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

Master thesis M. M. (Mare) Santema

Introduction

Case study

Findings

Conclusion

Recommen-
dations

'Arts, culture and creativity'

Hardware – Software – Orgware

'Street furniture and protected seating places'

Hardware – Software – Orgware

'Routing and lighting'

'PEOPLE, PEOPLE, PEOPLE'

Hardware – **Software** – Orgware

'Greenery'

Hardware – Software – Orgware
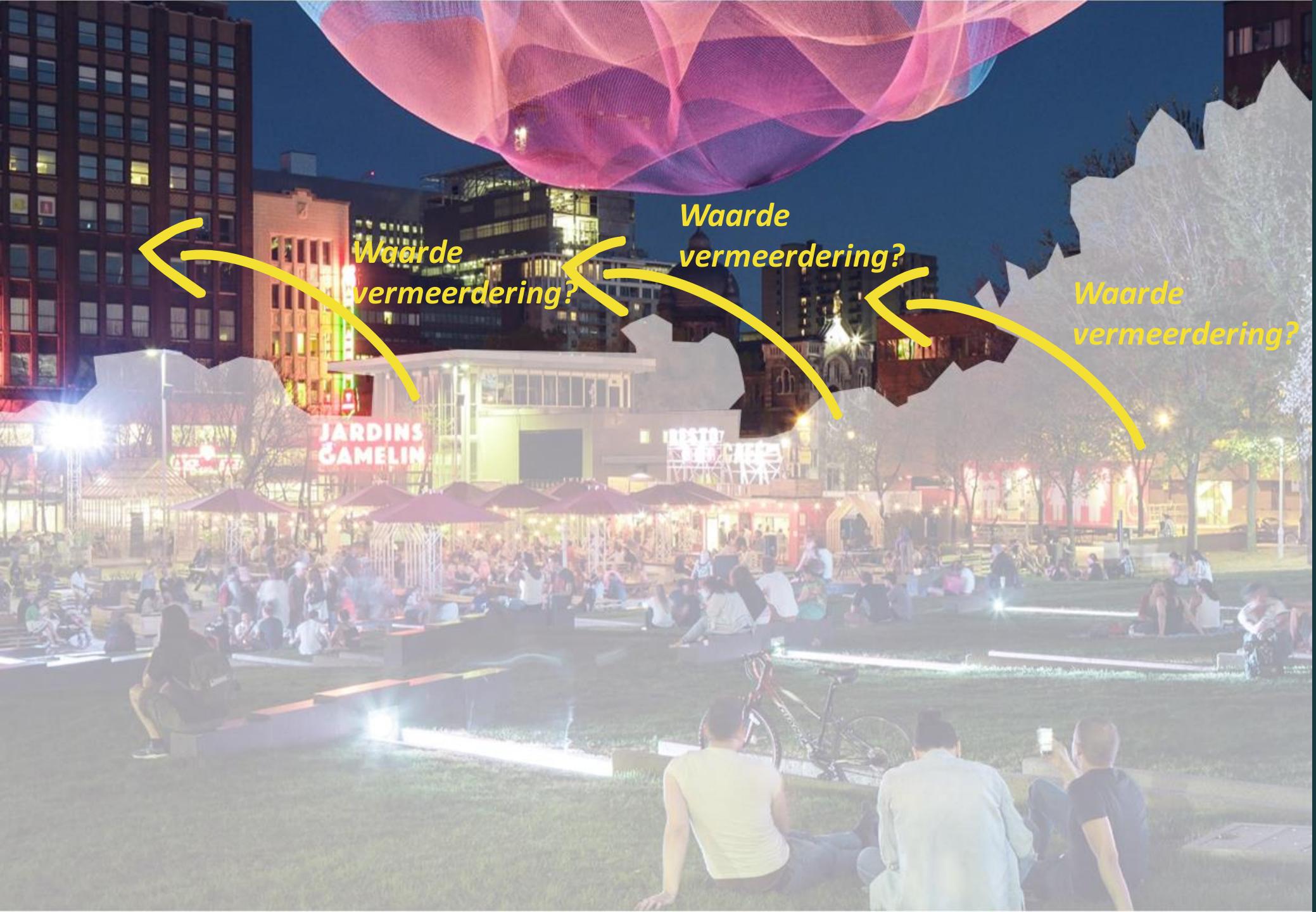
PLACEMAKING

