence in the vision set out for Haven-Stad.

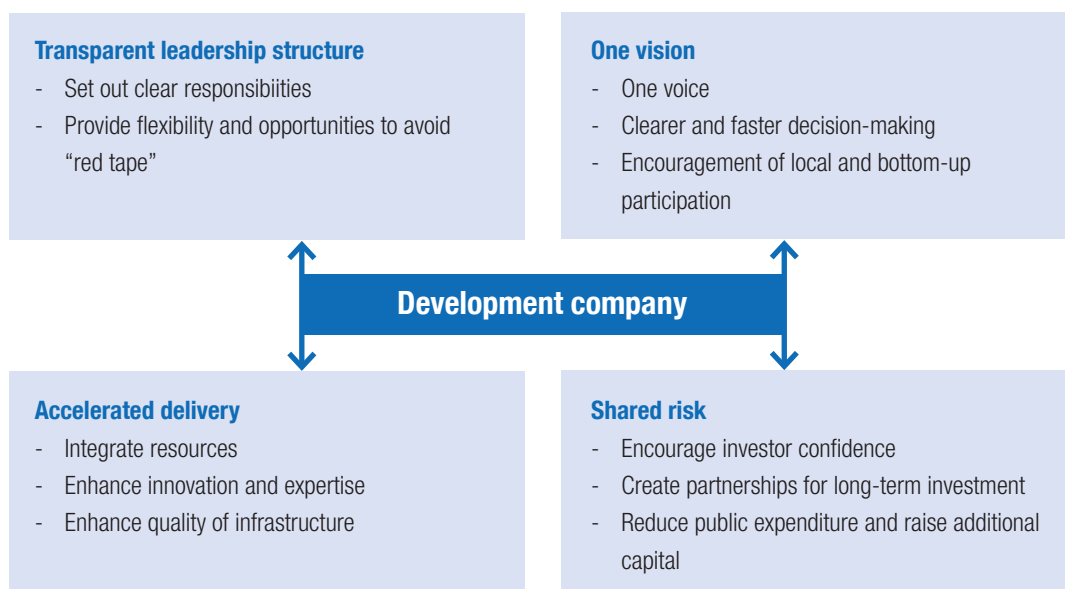
In addition, it would allow the delivery of Haven-Stad to continue through different economic and political cycles, as these often slow down big urban regeneration projects or lead to deviation from the original development strategy. The development company could also coordinate the phased delivery of the redevelopment and provide crucial leadership in attracting private investment, both of which would help accelerate development.

Development company leadership will also maintain a clear and exact overview of the long-term financing budget for the development and be able to identify at an early stage which investment tools are needed to finance this new urban district and where that investment could come from. It will also explore different development scenarios to match investors with their risk/return profiles. This should include a combination of international and Dutch investors, given the large scale of the project.

Evidence from other cities, such as Copenhagen and Vienna, has shown that initial moves by the public sector to support the pre-funding and anticipation of the public (transport) infrastructure is crucial to demonstrate the strong belief and intention that the city has in the development area, not only for investors, but also for future residents. Funding mechanisms such as value capture finance or tax incremental finance models can subsequently support profit sharing between the public and private sectors of the increase in land value, thereby ensuring the redevelopment area benefits. A development company, especially when government backed, can generally borrow at more beneficial terms, for example based on the potential value increase of the land, and enter cooperative agreements with stakeholders, especially on public benefit outcomes.

As a practical matter, the use of a development company would provide a single point of contact for all stakeholders, allowing them to communicate about the master plan in a clear and transparent way, which is key for citizens, potential tenants, investors, and developers.

### Benefits of a development company



Source: ULI, 2019.





© Marco Verch  
(ULI Value Capture Finance, 2009; HafenCity website)

## HafenCity, Hamburg

While HafenCity, one of Europe's largest inner-city urban development areas is under the full ownership of the City of Hamburg, it is operated by its trustee HafenCity Hamburg GmbH (HCH). HCH, the development corporation, acts as the master developer that manages and finances all elements of public infrastructure from the land proceeds, which includes roads, bridges, public realm, and social and cultural developments.

It has seen investment volumes of €8.5 billion in private investment and €2.4 billion of public investment, of which €1.5 billion is financed from land sales, which was re-invested to pay off the loan that financed the construction of the area's infrastructure and amenities.

With the municipality taking the lead through a development corporation model, HCH demonstrates how public and private sectors can successfully cooperate in a way that shifts the core of the risk profile to benefit city and investors. By co-ordinating its activities through a development corporation, HafenCity ensured the efficiency and quality of this urban development project while retaining a high degree of public accountability. On the 157-hectare site, HafenCity has delivered 3,000 homes and created 45,000 jobs, transforming a former port into a completely new downtown area.