'Governance'
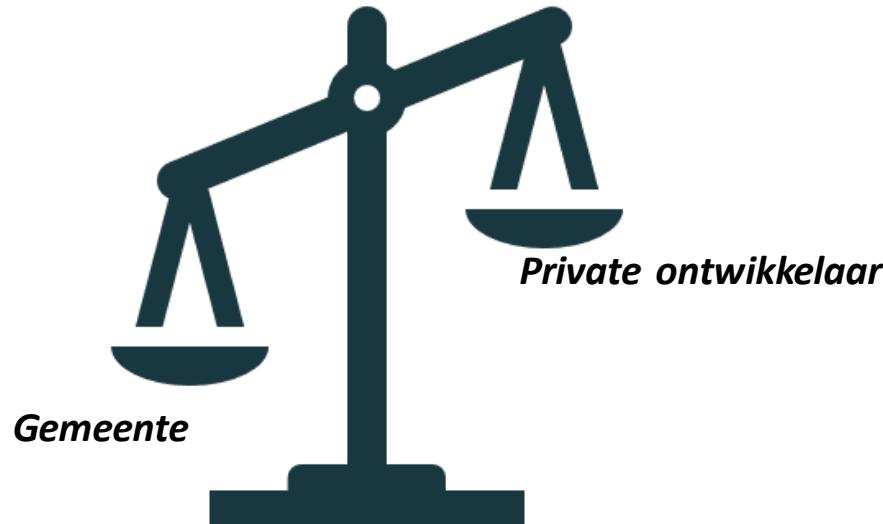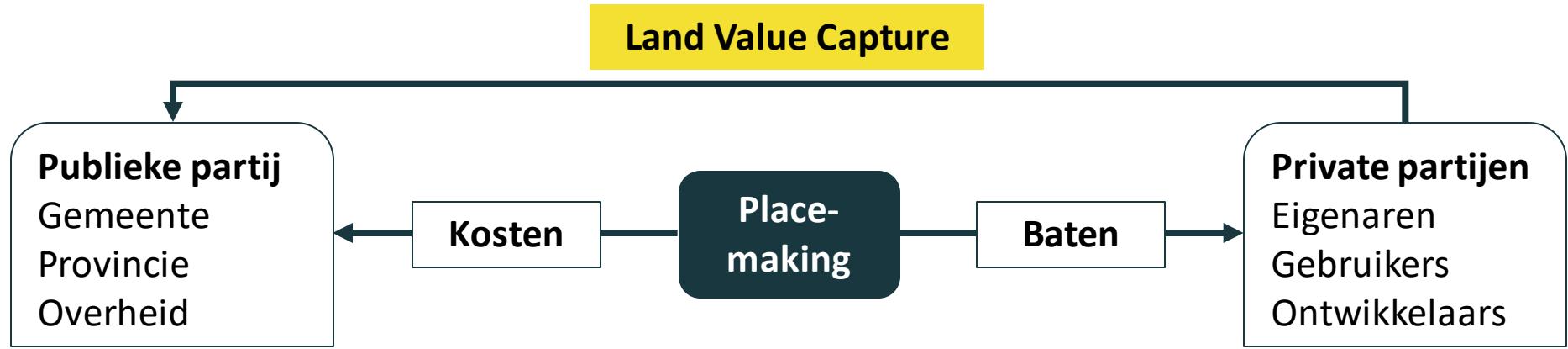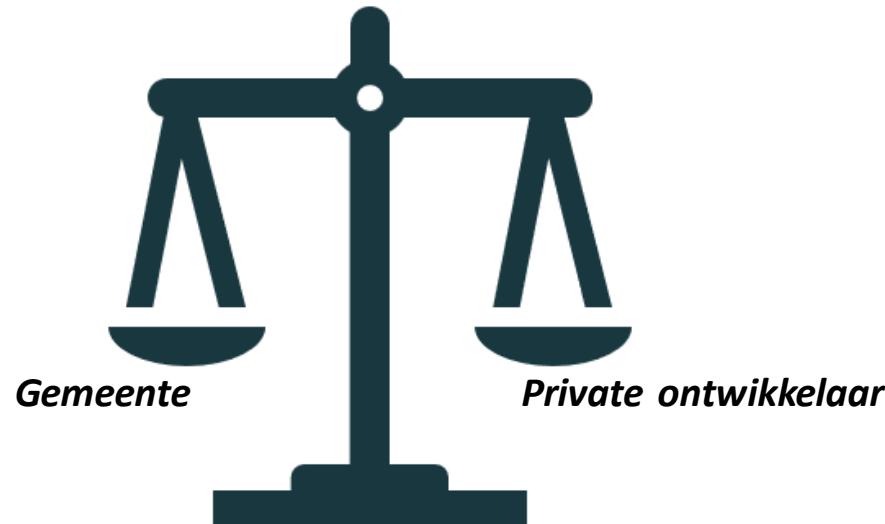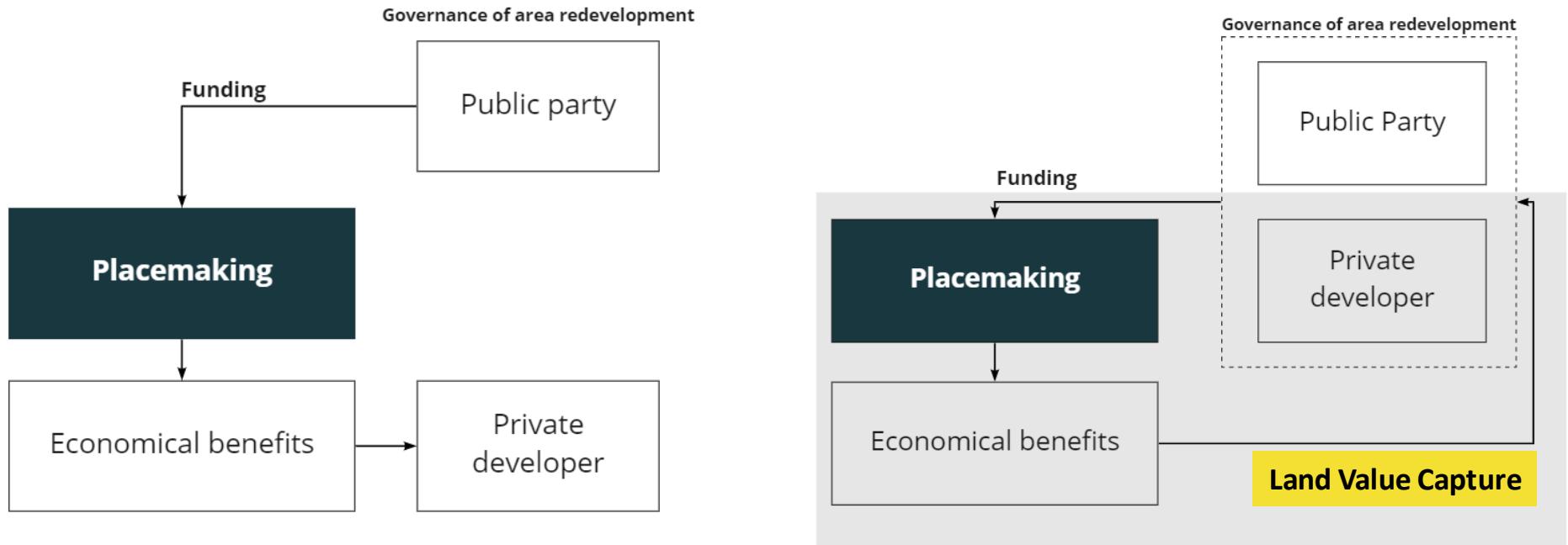
Hardware – **Software** – **Orgware**

Waarde vermeerdering?

Waarde vermeerdering?

Waarde vermeerdering?

JARDINS GAMELIN

LAND VALUE CAPTURE

Publieke partij		Private partijen
Gemeente	← **Kosten** — **Place-making** — **Baten** →	Eigenaren
Provincie		Gebruikers
Overheid		Ontwikkelaars

Unfair distribution costs benefits (Huisman, 2006)

Private ontwikkelaar

Gemeente

LAND VALUE CAPTURE

Land Value Capture

Publieke partij
Gemeente
Provincie
Overheid

Kosten

Place-making

Baten

Private partijen
Eigenaren
Gebruikers
Ontwikkelaars

Unfair distribution costs benefits (Huisman, 2006)

Gemeente

Private ontwikkelaar

LAND VALUE CAPTURE

Land Value Capture (Huisman, 2006)

RESEARCH QUESTION

- In hoeverre kan <u>Land Value Capture</u> worden toegepast in de <u>organisatie van gebiedstransformaties</u> om commerciële ontwikkelaars te betrekken bij <u>placemaking projecten</u> in Nederland?
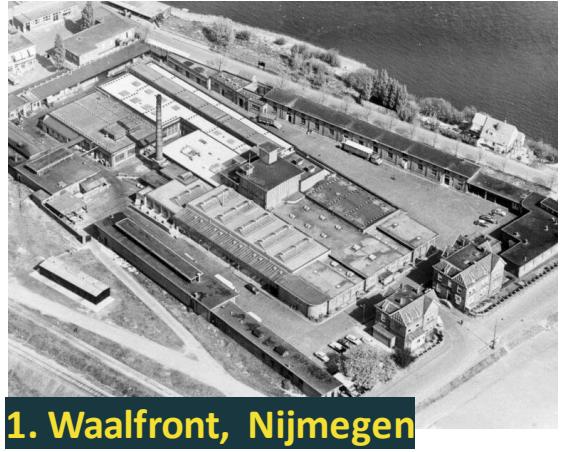
| Introduction | Case study | Findings | Conclusion | Recommen-dations |

CASE STUDY SELECTION
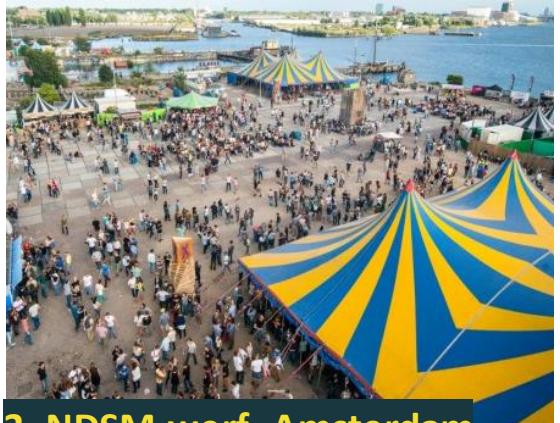
1. Waalfront, Nijmegen

2. Strijp-S, Eindhoven

3. NDSM-werf, Amsterdam

4. Piushaven, Tilburg

Map case selection, own ill.

CASE STUDY SELECTION

1. Waalfront, Nijmegen

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Map case selection, own ill.