## North Harbour, Copenhagen

The CPH City & Port Development Corporation, created in 2007 as a merger of Ørestad Development Corporation and the Port of Copenhagen, is driving the regeneration of parts of the capital city of Denmark. Its work demonstrates ways in which cities can fund infrastructure in a 21st-century model for global urban renewal.

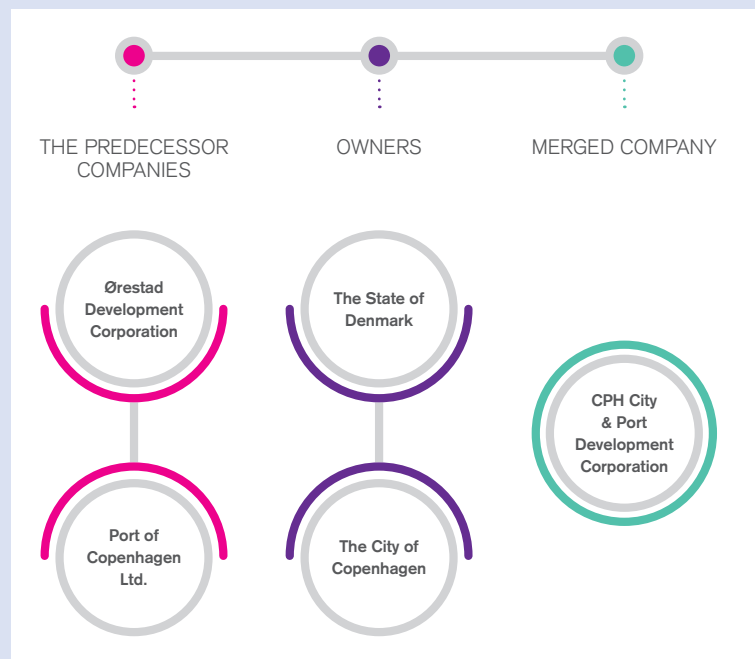
The catalyst was the construction of a metro transit line connecting downtown Copenhagen to the airport, which spurred the development of Ørestad. By national law, the Ørestad Development Corporation (before the merger with the Port of Copenhagen Corporation) was tasked with developing the area to raise capital for the construction of the first two stages of the Copenhagen Metro. To enable the construction of the metro system before the full development of the land, the Ørestad Development Corporation took out a loan against the value of its land assets, encumbering it with large debts from the onset. The M1 and M2 metro lines opened in 2002 and 2007, respectively.

This project has made Copenhagen's industrial harbour a vibrant, multipurpose waterfront while leveraging public assets through land value capture and public/private partnerships to finance the construction of an expanded metro transit system.

Now, continuing major urban development under the CPH City & Port Development Corporation, funds from the sale of public land and assets to private investors at market prices are being used to invest in a broad range of infrastructure, including public transit, roads, and recreational and other public



© Dmitry B



amenities. The corporation is able to leverage low-cost financing (enabled by the city's AAA credit rating) against its balance sheet of assets, which allows it to make decisions independent of electoral and political concerns. This in turn helps keep the corporation focused on long-term public gains – such as the regeneration of a portion of the city or investment in transformative infrastructure – rather than short-term political considerations like the re-election of a particular individual or party.

This development corporation model was seen as being more efficient and streamlined than could have been achieved by public authorities alone. The Copenhagen model shown here demonstrates how its development corporation has achieved its master plan vision benefiting both the public and private sectors.

## THE COPENHAGEN MODEL: KEY POINTS FOR U.S. AND GLOBAL CITIES

The Copenhagen model offers several valuable lessons for cities in the United States, Europe and elsewhere.



### MAKE PUBLIC OWNERSHIP TRANSPARENT

A key element of the success of CPH City & Port Development is market knowledge—knowing what assets (land, buildings, etc.) are owned by the public and the market value of those assets.



### BUNDLE ASSETS BY MERGING PUBLIC ENTITIES

Public ownership in many cities is often fragmented across multiple authorities. And the levels of government that direct these entities (and the laws and regulations that govern them) are also complex. Adapting the Copenhagen model may require national or state reforms as well as local political will.



### ENCOURAGE STATE AND LOCAL GOVERNMENT COLLABORATION

The evolution and management of CPH City & Port Development represents a triumph of collaboration by the national and city governments. Despite political friction occurring in many nations, several dynamics—a municipal fiscal crisis; a radical scale-back of a national government; a unified vision of urban growth across key public, private, and civic stakeholders—could provide the impetus to experiment with new institutional models and forms of collaboration.