METHEDOLOGY

CASE STUDY ANALYSIS

*Cross-case data analysis, own ill.*

METHEDOLOGY

Introduction

Methodology
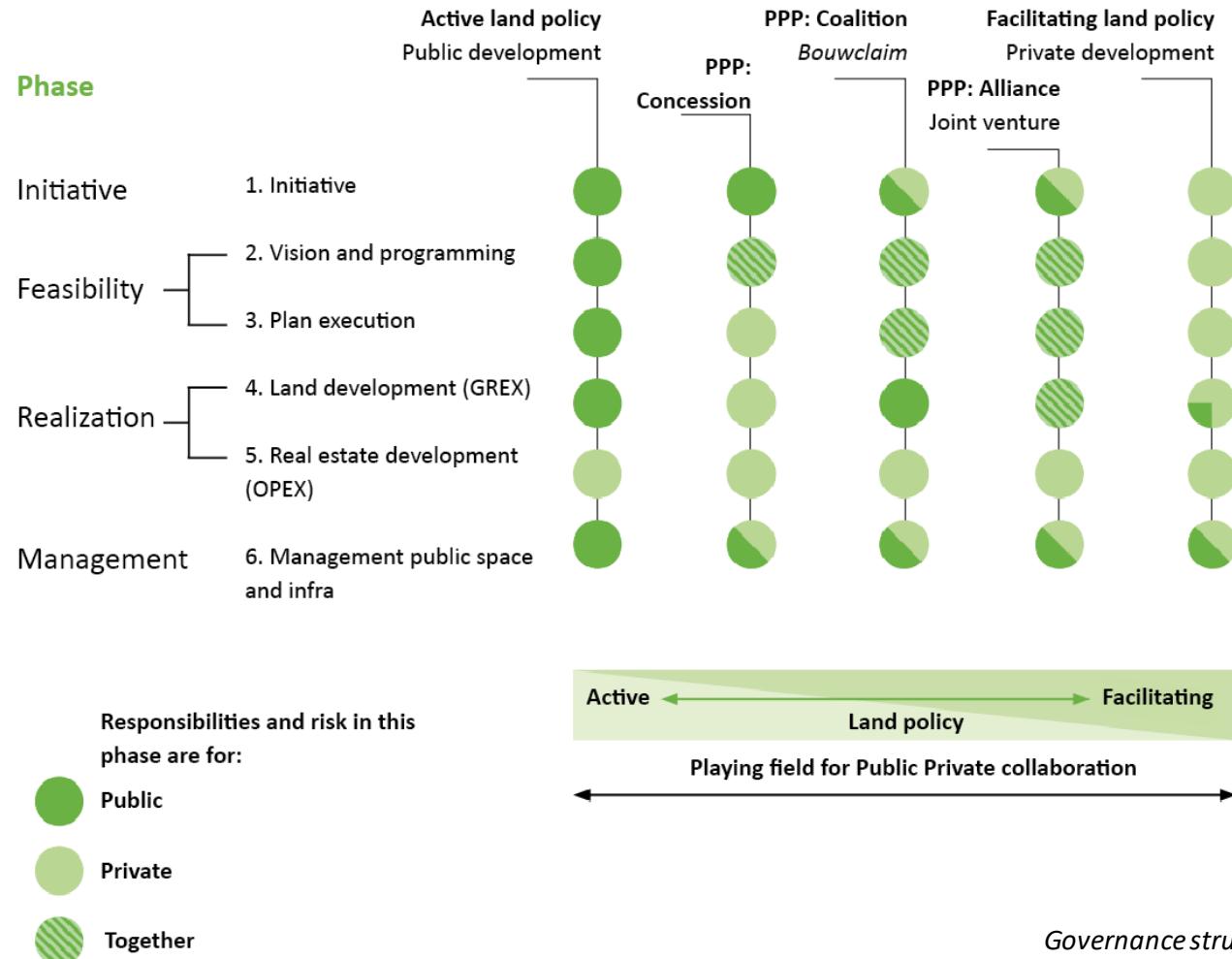
Findings

Conclusion

Recommen-dations