### INSULATE DEVELOPMENT FROM POLITICAL INTERFERENCE

CPH City & Port Development operates with remarkable insulation from political interference. Changing the culture and behavior of politically weighted public authorities is important since the success of this model depends on its ability to operate with agility and to be adaptive to shifting market demands.



### ENABLE LONG-TERM THINKING AND STEWARDSHIP

CPH City & Port Development is a remarkable example of long-termism pursued by both the corporation and many of its private financial and development partners. The Copenhagen model offers a way for cities to avoid using the disposition of public assets to fill short-term budget deficits.

Source: *The Brookings Institution, The Copenhagen City and Port Development Corporation: A Model for Regenerating Cities (2017).*

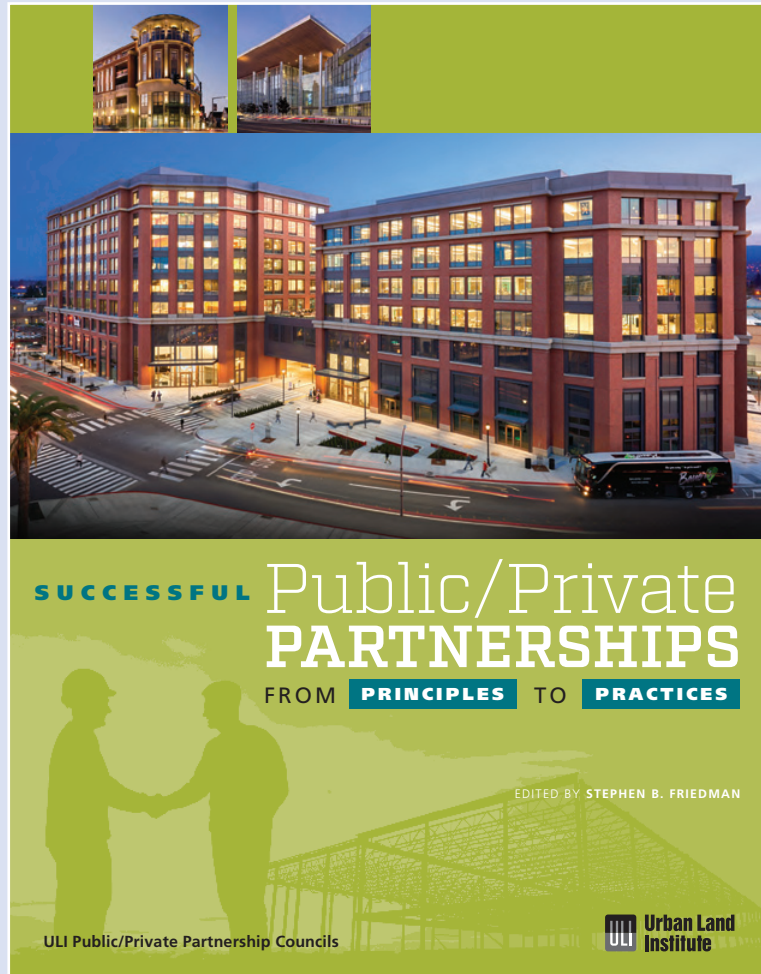
## Ten Principles for Successful Public/Private Partnerships

Public/private partnerships are a way to combine the strengths and resources of both the public and private sectors most effectively. These partnerships are used in economic development, infrastructure development, social services delivery, and other applications.

In 2005, the Urban Land Institute published *Ten Principles for Successful Public/Private Partnerships*. Those principles follow:

1. Prepare properly for public/private partnerships.
2. Create a shared vision.
3. Understand your partners and key players.
4. Be clear on the risks and rewards for all parties.
5. Establish a clear and rational decision-making process.
6. Make sure that all parties do their homework.
7. Secure consistent and coordinated leadership.
8. Communicate early and often.
9. Negotiate a fair deal structure.
10. Build trust as a core value.

In 2014, those principles were updated to better reflect how public/private partnerships can help weather severe economic recessions in a publication titled *Successful Public/Private Partnerships: From Principles to Practices*.



## Engage with investors

The ability to foster multiple meaningful relationships with private investors is a crucial aspect for raising capital and stimulating long-term economic development. This is particularly important for Haven-Stad:

- Private investment is a strong and vital component to the success of Haven-Stad.
- Private investment and public funding are co-dependent. Public funding of early infrastructure works can help catalyse private investment as it might provide a strong credibility boost for the development to private investors.
- Private investment will have the range of risk/return appetites to make short-term and longer-term investments in the area, both of which will be needed for commercial and residential uses.

Part of the experts' recommendation to encourage Haven-Stad to share risk is to also share benefits. To achieve this, the City should invest time in anticipating investors' demands and, where necessary, initiate reforms needed to create the right local conditions for investment readiness. Risk identification and management is of vital importance to investors – as is investment profitability, protection, and the ability to exit an investment.

## Elements that require funding

To kick-start the redevelopment, funding is needed for a number of key elements and to build trust and credibility to subsequently attract broader funding sources.

### Relocation of industrial and other incompatible occupants/activities

The experts recommend the relocation of the industrial companies be dealt with in a pro-active and transparent manner. The existing 2040 covenant slows down the City's redevelopment plans, and the 2024 agreement which allows the city to start the housing development in the area might harm the businesses. It is very important for the City and the three companies to come to a solution about their relocation and how to fund the relocation costs. One way of achieving this would be through a private consortium working in close partnership with the Port authority. This strategy may be easier to achieve once Haven-Stad has shown the potential of the overall district later in the development process.





For Haven-Stad to become an aspiring large mixed-use residential district close to the centre of Amsterdam, high-quality infrastructure is needed, and to give investors confidence, the experts recommend the City pre-finance the infrastructure. As demonstrated in other cities, the public pre-funding of infrastructure can offset some development risks for investors, demonstrate a risk-sharing environment, and through value capture financing models on the subsequent commercial development retain some of the land value uplifts as a result of the infrastructure development for the area and the citizens.

In this respect, the experts recommend prioritising funding for extension of the metro's red line.

The experts encourage the City to pre-finance the red line infrastructure through alternative or creative financing. Although the red line is the most expensive option, the advantage is that it establishes a priority link to the central station without any transfer points. It will demonstrate an early commitment from the City to the existing and future community and investors and enable the development company to support further investment in Haven-Stad.

This move would also be a strong signal that the City is serious about the ambitions stated in the development plan to let mobility become a game-changer by reducing car mobility to 15 per cent in Haven-Stad compared to the Amsterdam average of 25 per cent.



### Competitive market housing programme as part of true mixed-use, dense community development

Amsterdam has a strong need for more housing.

However, to make the Haven-Stad regeneration truly successful, the residential development needs to be fully integrated with other, commercial uses and ensure sufficient densification to create the necessary critical mass to provide all types of housing, including social and affordable, and at the same time provide the green and open spaces for residents and visitors to spend time in. Investors are increasingly interested in investing in residential, also affordable, senior living, and other types of residential, partly because of long-term demographic trends and the non-cyclical character of residential as an asset class.

*Value capture finance (VCF) is an innovative means of maximising a city's assets. It is a finance mechanism that shares not only the risks and costs of urban development between public and private actors, but also the rewards. For example, urban investment in infrastructure and logistics, property and amenities, public realm or green spaces creates value beyond the direct assets that are the focus of the investment; some of that value could be used for direct local re-investment.*

Source: ULI, Value Capture Finance:  
Making urban development pay its way (2009).

## Finance tools

Haven-Stad is an opportunity for the City of Amsterdam to meet many of its objectives to deliver housing, generate economic activity, and enhance the City's fiscal position. The experts recommend a strategic approach to funding the various components of the development, with the development company leading, in close partnership with private developers, employers, lenders, and financial institutions.

In some other countries, value capture finance is increasingly used to regenerate city districts and pay for infrastructure and/or other public amenities. It is a finance mechanism that recovers some or all of the value that public infrastructure generates for the private sector to re-invest locally. This can take the form of monetary or in-kind contributions from the private to public actors. Tax increment financing (TIF) is one way that can help pay for infrastructure and construction of affordable housing, but must be possible within the country's regulatory environment.

The following are some possible funding sources:

- Local/national government funding: government funding in some form continues to be the most likely form of capital for pre-financing infrastructure in Haven-Stad, at least for a significant part.
- Private investment: the development phases at Haven-Stad will require investment from private developers, Dutch and international investors, and corporations. As seen in other cities, private capital is more and more involved in the funding of different types of housing, offices and other commercial space, and public open-space infrastructure. Employers could invest in building their own office space. The investor appetite will depend on the available transport infrastructure, the mix of commercial and residential / public uses, and the density allowed, to create sufficient critical mass to fund the less commercial uses. Given the large scale of the project, this should include a combination of international and Dutch investors.