# GOVERNANCE

Governance structures (Ten Have, 2017)
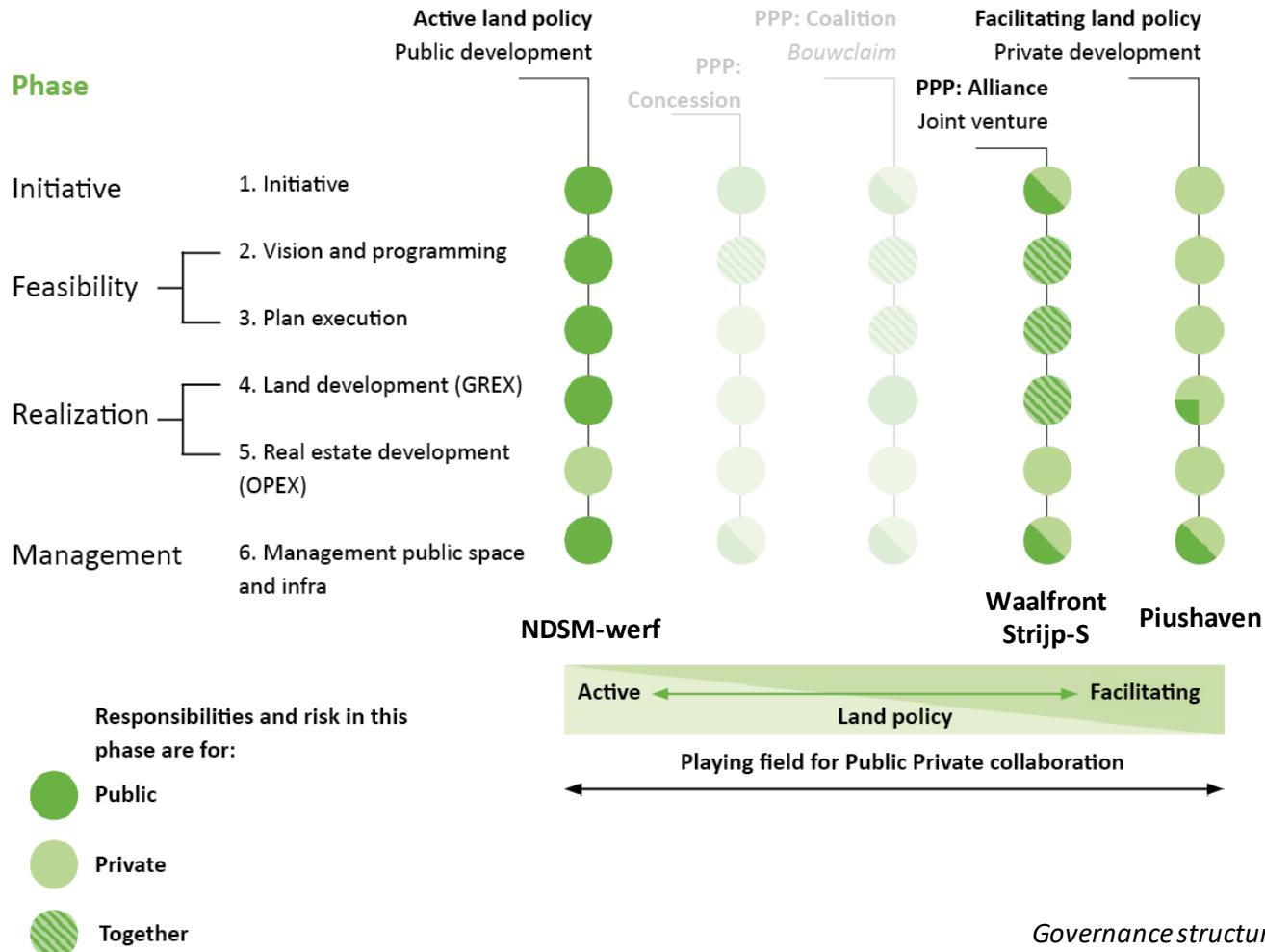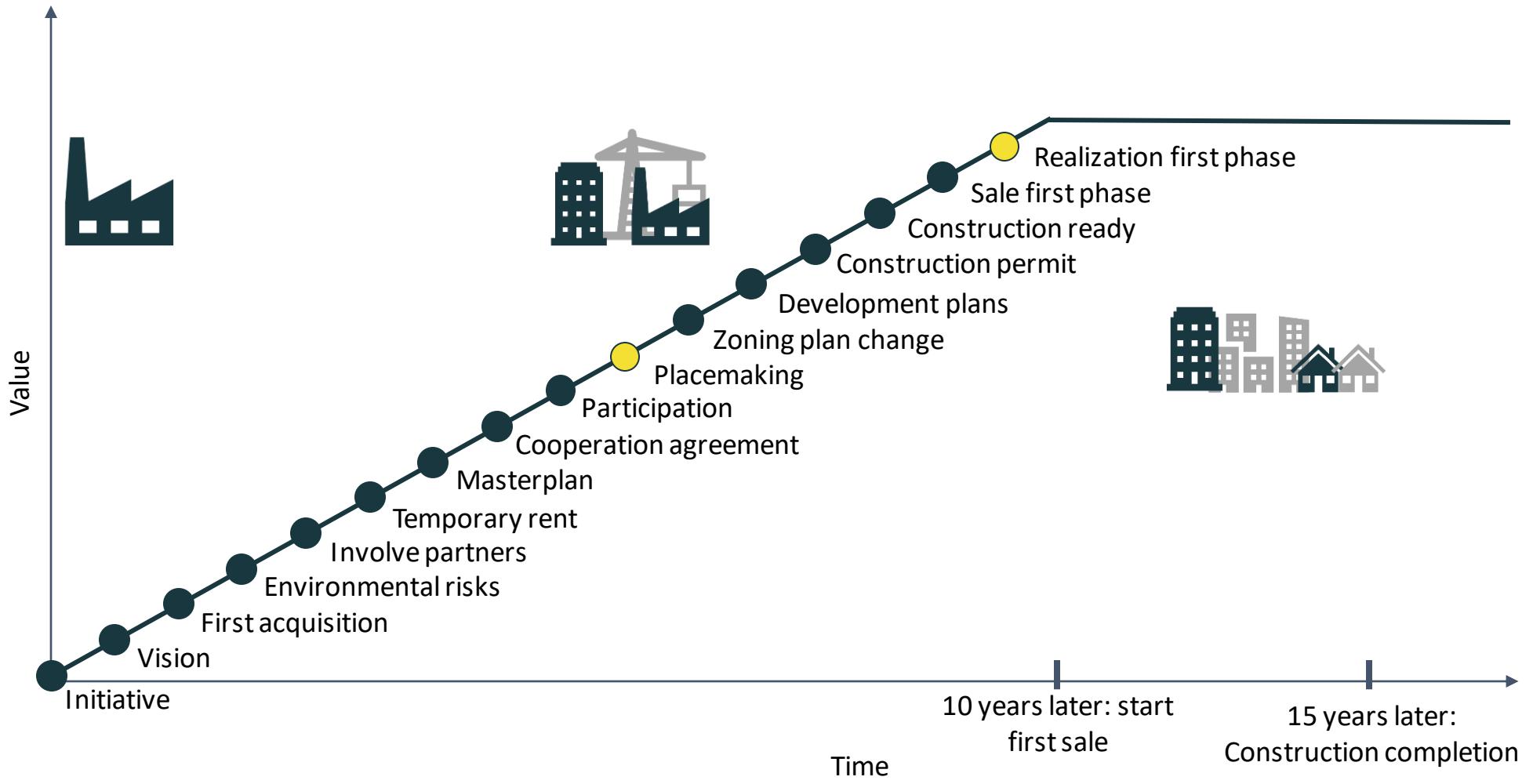
GOVERNANCE

Case study findings

Governance structures (Ten Have, 2017)