## Potential funding sources and investment/development partners

Component	Value capture finance	Local government funding	National government funding	Major local infrastructure stakeholders, e.g., the Port and railway companies
Social housing				
Affordable housing	x	x	x	
Market-rate housing				
Transport infrastructure (Metro)	x	x	x	x
Transport infrastructure (bus and ferry)		x		x
Office				
Retail				
Mixed use				
Pedestrian infrastructure, open spaces	x	x		x
Schools / medical facilities	x	x		

Component	Housing corporations	Private developers	Private employers/occupiers	Dutch institutional investors	International investors
Social housing	x				
Affordable housing		x		x	
Market-rate housing		x		x	x
Transport infrastructure (Metro)					
Transport infrastructure (bus and ferry)					
Office		x	x	x	x
Retail		x		x	x
Mixed use		x		x	x
Pedestrian infrastructure, open spaces		x		x	x
Schools / medical facilities					

## Nine Elms Transport Investment

Nine Elms is a major urban regeneration project located in southwest London adjacent to the River Thames. The area covers 227 hectares and surrounds one of London's most iconic buildings, the Battersea Power Station.

The extension of the London Underground's Northern Line into the area, with two new stops, is a crucial part of the project's overall viability. Construction of the new line began in 2015, and the new stations are expected to open in 2020. Because the area is not currently well served by public transport, improved accessibility was essential to increase density and attract commercial and retail occupants. Together, the local government bodies, Greater London Authority (GLA), Transport for London, Wandsworth Borough Council, and Lambeth Council, developed an approach to financing this critical but extremely costly project.

The business case for funding the new tube link infrastructure includes:

- Expanding the Central London Activity Zone – one of the most productive commercial districts in the world;
- Generating up to £7.9 billion in wider economic benefits and up to £4.5 billion in additional tax revenue for the Exchequer;
- Repaying the money spent delivering the Northern Line extension between three and nine times over through increased economic outputs and increased foreign investment in the UK;
- More than trebling the number of new jobs created in the area – up to 25,000; and
- Providing capacity for the thousands of new homes in the area.<sup>a</sup>

<sup>a</sup> Volterra's economic benefits study (2011).

<sup>b</sup> ULI, Supporting Smart Urban Growth: Successful Investing in Density (2018).



To fund the Northern Line extension, the GLA took out a loan of up to £1 billion, which will be paid back through two revenue streams. First, to repay loans in the initial development period, approximately £270 million will come from developer contributions from area building projects. In the UK planning system, these contributions normally pay for community benefits such as affordable housing and improvements to local infrastructure and the public realm.

The second revenue stream comes through a tax increment financing mechanism, used to direct the increased tax revenue resulting from economic growth in an area to fund a project that is necessary to enable such growth. In the UK, taxes on commercial development (known as business rates) are normally paid to the central government. To enable the TIF, the government set up an 'enterprise zone' covering much of Nine Elms and the surrounding area. Under this arrangement, any increase in revenue from taxes on businesses in the zone, over the baseline level before the development, is paid to the GLA. This arrangement will last for the 25-year duration of the enterprise zone, which began in April 2016. The GLA expects significant revenue from business rates to begin coming in by 2021.<sup>b</sup>



## Aspern Seestadt, Vienna

Vienna is currently building one of Europe's largest urban districts, Aspern Seestadt. Its ambition had always been to pre-fund and deliver the infrastructure before the first residents moved into the district. The €5 billion project is being built on a 240-hectare city-owned former airfield site 10 kilometres northeast of Vienna's city centre. By the time of its completion in 2028, the district will provide living space for some 20,000 people and will have created 20,000 jobs.<sup>a</sup> It also aims to achieve a maximum of 20 per cent car usage by 2025 for the new urban district.

The Aspern Seestadt site was almost entirely owned by the City of Vienna and the Federal State of Austria, both represented by special purpose companies responsible either for real estate development (ARE Austrian Real Estate GmbH) or business settlement activities (Vienna Business Agency). The joint activities of the responsible development companies and the city administration of Vienna led to a master plan being unanimously adopted by the Vienna city council in 2007.

In 2008, development agency Wien 3420 AG was founded by the public project owners and two private shareholders from the financial sector. This private/public partnership has provided a solid basis for organising and financing the necessary technical infrastructure and the urban planning activities. The agency is responsible for ensuring that Seestadt is equipped with everything a modern business hub needs, from an efficient transport network to a full range of local services and amenities. It has installed all the utility mains for the building plots and operates a logistics centre to ensure sustainable and cost-effective construction.



© Guyshachar

A substantial investment package to expand the U2 line to the new town of Aspern Seestadt was co-financed by the Federal State of Austria (Austrian railway company) and Vienna City Council (public transport company Vienna) and completed in 2013. Motorway connections and utilities were also financed by public funds or the Vienna utilities company.

By the end of 2018, 10 years after the founding of Wien 3420 AG, more than 7,000 people live in more than 3,500 residential units, and 2,000 workplaces have been established. They all benefit from the already fully operative transport infrastructure – metro line to the city centre, bus lines to schools and kindergartens, and a managed shopping street.

<sup>a</sup> Vienna Business Agency, Urban development with a difference (2019).

### South Waterfront, Portland, Oregon

A key strategy in developing the South Waterfront in Portland, Oregon, was the graduated introduction of infrastructure before any new construction began.

South Waterfront is one of two completely new mixed-use developments in Portland, Oregon. A former industrial site used first for assembling and then dismantling World War II navy ships, its rebirth was spurred by an idea of developing a cleaned-up site as a second campus of the Oregon Health Sciences University (OHSU).

The City with several public and private partners first imagined an aerial tram that would link new medical buildings on the South Waterfront site to the campus on top of the nearby hill. This early investment was intended to stimulate a supporting mix of residential and related office development to create an active and vibrant new community. This \$57 million aerial

tram was jointly funded by OHSU, the City of Portland, and South Waterfront property owners, with most of the funding coming from OHSU and \$8.5 million from taxpayers. It is owned by the City and operated by OHSU. There was also early funding for the extension of the city's streetcar network to the site while connections to regional light rail came in later development phases.

The total development was planned to contain more than 10,000 medical-related jobs, over 5,000 homes (including 800 affordable), a two-kilometre riverfront public park, smaller interior open spaces, and environmentally "green" streets with bio-swale-based stormwater treatment built in. Despite various development setbacks that extended the original time for completion, South Waterfront today is the active, vibrant, and mixed-use development it was intended to be.

*Source: Gragg and Scott, From Controversy To Icon: Portland's Aerial Tram Turns 10 (2017).*

### What do investors want?

Investment-ready cities cultivate a reliable supply of opportunities for inbound capital, and to accomplish this they:

- Create an attractive and simple overall tax/cost framework;
- Create a shared vision of the economic future with city businesses;
- Prepare the opportunities and assets to meet investor funding demands and risk/scale appetites;
- Understand how different forms of investment capital need to be structured;
- Know who its prospective clients are, by sector and size;
- Calibrate the financial/social return expectations;
- Maintain conditions to ensure projects are bankable;
- Are willing to deploy assets and adapt planning to achieve goals;
- Have competent investment management teams; and
- Gain a comprehensive understanding of the market and market evolution, and how it can be shaped over whole business cycles.

*Source: ULI, Business-Friendly and Investment-Ready Cities: City Government and the Local Business Growth and Investment Climate (2014).*

## Accelerate development

Although it is hard to immediately speed up development as a whole, the experts have recommended some quick wins to get the development going in various pockets in Haven-Stad.

### Develop easy sites as signature projects

To accelerate development, the experts recommend the City should focus on sites with fewer development barriers to create a sense of excitement and positive energy about future plans for Haven-Stad. This clustering would show investors the potential investment opportunities Haven-Stad offers, and it would be a step in the right direction in attracting people and businesses that will have a knock-on effect in other planned neighbourhoods in Haven-Stad. The three easier sites as signature projects are identified as follows:

1. Sloterdijk Centrum;
2. Sloterdijk 1; and
3. Alfadriehoek.

The last two are next to the Sloterdijk Centrum, which is already planned for near-term upgrades and enhancements. The station and its two adjacent future development areas should be thought of as the gateway and early enhanced expression of the desired character for Haven-Stad. This implies that a very high quality of urban design should be set and appropriate investment made in them now to set the tone and character for what will come later.



One good existing example to draw more people to the area is the developments around the existing Sloterdijk station, which already has a critical mass of passengers through the station. A lot of work has already been done near the Sloterdijk station to extend uses and make the area more lively. Given the future viability of Haven-Stad as one of the largest inner-city residential districts in Europe, the City should continue to leverage the existing passenger flow to further develop the rail station into a site anchor by creating a vibrant destination through a mix of development uses including residential, office, retail, and leisure.