PLACEMAKING

FINDINGS

Value

Realization first phase
Sale first phase
Construction ready
Construction permit
Development plans
Zoning plan change
Placemaking
Participation
Cooperation agreement
Masterplan
Temporary rent
Involve partners
Environmental risks
First acquisition
Vision
Initiative

10 years later: start first sale

15 years later: Construction completion

Time

PLACEMAKING

From literature

Value increase

Realization first phase with placemaking

Realization first phase without placemaking

Strategic placemaking

Temporary placemaking

Value

Initiative

10 years later: start first sale

15 years later: Construction completion

Time

PLACEMAKING

Case study findings

Value increase:

Waalfront: 5 – 10%
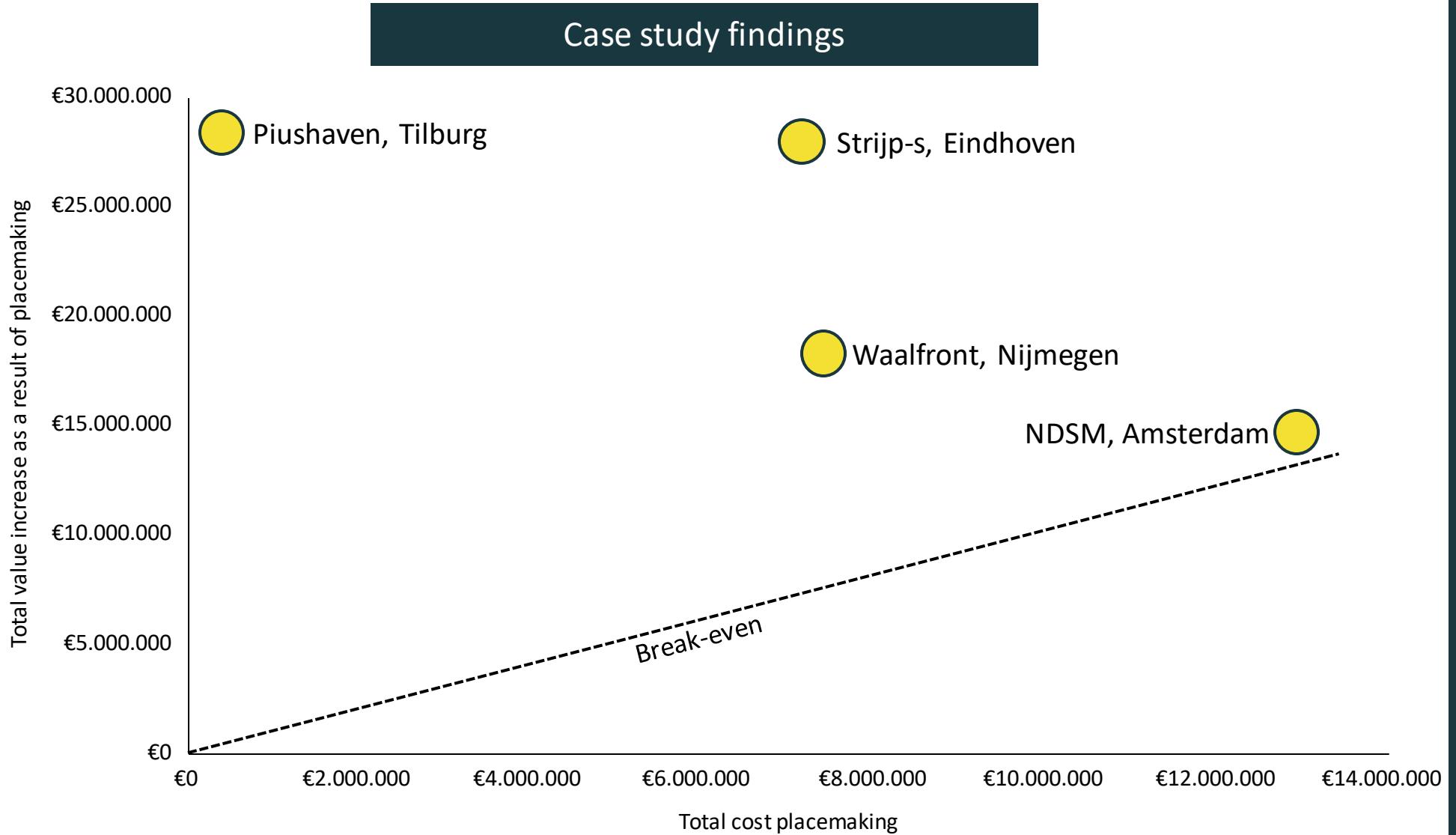
Strijp-S: 5 – 10%

NDSM: 2 – 10%

Piushaven: 5 – 20%

Realization first phase
with placemaking

Realization first phase
without placemaking

Value

Time

Initiative

10 years later: start
first sale

15 years later:
Construction completion
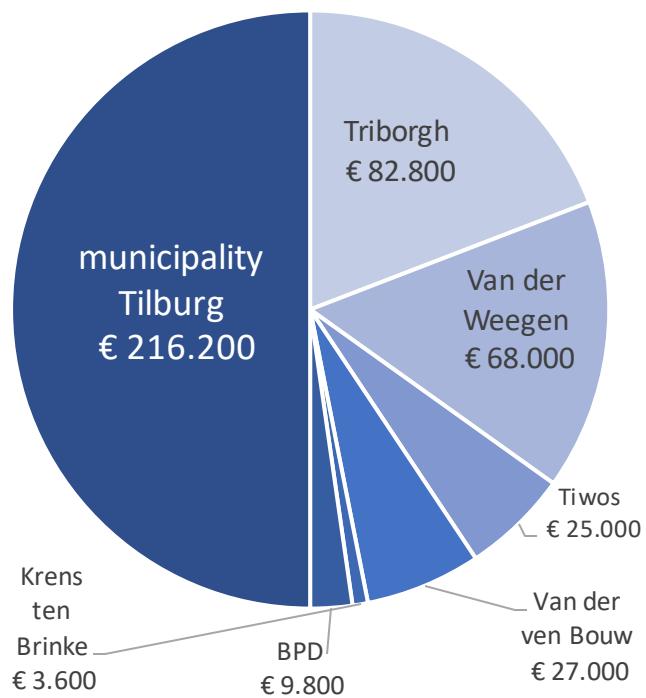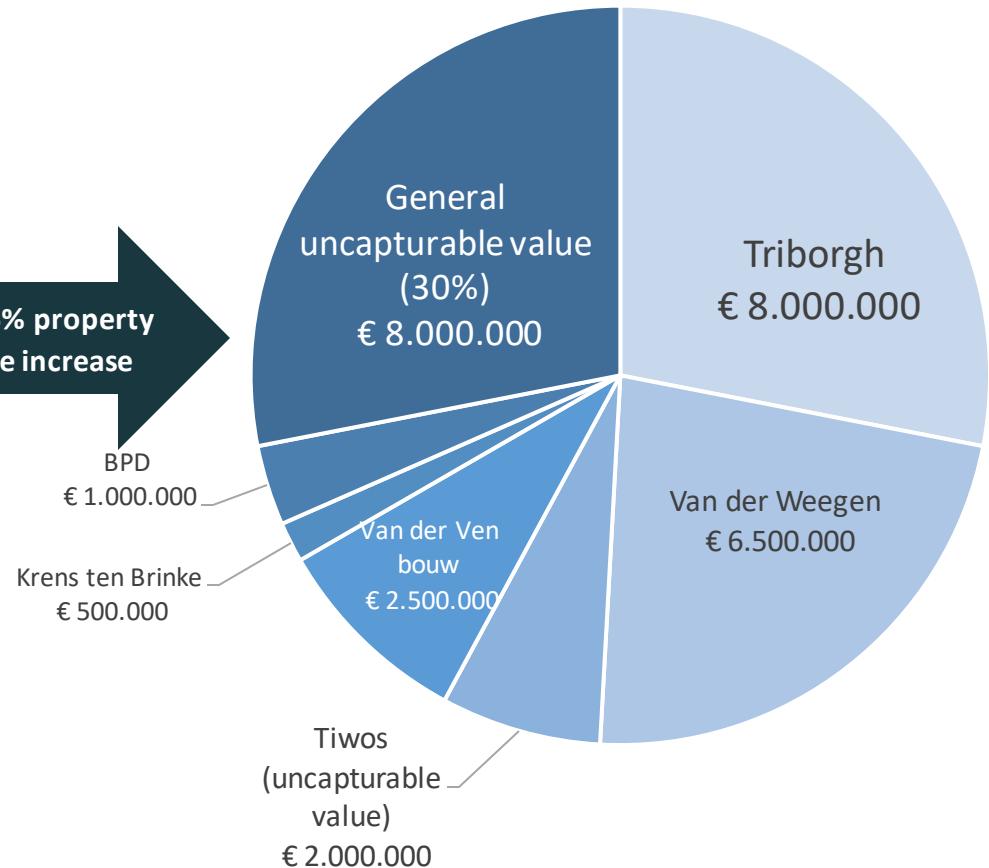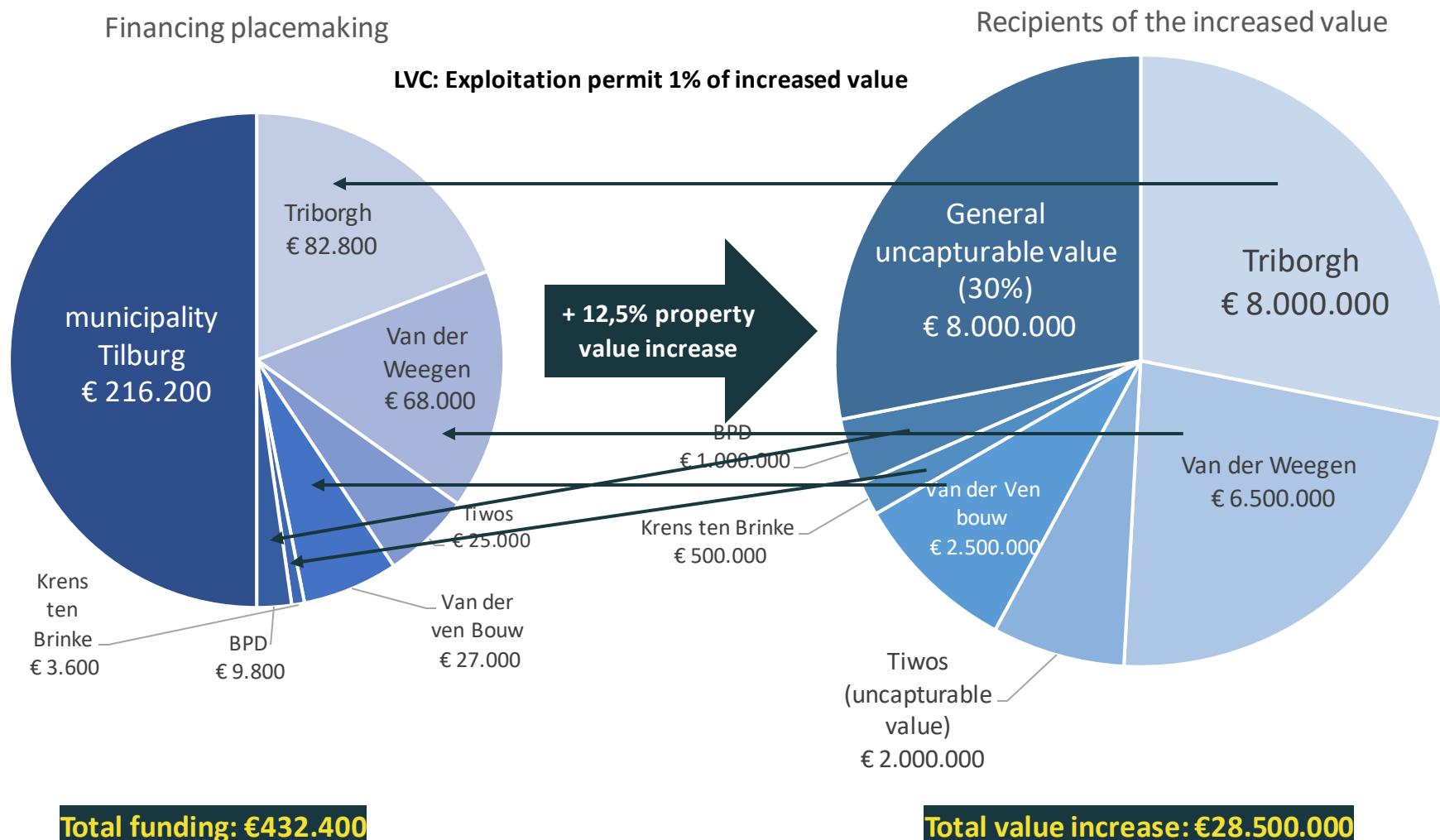
FINDINGS

PLACEMAKING

Case study findings

LAND VALUE CAPTURE

LAND VALUE CAPTURE CALCULATIONS PIUSHAVEN

Case study findings

Financing placemaking

Triborgh
€ 82.800

municipality
Tilburg
€ 216.200

Van der
Weegen
€ 68.000

Tiwos
€ 25.000

Van der
ven Bouw
€ 27.000

BPD
€ 9.800

Krens
ten
Brinke
€ 3.600

Total funding: €432.400

+ 12,5% property value increase

Recipients of the increased value

General
uncapturable value
(30%)
€ 8.000.000

Triborgh
€ 8.000.000

Van der Weegen
€ 6.500.000

BPD
€ 1.000.000

Krens ten Brinke
€ 500.000

Van der Ven
bouw
€ 2.500.000

Tiwos
(uncapturable
value)
€ 2.000.000

Total value increase: €28.500.000

FINDINGS

LAND VALUE CAPTURE CALCULATIONS PIUSHAVEN

Case study findings

Financing placemaking

Recipients of the increased value

LVC: Exploitation permit 1% of increased value

municipality Tilburg
€ 216.200

Triborgh
€ 82.800

Van der Weegen
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Tiwos (uncapturable value)
€ 2.000.000

Total funding: €432.400

Total value increase: €28.500.000

FINDINGS

LAND VALUE CAPTURE

Case study findings					

	Total costs financing placemaking*	**Total value increase***	**Total capturable value increase***	**LVC method**	**Private developer involvement in placemaking**
Waalfront, Nijmegen	€7.396.000	€18.000.000	€12.500.000	Developers' contribution	Present
Strijp-S, Eindhoven	€7.200.000	€28.000.000	€9.000.000	Developers' contribution	Present
NDSM, Amsterdam	€12.960.000	€14.500.000	€10.000.000	Ground lease	Not present
Piushaven, Tilburg	€432.400	€28.500.000	€18.500.000	Exploitation permits	Present
* Rounded and Indicative					

Summary of financing calculations, own ill.

COSTS OF PLACEMAKING

Case study findings

NDSM: International audience

Waalfront: Regional audience

Piushaven: Local audience

Strijp-s: International audience

€€€ Hardware

€ Software
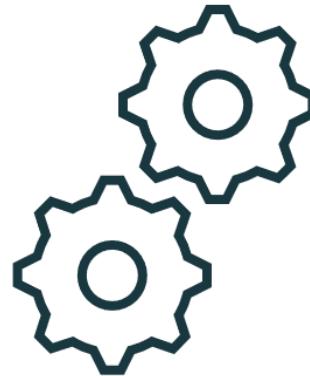
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CONCLUSION

Placemaking adds significant value to an area redevelopment

Land value capture can be used to finance Placemaking projects:

PPP Joint venture + Developer contribution

Private development (DAT) + Exploitation permits

It is not advised to use a ground lease method for private developer involvement

| Introduction | Methodology | Findings | Conclusion | **Recommen-dations** |

RECOMMENDATIONS FOR PRACTICE

Land Value Capture

Map stakeholders from short-term to long-term

Discus type, height and repetition of the contribution

Discus the distribution factor

Incorporate financial agreements from the beginning

Placemaking

Make clear agreements about duration of placemaking

Decide which projects become permanent

Discontinue the other placemaking to avoid nuisance

Make flexible planning agreements

Land value capture ~~as~~ *is* a method to involve private developers in placemaking projects