## King's Cross

King's Cross, one of the largest well-connected developments in London, accelerated its development through a crisis with land sales. The 67-hectare development that sits in between two major railway stations – St. Pancras International and King's Cross – faced a major stumbling block when it obtained planning permission just before the 2007 financial crisis. It attempted to deliver a regeneration project that required upfront investment in infrastructure. However, given the financial crisis, banks would not lend it money. Faced with a funding challenge and the desire to accelerate development and reduce risk, the site owners decided to sell individual land parcels, while maintaining control over the overall quality of the redevelopment through a profit-sharing agreement with each of the plot developers.

In 2008, developer Argent and London and Continental Railways (now DHL) formed a joint

partnership, King's Cross Central Limited Partnership (KCCLP), which became the single landowner at the site. It sold land to organisations that KCCLP felt could enhance the overall site, including Camden Council and Urbanest, the student housing provider. It also sold a plot to BNP Paribas for a new office building that kick-started construction for commercial activity in the area. In addition to the profit-sharing agreement, KCCLP ensured that in selling off plots to occupiers, it retained a consistent approach to estate management while sharing development risks more broadly. King's Cross is now a new successful part of the city with homes, shopping, offices, hotels, music venues, galleries, bars, and restaurants with KCCLP continuing to manage the site.

In January 2015, DHL announced the sale of its 25 per cent investment in the King's Cross redevelopment to Australian Super, Australia's biggest superannuation fund.



© Alan Stanton (Sources: ULI King's Cross: funding urban regeneration infoburst, 2015; ULI King's Cross case study, 2014)



### Develop site anchors and transitional uses

From the interviews, a sense of uncertainty related to the planning and development of Haven-Stad arose. Although the city has set out a vision and development strategy, the experts recommend Amsterdam adopts a more flexible approach to land use planning and encourages temporary and experimental land uses, for example, as seen in Buiksloterham. This adaptive approach and organic growth will build identity, character, and social trust. Not only will this strategy smooth the planning and development process, but this natural clustering will attract investors.

The City should generate interest in Haven-Stad through recreational use as an immediate anchor to the waterfront. It will help Haven-Stad tell its story and will also help make the area popular and attractive for people to visit. Industrial spaces can be used by local creative and arts-oriented businesses for temporary pop-up gallery spaces and music venues. This very trendy informal tactical low-cost urbanism approach is popular around the world. It will not necessarily bring the development company the best revenue, but by bringing people to the site as soon as possible, the City can begin to create a buzz around the site and help local residents begin to see the district as belonging to them.

Low-cost transport connections to connect people to the waterfront could also be installed, such as a free on-demand shuttle service to and from Sloterdijk central station or water ferry connections from other parts of the city.

### Develop the North Bank as a contrast

The experts recommend the City view the North Bank as a unique opportunity to complement and strengthen the identity of Haven-Stad. The City should take a broader approach and give some attention to the North Bank, which can offer a mix of low density and social housing compared to the opposite side that has more high-density, high-tech and market-rate homes planned. It would encourage connections across the water and tie the two areas together to make Haven-Stad diverse and open for all.



*Sloterdijk station.*

The communities along the North Bank within and adjacent to the “plan area” have an existing and unassuming character. The experts understand them to be older working neighborhoods that were home to a low- and middle-income workforce that served periods of light industry and waterfront-related jobs.

To build on the legacy and heritage of the North Bank and respect existing communities, the experts suggest that any new development of this North Bank area should express itself in ways that enhance its past rather than replace it. For example, it may focus on a higher concentration of affordable (even “middle”) housing that is more oriented towards easy access to a contemporary “working waterfront” with shops, restaurants, and businesses. North Bank neighborhoods could develop incubator spaces for small start-ups, live/work spaces, and places with an emphasis on homegrown and small locally owned businesses that have a direct relationship to the water where possible (for example, locally owned water buses serving just the North Bank, boat building and repair, custom marine gear, locally owned bakeries, eateries, permanent farmer’s markets, learning workshops etc.).

# Conclusion

Haven-Stad is an ambitious project aimed at becoming one of Europe's largest inner-city mixed-use residential districts that offers an exciting opportunity to undertake a major transformation for the City.

For a development the size and scale of Haven-Stad, the experts recommend a focus on sharing risk by setting up a development company as a key element. This will provide the leadership to deliver the Haven-Stad vision. However, to support the development company in attracting necessary private investment for Haven-Stad, some form of public funding – especially for the early-stage infrastructure – is needed.

As outlined in the recommendations, achieving the vision of Haven-Stad requires leadership, partnership, commitment, and communication. All of these can be achieved through a development company. It will bring all stakeholders, investors, users, and citizens together: Haven-Stad Together. It will enable the City to share risk, engage with investors, and accelerate development to meet the needs of a growing Amsterdam.

## Recommendations: Haven-Stad Together

### Share risk

- Set up a development company
- Manage risks

### Engage investors

- Articulate a clear vision and development phasing
- Pre-finance the infrastructure: pursue funding for red metro line
- Provide an investment-ready legal and regulatory framework
- Foster multiple meaningful investor relationships

### Accelerate development

- Develop easy sites as signature projects
- Develop site anchors and transitional uses



# About the Experts

## Gobert Beijer

*Rotterdam, Netherlands*

Gobert Beijer is an experienced strategic leader and adviser on complex urban land development issues. He has been an Associate at Fakton Executives since 2015. Before that, he was Partner at Boer & Croon for over a decade and continued to work on large-scale master planning and infrastructure projects until 2015. He was also the Managing Director for the Municipality of Rotterdam. Beijer currently sits on various boards, including CBRE Dutch Residential Fund and Energy 21. He was once Chair of ULI Netherlands. Beijer studied architecture at Technical University Eindhoven.

## Christopher Choa

*London, United Kingdom*

A native New Yorker, Christopher Choa leads AECOM's Cities practice out of London. He works with city and national governments to develop regional-scale strategies and improve urban performance. Choa is a Global Trustee of the Urban Land Institute and Chair of ULI UK. He is an advisory board member for the Sustainable Urban Development programme at Oxford University as well as organisations related to real estate, autonomous mobility, energy, and research. He has previously been an appointed adviser to the Mayor of London.

## Arun Jain

*Seattle, United States*

Arun Jain is a U.S. and Indian-educated urban designer and urban strategist with over three decades of U.S. and international experience in practice and academia. He is currently the Assistant Director of Community Development for the City of Bellevue, Washington. In this role he heads the city's strategic and comprehensive planning efforts along with its environmental stewardship program.

Jain has planned, designed, and directly influenced over 90 new private and public projects with a combined investment capital of over US\$14 billion across the world. He has spoken in over 100 major keynotes, conferences, seminars, and workshops. He has taught at six universities and has contributions in print and digital media.

His many notable roles include: Guest Professor, Technical University of Berlin; Strategic Planning Advisor to the Indian State of Karnataka (pop. 64 million); and Portland, Oregon's first Chief Urban Designer. He has been a United Nations lead expert on SDG 11; a policy adviser to UN Habitat III; and a contributor to the UNODC on urban safety and security.

Jain's long-standing interests revolve around strategies to deal with complex and uncertain futures and creating better decision support tools to support them. He sees the early creation of "soft infrastructure," including the public realm, as an essential basis for resilient communities.

He is a Fellow of the American Institute of Certified Planners.

## Rita Justesen

*Copenhagen, Denmark*

Rita Justesen is the Director of Planning & Architecture at CPH City and Port Development. CPH City and Port is by far the largest development company in Copenhagen. Justesen's areas of responsibility range from the development of long-term strategies and overall structures for entire urban areas to precise master plans and urban projects.

Planning & Architecture is implementing the development of a new town, Ørestad, close to Copenhagen airport, covering an area of 3 million square meters, and the redevelopment of Nordhavn, a 200-hectare harbor area, with another 3 million square meters. Nordhavn will be transformed into an integrated urban district made up of a number of overbuilt islets, separated by basins and canals, housing 40,000 inhabitants and creating the same number of jobs. The companies' declared objective is to realize development projects and guarantee the desired quality in city districts, public spaces, and buildings.

Justesen has been Architect/Chief Consultant at the City of Copenhagen for almost 20 years and has been in charge of many district plans and development processes. She has also initiated many of the large-scale projects involved in the transformation of Copenhagen, particularly in relation to the waterfront.

She is the author of several articles on the development of Copenhagen and has given public lectures all over the world. She is also a well-known and highly demanded jury member in international architectural competitions all over the world and responsible for three to four competitions held each year by CPH City and Port Development.

## Gerhard Schuster

*Vienna, Austria*

After completing a degree in law at the University of Salzburg in 1982, Gerhard Schuster began his career as a labour and welfare law adviser at the Chamber of Labour of the province of Lower Austria.

He subsequently held a number of managerial functions in various government ministries, including a period as head of the Department of Consumer Protection, before moving to ERSTE Bank as housing construction finance expert and managing director of S-Wohnbauträger GmbH.

From 1996 to 2013 Schuster was CEO of BUWOG – Bauen und Wohnen GmbH, one of the most active housing construction firms and property developers in Austria. In 2014 he took on the position as CEO of Wien 3420 Aspern Development AG, Vienna, responsible for the development of Aspern Seestadt.





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